

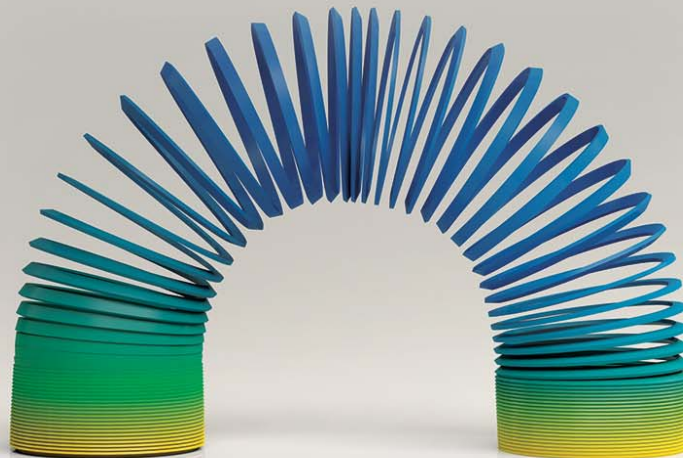


annual report
2014

Strategy for
Flexibility

STRATEGY FOR FLEXIBILITY

Competitive pressures on business and a slow pace of economy in 2014 created the need for a better understanding of our processes and a greater need for making our business strategy flexible to keep us on the growth path that is sustainable. What we have realized last year is when growth opportunities are limited in the marketplace it is always rewarding to look inward and remodel and rewrite processes to stabilize growth. In the process, we have felt the need to have a strategy that is flexible and a mindset that is open to repositioning or realigning business. Our new stance on business and operation has already had a palpable impact on our competitive strength and business performance. 2014 was for us a year of soul searching, a year of restructuring and remodeling, and a year of reviewing our strategy for making it more flexible to adapt to changes occurring in the marketplace. All this is to continue with the tradition of a sustainable growth that we have so efficiently established. For we believe, winning for today is building for tomorrow.



THE WINNING SPIRIT

Ingenuity, responsible finance, and the leadership ability to put insights and perspectives into action have helped Eastern Bank Limited (EBL) emerge as one of the most valuable brands in the financial sector of Bangladesh.

At EBL we believe in generating consistent quality in product and service propositions, and everything that we do is geared towards creating value for our stakeholders.

How we are producing consistent quality in every aspect of service and product offering? Or what are the guiding principles for executing our strategy up to their considerable potential?

The answer to these questions lies in our culture of team spirit and belief in sustainable growth. Our performance over the past six years or so provides strong evidence how we are pursuing sustainability principles in our everyday banking operations.

Our focus has always been on performance and efficiency and these qualities are now deeply rooted in our banking operations. That we have been registering one of the highest per employee profit for a considerable period of time in the market is a testimony to our passion for performance and adherence to sustainable growth strategy.

For us 2014 ended with a high note as we were felicitated with ICSB National Award for Corporate Governance Excellence. This award reflects our commitment to corporate governance and recognition to the importance we attach to governance issues in our organization. As a strong believer of sustainable growth, principles of good corporate governance form the core values of EBL. In order to achieve transparent and sound corporate governance, we have adopted international best practices to help us sustain in this globalized competitive free market economy.

Despite relatively slow pace of business, 2014 was significant for us because all three professional bodies, who measure performance of corporate bodies on different parameters of financial reporting, corporate health and governance in the country, gave us recognition for our quality and consistency of performance excellence. Apart from ICSB, the other two professional organizations are ICAB and ICMAB.

The most happening unit of our bank is our retail banking. It is said that 'retail is all about detail' and at EBL we focus on the minute details of every product and service we offer to our customers. Our retail banking stands tall in the market for its consistency in innovation and value creation.

Our passion to serve our customer with warmth, hospitality and efficiency has been recognized by the Asian Banker Excellence in Retail Financial Services Awards Program, which has become performance bench mark for consumer banking in Asia Pacific, Central Asia, the Middle East and Africa. The award program evaluates a total of 252 banks in 42 countries in a thorough evaluation process.

EBL has successfully undergone the stringent evaluation criteria of the award program for each product and process to emerge as the best retail bank of Bangladesh for two consecutive years, 2013-14.

Our two other business units and significant contributors to our wallet, corporate and SME banking, also brought local and international laurels for us making a point that when it comes to innovation and service excellence they are no less active and meticulous than our retail banking. The underlying spirit is that we are flourishing and growing as a team and the business units are complementing each other in the pursuit of excellence.

In corporate banking, we are now being regarded as a leader in Bangladesh. With innovative and customized solutions and services, our corporate division emerged as a single point solution provider for customers including project financing, working capital, trade, supply chain, cash management solutions, payroll, syndication, merger, acquisition, and advisory service. EBL has been closely working with multilaterals such as IFC, DEG, ADB, FMO, Proparco, CDC, Norfund to develop products and build up the largest OBU Asset book among the local banks.

In 2013 IFC recognized 25 financial institutions as its best partners in trade and supply chain finance for 2013. The awards were announced at the 6th Global Trade Partners Meeting, which took place in Lisbon in 2014. Our corporate banking was awarded the "Best Partner for Working Capital Systemic Solutions" for our innovative solutions for working capital finance to importers and counter party exporters including Offshore Bill Financing.

Our passion for excellence is reflected in our effort to adopt international best practices and go for globally recognized ISO 9001:2008 certification of our processes. In 2011 we got ISO for our Trade Service followed by certification for our Service Delivery in 2012. The effort came to a full-circle in 2014 when we were awarded ISO for our centralized Operations Division that deals with whole of banking product processing and delivery to support consumer, corporate, SME and treasury business.

Starting with only 25 people in 2006, our SME unit today is a key contributor to the profitability of the bank. To be awarded the Structured SME Bank of the Year at SME Financing Fair jointly organized by Bangladesh Bank and SME Foundation in 2014 was a great recognition for our SME unit and a proof of our innovative and personalized services.

Our passion for excellence has contributed greatly to enhance our brand value and our perception in the market about world class banking services we offer. At EBL we strive for and compete to win hearts of our customers and not just share of their wallet. The accolade we received at the Global Brand Excellence Awards held in Singapore in July 2014 speaks volumes about sustainability in innovative branding.

This is the second time we have won the Brand Excellence Award. This award is a telling evidence of our consistency in delivery of brand excellence.

We believe that our culture of working together as a team is helping us grow sustainably and our winning spirit and insatiable hunger to perform is paying dividend in whatever that we do together as a team.



ICSB National Award for Corporate Governance Excellence 2013 in the banking company category



Structured SME Bank of the Year 2014



Best Retail Bank in Bangladesh 2014 awarded by the Asian Banker



ICMAB Best Corporate Award 2013



Global Brand Excellence Award by The World Brand Congress



The 14th ICAB National Awards for the Best Presented Annual Reports 2013

CONTENTS

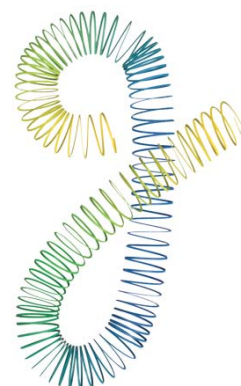


- 11** Letter of Transmittal
- 12** Disclaimer
- 13** Vision
- 14** Mission
- 15** Values
- 16** Strategic Priority
- 17** Code of Conduct and Ethical Guidelines
- 18** Corporate Directory
- 20** Company Milestones
- 22** EBL Organogram
- 23** Board of Directors
- 30** Management Committees
- 35** Directors' Responsibility Statement
- 37** Report of the Audit Committee
- 40** Report of the Risk Management Committee of the Board
- 42** Chairman's Statement
- 46** Review of the Managing Director & CEO
- 48** Directors' Report 2014



Stakeholders Information

- 59** Our Stakeholders
- 60** Financial Highlights
- 61** Five-Year Progression of EBL
- 63** Market Price Information
- 63** DSE Price Volume Chart of EBL share
- 64** Vital Graphs
- 67** Value Added Statement
- 68** Economic Value Added Statement
- 68** Market Value Added Statement
- 69** Financial Goals & Performance
- 69** Financial Calendar
- 71** Glimpses of the 22nd AGM



Corporate Governance Report

- 73** Corporate Governance Practices in EBL
- 86** BB Guidelines for Corporate Governance: Our Compliance Status
- 93** BSEC Guidelines for Corporate Governance: Our Compliance Status
- 99** Certificate on Compliance of Corporate Governance Guidelines



Sustainability Report

- 100 Sustainability: An Overview
- 100 Approach to Sustainability
- 100 Sustainable Activities
- 101 Environmental and Social Obligations
- 101 Environmental and Social Initiatives
- 102 Sustainability Management
- 102 General Code of Conduct
- 102 Integrated Report: Delivering our Promises

105 SME Success Stories

Corporate Social Responsibility

- 108 Building Social Capital
- 108 Connecting with Customers
- 109 The Change Agent
- 109 Contribution to National Exchequer
- 110 Participation in National Events
- 110 Caring for the Society
- 110 Participation in Sports Development

112 Engagement of People



Management Discussion and Analysis

- 116 Financial Review
- 121 Business Review
 - 122 Corporate Banking
 - 125 Treasury
 - 127 Consumer Banking
 - 131 SME Banking
- 134 Business Support
 - 135 Operations Division
 - 138 Information Technology
 - 139 Human Resources

142 Risk Management

158 Disclosures on Risk Based Capital (Basel II)

168 Product Basket and Service Propositions

- 168 Consumer Banking
- 171 SME Banking
- 172 Corporate Banking
- 173 Treasury

174 Statement on Integrity of Financial Statements

FINANCIAL REPORTS 2014

- 176 Auditor's Report to the Shareholders
- 178 Consolidated & Separate Financial Statements
- 247 Highlights on the overall activities
- 248 Financial Statements of Offshore Banking Unit (OBU)
- 263 Financial Reports of the Subsidiaries:
 - 264 EBL Securities Ltd.
 - 272 EBL Investments Ltd.
 - 279 EBL Finance (HK) Ltd.
 - 289 EBL Asset Management Ltd.

295 Branch Network

297 Correspondent Bank Network

301 Abbreviations

302 Notice of the 23rd AGM

303 Proxy Form

STANDARD DISCLOSURE INDEX

The following Disclosure Checklist will help the reader to identify the key sections of the Annual Report 2014:

Particulars	Page
Corporate Objectives, Values & Structure	
● Vision and Mission	13-14
● Overall strategic objectives	16
● Core values and code of conduct/ethical principles	15, 17
● Profile of the Company	18-19
● Directors profiles and their representation on Board of other companies & Organization Chart	23-29, 240-242, 22
Management Report/ Commentary and analysis including Directors Report / Chairman's Review/CEO's Review etc.	
● A general review of the performance of the company	42-47, 116-141
● Description of the performance of the various activities / products / segments of the company and its group companies during the period under review	48-57, 59-70, 168-173, 116-132
● A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks	40-41, 143-167
● A general review of the future prospects/outlook	50, 123, 126-132, 138, 140
● Information on how the company contributed to its responsibilities towards the staff (including health & safety)	139-141
● Information on company's contribution to the national exchequer & to the economy	57, 108-114
Sustainability Reporting	100-106
● Social Responsibility Initiatives (CSR)	108-114
● Environment related Initiatives	101-102
● Environmental & Social Obligations	101
● Integrated Reporting	102-104
Appropriateness of Disclosure of Accounting policies and General Disclosure	
● Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, Income and expenditure in line with best reporting standards	190-204
● Any Specific accounting policies	
● Impairment of Assets	
● Changes in accounting policies/estimates	
● Accounting Policy on Subsidiaries	
Segment Information	
● Comprehensive segment related information bifurcating segment revenue, segment results and segment capital employed	246, 121
● Availability of information regarding different segments and units of the entity as well as non-segmental entities/units	121-132, 134-141
● Segment analysis of:	246
■ Segment Revenue	
■ Segment Results	
■ Turnover	
■ Operating profit	
■ Carrying amount of Net Segment assets	
Financial Statements	
● Disclosures of all contingencies and commitments	179, 185, 230
● Comprehensive related party disclosures	240-244
● Disclosures of Remuneration & Facilities provided to Directors & CEO	80, 233

Particulars	Page
● Statement of Financial Position / Balance Sheet and relevant schedules	178-294
● 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	
Information about Corporate Governance	
● Board of Directors, Chairman and CEO	18-19, 23-29, 73-80
● Audit Committee (Composition, role, meetings, attendance, etc.), Internal Control & Risk Management	37-39, 55-56, 78-80, 84-86
● Ethics and Compliance	17, 81, 86-99
● Remuneration and other Committees of Board	78-80
● Human Capital	81, 139-141
● Communication to Shareholders & Stakeholders	81-82
- Information available on website	www.ebl.com.bd
- Other information	69-70, 81-86
● Management Review and Responsibility	82-84, 116-141
● Disclosure by Board of Directors or Audit Committee on evaluation of quarterly reports	39, 53
● Any other investor friendly information	69-70
Risk Management & Control Environment	
● Description of the Risk Management Framework	40-41, 143-167
● Risk Mitigation Methodology	
● Disclosure of Risk Reporting	
Stakeholders Information	
● Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, FII etc.)	75-76
● Shares held by Directors/Executives and relatives of Directors/Executives	
● Redressal of investors complaints	82
Graphical/ Pictorial Data	
● Earnings per Share	64-69
● Net Assets	
● Stock Performance	
● Shareholders' Funds	
● Return on Shareholders Fund	
Horizontal/Vertical Analysis including following	
Operating Performance (Income Statement)	
● Total Revenue	60-62, 116-121
● Operating profit	
● Profit before Tax	
● Profit after Tax	
● EPS	
Statement of Financial Position (Balance Sheet)	
● Shareholders Fund	60-62, 118-120
● Property, Plant & Equipment	
● Net Current Assets	
● Long Term Liabilities/Current Liabilities	

Particulars	Page
Profitability/Dividends/ Performance and Liquidity Ratios	
● Gross Profit Ratio /Net interest margin ratio	62, 64-66
● 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	
Statement of Value Added and its Distribution	
● Government as taxes	67-68
● Shareholders as dividend	
● Employees as bonus/remuneration	
● Retained by the entity	
● Market share information of the Company's product/services	
● Economic value added	
Specific Areas for Banking Sector	
Disclosure of Ratings given by various rating agencies for Instruments issued by/of Bank e.g. FD, CD, Tier I perpetual Bonds	19
Details of Advances portfolio Classification wise as per the direction issued by the central bank of the respective countries	119, 153-154, 161-164, 211-216, 224-225
Disclosure for Non Performing assets	
● Movements in NPA	214-216, 224-225
● 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)	183, 189, 208-211, 220, 222-223
Classification and valuation of investments as per regulatory guidelines/Accounting Standards	195, 208-210
Business Ratio/Information	
● Statutory Liquidity Reserve (Ratio)	205-206
● Net interest income as a percentage of working funds / Operating cost - Efficiency ratio	62
● Return on Average Asset	62
● Cost / Income ratio	62
● Net Asset Value Per Share	62
● Profit per employee	62
● Capital Adequacy ratio	61, 159-160, 228
● Operating profit as a percentage of working funds / Return on Asset	62
● Cash Reserve Ratio / Liquid Asset ratio	60, 205-206
● Dividend Cover ratio	62
● Gross Non-Performing assets to gross advances/Non-Performing Loans (Assets) to Total Loans (Assets)	61
Details of credit concentration / Sector wise exposures	163-164, 212-215
The break-up of 'Provisions and contingencies' included in the Profit and Loss Account	195-196, 198, 224-225
Disclosure under regulatory guidelines	86-99, 158-167, 228
Details of Non-Statutory investment portfolio	209-210
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	295-300

CORPORATE GOVERNANCE DISCLOSURE CHECKLIST

Particulars		Page
1.	Board of Directors, Chairman and CEO	
1.1	Company's policy on appointment of directors disclosed	74
1.2	Adequate representation of non executive directors i.e. one third of the board, subject to a minimum of two	74
1.3	At least one independent director on the board and disclosure/ affirmation of the board on such director's independence	74
1.4	Chairman to be independent of CEO	76
1.5	Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non Executive Directors	77
1.6	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	77-78
1.7	Disclosure of policy on annual evaluation of the CEO by the Board	78
1.8	Disclosure of policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year. Existence of a scheme for annual appraisal of the boards performance.	77-78
1.9	At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting	78
1.10	Disclosure of number of meetings of the board and participation of each director (at least 4 meetings are required to be held)	74-75
1.11	Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors	78, 86-99
2.	Vision / Mission and Strategy	
2.1	Company's vision / mission statements are approved by the board and disclosed in the annual report	13-14, 78
2.2	Identification of business objectives and areas of business focus disclosed	122-132
2.3	General description of strategies to achieve the company's business objectives	16
3	Audit Committees	
3.1	Appointment and Composition	
3.1.1	Whether the Audit Committee Chairman is an independent Non – Executive Director and Professionally Qualified	37
3.1.2	Whether it has specific terms of reference and whether it is empowered to investigate / question employees and retain external counsel	37-38
3.1.3	More than two thirds of the members are to be Non Executive Directors	74
3.1.4	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	37
3.1.5	Head of internal audit to have direct access to audit committee	38
3.1.6	The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report	37, 38
3.2	Objectives & Activities	
3.2.1	Statement on Audit Committee's review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	37-38, 55-56
3.2.2	Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of Statutory dues	38

Particulars		Page
3.2.3	Statement of Audit committee involvement in the review of the external audit function	38
	● Ensure effective coordination of external audit function	
	● Ensure independence of external auditors	
	● To review the external auditors findings in order to be satisfied that appropriate action is being taken	
	● Review and approve any non audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors	
	● Recommend external auditor for appointment/ reappointment	
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	38-39, 56-57
3.2.5	Statement of Audit Committee involvement in the review and recommend to the board of directors, annual and interim financial releases	39
3.2.6	Reliability of the management information used for such computation	39
4.	Internal Control & Risk Management	
4.1	Statement of Directors' responsibility to establish appropriate system of internal control	35-36, 80
4.2	Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management	35-36, 37, 55-56, 80, 88
4.3	Statement that the Directors have reviewed the adequacy of the system of internal controls	35-36, 55-56, 88
4.4	Disclosure of the identification of risks the company is exposed to both internally & externally	35, 80, 87
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	143-167
5.	Ethics and Compliance	
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulations etc.	15,17, 81
5.2	Dissemination / communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same	81
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	81
5.4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	81
6.	Remuneration Committee	
6.1	Disclosure of the charter (role and responsibilities) of the committee	79-80, 89
6.2	Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors)	
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	
6.4	Disclosure of number of meetings and work performed	
6.5	Disclosure of Remuneration of directors, chairman, chief executive and senior executives	80, 233
7.	Human Capital	
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling	81, 88, 139-141
7.2	Organizational Chart	22
8.	Communication to Shareholders & Stakeholders	
8.1	Disclosure of the Company's policy/strategy to facilitate effective communication with shareholders and other stakeholders	81-82
8.2	Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM	81
9.	Environmental and Social Obligations	
9.1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	82, 100-104, 101-102
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	82, 100-104, 101-102

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 2014.

We are pleased to present before you the Bank's (EBL) Annual Report 2014 along with the audited Financial Statements (Consolidated and Separate) for the year ended 31 December 2014 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 subsidiaries [EBL Securities Ltd., EBL Investments Ltd., EBL Finance (HK) Ltd. and EBL Asset Management 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 2014 contains audited financial statements of the Bank (EBL) and its four 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.

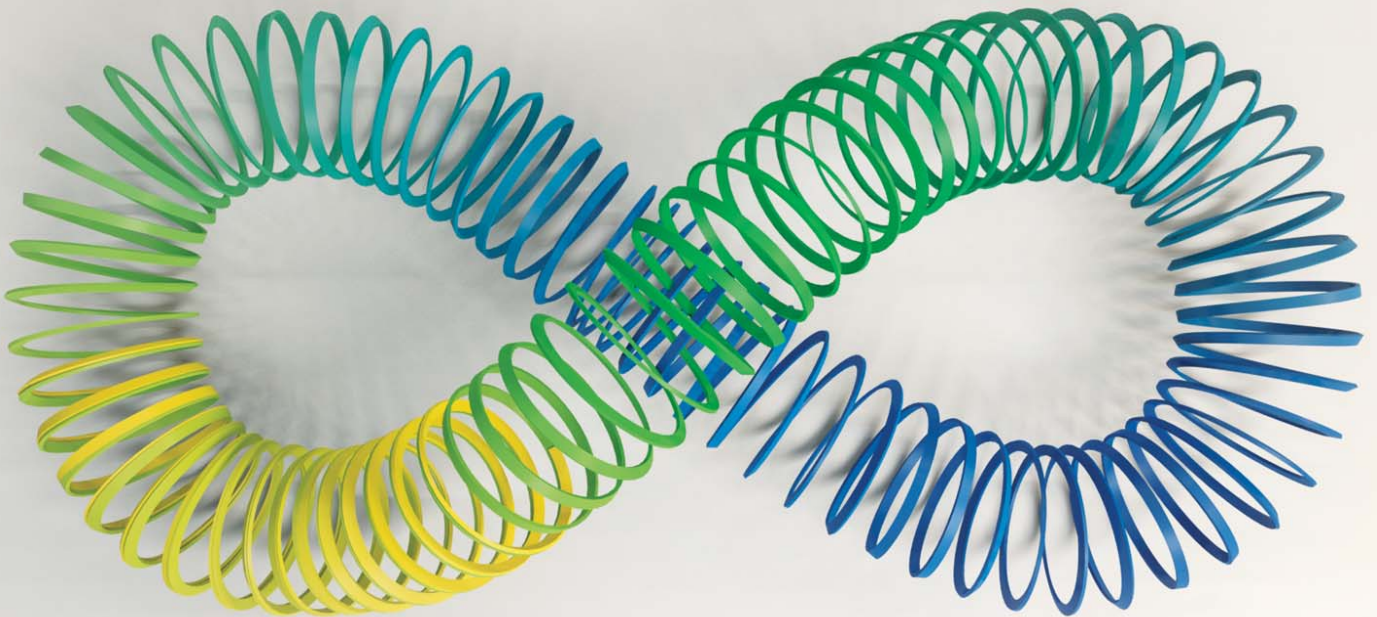
As a scheduled and listed bank in Bangladesh, the Bank has to comply with relevant circulars and instructions from two of its key regulators i.e. Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) while reporting its annual financial statements and Annual Report. So, the Bank 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 quoted 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:

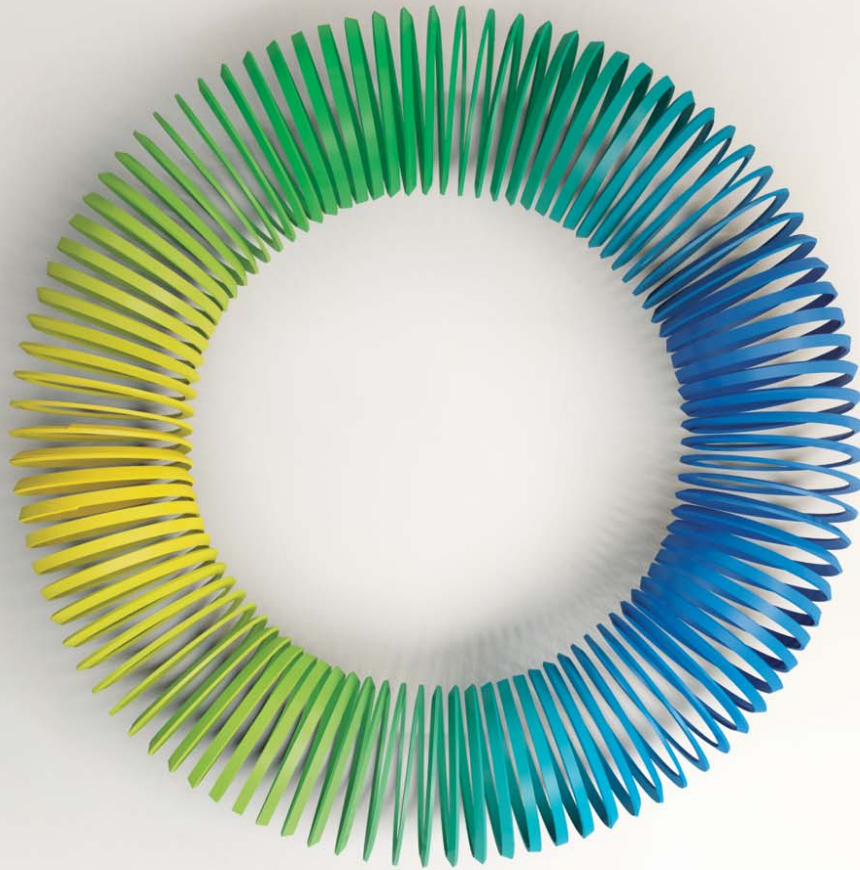
- **Changes in macro-economic conditions:** Political turmoil if continues for long can impact macro-economic stability including further slowing down of GDP growth.
- **Changes in government and regulatory policy:** To compensate gradual fall of tax revenue from banks and corporate bodies NBR may broaden new avenues of tax and VAT mostly to be shouldered by banks and corporates. In addition to lowering fees charged by banks, BB may impose new regulation to contain rising NPL.
- **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 by July 2016.
- **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 in the run up to implement Basel III eligible portion of revaluation reserve from fixed assets and securities (govt. treasury and corporate) will be phased out @20% each year starting from 2015.
- **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. EBL remains highly vigilant to prevent any type of surprises with heightened control measures, strong corporate governance and risk management practices.

VISION



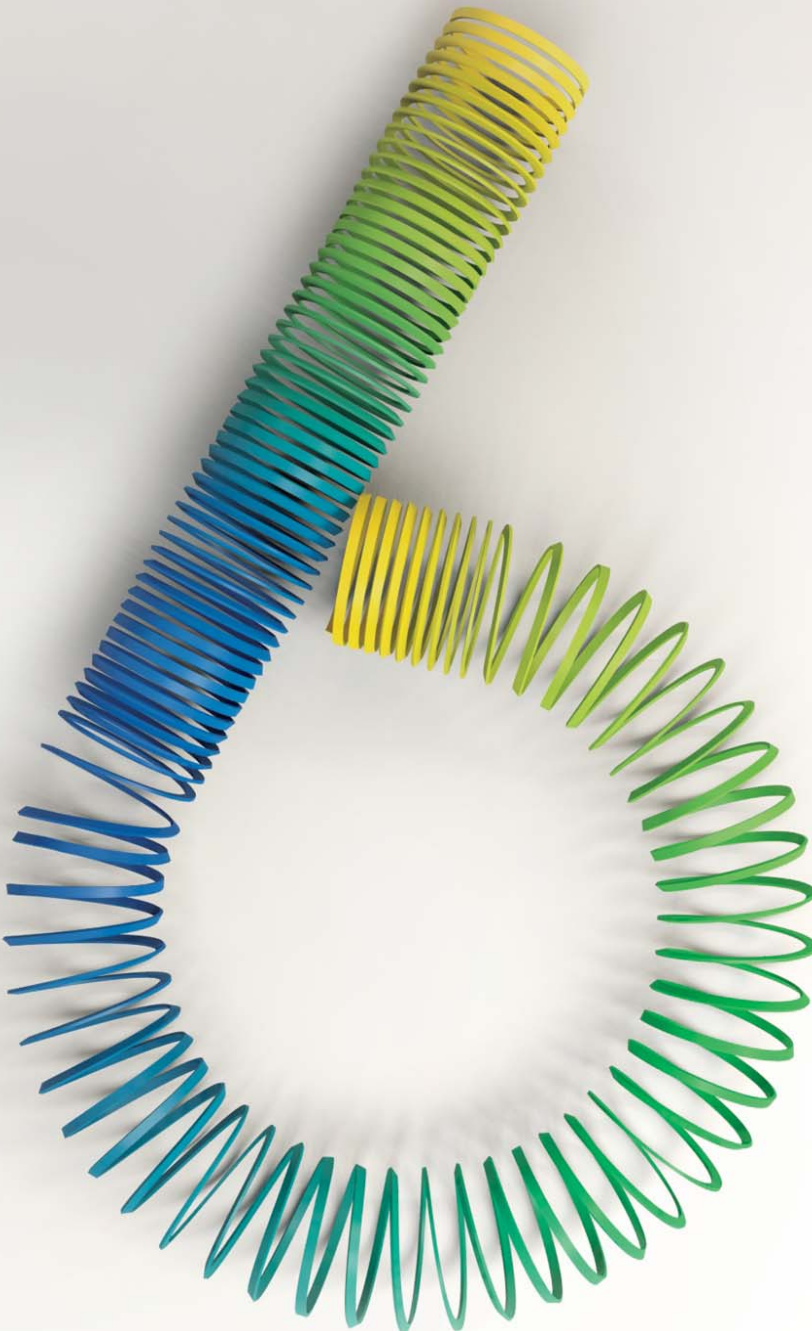
To become the most valuable brand in the financial services in Bangladesh creating long-lasting value for our stakeholders and above all for the community we operate in by transforming the way we do business and by delivering sustainable growth.

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

We passionately drive customer delight.

We use customer satisfaction to accelerate growth.

We believe in change to bring in timely solution.

○ Openness

We share business plan.

We encourage two-way communications.

We recognize achievements, celebrate results.

○ Trust

We care for each other.

We share knowledge.

We empower our people.

○ Commitment

We know our roadmap.

We believe in continuous improvement.

We do our task before we are told.

○ Integrity

We say what we believe in.

We respect every relationship.

We are against abuse of information power.

○ Responsible Corporate Citizen

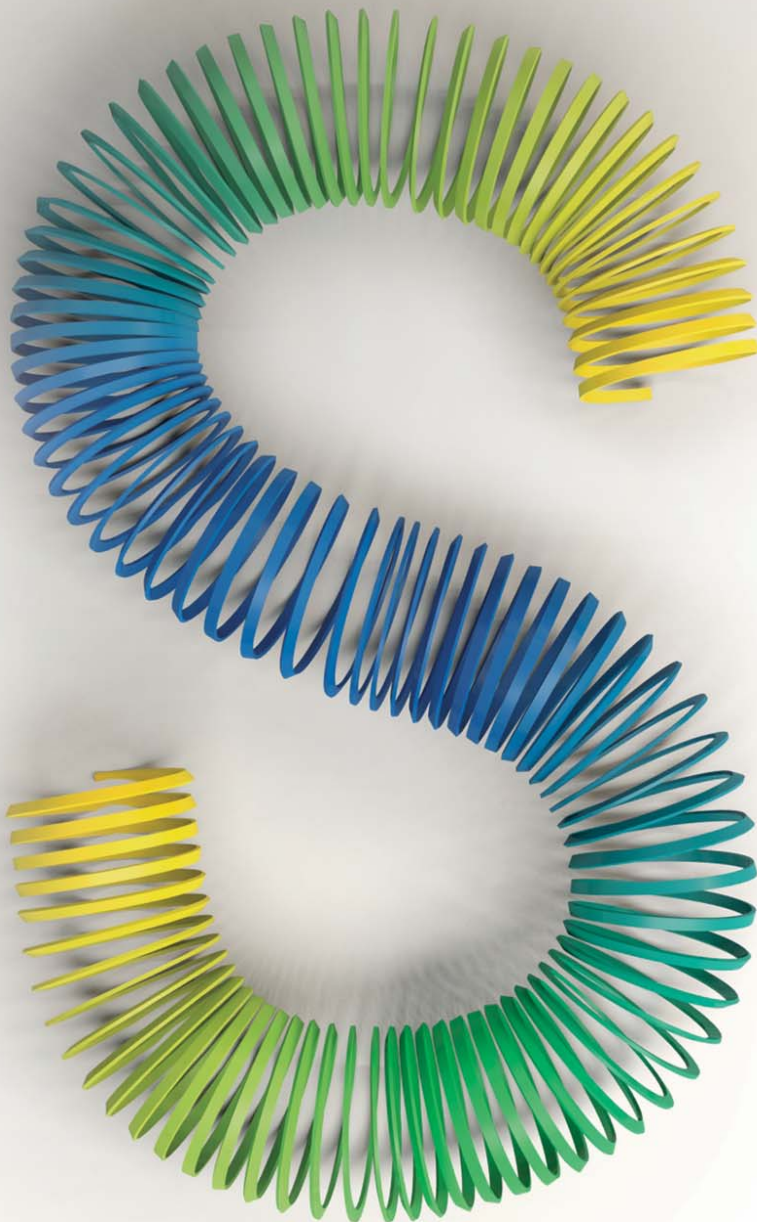
We are tax-abiding citizen.

We promote protection of the environment for our progeny.

We conform to all laws, rules, norms, sentiments and values of the land.

STRATEGIC

PRIORITY



- Making business strategy flexible to keep us on track for a sustainable growth.
- Ensuring responsible corporate governance through conformity with the law and by conducting all our actions honestly, responsibly and ethically.
- Creating a corporate culture in which performance is rewarded equitably and sustainably.
- Bringing the attitudes and goals of our staff in line with the needs of our clients and the overall economy.
- Designing products and services that must meet clients' financial needs and objectives, beneficial for the environment and also provide adequate financial return for the bank.
- Pursue balance sheet growth through selective lending and by offering value proposition.
- Leveraging balance sheet management through improved productivity, recovery and cost rationalization.

CODE OF CONDUCT AND ETHICAL GUIDELINES

At EBL we believe in consistency in corporate governance and to ensure that we have an effective and efficient monitoring system in place. We have established sophisticated processes and structures detailed in our Code of Conduct and Ethical Guidelines for a responsible and values driven management and control. Our Code of Conduct and Ethical Guidelines reflect our commitment to international standards and best practices, including:

- **Compliance of Laws:** All our employees are to follow and comply with the laws of the land and internal rules and regulations of the bank.
- **Integrity of Records:** All our employees are expected to 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, employees are not expected to 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:** 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 are members of different school boards, society or recreational bodies should be aware of 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:** Our employees are expected to act honestly and with integrity at all times. They should act uprightly and equitably when dealing with the public and other employees of the bank.
- **Acceptance of Gift:** Our employees are not encouraged to accept gifts, benefits or any sort of invitations from the customers of the bank or persons having business interest with the bank.

CORPORATE DIRECTORY

Name of the Company

Eastern Bank Limited

Legal Form

A public limited company incorporated in Bangladesh on 08 August 1992 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 doing trade finance and off-shore banking business in Hong Kong)

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 and growing focus on SME and Consumer businesses. The Bank offers a wide range of depository, loan and card products and a variety of services 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 etc.

Network

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

The Corporate banking division has 9 relationship units; 6 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 three product specific solution based units i.e. Structured Finance Unit (SFU), Transaction Banking (TB) and Product & Portfolio Support Unit (PPSU). Transaction Banking is supported by 3 particular Units i.e. Cash Management Unit (CMU), Trade Sales Unit (TSU) and Financial Institutions (FI) Unit. EBL Corporate Banking is

geographically centralized in Dhaka and Chittagong, but it uses nationwide EBL branches, correspondent banks and affiliated networks worldwide to serve the large corporate banking clients of the country.

Consumer Banking customers are served through a network of 76 Branches, 191 ATMs, 71 Bills Pay Machines and 14 priority centers countrywide. The bank has its presence in major cities/towns in the country including Dhaka, Chittagong, Sylhet, Khulna, Barisal, Rajshahi and Rangpur.

In 2006 our SME banking began its modest journey with limited propositions and today it is a key contributor to the profitability of the bank. To be awarded the Structured SME Bank of the Year at SME Financing Fair jointly organized by Bangladesh Bank and SME Foundation in 2014 was a great recognition for our SME unit and a proof of our innovative and personalized services. SME Banking customers are served through 56 SME centers located across the country.

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.	Salina Ali Representing Borak Real Estate (Pvt.) Ltd.	Director
5.	Anis Ahmed Representing Aquamarine Distributions Ltd.	Director
6.	Meah Mohammed Abdur Rahim	Independent Director
7.	Mufakharul Islam Khasru Representing Namreen Enterprise 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

Committees of the Board of Directors

Executive Committee

Sl.	Name	Status with the Bank	Status with the Committee
1.	Mir Nasir Hossain	Director	Chairman
2.	Md. Showkat Ali Chowdhury	Director	Member
3.	Salina Ali	Director	Member
4.	Ali Reza Iftekhar	Managing Director & CEO	Member

Secretary: Safiar Rahman, FCS

Audit Committee

Sl.	Name	Status with the Bank	Status with the Committee
1.	Meah Mohammed Abdur Rahim	Independent Director	Chairman
2.	A.M. Shaukat Ali	Director	Member
3.	Mufakkharul Islam Khasru	Director	Member
4.	Ormaan Rafay Nizam	Independent Director	Member
5.	Gazi Md. Shakhawat Hossain	Director	Member

Secretary: Safiar Rahman, FCS

Risk Management Committee

Sl.	Name	Status with the Bank	Status with the Committee
1.	Mir Nasir Hossain	Director	Chairman
2.	Meah Mohammed Abdur Rahim	Independent Director	Member
3.	Gazi Md. Shakhawat Hossain	Director	Member

Secretary: Safiar Rahman, FCS

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 2013 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 2013	AA	ST-2
Surveillance Rating 2012	AA	ST-2
Outlook	Stable	

Ownership Composition

As on 31 December 2014, 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	348,032,336	56.94%
Financial Institutions	70,223,563	11.49%
Total	611,179,785	100.00%

Stock Exchange Listing

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

Capital (31 December 2014)

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

COMPANY MILESTONES



19 July 2012:
Crowned 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.

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.

23 June 2013:
EBL in partnership with
Visa launched the
country's first AirMile
reward program titled
EBL SkyMiles.

03 October 2013:
Introduced Commercial
Paper, a short-term,
unsecured money market
instrument, issued in the
form of promissory note for
corporate houses ushering a
new chapter in the financial
market of Bangladesh.

20 February 2014:
Adjudged the 'Best
Partner for Working
Capital Systemic
Solutions in 2013' by IFC
announced in the 6th
Global Trade Partners
Meeting in Lisbon,
Portugal.

03 April 2014:
EBL won the Asian
Banker 'Best Retail
Bank in Bangladesh'
for the second
consecutive year in
2014.

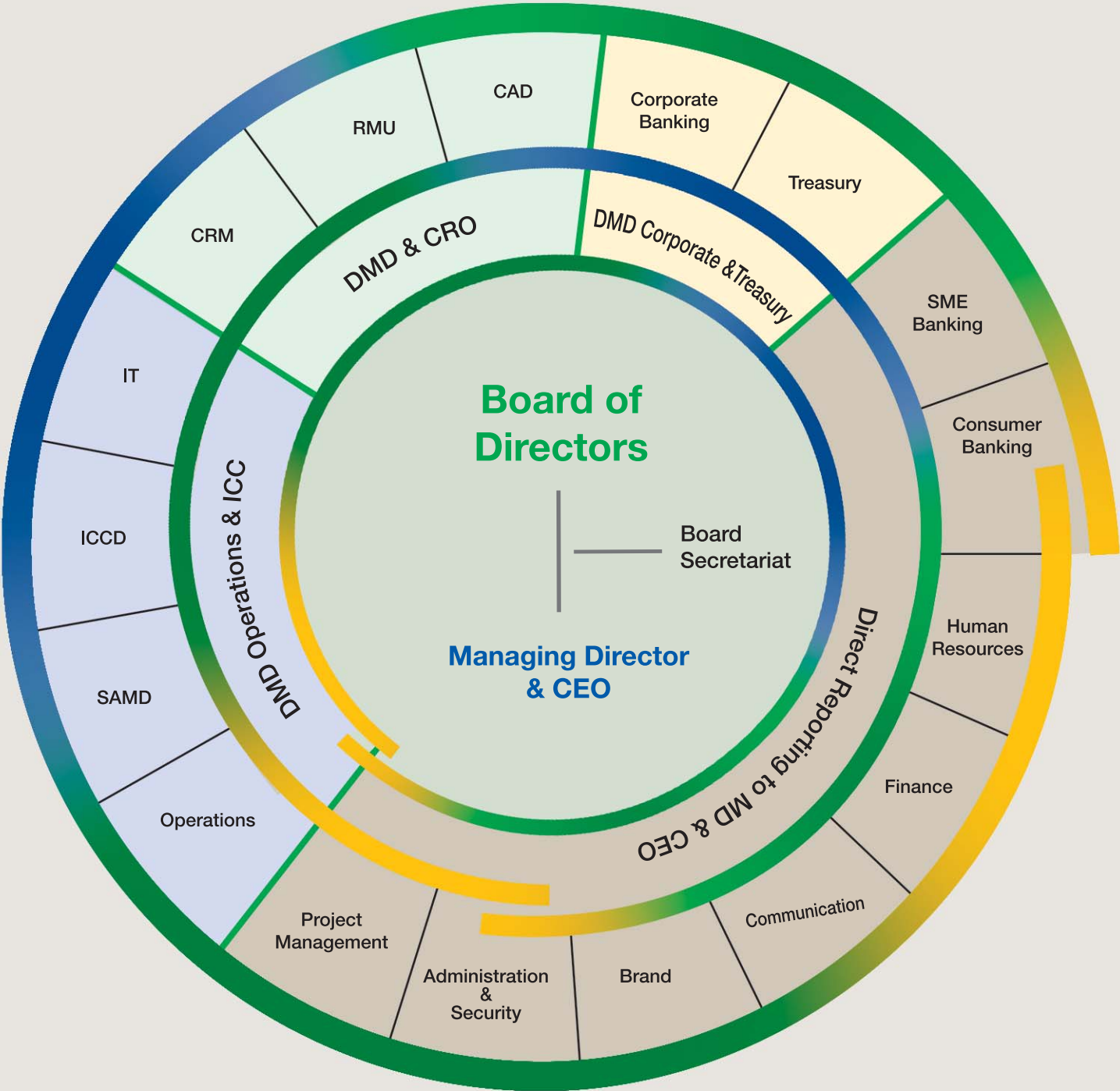
04 December 2014:
EBL won the first
prize at the maiden
'ICSB National Award for
Corporate Governance
Excellence 2013' in the banking
companies category introduced
by the Institute of Chartered
Secretaries of Bangladesh
(ICSB).

30 November 2014:
EBL Annual Report
2013 won 3rd prize in
'Best Presented Annual
Reports' by ICAB and
2nd position in 'Best
Corporate Award' by
ICMAB.

11 November 2014:
Adjudged the 'Structured
SME Bank of the Year' in
the SME Banking
Award-2014 jointly
organized by Bangladesh
Bank and SME
Foundation.

31 July 2014: EBL
received 'Global Brand
Excellence Awards' from
The World Brand
Congress in 'Brand
Revitalization' category in
recognition of EBL's
sustainability in
innovative branding.

EBL ORGANOGRAM



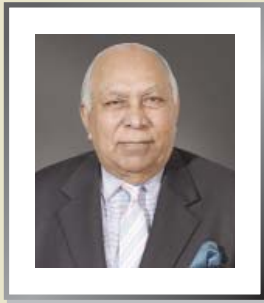


BOARD OF
DIRECTORS

BOARD OF DIRECTORS







M. Ghaziul Haque
Chairman

A respected business leader, M. Ghaziul Haque is the longest serving Board Member of Eastern Bank Limited. He joined the Board in 1993 and is still serving the board with an interval of about five years between 2006 and 2011. Currently, he is serving his second term as the Chairman of the Board of Directors. His first term was from 30 August 2000 to 21 May 2006.

He graduated from Chittagong Government College under Dhaka University in 1955 and began his career with the reputed British Company Bird & Co. Limited and rose to the position of Managing Director in 1976 when the name was changed to Birds Bangladesh Ltd.

In 1980 he left the company to venture into business and partnered with Aquamarine Limited, a Chittagong-based Shipping Company. Later, he formed a joint venture company Maersk Bangladesh Limited of Maersk Lines, Copenhagen, Denmark. He served as the Chairman of the company until 1997 with commendable success.

Currently Chairman of MGH Group, he has diverse experience in shipping and forwarding, import, export, marketing, banking, international business relations, collaborations and joint ventures.



Mir Nasir Hossain
Director

A leading entrepreneur of the country, Mir Nasir Hossain has a diverse range of business interests including construction, real estate, telecom, ICT, ceramic tiles manufacturing, banking and insurance. In his academic career he excelled as a student and accomplished his post-graduation in Accounting from the University of Dhaka with flying colors. He joined EBL board in 1993.

He is also the Chairman of both the Executive Committee and Risk Management Committee of the Board of Directors of EBL.

Between 2005 and 2007, he led the apex trade organization of the country, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) as its president with commitment and dedication. He has held many important positions in various regional business bodies including 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). At present, he is the President of Association of Telecommunication Infrastructure Operators of Bangladesh (TIOB).

He is actively engaged in various social works, most notable of which is his Life Membership of Bangladesh Red Crescent Society and contributes generously to a number of hospitals and orphanages.



A.M. Shaukat Ali
Director

A.M. Shaukat Ali did his graduation in Civil Engineering under the University of Dhaka in 1961 and higher education in Japan in Construction Engineering in 1977. His interests are not only limited to construction. He takes keen interest in banking and healthcare as well.

He held the position of Project Director of World Bank, Asian Development Bank projects under the Ministry of Health and Family Planning from 1987 to 1993. Between 1993 and 1999, he was the Chairman of Project Builders Limited.

He joined the Board of EBL in 1993. He is also a member of the Audit Committee of the Board of Directors of the EBL.

He is the Chairman of Engineering Consultants & Associates Limited and sponsor Director of Samorita Hospital Limited.

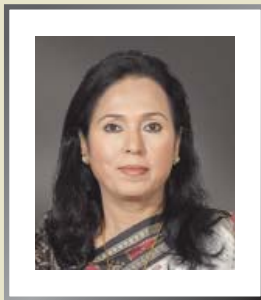


Md. Showkat Ali Chowdhury
Director

Md. Showkat Ali Chowdhury, an accomplished business leader, is successfully running a business conglomerate with diverse interests in ship breaking and recycling, tea plantation & production, RMG industries, real estate, agency business & engineering services, container terminal & handling, commercial banking, insurance, shares & securities.

He joined the board of EBL in 1993. He is also a member of the Executive Committee of the Board of Directors of the Bank (EBL).

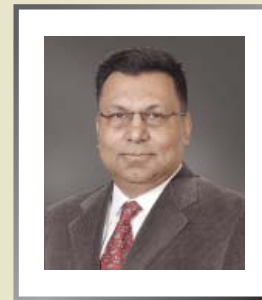
A graduate from the University of Chittagong, he is involved with many local and international organizations that includes a life member of SAARC Chamber of Commerce & Industry (SAARC CCI), Bhatary Golf & Country Club Limited, Chittagong Press Club Limited, Chattagram Maa O Shisu General Hospital, Director 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.



Salina Ali
Director

Salina Ali is the Chairman of Unique Group, a renowned business conglomerate in Bangladesh, having business interests in real estate, hotel services, ceramic industry, power plant, aviation services, tourism, manpower export, banking services, and human resources development. A pioneer in setting up the first 5-Star Hotel in private sector in the country, she is also the Chairman of Unique Hotels and Resorts Ltd. The Westin Dhaka now stands for quality and hospitality. She did her Honors and Masters in Sociology from the University of Dhaka.

She is also a member of the Executive Committee of the Board of Directors of Eastern Bank Ltd. (EBL). She is involved in many social and philanthropic activities.



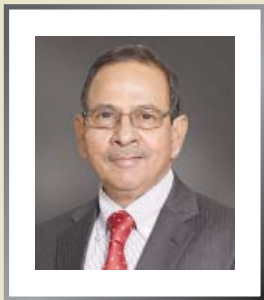
Anis Ahmed
Director

Anis Ahmed is the Group Managing Director and CEO of MGH Group. The group has diverse business interests from regional supply chain for global fast fashion, discount retailers, automotive brands, to airlines GSAs, computer reservation systems, FM-radio stations, cable network, to software development, information technology, tea and rubber plantations, real estate, food and beverage retail, mining and exploration, and commercial banking.

He did his Bachelor of Science (Finance) from the University of Utah, and MBA from Arkansas State University.

After completing his MBA, he began his career with A.P. Moller Maersk as a global trainee at the Morristown, New Jersey, headquarters. He later joined his father's business, an A.P. Moller Maersk joint venture in Bangladesh, and left after a 4-year stint with Maersk to establish MGH, named after his father M. Ghaziul Haque (MGH), the current Chairman of the group.

He is also the founder and trustee member of MGH Foundation which manages multiple orphanages, building self-sustaining revenue sources for Charitable Initiatives like Charity Begins @ Home (CB@H), LAUF (Legal Aid for Unfortunate) now operating in Bangladesh during its launch phase. LAUF provide financial supports to Bangladeshis stranded in various parts of the world, unable to return home due to lack of financial abilities.



Meah Mohammed Abdur Rahim
Independent Director

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 and also a Member of the Risk Management Committee (RMC) of the Board of Directors of the Bank (EBL).

Academically & professionally, Rahim obtained Bachelor of Commerce Degree, Diploma in Banking & Business Studies as well as Diploma in Shipping, A.I.C.S.

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.

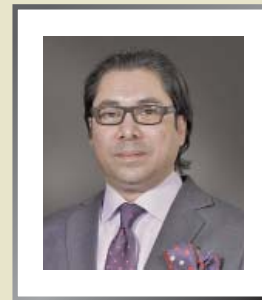


Mufakkharul Islam Khasru
Director

Born in a respected family of Chittagong, Mufakkharul Islam Khasru did his Bachelor of Commerce from Chittagong Commerce College and MBA from Institute of Business Administration, Dhaka. Currently, he is the Managing Director of Finlay Properties Ltd., an affiliate of JF (Bangladesh) Ltd. Before taking up the reins of responsibilities of Finlay Properties in 2010, he was CEO of SANMAR Properties Ltd., a leading business conglomerate diversified in property development, custom brokerage, stevedoring, and commodity-trading.

He is a member of the Audit Committee of the Board of Directors of Eastern Bank Ltd.

An avid reader, he has a strong impulse to travel and explore the world. He is a sport enthusiast and enjoys socializing. As popular and active member of number of clubs including Chittagong Club, Bhatiary Golf & Country Club, Chittagong Boat Club, Bangladesh Diabetic Society, his contributions are noteworthy.



Ormaan Rafay Nizam
Independent Director

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 fulfilling the criteria set by Bangladesh Securities and Exchange Commission (BSEC). He 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 a member of the Audit Committee of the Board of Directors of Eastern Bank Ltd.

A cricket organizer and golfer, he obtained his Bachelor degree in Commerce from Chittagong University and completed higher education from London School of Education (LSE). He has consummate expertise in the areas of Business Studies, Finance and Management.



Gazi Md. Shakhawat Hossain
Director

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. and General Electric Company (BD) Limited.

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

Hossain obtained his M.Com in Accounting from the University of Dhaka. He has expertise in the areas of Financial Reporting and Management, Banking, Insurance, International Hotel & Restaurant etc.



Ali Reza Iftekhar
Managing Director & CEO

A visionary banker and a dynamic leader, 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 the organization into the most valuable financial brand in the country. Under his leadership, the bank has achieved many a laurel including the Best Retail Bank in Bangladesh awarded by The Asian Banker for two consecutive years 2013 and 2014; the IFC Global Award for the Best Partner for Working Capital Systemic Solution; ICSB National Award 2014 for Corporate Governance Excellence; the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award. He is also heading the Association of Bankers, Bangladesh (ABB), the apex body for banking professionals of the country, as its chairman for the term of 2014-15.

He also sits on the Board of the International Leasing and Financial Services Limited (ILFSL). A 1982 graduate from the University of Dhaka in Marketing, his specialization in risk management, corporate banking, operations and retail made him one of the leading bankers of the country. To keep him updated with the current management thoughts, he attended Harvard Business School Program on Leadership in Financial Organizations in 2012, participated in the Strategic Leadership Program at University of Oxford, UK in 2013, and took part in Executive Program in Corporate Governance and Strategic Management at Haas School of Business, University of California, Berkeley in 2014.

MANAGEMENT COMMITTEES



MANCOM (from left to right)

SI No.	Name	Designation
1	Abul Moqsud	DMD & Chief Risk Officer (CRO)
2	Hassan O. Rashid	DMD (Corporate & Treasury)
3	Ali Reza Iftekhar	Managing Director & CEO
4	Akhtar Kamal Talukder	DMD (Operations & ICC)
5	Md. Khurshed Alam	EVP & Head of SME Banking
6	Ahsan Zaman Chowdhury	EVP & Area Head, Corporate Banking, Chittagong
7	Nazeem A. Choudhury	EVP & Head of Consumer Banking



MANCOM (from left to right)

Sl No.	Name	Designation
8	A.M.M. Moyen Uddin	EVP & Head of Information Technology (IT)
9	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of Operations
10	Safiar Rahman	SEVP & Company Secretary
11	Monjurul Alam	VP & Head of Human Resources
12	Ahmed Shaheen	SEVP & Area Head, Corporate Banking, Dhaka
13	Masudul Hoque Sardar	VP & Head of Finance
14	Sami Karim	SEVP & Head of SAMD
15	Mehdi Zaman	SVP & Head of Treasury

Expanded Management Team (EMT)

SI 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	Habibur Rahman	EVP & Head of CRM	Member
6	Abdul Halim	EVP & Head of Cards Operation	Member
7	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
8	Ziaul Karim	SVP & Head of Communication	Member
9	Syed Sazzad Haider Chowdhury	SVP & Head of Trade Operations	Member
10	Iftekhar Uddin Chowdhury	SVP & Branch Area Head, Chittagong Area	Member
11	Ashraf- Uz-Zaman	SVP & Head of Compliance, ICCD	Member
12	Saidul Amin	SVP & Head of Liability and Wealth Management	Member
13	Anwar Faruq Talukder	SVP & Head of Business, SME Banking	Member
14	Md. Rezaul Karim	VP & Head of Service Management, IT	Member
15	Md. Abdul Awal	VP & Head of Operation Risk	Member
16	Md. Rezaul Islam	VP & Head of Internal Control	Member
17	S. K. M. Shariful Alam	VP & Head of Core Banking and Cards Application, IT	Member
18	Tapash Chakraborty	FAVP & Head of People's Planning & Acquisition, HRD	Member
19	Md. Safiqul Islam Zahid	FAVP & Sr. Manager, Financial Operations & Control	Member
20	Riyadh Ferdous	AVP & Sr. Manager, Brand	Member

Asset Liability Committee (ALCO)

SI No.	Name	Designation	Status in ALCO
1	Ali Reza Iftekhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	DMD (Corporate & Treasury)	Member
3	Abul Moqsud	DMD & CRO	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 Consumer Banking	Member
8	Saidul Amin	SVP & Head of Liability & Wealth Management	Member
9	Masudul Hoque Sardar	VP & Head of Finance	Member
10	Mehdi Zaman	SVP & Head of Treasury	Member & Head of ALM Desk

Bank Risk Management Committee (BRMC)

SI No.	Name	Designation	Status in BRMC
1	Abul Moqsud	DMD & CRO	Chairman
2	Akhtar Kamal Talukder	DMD (Operations & ICC)	Member
3	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Operations	Member
4	A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)	Member
5	Mohammad Musa	EVP & Head of Service Delivery	Member
6	Mehdi Zaman	SVP & Head of Treasury	Member
7	Masudul Hoque Sardar	VP & Head of Finance	Member

SI No.	Name	Designation	Status in BRMC
8	Rashdul Karim	SAVP & Head of Treasury & Investment Banking Operations	Member
9	Saiful Islam	FAVP & Sr. Manager, RMU	Member Secretary

Bank Operational Risk Committee (BORC)

SI No.	Name	Designation	Status in BORC
1	Akhtar Kamal Talukder	DMD (Operations & ICC)	Chairman
2	Hassan O. Rashid	DMD (Corporate & Treasury)	Member
3	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Operations	Member
4	Sami Karim	SEVP & Head of SAMD	Member
5	A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)	Member
6	Md. Khurshed Alam	EVP & Head of SME Banking	Member
7	Nazeem A Chowdhury	EVP & Head of Consumer Banking	Member
8	Habibur Rahman	EVP & Head of CRM	Member
9	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
10	Monjurul Alam	VP & Head of Human Resources	Member
11	Masudul Hoque Sardar	VP & Head of Finance	Member

Purchase Committee (PC)

SI No.	Name	Designation	Status in Committee
1	Akhtar Kamal Talukder	DMD (Operations & ICC)	Member
2	A.M.M. Moyeen Uddin	EVP & Head of Information Technology (IT)	Member
3	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Convenor
4	Ziaul Karim	SVP & Head of Communication	Member
5	Masudul Hoque Sardar	VP & Head of Finance	Member

Credit Committee

SI No.	Name	Designation	Status in Committee
1	Abul Moqsud	DMD & CRO	Chairman
2	Hassan O. Rashid	DMD (Corporate & Treasury)	Member
3	Md. Khurshed Alam	EVP & Head of SME Banking	Member
4	Nazeem A. Choudhury	EVP & Head of Consumer Banking	Member
5	Habibur Rahman	EVP & Head of CRM	Member
6	Masudul Hoque Sardar	VP & Head of Finance	Member
7	Saiful Islam	FAVP & Sr. Manager, RMU	Acting Member Secretary

Green Banking Cell

SI No.	Name	Designation	Status in Committee
1	Hassan O. Rashid	DMD (Corporate & Treasury)	Chairman
2	Abul Moqsud	DMD & CRO	Member
3	A.M.M. Moyen 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 Communication	Member
7	Monjurul Alam	VP & Head of Human Resources	Member
8	Saiful Islam	FAVP & Sr. Manager, RMU	Member Secretary

BASEL III Committee

SI No.	Name	Designation	Status in Committee
1	Akhtar Kamal Talukder	DMD (Operations & ICC)	Chairman
2	Abul Moqsud	DMD & CRO	Member
3	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of Operations	Member
4	A.M.M. Moyen 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	Saiful Islam	FAVP & Sr. Manager, RMU	Member Secretary

Central Compliance Unit (CCU)

SI No.	Name	Designation	Status in Committee
1	Akhtar Kamal Talukder	DMD (Operations & ICC)	CAMLCO and Head of CCU
2	Ashraf- Uz-Zaman	SVP & 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

DIRECTORS' RESPONSIBILITY STATEMENT

In addition to the oversight responsibilities, the Board of Directors also ensures 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 provisions 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 which is presented in the Annual General Meeting (AGM) has a separate section as 'Directors' Report 2014' containing, 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 2014 and Management Discussion and Analysis (MD&A) section with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 749.37 million has been transferred to 'Statutory Reserve' which is required to equate the same with paid up capital 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 2014.
- **Any event after balance sheet date which may affect company's financial condition:** An amount of BDT 2,500 million on account of 7 Years Non-convertible Floating Rate Subordinated Bond received in mid- February 2015 and booked as tier-II capital which will increase solvency as well as lending capacity (especially to single borrower) of the Bank.
- **Any change in bank's activities, subsidiaries' activities etc.:** No major change in strategy and actions in the Bank and Subsidiaries experienced in 2014.

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 Director's Report 2014.
- **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" 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 2014.
- **Discussion on continuity of any Extra-Ordinary gain or loss:** In 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 details information in support of this.
- **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 2014.
- **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 2014.
- **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 did not deteriorate.
- **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 2014.
- **Remuneration to directors including independent directors:** Remuneration provided to directors has been presented in the Corporate Governance Report and Note 36 and Note 37 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 2014.
- **Maintenance of proper books of account:** A brief description in this regard has been presented in Review of Financial Reporting Section in Directors' Report 2014.
- **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 2014.

- **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 2014.
- **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 2014.
- **Significant doubts upon the Bank's ability to continue as a going concern:** Nothing 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 2014 which have been adequately discussed in the Directors' Report 2014 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 2014.
- **No. of Board meetings and directors' attendance in 2014:** Please see page number 74 of the Corporate Governance Report 2014.

- **The pattern of shareholdings:** Please see page number 75 of the Corporate Governance Report 2014 and note 14.1 of the Notes to the Financial Statements 2014.
- **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. 26 -29 of this report and Annexure C of the Financial Statements 2014.

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 2014.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2014 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 Directors of Eastern Bank Limited (EBL) was formed by the Board to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing rules and laws etc. Following are the major objectives of the AC:

- To review the financial reporting process, the system and effectiveness of internal control process, compliance status of inspection report from Bangladesh Bank and assessment of the overall processes and procedures 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 Corporate Governance Notification issued by BSEC on 07 August 2012, and Bangladesh Bank BRPD Circular No.11 dated 27 October 2013, AC of EBL Board was last re-constituted in the 533 Board Meeting held on 01 June 2014 with the following Board Members:

SL No.	Name	Status with the Bank	Status with the Committee	Educational Qualification	Meeting Attendance
01.	Meah Mohammed Abdur Rahim	Independent Director	Chairman	Bachelor of Commerce/ A.I.C.S	10/12
02.	A.M. Shaukat Ali	Director	Member	B. Sc (Engg.), Civil	12/12
03.	Mufakharul Islam Khasru, (Representing Namreen Enterprise Ltd.)	Director	Member	MBA (IBA)	5/7*
04.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction Pvt. Ltd.)	Director	Member	M.com (Accounting)	12/12
05.	Ormaan Rafay Nizam	Independent Director	Member	Commerce Graduate	9/12

* Mr. Mufakharul Islam Khasru was appointed as a Member of the AC in the 533 Board Meeting held on 01 June 2014 replacing Mr. A.Q.I. Chowdhury, OBE, who resigned on 12 May 2014. However, Mr. A.Q.I. Chowdhury, OBE, attended only 1 (one) AC meeting out of 4 (four) during 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 Board have been framed by following 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 from 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 Audit 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 auditors. The Committee shall oversee the selection process of new auditors and shall investigate any issue that might have led auditors to resign.
- 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 2014 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control & Compliance, External Auditors etc. regarding their findings, observations and remedial suggestions on issues of bank affairs that need improvement. The AC instructed management to follow those remedial suggestions and monitored accordingly. Meeting dates are as follows:

SL No.	Meetings	Date of Meeting
01.	56 Audit Committee Meeting	29 January 2014
02.	57 Audit Committee Meeting	27 February 2014
03.	58 Audit Committee Meeting	20 March 2014
04.	59 Audit Committee Meeting	12 May 2014
05.	60 Audit Committee Meeting	19 June 2014
06.	61 Audit Committee Meeting	17 July 2014
07.	62 Audit Committee Meeting	23 July 2014
08.	63 Audit Committee Meeting	31 August 2014
09.	64 Audit Committee Meeting	24 September 2014
10.	65 Audit Committee Meeting	29 October 2014
11.	66 Audit Committee Meeting	27 November 2014
12.	67 Audit Committee Meeting	29 December 2014

Major areas focused by AC in 2014

The major areas of focus by the Audit Committee of the Bank during the year 2014 are mentioned below:

- Review and approve 'Annual Audit Plan 2015' and 'Risk Based Audit Plan 2015'.
- Review of Suspicious Transaction Report for the year 2013.
- Review of the Mystery Shopper's Survey Results 2013.
- Review of the audit ratings of all branches for the year 2013 and 2014 and departments for the year 2013.
- Review of Bangladesh Bank, DOS Circular Letter No. 17 dated 7 November 2012 regarding Report of Self-Assessment of Anti-Fraud Internal Controls on Quarterly basis through specific format to be signed by the MD & CEO of the Bank and countersigned by the Chairman of the Audit Committee.
- Review of the process of strengthening Internal Control Systems and Procedures of the Bank.
- Review of the annual financial statements of the bank for the year ended 31 December 2013 as certified by the External Auditors, M/S. Hoda Vasi Chowdhury & Co, Chartered Accountants, before submission to the Board for approval.
- Review of Bangladesh Bank's BRPD Circular No. 4 dated 23 February 2014 on the Rules and Regulations in making transactions with people associated with Boards and Management of the Banks.
- Review of re-appointment of External Auditors of EBL at the 22nd AGM of EBL till the next AGM.
- Review of Corporate Governance Compliance Report of EBL for the year ended 31 December 2013 as submitted by Rahman Rahman Huq, Chartered Accountants.
- Review the status of various types of staff loans (those remained outstanding as of 30 June 2014) i.e. LAMS, LAPF, Car Loan, Home Loan, Credit Card, etc. to the employees of mid-level and above specially who left the job during the period from July 2013 to June 2014.
- Review of the Management Report on the bank for the year ended 31 December 2013 as submitted by the External Auditors and 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 2014 before submission to the Board for approval in compliance with the BSEC's Corporate Governance Guidelines 2012.
- Review of Financial Highlights of EBL for the Third Quarter (Q3) from 01 January to 30 September 2014 compared to last year.
- Review of the Bangladesh Bank Comprehensive Inspection Report on EBL Head Office as on 31 December 2013 and subsequent compliance by the management thereof.
- Review of AML rating of all Branches for the year 2014.
- Review of Business Budget of EBL for the year 2015.
- Review of compliance and related risk level of Branches, various Departments and Subsidiaries.
- Review of Annual Report on the Financial Health of the Bank, 2013.

The Minutes of the Audit Committee meetings containing various suggestions and recommendations to the Management and the Board are placed subsequently 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

REPORT OF THE RISK MANAGEMENT COMMITTEE OF THE BOARD

In compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of Eastern Bank Limited formed a three-member Risk Management Committee (RMC) of the Board on 07 November 2013 and reconstituted in 542-Board of Directors Meeting held on 29 October 2014. The objective of the committee is to reduce probable risks arising during implementation of Board approved policies, procedures and strategies.

Composition and Qualifications

All three members of RMC are Non-Executive Directors of the Board. The qualification of members, their status in the RMC and attendance in RMC meetings are noted below:

SI No.	Name	Status with the Bank	Status with the Committee	Educational Qualification	Meeting Attendance
1	Mir Nasir Hossain	Director	Chairman	M.com (Accounting)	4/4
2	Gazi Md. Shakhawat Hossain	Director	Member	M.com (Accounting)	4/4
3	Meah Mohammed Abdur Rahim	Independent Director	Member	Bachelor of Commerce/ A.I.C.S	1/1*

*Mr. Meah Mohammed Abdur Rahim was appointed as a member of the RMC in the 542 Board Meeting held on 29 October 2014 replacing Mr. Asif Mahmood who resigned on 22 September 2014. However, Mr. Asif Mahmood attended all 03 meetings during his tenure.

The Company Secretary acts as the Secretary of the Risk Management Committee of the Board.

Roles and Responsibilities of RMC

The roles and responsibilities of RMC of EBL have been framed in line with the provisions of BRPD Circular No. 11, dated 27 October 2013 and other best practices and standards. Some important roles and responsibilities are highlighted below:

- 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 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, ALM 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 recommend appropriate measures for 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.
- The committee shall review different decisions taken by the different risk committees formed at management level and RMC's recommendations to be submitted to the Board on regular basis.
- The committee shall comply with different directives/guidelines as issued by Regulators from time to time.

Meetings of the RMC

Bangladesh Bank advised to hold at least 4 meetings in a year. The RMC of EBL held 4 (Four) meetings during 2014 having detailed discussions and review session with the Chief Risk Officer (CRO) regarding their findings, observations and recommendations on the issues of bank affairs that need improvement. Meeting dates were as follows:

Sl. No.	Meetings	Date of Meeting
01.	RMC Meeting 01	22 January 2014
02.	RMC Meeting 02	21 April 2014
03.	RMC Meeting 03	25 August 2014
04.	RMC Meeting 04	23 December 2014

Major areas focused by RMC in 2014

The major areas focused and perused by the RMC of EBL during 2014 are highlighted below:

- In line with the BRPD Circular No. 11 dated 27 October 2013 adopted the detailed Roles and Functions along with ToR (Terms of Reference) of the RMC of EBL.

- Reviewed and endorsed Bank's 'Investment Policy' as advised by the Board of EBL.
- Reviewed and approved Bank's ICAAP (Internal Capital Adequacy Assessment Process) document and SRP (Supervisory Review Process) return for the year 2011, 2012 and 2013 for onward submission to Bangladesh Bank.
- Approved Enterprise Risk Management (ERM) Policy for EBL.
- Approved Risk Matrix (Key Risk Indicators) with MAT (Management Action Trigger) for the year 2014 and 2015.
- Reviewed Risk Papers, discussed on recommendations of BRMC (Bank Risk Management Committee) for the period from July 2013 to September 2014 and with certain directions endorsed the same for onward submission to Bangladesh Bank.
- Reviewed Stress Test Reports from quarter ended September 2013 to quarter ended September 2014 and endorsed the same for onward submission to Bangladesh Bank.

- Followed up and monitored classified, special mentions, written-off and compromised settlement A/C outstanding and recovery status from written-off and compromised settlement A/C.
- Approved 'Credit Policy for Counterparty Limit for Financial Institutions'.
- Reviewed Bangladesh Bank's report on EBL's Risk Rating and Stress Test.

The Minutes of the RMC Meetings containing various suggestions and recommendations to the management were placed to the Board subsequently for ratification on regular basis.

On behalf of the Risk Management Committee,



Mir Nasir Hossain

Chairman of the Risk Management Committee of the Board

CHAIRMAN'S STATEMENT



“As a responsible corporate citizen, we consider ourselves integral to the fabric of the society we operate in, generating growth and contributing to economy.”

EARNINGS PER SHARE **BDT 3.45**
DIVIDEND PER SHARE **BDT 2.00**

Dear Shareholders,

I welcome you at the 23rd Annual General Meeting (AGM) of EBL. It is my honor and privilege to share with you our achievements, challenges and how we have negotiated through the ever changing terrain of global and national economy. Our commitment to continue to play a vital role in the country's economic wellbeing and address economic challenges facing us and return substantial growth is well reflected in the Annual Report featuring audited Financial Statements for 2014.

Global Economic Outlook

The global economy is still having difficulty to gain momentum as high-income countries continue to struggle with legacies of the global financial crisis and emerging economies are less dynamic than in the past. According to World Bank, global growth in 2014 was lower than expected: growth picked up only marginally to 2.6 percent from 2.5 percent in 2013.

Though there has been a palpable momentum witnessed in the United States and the United Kingdom as labor markets beginning to heal and monetary policy remains eminently accommodative, the recovery has been sputtering in Euro area and Japan in particular as shadows of the financial crisis linger. China, on the other hand, is undergoing a carefully managed slowdown. Emerging markets are no longer a beacon of hope in the world economy: Brazil is sinking in stagflation while Russia is in recession, beaten by Western sanctions and the slump in the oil price.

The World Bank expects that global growth to rise moderately to 3.0 percent in 2015. In developing countries, as the domestic headwind shows sign of easing up and the recovery in high-income countries slowly strengthens, growth prospect seems brighter, rising from 4.4 percent in 2014 to 4.8 percent in 2015. There are silver linings behind the clouds. The chief economist of the World Bank Kaushik Basu says about the current slump in oil prices, 'The lower oil price creates a window of opportunity for oil-importing countries, such as China and India. What is critical is for nations to use this window to usher in fiscal and structural reforms, which can boost long-run growth and inclusive development.'

Bangladesh Economy: Slow yet Resilient

Despite political unrest ahead of national election, Bangladesh witnessed GDP growth in FY14 at 6.1%, half a percentage point higher than projected in the Asian Development Outlook 2014 in April. Food prices were high for much of FY14 because political unrest disrupted supply, pushing inflation up by 60 basis points to an average of 7.4% for the year.

Bangladesh Bank report stated a strong expansion in exports outweighed a more moderate rise in imports to

narrow the trade deficit in FY2014. Workers' remittances declined slightly but were sufficient to offset the trade deficit and push the current account to a surplus equal to 1.0% of GDP, not the 0.5% deficit that had been projected.

The growth of the industry sector was lower in FY14 compared to the preceding year partly due to political unrest and uncertainty. Moderate growth of agriculture sector along with satisfactory growth of services sector helped achieve the 6.1% growth of the overall economy. During FY14, the average inflation showed an upward trend, mainly due to increase in food inflation although the non-food inflation declined during the same period. Total domestic credit increased from 10.9% in FY13 to 11.6% in FY14. Private sector credit growth was 12.3% in FY14 which was lower against the targeted growth of 16.5% mainly due to sluggish credit demand, political uncertainty and stringent lending practices by banks following scams in some banks.

Bangladesh achieved Ba3 (Moody's) and BB-(Standard and Poor's) with stable outlook for the 5th consecutive years. Stable real GDP growth and strong external balances have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the first time.

Banking Industry: Facing Multiple Challenges

The industry as a whole continued to face multiple challenges: falling credit growth, declining interest rate and profitability, weakening governance and rising NPL and deteriorating soundness. Credit growth and maintenance of asset quality were major challenges in 2014 mainly due to a sense of uncertainty concerning long term political instability, subdued economic activities and spillover effects of certain large scale financial scams. Non-performing loan (NPL) rose to 9.69 percent at year-end 2014 which was 8.93 percent at year-end last year. Ample liquidity resulted from lower than targeted credit growth forced the banking industry to go for low yielding govt. treasury securities.

Delivering Consistency

Despite facing formidable challenges, the Bank has continued to deliver consistent financial performance except a hefty rise of loan loss provision. Continued lackluster performance of some of the business sectors the bank is exposed to require us to maintain a handsome amount of loan loss provision which has eaten up considerable part of operating profit. Our NPL ratio remains at 4.36 percent at year-end 2014 against 3.59 percent last year which requires management to intensify all out efforts to bring it down below 4 percent by year-end 2015. 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 (61% positive growth) to compensate 18% negative growth of Net Interest Income (NII) during 2014. Significant rise of loan loss provision partly compensated by lower tax provision eventually produced Profit After Tax (PAT) of BDT 2,106.51 million which is 18 percent lower than that of 2013. Consequentially our Earnings Per Share (EPS) has decreased to BDT 3.45 (consolidated BDT 3.50) against BDT 4.20 in 2013. Board has recommended a Cash Dividend @ 20 percent or BDT 2.0 dividend per share (DPS) for the year 2014 after a mandatory transfer of BDT 1.23 per share to statutory reserve.

Responsible Banking

As a responsible corporate citizen, we consider ourselves integral to the fabric of the society we operate in, generating growth and contributing to economy. We believe in sustainable banking. Sustainability demands integrity and responsibility in all banking actions. Our actions are guided and governed by sustainability principles. In everything we do, we aim not only to create value for our clients, shareholders and employees, but also to meet environmental and social challenges.

Our corporate philosophy of sustainability and flexibility to cope with the market changes have enabled us to absorb shocks and sputters generated in the volatile marketplace. The limited growth opportunity of FY14 called for introspection and we got back to our drawing board to revise our internal processes and strategic moves. For us 2014 will be marked as special when we were felicitated with ICSB National Award for Corporate Governance Excellence. This award reflects our commitment to corporate governance and recognition to the importance we attach to governance issues in our organization.

At EBL we put our shareholders interest above everything else and our source of passion to perform comes from our commitment to our shareholders. The epithet that expresses our performance culture is 'consistency and consistency.' This also speaks volumes about the accuracy and direction of our corporate strategy.

In corporate banking, we are now being regarded as a leader in Bangladesh. With innovative and customized solutions and services, our corporate division emerged as a single point solution provider for customers including project financing, working capital, trade, supply chain, cash management solutions, payroll, syndication, merger, acquisition, and

advisory service. When our corporate banking was awarded the "Best Partner for Working Capital Systemic Solutions" by IFC for our innovative solutions for working capital finance to importers and counter party exporters including Offshore Bill Financing in 2014 it came confirmation of our leadership ability in corporate banking.

In retail banking our commitment to innovate products and services is well appreciated and the Singapore based financial magazine and research organization felicitated us with the Best Retail Bank in Bangladesh for consecutive years 2013-14 in the category of 'Excellence in Retail Financial Services.'

Corporate Citizenship

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 2014 we contributed BDT 4,534.24 million to national exchequer as tax, VAT and excise duty. 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.

We Remain Grateful

Finally, I 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 invaluable support and constant cooperation. My thanks are also due to the team EBL and particularly to Mr. Ali Reza Iftekhar, Managing Director & CEO for their passion to perform, commitment and initiatives to take on new challenges facing us. We believe people are our core brand: they drive our journey to excellence.



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



“Our journey of more than two decades has taught us to have a flexible strategy and an open mindset for repositioning or realigning business in a competitive environment.”

A solid outlook amid tepid recovery

Bangladesh economy, arguably the most stable in South Asia for more than a decade in terms of growth and inflation, was left relatively unscathed by the political unrest of 2013. With a sustained spell of six-plus percent real average GDP growth for more than a decade now with the latest score of 6.10 percent in FY14, Bangladesh has become a case story for economic miracle. Steady and incessant drive of inclusive growth by the central bank is causing poverty to recede fast. GNI per capita has risen to USD 1190 in FY14 with a continual uptrend. FX reserves continued to build up clocking a record high of over USD 22 billion. The outlook for Bangladesh despite everything remains solid.

Banking industry: Weaker-than-expected performance

Lower than expected credit growth, deteriorating asset quality, excess liquidity, lack of good governance in certain banks, and poor condition of some big commodity traders had had a debilitating impact on the performance of the banking sector. Private sector credit demand remained almost suppressed in the first half but started to pick up only in the second half of 2014 although with limited success. Industry NPL ratio shot up to 11.6 percent in September, but came down to 9.69 percent at the end of 2014. Continued lackluster performance of the capital market failed to contribute much to the revenue line of banks, exposed to secondary market.

Consistent financial performance

A strong supporter of sustainability principles, EBL fared well in 2014 compared to those of peer banks, but fell short to its own standard. Bank's credit grew by 15 percent mostly in the second half of the year. Lower credit demand pushed the bank to invest a sizeable amount of lendable funds to govt. treasury securities, which produced lower return than corporate credit. As a result, the negative growth of Net Interest Income (by 18 percent) was more than compensated by a positive growth of investment income (61 percent) which eventually resulted in a 7 percent growth of Operating Income. Operating profit remains almost at the same level as that of 2013; however higher growth of loan loss provision partly compensated by negative growth of provision against quoted shares and tax provision resulted in an 18 percent negative growth of Profit After Tax (PAT) to BDT 2,107 million.

NPL ratio of the bank stood at 4.36 percent at the end of the year despite concerted efforts to bring it down. We are not complacent with less than half NPL ratio of the industry average and believe with process engineering and revisiting our business strategy we can contain our NPL within 4 percent by the end of 2015. We will continue with our core values of prudent asset quality management, ethical business practice, strong corporate governance to achieve that goal.

The bank remains liquid as well as solvent

Although liquidity has a cost in terms of profitability, our bank remained liquid with AD ratio hovering around 80 percent (as per BB format) all the year round. In terms of solvency, the Capital Adequacy Ratio (CAR) of the bank has been consistently above the threshold level of Minimum Capital Requirement (10% of RWA) and stood at 13.22% (Solo Basis) at the year-end. In the mid February 2015, we received the full proceeds from issuance of Subordinated Debt amounting BDT 2,500 million which will further strengthen our capital base and the resulting shock absorption capacity.

Strategy for flexibility

Competitive pressures on business and a slow pace of economy in 2014 created the need for a better understanding of our processes and a greater need for making our business strategy flexible to keep us on the sustainable growth path. Our journey of more than two decades has taught us to have a flexible strategy and an open mindset for repositioning or realigning business in a competitive environment. 2014 was for us a year of soul searching, a year of restructuring and remodeling, and a year of reviewing our strategy for making it more flexible to adapt to changes occurring in the marketplace. All this is to continue with the tradition of a sustainable growth that we have so efficiently established.

Customer delight not just customer satisfaction

Adaptability is the foundation of our sustainable growth strategy. Ability to change and accept the new conditions of the environment is the key of surviving in this ever changing challenging environment. We continuously attempt to upgrade ourselves technologically, introduce innovative products and achieve service excellence to adapt to the challenging market scenario.

We innovate, remodel and adapt to changes, and continuously upgrade our method of operation. Over the past 22 years, state-of-the-art IT solutions and excellence

in service proposition have become synonymous with EBL. To uphold that reputation, we have introduced a feedback module in all our major branch counters to enable customers in sharing their feedback through a smart tab just upon receiving the service. It aids us in monitoring the branch service level centrally and knowing real time customers satisfaction/dissatisfaction for taking necessary initiatives to improve our services further.

Our priorities in 2015

We strongly believe that our responsibility extends beyond our core business. The most secure investment is investment in the societies in which we operate. Every year we are providing scholarships to students (300 on an average) of all 75 departments of the University of Dhaka in association with Dhaka University Alumni Association. We are committed to continue helping young people to fulfill their potentials.

In everything that we do we keep our shareholders first. We are confident that we are well positioned to drive further value for our shareholders. As the challenges have increased, and our momentum slowed, we have been taking action to alleviate the effect and to accustom ourselves with the changing situation. To adapt to the new realities and challenges of 2015, we are making changes. These changes relate to our strategy to shape ourselves and to deploy our resources for delivering the sustainable, profitable growth and returns that drive shareholder value. In the coming years, we will keep innovating, digitizing and simplifying in order to improve productivity and effectiveness and will keep investing for growth simultaneously. At the same time our focus will be to maintain our asset quality, recover the dues, and improve our deposit mix by increasing the portion of low cost deposits, cost rationalization and taking our service excellence to a new level by successfully implementing 0-5 day service policy.

Our dream of spreading our wings in the region found an impetus when we obtained all regulatory approvals to open our representative office in Yangon, Myanmar. We are now set to open the doors of our rep office by May 2015. This office will provide banking and business information to the business people of the two countries willing to engage in trade and commerce.

Thank you

I express my sincere gratitude to the Governor of Bangladesh Bank and his team for their constant support and advice and BSEC for prudent guidance. I owe a great debt to the Board of Directors for their valuable advice, foresight, guidance and leadership. I would also like to thank our customers for placing their trust in us and supporting us over the year. Last but certainly not the least, I thank the team of EBL for their commitment and passion to perform. And finally, the privilege is mine leading a winning team. Winning today is building for tomorrow.



Ali Reza Iftekhhar
Managing Director & CEO

DIRECTORS' REPORT 2014

The Board of Directors of Eastern Bank Limited takes pleasure in welcoming you all to the 23rd Annual General Meeting (AGM) and presenting Annual Report along with the Audited Financial Statements for the year 2014. Before going into details performance of the Bank, let's start with the status of local and global economy in brief.

Global Economy: An Overview

The global economy is still struggling to gain desired momentum. Despite impediments, an uneven global recovery continues. In advanced economies, the legacies of the pre-crisis boom and the subsequent crisis, including high private and public debt, still cast a shadow on the recovery. Emerging markets are adjusting to rates of economic growth lower than those reached in the pre-crisis boom and the post-crisis recovery. Overall, the pace of recovery is becoming more country specific rather than global.

The activities in the United States and the United Kingdom have gathered momentum as unemployment declined further riding mainly on extremely accommodative monetary policy. In the euro area, growth has been weaker than expected mainly due to weak investment and exports. In Japan, private domestic demand did not accelerate as expected after the increase in the consumption tax rate, despite a cushion from increased infrastructure spending. In Russia and the Commonwealth of Independent States, the weakness reflects the impact of geopolitical tensions on foreign investment, confidence and domestic production. China is undergoing a carefully managed slowdown and to reach its growth target, the authorities deployed policy measures to support activity, including tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in banks' required reserves. Disappointing growth in other developing countries in 2014 has been in place due to weak external demand, domestic policy tightening, political uncertainties and supply-side constraints.

Outlook 2015: As per IMF projections, the global growth is expected to be 3.5% in 2015 in consideration of recent prospects in China, Russia, the euro area, and Japan as well as weaker activity in some major oil exporters because of the sharp drop in oil prices. From the advanced economies the growth is expected to be 2.4% on the back of gradually recovering labor markets, ebbing fiscal consolidation, and still-low financing costs. Among major advanced economies, growth in the U.S. economy is projected to 3.6%, with domestic demand supported by lower oil prices, more moderate fiscal adjustment and continued support from accommodative monetary policy. In the euro area, the growth is projected to be 1.2% which is expected to be supported by lower oil prices, further monetary easing, and more neutral fiscal policy stance. In emerging and developing economies, growth is projected to remain stable at 4.3%. Slower growth in China will have important regional effects to downward growth in much of emerging Asia. The growth forecast in India is broadly unchanged as weaker external demand is offset by the boost to the terms of trade from lower oil prices and a pickup in industrial and investment activity after reforming of policy.

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

	2013	2014	2015 p
World	3.3	3.3	3.5
Advanced Economies	1.3	1.8	2.4
Other Advanced Economies	2.2	2.8	3.0
Euro Area	-0.5	0.8	1.2
USA	2.2	2.4	3.6
Emerging Market and Developing Economies	4.7	4.4	4.3
China	7.8	7.4	6.8
India	5.0	5.8	6.3

Source: IMF World Economic Outlook (January 2015); p for projection.

Soft commodity prices, persistently low interest rates but increasingly divergent monetary policies across major economies and weak world trade are major forces that shape the global outlook. In particular, the sharp decline in oil prices from mid-2014 will support global activity and help offset some of the headwinds to growth in oil-importing developing economies. However, it will reduce growth prospects for oil-exporting countries, with significant regional consequences.

Bangladesh Economy: A Brief Review

The economy of Bangladesh has been experiencing slower growth for last three fiscal years (FY) and made 6.1 % GDP growth in FY 2014 (ended 30 June 2014) caused mainly by political strife and inadequate improvements in the provision of power, gas and infrastructure facilities. A decline in growth observed in industry sector from 9.6% in FY 2013 to 8.4% in FY 2014 which reflected decreasing growth of manufacturing from 10.3% in FY 2013 to 8.7% percent in FY 2014. Despite prolonged disruption in activities in the first half due to work stoppages for national strikes and blockades, construction sector registered a growth rate of 8.6% which is the highest in the last five years. Agricultural growth increased to 3.4% in FY 2014 from 2.5% percent in FY 2013. The services sector, which is over half of GDP, registered a growth of 5.8% in FY 2014 from 5.5% in FY 2013.

In FY 2014 export made a growth of 11.7% in comparison to 11.2% in FY 2013 while import made a moderate growth of 8.9% in FY 2014 (0.8% in FY 2013) largely contributed by growth of import of intermediate and capital goods. Remittances declined by 1.6% in FY 2014 (registering a growth of 12.6% in FY 2013) mainly due to drop in the number of workers migrated in FY 2013. In spite of lower trade deficit, reflecting a rise in export growth, the current account surplus narrowed in FY 2014 because of decline in remittances. However, the overall balance of payment surplus increased from USD 5.1 billion in FY 2013 to about USD 5.5 billion in FY 2014, creating an upward pressure on the nominal exchange rate. Bangladesh Bank remained active on the buying side of the foreign exchange market to prevent any significant nominal exchange rate appreciation.

External Sector Performance in H1, FY 2015: Export receipts boosted up in December 2014 by 17.65% over the previous month, recording 1.56% growth in July-December 2014 (H1) compared to the same period of the previous year. Observing the growing trend in last two months of H1, FY 2015, the central bank is expecting 8% growth in export by June 2015 if political and other situations remain under control. Import payments based on shipment data boosted up by 16.64% during July-November 2014 over the corresponding period of the previous year and import L/C opening data during July-November 2014 also suggest that the import payments will have a momentum in the second half of FY2015. Remittance growth in the first half (H1) of FY 2015 is returning to normalcy with a solid growth prospect.

The overall current account balance recorded a deficit of USD 1.26 billion during July- November of FY 2015 compared to a surplus of USD 1.23 billion during the same period of FY 2014 and the said negative balance created on account of import growth exceeding export growth. Remittance inflows increased by 11.6% to USD 6.22 billion during July-November of FY 2015 compared to USD 5.57 billion during the same period of FY 2014. The overall balance of payments (BoP) posted a surplus of USD 1.16 billion during July-November of FY15 along with a reserve of foreign exchanges of USD 22.04 billion at the end of November 2014. The nominal value of BDT against USD slightly depreciated by 0.41 percentage points in the first half of FY 2015 though there is scope for depreciation. The central bank rightly maintained the stability of exchange rate of BDT against USD by augmenting foreign exchange reserves.

Inflation: The 12-month average inflation based on the consumer price index (CPI) maintained a declining trend during the last six months and came down to 6.99% in December 2014 from 7.28% in July 2014 mainly due to declining food prices. Average food inflation moderated to 7.92% in December 2014 from 8.55% in July 2014 while average nonfood inflation edged up to 5.60% from 5.41% over the same time points. Food inflation from July to December 2014 has been declining partly as a consequence of declining global and regional food prices and particularly moderating food prices in India. Nonfood inflation for the first three months of FY2015 (July-September 2014) has been declining due to a slowdown in credit growth and remittances. Average CPI inflation pattern in rural and urban areas was almost similar but urban inflation (7.35%) was more acute than the rural one (6.80 percent) in December 2014.

An expected rise in gas and electricity prices and inflation expectations originating from the upcoming salary hike in the public sector and the resulting wage hike in the private sector may put forth pressure on prices particularly on the nonfood prices in coming months. On the other side, price pressures are expected to moderate with improvement in supply chain which is being disrupted to a great extent since the beginning of 2015. A better crop outlook and a continued supportive stance of monetary policy by Bangladesh Bank may help maintaining a moderate rate of inflation in 2015.

Banking Industry in 2014

Banking sector has been facing numerous challenges mainly due to increase in non-performing loan (NPL), low credit growth in private sector, poor risk management, excess liquidity, decrease in government borrowing and slack surveillance over the system. The increasing trend of gross NPL of the banking sector continued till third quarter of 2014. The ratio increased to 11.6% at the end of September 2014 from 8.9% at the end of December 2013. This rise happened due to implementation of the new guideline for loan classification and rescheduling after June 2014 and the slowing profitability of borrowers due to uncertainties originating from political fronts. However, the NPL of banking sector dropped in the last quarter of 2014 to 9.69% as on 31 December 2014 (Source: The Daily Star, 10 February 2015) due to taking strong recovery drives, conducting rescheduling and write-offs by the bank companies upon strong direction and supervision of central bank.

Private sector credit registered 12.7% growth at the end of November 2014 compared to the revised program growth of 14% at the end of December 2014. Political uncertainty and infrastructural bottlenecks are holding the pace of expected private investment back. The opportunity of private entrepreneurs to borrow loans in foreign currency from foreign sources at lower interest rate is another reason for low demand for private sector credit. On the other side, public sector credit registered 6% growth at the end of November 2014 compared to the revised program growth of 10.9% at the end of December 2014. The lower demand for credit by the public sector occurred due to relatively lower payment for imports by government such as for petroleum products in view of falling oil prices in the international market and mobilization of resources from other sources remarkably from sales of National Savings Deposit certificates.

Due to lower demand for private and public sectors credit banks are overflowing with liquidity which was 82% more at the end of September 2014 than that of September 2013 and 6.8% higher than that of June 2014. Call money rates have leveled off and average interest rate spreads have fallen close to 5%. Interest rate spreads have fallen on average from 5.31% in June 2014 to 5.17% in November 2014. The lending rates have fallen faster than deposit rates. Domestic lending rates have fallen due to lower cost of funds for banks, lower demand for credit as well as due to increasing competition from overseas lenders whose lending rates are in single digits.

Capital adequacy ratio (CAR) decreased to 10.6% at the end of September 2014 from 11.5% in December 2013 which is still exceeding the Basel accord of the minimum 10% capital adequacy ratio. Private commercial banks (PCBs) and foreign commercial banks (FCBs) are successfully maintaining the prevailing standard since December 2010 whereas SCBs and specialized banks (SBs) are still struggling to fulfill this regulatory requirement.

The central bank has taken various steps to improve supervision so that financial frauds can be minimized if not eliminated entirely in the banking sector. Digital technology has been deployed to investigate big financial transactions and loans in order to stop the repetition of banking irregularities. The Real Time Electronic Dashboard is an example in this regard.

Economy and Business Outlook 2015

Bangladesh Bank's second half yearly (H2, FY 2015) monetary policy stance takes the recent economic and financial sector developments into account and targeted a monetary growth path aiming to bring down average annual inflation to 6.5%, 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 15.9% and broad money growth to 16.5% by June 2015. The ceiling for private sector credit growth of 15.5% 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 has been observed that political turbulence and lack of adequate infrastructure and energy are creating the major obstructions to local and foreign investment in Bangladesh. Bangladesh Bank urges the commercial banks to devise ways to reduce the lending rates which did not come down along with inflation correspondingly.

The monetary stance also aims to further consolidate the country's external sector stability. Bangladesh Bank anticipates further buildup in foreign exchange reserves in H2 of FY 2015 though at a more moderate pace than FY 2014. It is expected that Bangladesh Bank will continue to support a market based exchange rate while seeking to avoid excessive exchange rate volatility.

In the first half of FY 2015 Bangladesh Bank has introduced a number of new investor friendly regulatory reforms facilitating external transactions of foreign and local businesses including investors in the capital market. Consequent to one such major reform, foreign equity investments in unlisted local companies can now be sold to local investors at market based prices rather than at net asset value. It is expected that such kind of initiatives regarding financial stability and capital market development will be continued and strengthened in the upcoming periods.

Finally, the overall economic and business activities in H2 of FY 2015 will be critically dependent on improvement of political environment which is now taking place in the country.

Financial Performance Highlights

Banking sector in Bangladesh passed a very challenging year in terms of governance, profitability and soundness in 2014. 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 4.36% at year-end (YE) 2014 (3.59% in 2013) which is lower than that of industry average (9.69%).

In trying times of 2014 prime concern was maintaining consistency in financial performance, emphasizing more on service excellence, revisiting processes and incorporating flexibility strategy to face challenges of volatility in the marketplace.

Net interest income (NII) which contributed 40% of total operating income decreased 18% and Non-interest income increased by 34% in 2014 (major contributions made by income from investment which increased by 61% from last year) resulting an operating income of BDT 10,134 million in 2014, which is 7% higher than that of last year. Due to higher growth of operating expense (18%), the operating profit of the bank decreased slightly by 0.22% in 2014 than that of last year. Although provision for equity investments and other assets decreased by 105%, total provision increased by 89% mainly due to increase in specific provision (118%) for classified loans which eventually reduced profit before tax (PBT) by 18% to BDT 3,973 million than that of 2013. Profit after Tax (PAT) decreased by 18% or BDT 461 million in 2014.

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)
	2014	2013	2014	2013		
Total operating income	10,316.44	9,581.87	10,134.19	9,469.37	8%	7%
Total operating expense	4,456.10	3,754.45	4,358.77	3,681.12	19%	18%
Operating profit (Profit before provision and tax)	5,860.34	5,827.42	5,775.41	5,788.26	1%	-0.22%
Provision for loans and contingent assets:						
Specific provision	1,540.21	706.27	1,540.21	706.27	118%	118%
General provision	270.98	84.15	270.98	84.15	222%	222%
Provision for equity investments and other assets	(0.34)	197.33	(8.84)	162.09	-100%	-105%
Total provisions	1,810.85	987.74	1,802.35	952.51	83%	89%
Profit before tax for the year	4,049.49	4,839.68	3,973.06	4,835.75	-16%	-18%
Tax provision	1,911.61	2,304.58	1,866.55	2,267.88	-17%	-18%
Profit after tax (PAT)	2,137.87	2,535.09	2,106.51	2,567.86	-16%	-18%
Earnings per share (EPS)	3.50	4.15	3.45	4.20	-16%	-18%

Following table also summarizes both the stand alone performance of the Bank and its four subsidiaries along with overall group during the year 2014:

(Figures are in million BDT)

Particulars	Eastern Bank Limited			Subsidiaries				Inter company elimination	Consolidated
	Onshore	Offshore	Total	EBLSL	EBLIL	EBL Finance (HK) Limited	EBLAML		
Net Interest Income (NII)	3,771.03	238.13	4,009.16	36.32	33.44	7.59	1.40	-	4,087.91
Non Interest income	6,072.41	52.62	6,125.03	109.18	21.39	37.96	-	(65.04)	6,228.52
Total operating income	9,843.43	290.75	10,134.19	145.50	54.83	45.56	1.40	(65.04)	10,316.44
Total operating expense	4,329.53	29.25	4,358.77	55.13	13.88	28.04	0.31	(0.04)	4,456.10
Profit before provisions	5,513.91	261.51	5,775.41	90.37	40.95	17.51	1.09	(65.00)	5,860.34
Total provisions	1,775.49	26.86	1,802.35	4.19	4.31	-	-	-	1,810.85
Profit before tax (PBT)	3,738.42	234.64	3,973.06	86.17	36.64	17.51	1.09	(65.00)	4,049.49
Profit after tax (PAT)	1,871.87	234.64	2,106.51	53.32	26.17	16.15	0.71	(65.00)	2,137.87

ROE and ROA have decreased in 2014 due to decrease in PAT by 18%. Cost to income ratio has increased due to higher growth of operating expense than that of operating income. The capital adequacy ratio has increased to 13.22% in 2014 from 11.95% in 2013. Following table presents some of the key financial ratios:

Particulars	BANK	
	Year 2014	Year 2013
Return on average equity (PAT/Average Equity)	10.93%	14.44%
Return on average assets (PAT/Average Assets)	1.28%	1.68%
Cost to income ratio (Operating expense/Revenue)	43.01%	38.87%
Capital adequacy ratio (Basel II)	13.22%	11.95%
NPL ratio	4.36%	3.59%
EPS (BDT)	3.45	4.20
Price to book value ratio	82.76%	96.39%

Appropriation of Profit

Profit after tax (PAT) of the Bank is BDT 2,106.51 million which contains a deferred tax income of BDT 144.89 million calculated on specific provision made against classified loans (Bad/Loss Only) during the year 2014. As per BRPD Circular No.11 dated 12 December 2011 of Bangladesh Bank, benefit arising out of deferred tax income (on specific provision made against classified loans – Bad/ Loss only) 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 749.37 million to statutory reserve (to equate statutory reserve with paid up capital), profit available for distribution stands at BDT 1,248.12 million. However, the Board of Directors recommended 20% cash dividend for the year 2014:

(Figures are in million BDT)

Particulars	BANK		% Change
	2014	2013	
Profit to be appropriated (excluding deferred tax income*)	1,997.50	2,226.34	-10.28%
Less: Transfer to statutory reserve	(749.37)	(967.15)	-22.52%
Profit available for distribution	1,248.12	1,259.19	-0.88%
Dividend for the year (recommended):			
Dividend (Cash 20%)	1,222.36	1,222.36	
Retained earnings to be carried forward	25.76	36.83	
Dividend Payout Ratio (Dividend/PAT)	58.03%	47.60%	

* Deferred tax income on specific provision (against Bad /Loss loans only) is excluded from distributable profit as per BRPD Circular No. 11 dated 12 December 2011.

Payment of Dividend: In a commendable continuity of paying consistent rate of dividend, EBL has been paying more than 30% dividend for the years 2007 through 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 re-investible 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 2014.

Capital Adequacy Status Under Basel II: Bank has been maintaining 12% plus CAR in all the quarters of 2014 against required 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 9.5% throughout the year.

Following is the summary of Basel II reports of EBL (Solo Basis) as reported to BB during 2014:

(Figures are in million BDT)

Risk weighted assets (RWA) for	Q4, 2014	Q3, 2014	Q2, 2014	Q1, 2014
A. Credit Risk for	109,927	110,226	108,504	103,431
On Balance Sheet exposures	85,798	89,033	83,640	81,205
Off Balance Sheet exposures	24,129	21,193	24,864	22,226
B. Market Risk (capital charge X 10) for:	11,445	10,983	13,470	15,302
a. Interest Rate Related Instruments	5,750	5,925	8,467	8,244
b. Equities	4,487	4,205	4,444	4,997
c. Foreign Exchange Position	1,208	853	559	2,061
C. Operational Risk (capital charge X 10)	15,665	14,253	14,253	14,253
Total Risk Weighted Assets (A + B + C)	137,037	135,462	136,227	132,986
D. Eligible Capital				
1. Tier-1 (Core Capital)	13,958	13,259	12,956	12,680
2. Tier-2 (Supplementary Capital)	4,163	4,085	3,769	3,637
3. Tier-3 (Eligible for market risk only)	-	-	-	-
4. Total Eligible Capital (1+2+3)	18,121	17,344	16,725	16,317
E. Total Risk Weighted Assets (RWA)	137,037	135,462	136,227	132,986
F. Capital Adequacy Ratio (CAR) (D4/E)*100	13.22%	12.80%	12.28%	12.27%
G. Core Capital to RWA (D1/E)*100	10.19%	9.79%	9.51%	9.53%
H. Supplementary Capital to RWA {(D2+D3)/E}*100	3.03%	3.02%	2.77%	2.73%
I. Minimum Capital Requirement % (10% of RWA)	13,704	13,546	13,623	13,299
Minimum CAR Requirement	10%	10%	10%	10%
Excess/(Shortfall) Capital over MCR	4,417	3,798	3,102	3,018

Highlights of Capital Adequacy Status: Vigorous initiative of bank management to pursue it's corporate and mid 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 were 224 whereas funded exposure to rated regular corporate customers was BDT 59,617 million or 50.40% 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 2014 (BDT 50,866 million at YE 2014 vs. BDT 29,803 million at YE 2013) 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 2014.

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 2015. In 2015 as per BB guideline, we have to deduct 20% of our revaluation reserve from tier 2 capital and General provision will be capped to 1.25 % of risk weighted assets under Credit Risk (On and Off balance sheet). So maintaining a client portfolio with good rating is crucial.

History of raising capital: As on the reporting date (31-12-2014), the bank had 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 2014 is presented below:

AGM Date	Particulars	No. of Shares*	Volume in Taka	Cumulative Paid up Capital in Taka
9 December 1993	As per MOA & AOA	60,000,000	600,000,000	600,000,000
5 August 2001	20% Bonus Share	12,000,000	120,000,000	720,000,000
8 December 2003	15% Bonus Share	10,800,000	108,000,000	828,000,000
12 June 2007	25% Bonus Share	20,700,000	207,000,000	1,035,000,000
25 May 2008	34% Bonus Share	35,190,000	351,900,000	1,386,900,000
25 May 2008	Right Share 2:1 at Par	69,345,000	693,450,000	2,080,350,000
28 April 2009	20% Bonus Share	41,607,000	416,070,000	2,496,420,000
30 March 2010	17% Bonus Share	42,439,140	424,391,400	2,920,811,400
30 March 2011	55% Bonus Share	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
31 March 2015	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 2014, banking industry experienced an increasing trend in Non-performing loan (NPL) and reached to 11.6% at the end of September 2014. However, after taking strong recovery drives, conducting rescheduling and write-offs by the bank companies upon strong direction and supervision of central bank this ratio finally reduced to 9.69% as on 31 December 2014 (Source: The Daily Star, 10 February 2015). High NPL in the banking sector can be attributed to large scale financial frauds and subdued economic activities due to political violence and agitation.

The NPL ratio stood at 4.36% at the end of 2014 which was 3.59% at the end of 2013. The status of unclassified and classified loan of the bank is as follows:

(Figures are in million BDT)

Particulars	31-12-2014	31-12-2013	% Change
Unclassified loans:	113,134.28	99,212.99	14.03%
Standard (Including staff loan)	110,767.93	98,333.01	12.65%
Special Mention Accounts (SMA)	2,366.35	879.98	168.91%
Classified loans:	5,157.07	3,697.23	39.48%
Sub-standard (SS)	885.96	479.77	84.67%
Doubtful (DF)	812.26	193.34	320.11%
Bad/loss (BL)	3,458.85	3,024.12	14.38%
Total loans	118,291.35	102,910.22	14.95%
NPL %	4.36%	3.59%	

Variance between Quarterly Financial Performance and Annual Financial Statements

To gauge the said variance, five key financial information of each quarter of 2014 (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 Q3 and Q4 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, 2014	Q2, 2014	Q3, 2014	Q4, 2014	QA*, 2014	Annual 2014
Net Interest Income	987	1,016	987	1,019	1,002	4,009
Non-Interest Income	1,434	1,500	1,447	1,744	1,531	6,125
Operating Income	2,420	2,517	2,434	2,763	2,534	10,134
Operating Expense	865	1,086	1,095	1,313	1,090	4,359
Operating Profit	1,555	1,431	1,339	1,451	1,444	5,775

*Quarterly Average

Setting 25% variance as threshold for being significant, no significant variance was observed in 2014. If we reduce it 20% then only the operating expense in the Q4 slightly exceeded the threshold level. Operating expenses increased significantly (20.46% higher than QA) in Q4 mainly due to channel expansion initiatives (launching of new branches, ATMs, EBL 365, service centers etc.) and making accrual of performance bonuses for the employees.

Brief Review of Subsidiaries Business

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 2014. A brief review of subsidiaries business during 2014 has been presented below:

EBL Securities Limited (EBLSL): EBLSL is the TREC (Trading Right Entitlement Certificate) holder of both the demutualized stock exchanges, namely DSE (TREC # 026) and CSE (TREC # 021) for buying, selling and settlement of securities on behalf of the clients. It also holds the Dealer License to manage its own investment in the capital market. The Company has reached a very prominent position in very short span of time. The Company's success is strengthened by its strong network of key clients and its unparalleled standard of service quality, offering clients the highest level of convenience and reliability in transacting business.

EBLSL passed a successful year in terms of business growth, profitability and brand image. It entered the list of 'TOP 10' brokerage of DSE in October 2014 and held the 8th position in December 2014. It maintained its organic growth by increasing market share to around 2.44% in 2014 compared to 2.18% in 2013. Turnover of EBLSL increased by around 41% in 2014 whereas the turnover of DSE increased only by 24.75%. Prudent margin loan management has restricted the number of negative equity clients. Loan monitoring department has been nursing the portfolios to recover margin loan loss. However, it has declared and disbursed cash dividend amounting BDT 35.00 million during 2014.

EBL Investments Limited (EBLIL): EBLIL is a fully owned subsidiary of EBL involved in the business of merchant banking operations. Starting in 2013, EBLIL has made growth in its bottom line, 64% up in net profit after tax in 2014 from 2013 by establishing strong client base, building strong research team and innovating new products. Portfolio management wing of the company has done a great job by outperforming the market, i.e. DSEX index (Market return was 13.50% during the tenure whereas own portfolio return was 34%). The company has also strong footsteps in the arena of Underwriting and at the end of the year 2014 it has almost BDT 63 crore of underwriting commitments for 9 different reputed companies who wish to come through IPO. The company has signed agreement for issue management services with few companies and discussion is going on with some other organizations as well.

EBL Finance (HK) Limited: EBL Finance (HK) Ltd., a fully owned subsidiary of EBL, started its commercial operations in March 2013 in Kowloon, Tsim Sha Tsui, the business hub of Hong Kong. The subsidiary was established to meet the ever expanding business requirements of the country's RMG and other sectors as well as contribute meaningfully to the trade

growth of Bangladesh. In order to facilitate trade business, it is currently providing LC Advising, Document Collection and Bill Financing facilities. It is the first subsidiary of a local bank with direct SWIFT Connectivity in Hong Kong. The company has been able to establish SWIFT relationship with 34 reputed local banks in Bangladesh.

EBL Finance (HK) Ltd. has registered an impressive performance in FY 2014 and has successfully surpassed its breakeven point. During FY 2014, it has advised a total of 5,420 Letters of Credit and handled 2,366 documents. Trade Sales Dept., exclusively dedicated to generate business for EBL Finance (HK) Ltd., has successfully penetrated into the Correspondent Banking business with extensive coverage in more than 300 AD branches of local banks. In addition, the company has been able to achieve impressive growth in all major income categories and undoubtedly on its way towards becoming a consistent revenue generator for the bank.

EBL Asset Management Ltd. (EBLAML): A private limited company was formed to grab the potential business opportunity in managing mutual funds and institutional wealth. EBLAML has already obtained permission from Bangladesh Bank and has applied to BSEC for the license. However, in 2014 EBL subscribed BDT 50 million as capital to EBLAML for doing its business.

Highlights of business and operation of EBL

Major loans/deals: The bank made following major foreign and local currency deals during the year 2014:

- Arranged a Syndication Loan of USD 34.28 million for SM Spinning Mills Limited.
- Arranged Syndicated financing on account of HG Aviation to the tune of BDT 530 million to finance flight operations in international routes.
- Facilitated the issuance of BDT 2,000 Million bond by Bangladesh Steel Re-rolling Mills Ltd. as Trustee.
- Obtained Off-shore Term Financing of USD 40 million from DEG and FMO for the Bank.

Arrangement of Central Revenue Collection for DPDCL: EBL has provided a unique cash management solution to pull fund to Central Revenue Collection Account of Dhaka Power Distribution Company Limited (DPDCL) through Bangladesh Electronic Fund Transfer Network (BEFTN). Indeed EBL is the first bank offering BEFTN to any public sector company.

Arrangement of Commercial Paper for Shanta Properties Limited: As a pioneer of introducing commercial paper (in 2013) in Bangladesh, EBL has arranged Commercial Paper for Shanta Properties Limited amounting to BDT 500 Million in 2014.

Pre-financing Deal with SME Foundation: EBL has signed an agreement with SME Foundation under which EBL will receive BDT 50 Million pre-finance for financing to footwear and leather goods manufacturer. Under this arrangement special focus will be given to Bhairab Shoe Cluster, Brahmanbaria Shoe Cluster, Hazaribag Tannery Cluster and other promising leather products zones around the country.

Launching collateral free credit facilities for SME: EBL has launched a collateral free new business loan named 'EBL Utkorsho' for the high end SME client in 2014. EBL Utkorsho is a terminating loan facility (EMI based) for working

capital, fixed asset purchase or any other legitimate business purpose. The customer who has minimum yearly sales turnover BDT 120 Million will be eligible to apply for the loan with minimum 3 Million to maximum 10 Million.

Launching of EBL ZIP: EBL has launched 'EBL ZIP' (Zero Installment Program) for its credit cardholders. It is a non-interest bearing equal installment plan that allows credit cardholders the flexibility to convert retail purchase transactions at designated outlets into an installment scheme. The customer pays back the amount over a tenor ranging from 3 months to 24 months without any interest.

EMV Card: EBL has introduced EMV Chip Cards. EMV Chip technology is both secure and smart. This technology makes it virtually impossible to copy and reproduce card ensuring highest level security.

New security feature for cheque and fund transfer through internet banking: New security feature "QR code" (Quick Response code) has been implemented in EBL cheque in 2014. EBL has also introduced fund transfer facilities for its customers through internet banking. With added security feature of 2nd Factor Authentication process customer can now use OTP (one time password) for any third party fund transfer.

Compliance with Master Circular on Anti Money Laundering and Prevention of Terrorist Financing: In compliance with BFIU circular 10 dated 28 December 2014, Eastern Bank Limited has reviewed the previous policies and arranged several meetings with BAMLCO to raise awareness. CCU team has been enlarged upon reconstitution to make it more effective.

Compliance in respect to Foreign Account Tax Compliance Act (FATCA): Bangladesh Bank (BB) issued a Circular Letter (BRPD Circular Letter No. 01 dated 10/01/2014) on the issue of Foreign Account Tax Compliance Act. FATCA is a United States legislation that aims to reduce tax evasion by U.S. citizens, U.S. tax residents and U.S. entities. Enacted in 2010 in the USA, FATCA requires a Foreign Financial Institution (FFI) to report to the US Internal Revenue Services (IRS) about accounts held by the tax payers of USA or by foreign entities in which US taxpayers hold a substantial ownership interest. To enforce compliance, a 30% withholding tax will be imposed by Internal Revenue Services (IRS), USA on certain payments made to FFIs that fail to make required disclosures. So to have a smooth transaction flow EBL got registered under IRS as a Participatory Financial Institution on May 04, 2014 and consequently IRS has assigned a GIIN (Global Intermediary Identification Number) to EBL.

Development of human capital: 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 2014, EBL HR arranged 306 training programs in home and abroad for 7,900 participants on various issues related to banking operations. A first in the banking industry, EBL initiated a unique lecture series for its senior executives and potential leaders to engage them with the best of minds of the society. Leaders from different fields were invited to share with us stories of their life, its challenges, frustrations and how they have handled all those and come out victorious.

Major Awards and Recognitions

National Award for Corporate Governance Excellence: EBL won the maiden first prize in 'ICSB National Award for Corporate Governance Excellence 2013' in the 'Banking Companies' category introduced by the Institute of Chartered Secretaries of Bangladesh (ICSB).

Structured SME Bank of the Year-2014: Adjudged the 'Structured SME Bank of the Year' in the SME Banking Award-2014 jointly organized by Bangladesh Bank and SME Foundation for the first time.

Best Retail Bank in Bangladesh for 2014: EBL won the 'Best Retail Bank in Bangladesh' award for 2014 consecutively for the second time awarded by The Asian Bankers.

Global Brand Excellence Awards: EBL received 'Global Brand Excellence Awards' from The World Brand Congress in 'Brand Revitalization' category in recognition of EBL's sustainability in innovative branding.

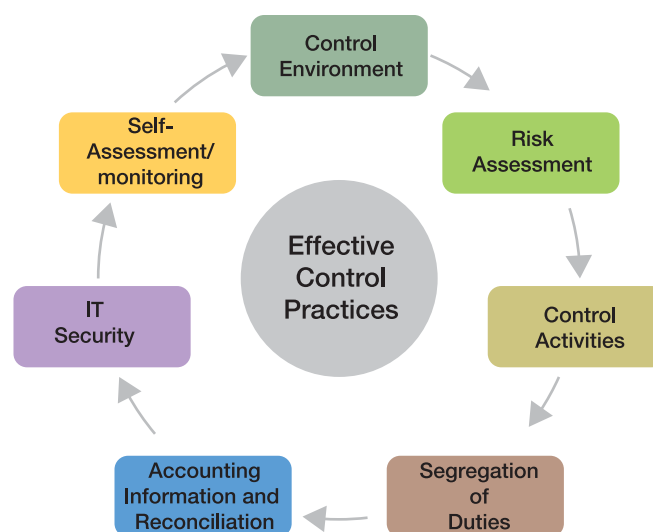
Best Partner for Working Capital Systemic Solutions: Adjudged the 'Best Partner for Working Capital Systemic Solutions in 2013' by IFC announced in the 6th Global Trade Partners Meeting in Lisbon, Portugal.

Annual Report 2013 recognized by ICAB and ICMAB: The Institute of Cost and Management Accountants of Bangladesh (ICMAB) awarded EBL Second Prize in the 'Best Corporate Award 2014' under Private Commercial Banks (Traditional Operations) category consecutively for the second time. Also, Annual Report 2013 awarded 3rd prize in 'Best Presented Annual Reports' by ICAB under the category of Private Sector Banks (including Co-operative Banks).

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.'

EBL believes in sustainable development and a sound and effective internal control system can ensure sustainable growth by mitigating the risks. 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: Control Environment of EBL has been designed in a sound and effective way to protect the interest of all the stakeholders of the Bank in the best possible way. The 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 bulk business processing, 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 few years despite having a moderate sized balance sheet.

Risk Assessment: Risk assessment is the identification, measurement, analysis and management of risks, both internal and 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: 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, procedures, 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 (4.36% at year-end 2014) under more stringent regime of classification criteria set by Bangladesh Bank.

Segregation of Duties: 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. Due to separation of cards business and credit appraisal and approval (done by CFC), there are minimum opportunities for employees to commit frauds. The Bank further segregated cards operations and ATM operations from the umbrella of cards business and ATM business respectively to Central Operations for avoiding any influence of cards and ATM business teams upon the cards and ATM operations. The ethical business practice, better credit appraisal and internal control mechanism of the Bank so far protected it from negative outcome of the incidence.

Accounting Information and Reconciliation: A proper system and environment has been established in the Bank to provide accurate and updated accounting information and proper reconciliation of accounts on timely basis. Authentic information is sent to the Bank's Board of Directors and management for proper decision making to achieve desired business objectives. EBL has 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: As a significant part of the modern and high tech-based banking system, EBL is very much committed to ensure IT Security. EBL has introduced Universal Banking System (UBS) software for running its daily activities in a faster, safer and smoother way. EBL has 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 Bank's Internet Banking service was awarded as "Secure" grade by external auditor at their Penetration Testing.

Self-Assessment/Monitoring: For making an independent review, 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 its 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 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. 176-177.

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 2014 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. 176-177 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. 176-177.

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 Notes to the Financial Statements.

Preparation of Financial Statements as per BAS/BFRS and any Departure therefrom

The financial statements of the Bank as at and for the year ended 31 December 2014 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 (xv) 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.

CSR Activities

Being a socially responsible corporate, EBL continued to be engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes.

EBL donated BDT 5 Million for organizing a historic event "Lakho Konthe Sonar Bangla". As a responsible corporate citizen EBL also donated BDT 5 million to 'Bangladesh Cricket Board' for the growth and expansion of cricket in Bangladesh. 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 flood affected people EBL donated BDT 5 million to the Prime Minister's Relief & Welfare Fund in 2014.

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 2014 we contributed BDT 4,534.24 million to national exchequer as tax, VAT and excise duty. We paid advance corporate tax of BDT 2,399.84 million while deposited withheld tax of BDT 1,662.88 million, VAT of BDT 332.12 million and Excise Duty of BDT 139.40 million during the year 2014.

On behalf of the Board of Directors



M. Ghaziul Haque

Chairman of the Board of Directors

Dhaka, 25 February 2015



STAKEHOLDERS
INFORMATION

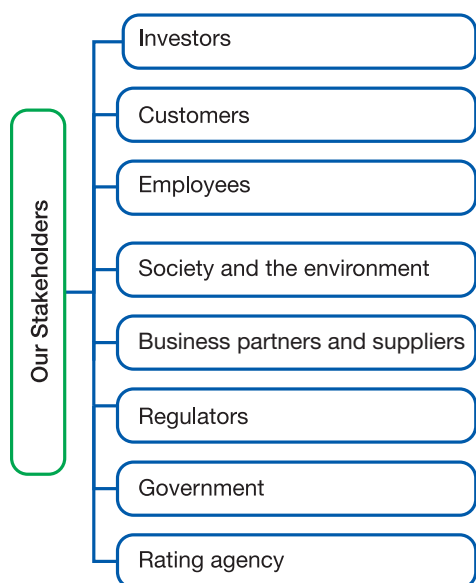
OUR STAKEHOLDERS

The bracing motto of EBL is: banking must become more sustainable. For us this means that integrity and responsibility must guide all our actions. In everything that we do, we aim not only to create value for our clients, shareholders and employees, but also to meet environmental and social challenges. Our clients, shareholders and employees are key in the composition of our stakeholders.

We put our stakeholders financial needs and objectives above everything else while designing a product or a service. At the same time we ensure that these products and services should create benefit for the society and the environment. We want to be a responsible business partner of our stakeholders by attaching highest priority to ethical conduct and integrity and by protecting their interest.

We constantly engage and interact with our stakeholders in different forms, from exchanging dialogue to direct feedback requests. We value all their inputs and feedbacks and try to incorporate them in designing our products and services.

Major groups of stakeholders for EBL and the way the engagement takes place are as follows:



Investors

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.

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 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.

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.

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.

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.

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.

FINANCIAL HIGHLIGHTS

BDT Million

Particulars	Group			Bank		
	2014	2013	Change %	2014	2013	Change %

Performance During the Year

Net Interest Income	4,088	4,956	-17.52%	4,009	4,892	-18.04%
Non Interest Income	6,229	4,626	34.65%	6,125	4,578	33.80%
Operating Income	10,316	9,582	7.67%	10,134	9,469	7.02%
Operating Profit	5,860	5,827	0.56%	5,775	5,788	-0.22%
Profit After Tax	2,138	2,535	-15.67%	2,107	2,568	-17.97%

Year End Financial Position

Loan	120,012	103,331	16.14%	118,291	102,910	14.95%
Investment	24,920	26,018	-4.22%	24,655	25,904	-4.82%
Deposits	116,722	117,037	-0.27%	116,792	117,102	-0.26%
Shareholders equity	20,235	18,559	9.03%	20,087	18,450	8.87%
Total Asset	173,444	158,163	9.66%	172,124	157,882	9.02%

Information Per Ordinary Share

Earnings per share (BDT)	3.50	4.15	-15.71%	3.45	4.20	-17.94%
Dividend (%)	20%	20%	0.00%	20%	20%	0.00%
Price earning ratio (times)	7.78	7.01	10.89%	7.89	6.93	13.90%
Net asset value per share (BDT)	33.11	30.37	9.04%	32.87	30.19	8.87%
Market price per share (BDT)	27.20	29.10	-6.53%	27.20	29.10	-6.53%

Ratios (%)

Capital adequacy ratio (as per Basel II)	13.18%	12.01%	9.74%	13.22%	11.95%	10.63%
Non performing loans	4.32%	3.60%	20.00%	4.36%	3.59%	21.45%
Cost to income ratio	43.19%	39.18%	10.23%	43.01%	38.87%	10.65%

Reaching Closer: Channel Standing 2014

Branch	ATM	Bills pay	Priority Center	SME Center
76	191	71	14	56
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

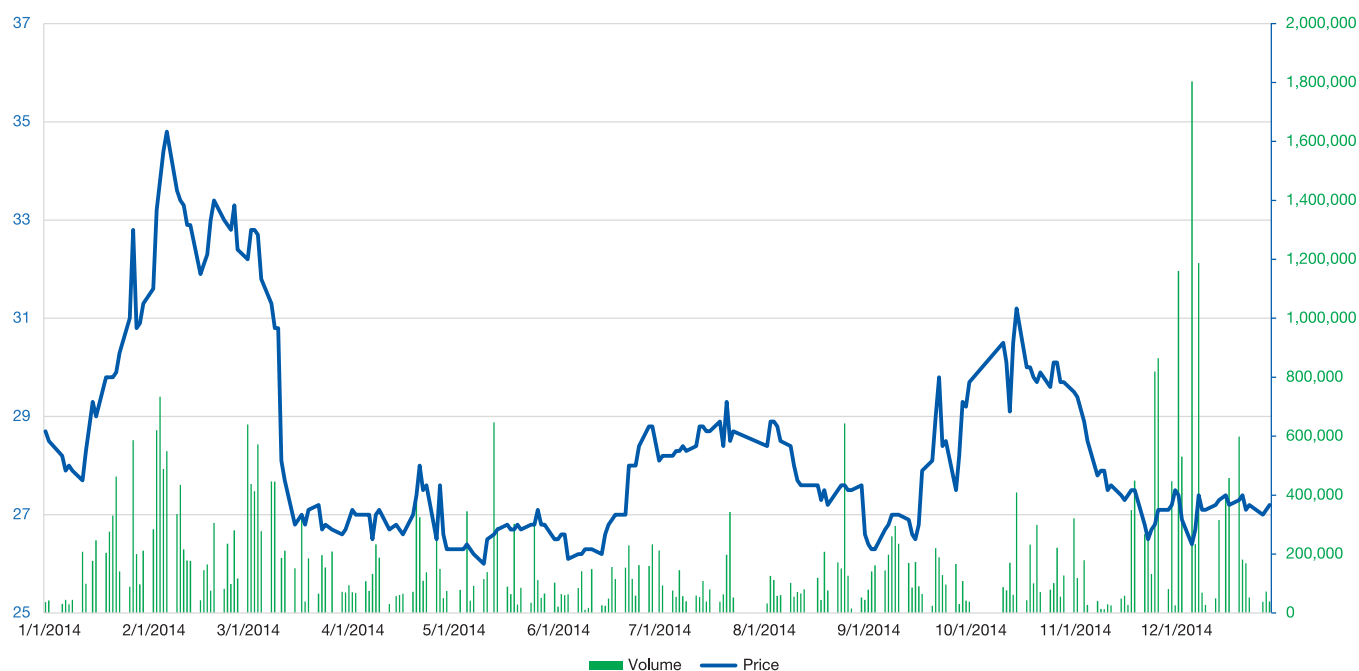
Particulars	2014	2013	2012	2011	2010
Balance Sheet Metric					
Authorised capital	12,000	12,000	12,000	12,000	12,000
Paid up capital	6,112	6,112	6,112	4,527	2,921
Shareholders equity	20,087	18,450	17,109	14,407	12,084
Deposits	116,792	117,102	91,781	75,536	56,425
Borrowing	26,021	14,080	31,158	21,652	9,257
Loans and advances	118,291	102,910	96,720	81,774	58,607
Credit to deposit ratio - Gross (excluding OBU loans)	91.42%	85.56%	95.36%	99.86%	95.09%
Liabilities to shareholders equity (times)	7.57	7.56	7.60	7.16	5.79
Investment	24,655	25,904	21,655	16,910	9,827
Fixed assets	7,087	6,897	5,970	4,453	3,614
Interest bearing assets	146,689	133,057	119,334	104,572	71,759
Total assets	172,124	157,882	147,148	117,601	82,098
Income Statement Metric					
Net interest income (excluding investment income)	4,009	4,892	4,814	3,314	2,973
Non-interest income	6,125	4,578	3,913	4,476	3,487
Investment income	3,343	2,071	1,495	1,970	2,050
Operating income	10,134	9,469	8,727	7,791	6,461
Operating expense	4,359	3,681	3,263	2,683	2,051
Operating profit (profit before provision and tax)	5,775	5,788	5,464	5,107	4,410
Provision for loans, investment and other assets	1,802	953	1,244	978	417
Profit before tax	3,973	4,836	4,220	4,129	3,992
Profit after tax (PAT)	2,107	2,568	2,275	2,521	2,425
Capital Metric (As per Basel II)					
Risk weighted assets (RWA)	137,037	140,279	129,812	130,351	104,440
Core capital (Tier 1)	13,958	13,245	12,232	10,199	8,375
Supplementary capital (Tier 2)	4,163	3,519	3,414	3,071	2,912
Total/Regulatory capital (Tier 1 and 2)	18,121	16,764	15,646	13,270	11,287
Statutory capital (Paid up capital and statutory reserve)	12,224	11,474	10,507	8,079	5,646
Capital adequacy ratio-solo (regulatory capital/RWA)	13.22%	11.95%	12.05%	10.18%	10.81%
Core capital (Tier 1) to RWA	10.19%	9.44%	9.42%	7.82%	8.02%
RWA to total assets	79.62%	88.85%	88.22%	110.84%	127.21%
Credit Quality					
Non performing /classified loans (NPLs)	5,157	3,697	3,071	1,561	1,169
Specific provision	2,409	1,929	1,387	866	611
General provision	1,916	1,644	1,563	1,541	1,107
NPL to total loans and advance	4.36%	3.59%	3.17%	1.91%	1.99%

PARTICULARS	2014	2013	2012	2011	2010
Trade Business Metric					
Export	77,542	74,003	67,518	58,589	39,633
Import (LC)	104,939	112,977	103,171	100,639	70,665
Guarantee	5,573	6,307	6,528	4,497	2,727
Efficiency / Productivity Ratios					
Return on average equity (ROE)	10.93%	14.44%	14.44%	19.03%	23.64%
Return on average assets (ROA)	1.28%	1.68%	1.72%	2.52%	3.19%
Cost to income ratio	43.01%	38.87%	37.39%	34.44%	32.10%
Weighted average interest rate of loan (at close of the year)	12.43%	14.57%	14.80%	14.04%	12.44%
Weighted average interest rate of deposit (at close of the year)	7.26%	8.84%	9.50%	9.28%	7.06%
Net interest margin ratio	2.87%	3.88%	4.30%	3.76%	4.44%
Statutory liquidity ratio (SLR) (at close of the year)	22.23%	29.88%	22.93%	24.98%	19.93%
Cash reserve ratio (CRR) (at close of the year)	7.27%	6.10%	5.98%	6.00%	5.84%
Operating profit per employee	3.70	3.86	4.07	4.21	4.53
Operating profit per branch	75.99	81.52	81.55	86.57	89.99
Share Distribution Metric					
Earnings per share (EPS) in BDT	3.45	4.20	3.72	4.12	5.36
Operating profit per share in BDT	9.45	9.47	8.94	8.36	15.10
Price earning ratio (times)	7.89	6.93	8.52	15.97	24.16
Market price per share (BDT) as on close of the year at DSE	27.20	29.10	31.70	65.80	129.40
NAV (book value) per share in BDT	32.87	30.19	27.99	31.82	41.37
Dividend Cover ratio: (EPS/DPS)	1.72	2.10	1.86	1.18	0.97
Dividend (%)	20	20	20	35	55
Cash (%) (proposed for 2014)	20	20	20	-	-
Stock (%)	-	-	-	35	55
Market capitalization (at close of year)	16,624	17,785	19,374	29,789	37,795
Market price to net assets ratio (times)	0.83	0.96	1.13	2.07	3.13
Other Information (Actual Figure)					
Number of branches	76	71	67	59	49
Number of employees (regular)	1,559	1,498	1,343	1,214	973
Number of deposit accounts	380,156	352,627	305,363	218,239	194,351
Number of loan Accounts	179,328	178,896	132,238	88,375	65,656
Number of foreign correspondents	697	715	663	660	644
Number of ATM	191	175	160	125	74
Number of SME Centers	56	55	50	40	33
Number of bills pay machine	71	42	42	27	10
Number of priority center	14	11	8	7	6

MARKET PRICE INFORMATION

Month	DSE			CSE			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	
Jan-14	32.80	27.70	3,559,600	32.90	27.50	422,534	3,982,134
Feb-14	34.80	31.60	5,564,600	34.80	32.00	271,501	5,836,101
Mar-14	32.80	26.60	5,100,000	32.90	26.30	195,411	5,295,411
Apr-14	28.00	26.30	2,803,000	28.20	26.20	105,111	2,908,111
May-14	27.10	26.00	2,960,800	27.00	25.40	96,352	3,057,152
Jun-14	28.80	26.10	2,203,000	28.30	25.70	119,612	2,322,612
Jul-14	29.30	28.10	1,715,600	29.90	27.70	44,051	1,759,651
Aug-14	28.90	27.20	2,374,200	28.30	26.30	36,787	2,410,987
Sep-14	29.80	26.30	3,107,600	29.80	26.20	115,138	3,222,738
Oct-14	31.20	29.10	2,220,000	30.50	28.90	99,280	2,319,280
Nov-14	29.50	26.50	4,128,400	29.90	27.00	45,493	4,173,893
Dec-14	27.50	26.40	7,860,962	27.40	26.50	148,212	8,009,174

DSE PRICE VOLUME CHART OF EBL SHARE: 2014

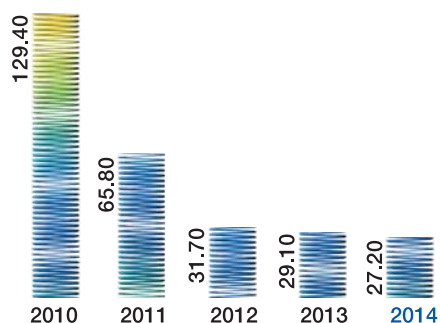


VITAL GRAPHS

Key Performance Indicators: Per Share

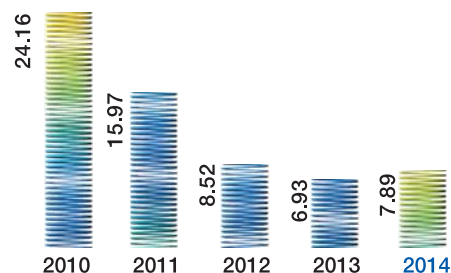
MARKET PRICE PER SHARE

BDT



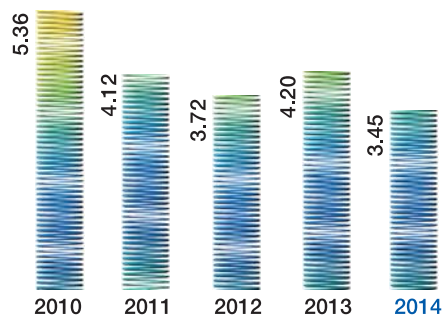
PRICE EARNING RATIO

Times



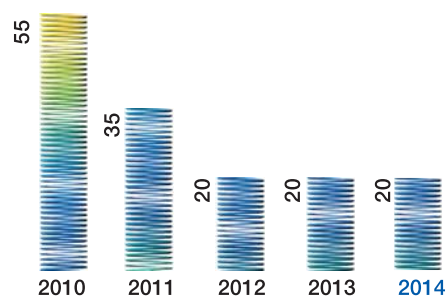
EARNINGS PER SHARE

BDT



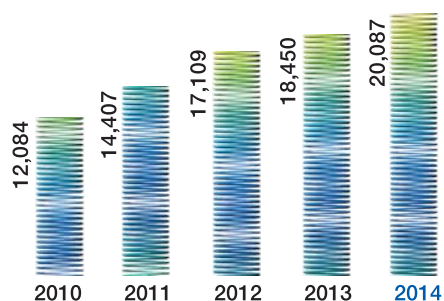
DIVIDEND

Percentage



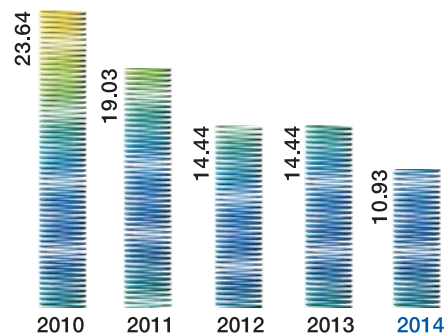
SHAREHOLDERS EQUITY

BDT million



RETURN ON AVERAGE EQUITY

Percentage

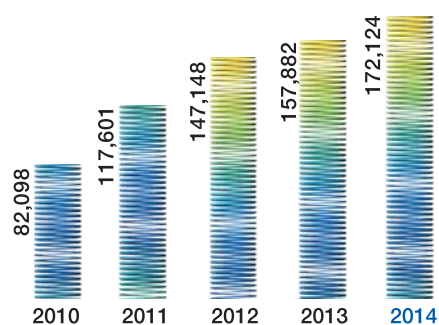


VITAL GRAPHS

Year-end Financial Position 2014

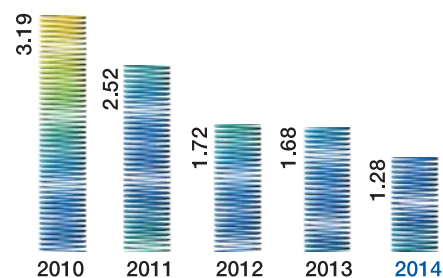
TOTAL ASSET

BDT million



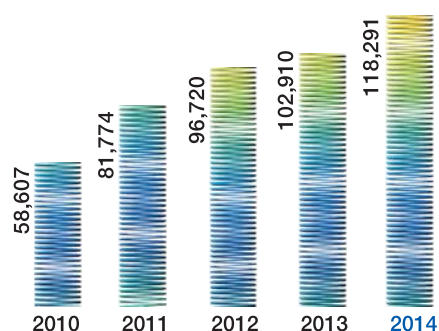
RETURN ON AVERAGE ASSET

Percentage



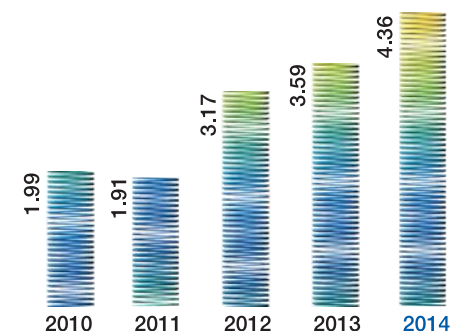
LOANS AND ADVANCES

BDT million



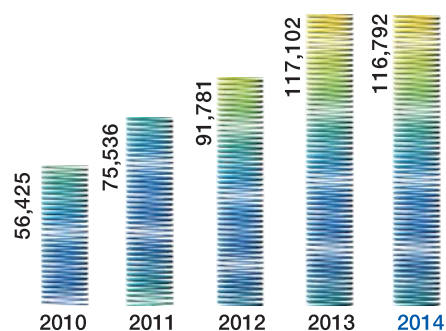
NON PERFORMING LOAN

Percentage



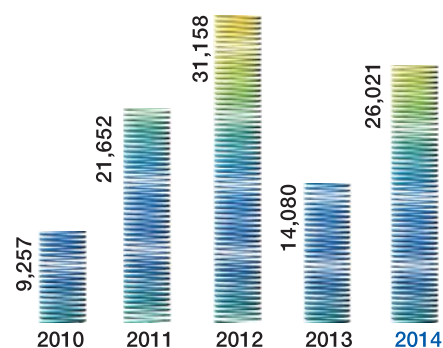
DEPOSITS

BDT million



BORROWING

BDT million

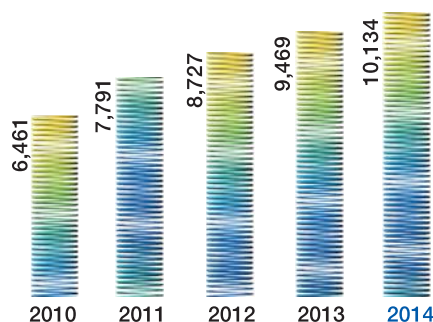


VITAL GRAPHS

Performance during the year 2014

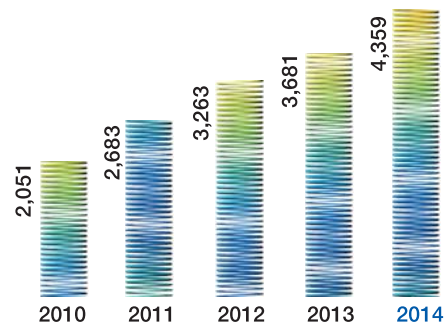
OPERATING INCOME

BDT million



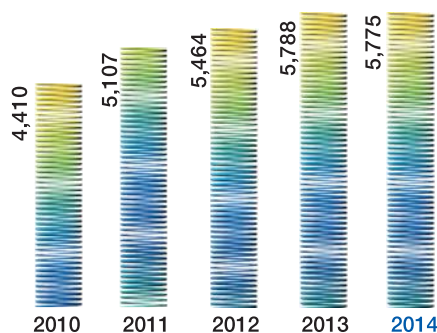
OPERATING EXPENSE

BDT million



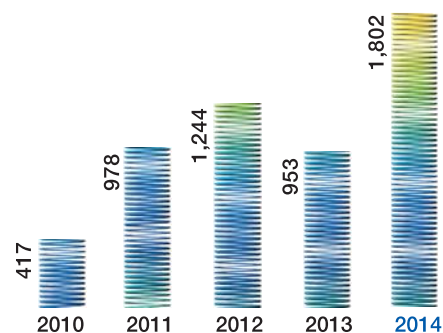
OPERATING PROFIT

BDT million



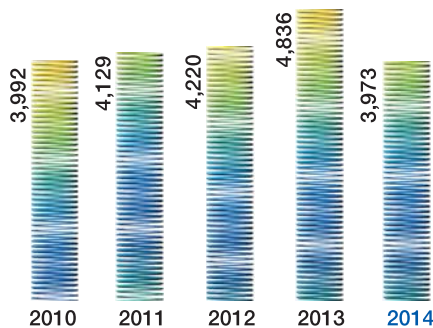
TOTAL PROVISION

BDT million



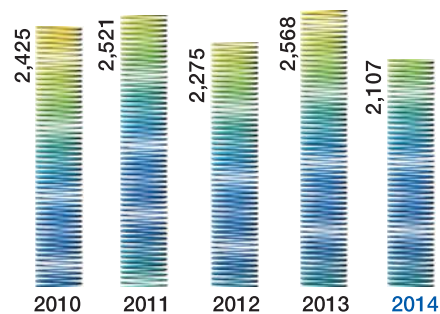
PROFIT BEFORE TAX

BDT million



PROFIT AFTER TAX

BDT million



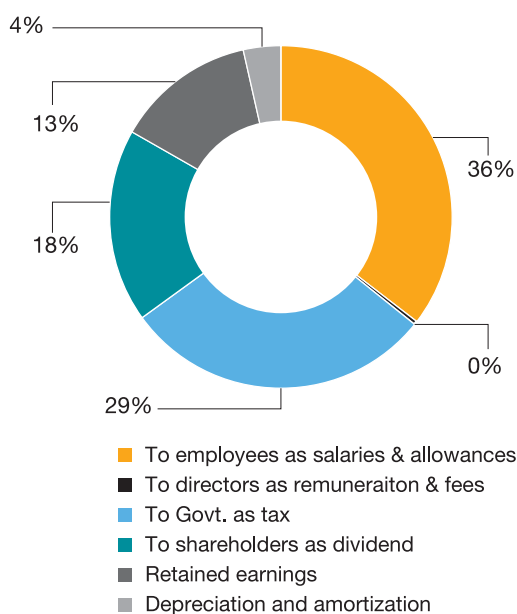
VALUE ADDED STATEMENT

Value added is the wealth accretion made by Eastern Bank Limited through providing banking and other financial services in 2014 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.

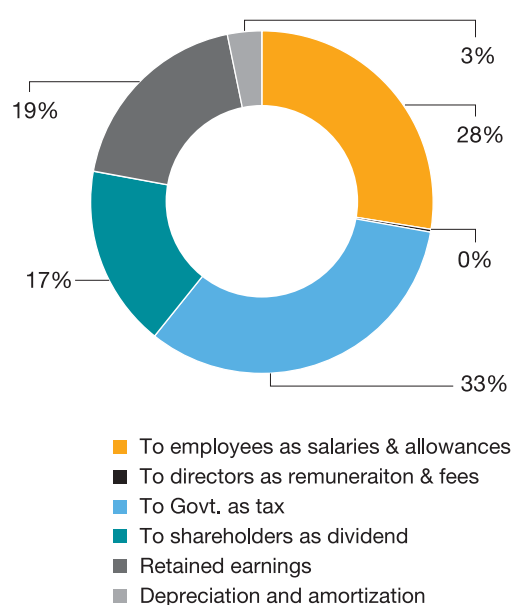
Figures in BDT

Value Added for the year ended 31 December		
Particulars	2014	2013
	Taka	Taka
Wealth creation:		
Revenue from Banking services	19,230,435,841	19,339,742,807
Less: Cost of services & supplies	(10,783,805,793)	(11,302,397,778)
	8,446,630,048	8,037,345,029
Non-banking income	54,563,478	45,228,403
Provision for loans & other assets	(1,802,353,952)	(952,509,071)
Total wealth creation	6,698,839,574	7,130,064,362
Wealth distribution:		
Employees & Directors		
Employees as salaries & allowances	2,374,178,826	1,963,508,938
Directors as remuneration & fees	21,612,816	19,158,517
Government	1,959,344,745	2,348,830,401
Corporate tax	1,866,548,501	2,267,883,136
Service tax/ Value added tax	90,699,914	79,122,032
Municipalities / local taxes	1,226,330	889,786
Excise duties	870,000	935,446
Shareholders		
Dividend to shareholders	1,222,359,570	1,222,359,570
Retention for future business growth		
Retained earnings	884,152,163	1,345,504,261
Depreciation and amortization	237,191,454	230,702,675
Total Wealth Distribution	6,698,839,574	7,130,064,362

WEALTH DISTRIBUTION (%): 2014



WEALTH DISTRIBUTION (%): 2013



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 owner 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.

EVA statement for the year ended 31 December

Figures in BDT

Particulars	2014	2013
Shareholders equity	20,086,851,401	18,450,498,173
Add: Accumulated provision for loans & advances and other assets	5,212,596,942	4,481,469,159
Capital Employed	25,299,448,343	22,931,967,333
Average Capital Employed / Shareholders' equity	24,115,707,838	21,868,542,394
Earnings:		
Profit after tax	2,106,511,733	2,567,863,831
Add: Provision for loans & advances and other assets charged during the year	1,802,353,952	952,509,071
Less: Written off loans during the year	1,328,982,042	322,366,338
Net earnings	2,579,883,642	3,198,006,564
Cost of equity:		
Average cost of equity (Based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government) Plus 2% risk premium	13.00%	14.16%
Capital charge (Cost of average equity)	3,135,042,019	3,096,585,603
Economic Value Added	(555,158,377)	101,420,961

MARKET VALUE ADDED 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	2014	2013
Face value per share (BDT)	10.00	10.00
Market value per share (BDT)	27.20	29.10
Number of shares outstanding	611,179,785	611,179,785
Total market capitalization (BDT million)	16,624.09	17,785.33
Book value of paid up capital (BDT million)	6,111.80	6,111.80
Market value added (BDT million)	10,512.29	11,673.53

FINANCIAL GOALS AND PERFORMANCE (BANK)

Particulars	Goals 2015	Actual 2014	Goals 2014	Actual 2013
Capital adequacy ratio (CAR) %	13% Plus	13.22%	11% Plus	11.95%
Return on average equity (ROE) %	14% Plus	10.93%	20% Plus	14.44%
Return on average assets (ROA) %	2% plus	1.28%	2.5% plus	1.68%
Cost to income ratio (%)	Less than 40%	43.01%	Less than 35%	38.87%
NPL to total loans and advance (%)	Less than 4%	4.36%	Less than 3%	3.59%
Weighted average credit risk grade (Number)	4.50	4.82	4.50	4.93
Deposits (BDT million)	139,368	116,792	126,085	117,102
Loans and advances (BDT million)	137,309	118,291	124,663	102,910

FINANCIAL CALENDAR

Quarterly Results

Particulars	Submission Date to BSEC
Unaudited consolidated results for the 1st quarter ended 31 March 2014	May 12, 2014
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2014	July 27, 2014
Unaudited consolidated results for the 3rd quarter ended 30 September 2014	October 29, 2014

Dividends

22nd Annual General Meeting	Notice Date	March 2, 2014
Distribution of 20% cash dividend in respect of financial year ended 31 December 2013	Record Date	March 11, 2014
22nd Annual General Meeting	Held on	March 31, 2014
Distribution of Cash Dividend	Date of Disbursement	April 7, 2014

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 or non-resident Bangladeshi 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 30%

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%.

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

Information Sensitive to Share Price

Particulars	Date of Disclosure
Corporate Disclosure for approval of Financial Statements 2013, Recommendation of Dividend, Record Date for Dividend entitlement of 22nd AGM (31.03.2014) of EBL	February 27, 2014
Corporate Disclosure of 6th EGM of EBL for issuance of EBL Sub-ordinated Bond.	April 17, 2014
Corporate Disclosure of Consent from the Bangladesh Securities & Exchange Commission to issue Non-Convertible EBL Sub-ordinated Bond	October 29, 2014

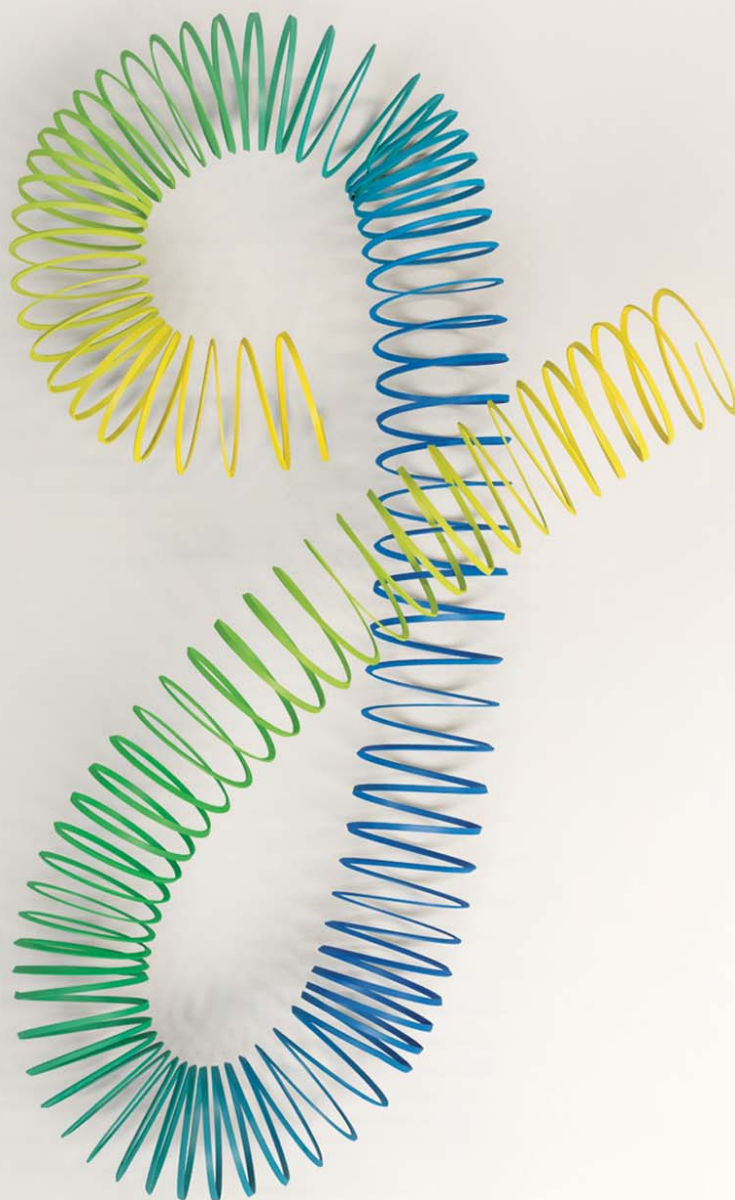
Accessibility of Annual Report 2014

Annual Report 2014 and other information about EBL may be observed on EBL's website www.ebl.com.bd. EBL provides copies of Annual Reports to the Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange and Chittagong Stock Exchange for their reference. Respectable stakeholders may read them at their public reference room or library.

GLIMPSES OF THE 22ND AGM



- 1 Directors of EBL are seen on the dais at the 22nd AGM.
- 2 Registration of shareholders for the 22nd AGM of EBL in progress.
- 3 A one minute silence being observed in memory of deceased shareholders.
- 4 A shareholder gives his remarks on the Annual Report of 2013.
- 5 A section of the shareholders during the presentation of the Directors' Report.
- 6 A shareholder reviews performance of the bank at the 22nd AGM.



CORPORATE
GOVERNANCE
REPORT

CORPORATE GOVERNANCE PRACTICES IN EBL

Corporate Governance Framework

Corporate governance is of paramount importance to a company and is almost as important as its primary business plan. Governance issues are of concern not only in developing market economies like ours, governance lapses and weaknesses in large financial institutions in mature markets figured significantly in precipitating the global financial crisis.

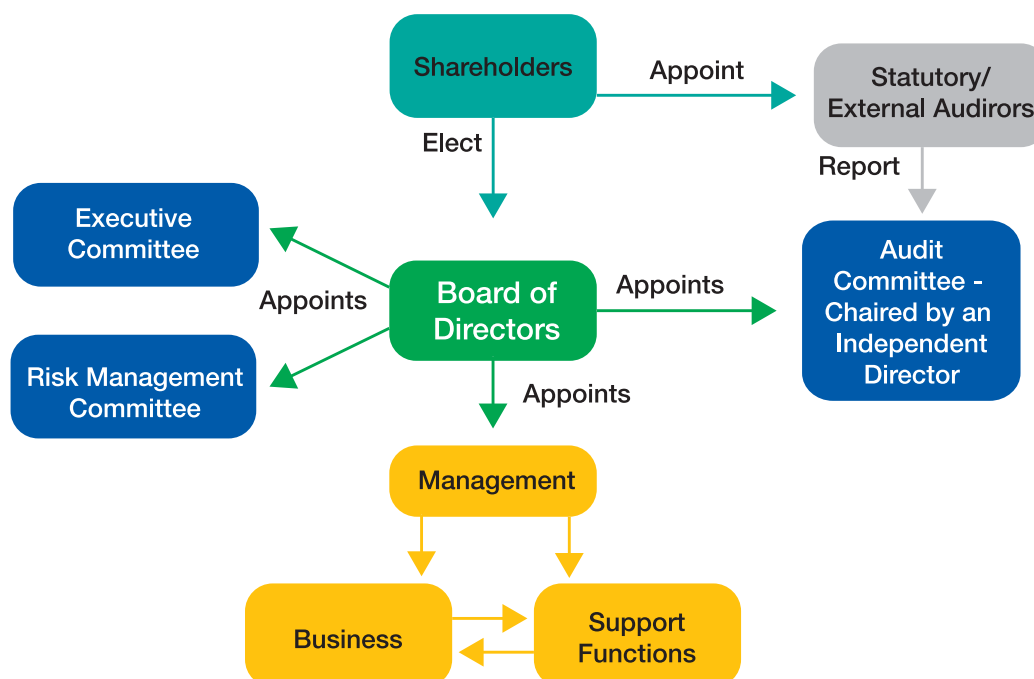
To achieve long term institutional viability and soundness, there is no alternative to adopt international best practices in corporate governance. The continuous effort of EBL to adopt and adapt to international best practices in corporate governance has been recognized in 2014 by Institute of Chartered Secretaries of Bangladesh (ICSB). As a strong believer of sustainable growth, principles of good corporate

governance are embedded in the core values of EBL.

Understanding the complexity of governance allows organizational leaders and managers to improve all aspects of governance, including compliance and performance improvement, and to intervene when change is needed.

At EBL given due importance to major parameters of corporate governance such as board system and its independence; function of board sub-committees, internal control over financial reporting; transparency, disclosure and compliance; consistency of stakeholders value enhancement and all our banking activities are guided by these key principles of good governance.

The corporate governance framework of EBL is aligned with the bank's well-defined vision, mission, values and strategies.



The Board of Directors of EBL plays the pivotal role in bank governance through their choice of strategy and leadership to drive the company to growth path. The Board is responsible for both designing and implementing governance mechanism including appointment and supervision of respective Board committees and top management. The onus of setting strategic aims and goals of the company is also on the Board. The management of EBL as an extended wing of the Board executes policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of EBL has been designed and kept fully independent from Business to guard against any unforeseen events that undermine the brand value of the Bank.

Guiding Philosophy of Corporate Governance Practices

As a locally 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. For us these two key elements are of paramount importance in our everyday banking activities.

Structure of the Board

According to Clauses 94 of the Articles of Association of Eastern Bank Limited, the Board of Directors (BoD) currently comprises 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

Directors are appointed following relevant provision/clause 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 consisted of noted entrepreneurs and business professionals having experience and acumen in diverse range of businesses and operations. Collectively they have enriched the Board with the knowledge and expertise in banking and finance, IT, accounting, marketing, administration, and engineering. Their rich and diverse backgrounds have given the Board a vantage point in directing and monitoring the Bank to achieve its desired objectives.

Retirement and Election of Directors

According to clauses 105 and 106 of the Articles of Association of the bank, following directors retired and being eligible were re-elected at the 22nd Annual General Meeting (AGM) held on 31 March 2014.

SL. No.	Name of Director	Mode of Change
1.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Re-elected
2.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Re-elected
3.	A.Q.I. Chowdhury, OBE (Representing Namreen Enterprise Ltd.)	Re-elected

Subsequently, Namreen Enterprise Ltd. and Aquamarine Distributions Ltd. changed their representatives from the Board with the following members. The newly joined Directors of EBL are:

- Mr. Mufakkharul Islam Khasru was appointed as Director on the Board of EBL on 01 June 2014 representing ‘M/s. Namreen Enterprise Ltd.’ in place of Mr. A. Q. I. Chowdhury, OBE who resigned on 12 May 2014.

- Mr. Anis Ahmed was appointed as Director on the Board of EBL on 15 October 2014 representing ‘M/s. Aquamarine Distributions Ltd.’ in place of Mr. Asif Mahmood who resigned on 22 September 2014.

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 BoD at the 23rd AGM.

All the retiring Directors are eligible for re-election in the ensuing 23rd 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 including the Chairman are Non-Executive Directors except the Managing Director & CEO.

Independent Directors

EBL encourages effective representation of independent directors in its BoD so that as a team it includes core competencies relevant to 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, 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. With them they have brought in more than 12 years of corporate management/professional experiences to the BoD.

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 item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 2014, a total 25 Board Meetings were held; the attendance records are as follows:

Sl.	Name	Position	No. of Meetings attended
1.	M. Ghaziul Haque	Chairman	23
2.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	18
3.	A. M. Shaukat Ali	Director	22
4.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	17
5.	Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	17
6.	Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	02*
7.	Meah Mohammed Abdur Rahim	Independent Director	19
8.	Mufakkarul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	12*
9.	Ormaan Rafay Nizam	Independent Director	13
10.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Director	25
11.	Ali Reza Iftekhar	Managing Director & CEO	25

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

*** Note:**

- **Mr. Anis Ahmed** was appointed as Director on the Board of EBL on 15 October 2014 representing 'M/s. Aquamarine Distributions Ltd.' in place of Mr. Asif Mahmood who resigned on 22 September 2014. However, Mr. Asif Mahmood attended 13 Board Meetings out of 18 during his tenure.
- **Mr. Mufakkarul Islam Khasru** was appointed as Director on the Board of EBL on 01 June 2014 representing 'M/s. Namreen Enterprise Ltd.' in place of Mr. A. Q. I. Chowdhury, OBE, who resigned on 12 May 2014. However, Mr. A. Q. I. Chowdhury, OBE, attended 06 Board Meetings out of 10 during his tenure.

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 2014 the Directors of Eastern Bank Limited held 31.57% of total shares whereas Financial Institutions and General Public were holding 11.49% and 56.94% respectively:

Sl.	Composition	31-12-2014		31-12-2013	
		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	348,032,336	56.94%	348,023,246	56.94%
3	Financial Institutions	70,223,563	11.49%	70,232,653	11.49%
	Total	611,179,785	100.00%	611,179,785	100.00%

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	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. Shaukat Ali	Director	12,518,491	2.05%
4.	Namreen Enterprise Ltd. (Represented by Md. Showkat Ali Chowdhury)	Director	60,908,280	9.97%
5.	Namreen Enterprise Ltd. (Represented by Mufakkharul Islam Khasru)	Director		
6.	Borak Real Estate (Pvt.) Ltd. (Represented by Salina Ali)	Director	29,315,925	4.79%
7.	Aquamarine Distributions Ltd. (Represented by Anis Ahmed)	Director	12,466,796	2.04%
8.	Meah Mohammed Abdur Rahim	Independent Director	36,869	0.006%
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	-	-
	Total		192,923,886	31.57%

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

Please refer to Note 14.1 to the Financial Statements of 2014.

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 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 interference 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, setting vision and driving innovation, 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).

To set out the following responsibilities of CEO, BRPD Circular Letter No. 18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012 has been taken into consideration.

- 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.

- The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging routine functions of the bank.
- 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.
- The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.
- The recruitment and promotion of all staffs of the bank except those in the two tiers below him shall rest on the CEO. He 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.
- The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the BoD, he shall nominate officers for training and other related issues.

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 involve 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 ask questions and make queries to the BoD during AGM and the Chairman of BoD gives a patient hearing and responds to all their 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 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 complex 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. 86-93 and the guidelines issued by BSEC have been presented in page no. 93-98. 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.

13-14 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. 16 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) restricting 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. 19.

Executive Committee (EC)

- **Appointment and Composition**

In Compliance with Section 15B (2) of The Bank Company Act 1991 (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 2014 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 & CEO of the Bank. Details of EC members are stated in page no. 19.

- **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 was no such urgent issue required for EC to deal with during 2014. Hence, no EC meeting was held in 2014.

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. To make the quorum of the AC meeting at least 01 (one) Independent Director has to be present. 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 and BSEC's Corporate Governance Guidelines dated 07 August 2012, Audit Committee (AC) of EBL Board has been re-constituted by the BoD from time to time 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. 19.

● Chairman of the AC

The Chairman of the AC is an Independent 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 two members have post-graduation degree in Accounting and Business Administration respectively. 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 in line with 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 2014 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 and 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 2014 have been presented in "Report of the Audit Committee" section of this annual report.

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 reconstituted a three members' Risk Management Committee (RMC) of the Board in 2014 (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. 19.

● Roles and 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. Some important roles and responsibilities of RMC have been described in "Report of the Risk Management Committee of the Board" section of this annual report.

● Activities of RMC

Major activities of the RMC conducted in 2014 have been described in "Report of the Risk Management Committee of the Board" section of this annual report.

● 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 may call the CEO, Chief Risk Officer (CRO) or any executive to attend the committee meeting. The RMC of EBL held 4 (Four) meetings during 2014 having detailed discussions and review session with the CRO regarding their findings, observations and recommendations on issues of bank affairs that need improvement. The major areas focused by the RMC during the year 2014 have been presented in "Report of the Risk Management Committee of the Board" section of this annual report.

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/approving of the following:

1. Human Resources (HR) Policies i.e. "People Management Manual" of the Bank.

2. 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. 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. The Chairman of EBL Board did not accept any support staff and private secretary from the bank.
- **Directors:** Directors are entitled to fees and other benefits for attending the Board/support committee (EC/ AC/ RMC) meetings (The benefits provided to Directors of EBL have been mentioned in Note 37 to the Financial Statements).
- **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. (The benefits provided to MD & CEO of EBL have been mentioned in Note 36 to the Financial Statements).

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 Unit (RMU) of EBL is responsible for management, integration and monitoring of all risks within the risk appetite set by the RMC. 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. 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" section of this annual report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2014 have been presented in "Report of the Risk Management Committee of the Board" section of this annual report.

Appointment of External Auditors

The Board of Directors of EBL in the 22nd AGM held on 31 March 2014 appointed Hoda Vasi Chowdhury & Co., Chartered Accountants, as the statutory auditors for the year 2014.

Services not provided by External Auditors

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 2014:

- 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 27 branches, 5 core risks and 03 Foreign Exchange and Trade Inspection in 2014. They submitted their detailed inspection report during 2014. 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 Operations 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 (ies) during 2014. 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 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 considered by the management to be proprietary and confidential. An employee is discouraged to accept gift, benefit, hospitalities, invitation to meals or offers for travel and lodging from our customers or persons intending to have business dealings with the Bank.

• Effective Anti-Money Laundering and Anti-terrorism Program

The Bank has established a 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.

• 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 couple of 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 139-141 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 during 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 22nd 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.

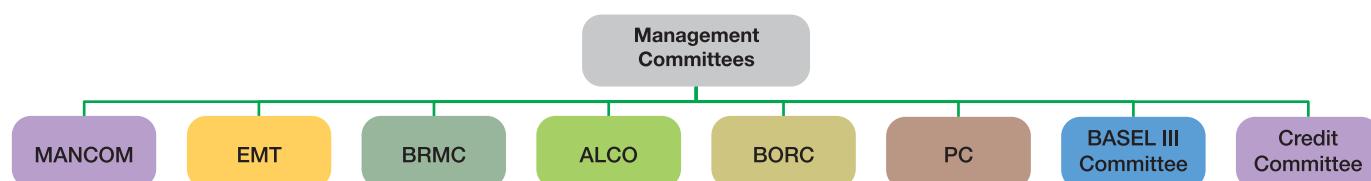
Environmental and Social Obligations

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 “Management



Committees” section of this annual report.

The Management Committee (MANCOM)

MANCOM is the highest decision and policy making authority of the management comprising 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 the 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 (20 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 DMD & CRO. The major roles and responsibilities of BRMC are as follows:

- Review of organizational structure and functions of all individuals involved in risk taking as well as managing.
- 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 of 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 is engaged with full of activities 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 BORC 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 five-member Purchase Committee (PC) consisting members from Administration, Operations, Finance, IT and Communication, plays an instrumental role in the procurement procedure of the Bank. The main objective of this committee is to ensure transparency in procurement activity seeking 'value for money' in each deal made. Formed as per the Board approved 'Procurement and Disposal Manual', the PC is mainly entrusted with the followings:

- 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 the PC which recommends 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-member 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.

Credit Committee

The seven-member Credit Committee has been formed under the requirements of Enterprise Risk Management (ERM) Policy and the Credit Policy Manual (CPM) of the bank for overall supervision of the credit risk of EBL including; review of underwriting standards, lending practices, collection process and problem loan management. The members of the Committee consist of Chief Risk Officer, all Business Heads, Head of CRM and Head of Finance. However, MD & CEO can nominate any other executive in the committee. The major roles and responsibilities of Credit Committee are as follows:

- Review of bank's credit risk appetite, tolerance and strategy considering current and prospective macroeconomic and financial environment.
- Review of bank's Credit Risk Management policies and procedures.
- Review and monitor effectiveness and application of Credit Risk Management Policy related standards and procedures and the control environment with respect to credit decisions.
- Monitor credit risk on a bank wide basis and ensure

compliance of the limits approved by the Board of Directors or any Board Committee.

- Review of prudential limits on large credit exposure, standards for loan collateral, credit concentration, loan pricing, early alert system, monitoring and evaluation of relationship techniques.
- Review and oversee the development in loan loss provision policy and assess appropriateness and adequacy of such policies in line with the credit risk embedded in EBL loan portfolio; while compliance of minimum regulatory requirement is to be ensured.
- Ensure regulatory and legal compliance in all aspects of credit operations.
- Review bank's problem loan management process and developments in delinquent portfolio.
- Investigate any classified loan relationship and to recommend accountability report, if such responsibility is assigned by the Board or MD&CEO on case to case basis.

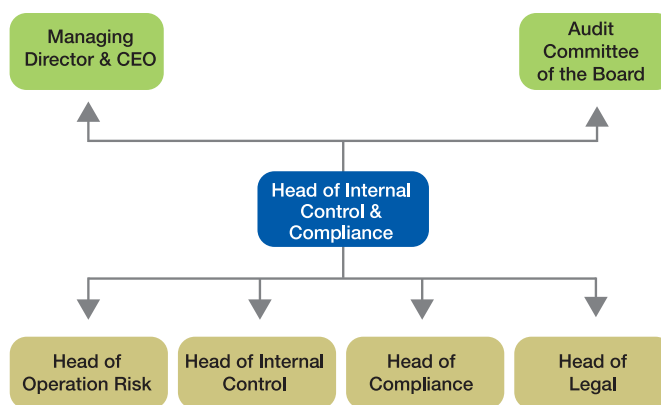
Internal Controls: the watchdog of transparency and accountability

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 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.

Depending 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 set up an operational risk management system within the Bank as per the nature and complexity of the business operations



in order to identify, assess, monitor and control/mitigate operational risk of various branches, units, departments and divisions of the Bank. ORU sets the strategy based on management policies, methods, tools, techniques and procedures as well as the guidelines of Bangladesh Bank. It also collects relevant data, information, and reports and analyzes them to assess the risk of operational areas of the bank. ORU normally uses the following five steps to conduct their activities:

1. Identification of operation risk through analysis of workflow and processes
2. Assessment of risk identified with its severity and probability of happening
3. Mitigation or control of risk identified through control choices and control decision
4. Steps taken for monitoring, mitigation and control of risk
5. Proactively introduce various tools and reports to mitigate the operation risks

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/EMT/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), EOD and BO report.
- Prime Risk Indicator (PRI).
- Quarterly Operations Report (QOR).
- Spot check/ Surprise visit in Branches, Departments and Divisions
- Continuous monitoring in Trade Ops/Treasury/SD/Cards etc.
- Incident Report from various areas etc.

Compliance Unit: This unit is entrusted to ensure that bank complies with all regulatory requirements while running its operations. 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 with the suggestions and instructions made by Bangladesh Bank based on comprehensive and special inspections.
- Ensure compliance of regulatory bodies like the central bank, tax authority, Ministry of Finance, Law enforcing agencies and other regulators.
- Ensure all the regulations of Bangladesh Bank and other regulatory authorities have been implemented in the bank.
- Review the Quarterly Operation Report.
- Ensure appropriate and required reporting to different entities.
- Review of Policies, Guidelines and PPGs of the Bank.
- 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.
- Arrange training of Anti Money Laundering as a “Lead Bank”.
- Arrange various training for the employees of the Bank as per requirement.
- Support and advice departments and branches in complying with their various regulatory and other compliance issues as required.
- Supervise and monitor the legal issues against the bank.
- Ensure compliance of Internal Audit Report.
- Ensure smooth resolution of various complaints of branches and departments under legal framework;
- 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. The primary focus of risk based internal audit of EBL is to provide a reasonable assurance to the EBL’s Board and top management about the adequacy and effectiveness of the risk management and control framework in the bank’s operations. The audit team of the ICCD assesses the effectiveness of the internal control system of the bank through periodic internal audit.

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.

The internal audit unit of EBL is independent from the internal control process in order to avoid any conflict of interest and it is given appropriate standing within the bank to carry out its assignments. It is not assigned the responsibility of performing other accounting or operational functions. The management of EBL ensures that the internal audit staff performs their duties with objectivity and impartiality.

Results and status of internal audit in 2014: In 2014, 71 branches (67 branches in 2013) and 49 divisions/ departments/units (also 49 in 2013) 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 and support functions heads) and significant audit findings are reported to the Managing Director & CEO and to the Audit Committee as well.

Legal Unit: Business and Law is very much interconnected to each other. A financial organization is appreciated as compliant when it runs business and others activities abiding all rules and regulations of the country. Legal Unit of ICCD ensures the legal compliance of the bank ensuring legal support to all branches and 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 and irregular transactions/ activities and complained matter. The major responsibilities 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 Supreme Court of Bangladesh.
- Obtaining Legal Opinion from the Retainer/ Legal Advisors/ Expert Lawyers on complicated issues, and sending and reply of Legal Notice through our panel lawyers on behalf of bank to the stakeholders as per the requirements of management.
- 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.
- Mitigating the queries of different authorities such as Bangladesh Bank, tax authority, Ministry of Finance, Anti-Corruption Commission, Courts, CID, Police, Central Intelligence Cell etc. regarding various illegal and irregular transactions and activities and investigation of different 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 Panel lawyers and renewal of Retainer for the Bank.
- 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 and Deed of Sale in connection with Land/Floor Spaces to be purchased by the Bank.
- Drafting of Lease Agreement and vetting of property documents purchased for the ATM Booth.
- Providing legal supports other units of ICCD and different branches and departments of the bank as per requirement.

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	Formation of BoD: 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 so far.
1.1	Appointment of New Directors: 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	Vacancy of office of a Director	
(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
(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
1.3	Removal of Directors from office: 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
1.4	Appointment of Alternate Director: 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

Sl. No.	Particulars	Compliance Status
(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 and regulations 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 and regulations will also be applicable to the alternate director.	N/A
2	Director from Depositors: 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
3	Information regarding Directors: 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
4	Responsibilities of the Board of Directors (BoD)	
4.1	Responsibilities and Authorities of the BoD:	
(a)	Work planning and strategic management (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
	(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)	Loan and Risk Management: (i) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the 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

Sl. No.	Particulars	Compliance Status
(c)	Internal Control Management: The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory health or grade of its loan/investment portfolio. 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
(d)	Human Resources (HR) Management and Development: (i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the 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
(e)	Financial Management: (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'.
	(iii) The BoD will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to BB guidelines.	Complied
(f)	Appointment of Chief Executive Officer (CEO): 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)	Other responsibilities of the BoD: In accordance to BB Guidelines issued from time to time.	Complied. The BoD will do so as and when required by BB.
4.2	Meetings of the Board of Directors: 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.

Sl. No.	Particulars	Compliance Status
4.3	Responsibilities of the Chairman of the BoD:	
(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	Formation of Supportive Committees of the Board: 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	Executive Committee (EC): 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	Audit Committee (AC): 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 ' Report of the Audit Committee ' for details.	Complied
5.3	Risk Management Committee (RMC): 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. 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 ' Report of the Risk Management Committee ' for details.	Complied
6	Training of the Directors: The Directors of the Board will acquire appropriate knowledge of the Banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the bank.	Complied

Sl. No.	Particulars	Compliance Status
7.	Intimation of the Circular to the Board and related persons by CEO: The CEO will inform about this Circular to the directors and other related persons.	Complied

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

Sl. No.	Particulars	Compliance Status
A	Rules and regulations for appointment of the CEO	
1	Moral Integrity: In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that: <ul style="list-style-type: none"> a) He has not been convicted by any Criminal Court of Law. b) He has not been punished for violating any rules, regulations or procedures/ norms set by any regulatory authority. c) He was not associated with any such company/organization; registration or license of which has been cancelled. 	Complied
2	Experience and Suitability: <ul style="list-style-type: none"> a) 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. b) 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. c) In respect of service, the concerned person should have excellent track record of performance. d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company. e) 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. 	Complied
3	Transparency and financial integrity: Before making appointment as a CEO, satisfaction should be ensured to the effects that: <ul style="list-style-type: none"> a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession. b. 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. c. He is not a tax defaulter. d. He has never been adjudicated a bankrupt by the Court. 	Complied
4	Age Limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5	Tenure: 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

Sl. No.	Particulars	Compliance Status
6	<p>Guidelines in fixing the salary and allowances: 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"> 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. 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. Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable. 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. 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. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it. 	Complied
7	Incentive Bonus: 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	Honorarium for attending the Board Meeting: Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	Evaluation Report: For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.	Complied
10	Prior Approval from Bangladesh Bank: 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	Decision of Bangladesh Bank is final: 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	Responsibilities and Authorities of the CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	
	<ol style="list-style-type: none"> 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
	<ol style="list-style-type: none"> 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
	<ol style="list-style-type: none"> 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

Sl. No.	Particulars	Compliance Status
	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
A	Rules and regulations for appointment of an Advisor	No such advisor in EBL
1	Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications: <ul style="list-style-type: none"> 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
2	Responsibilities of the Advisor: 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
3	Prior approval from Bangladesh Bank: 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
4	Remuneration and other facilities of Advisor: 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
5	Tenure of Advisor: 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

Sl. No.	Particulars	Compliance Status
6	Appointment of Ex-executive: 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	Rules and regulations for appointment of a Consultant	
1	Terms of reference of Consultant: 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	Responsibilities of a Consultant: The responsibilities or term 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	Appointment of a Consultant: 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	Tenure of a Consultant: 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	Remuneration/honorarium of a Consultant: 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	Appointment of Ex-executive: 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 and also BSEC Notification No. SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 are as follows:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.0	Board of Directors			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	✓		
1.2	Independent Director			
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	✓		
1.3	Qualification of Independent Director (ID)			
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.	✓		
1.5	Directors Report to Shareholders			
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.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 37 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.
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.	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.
1.5 (xxii)	In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:			
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
2.0	Chief Financial Officer, Head of Internal Audit & Company Secretary			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	✓		Head of Finance in place of CFO
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	✓		
3	Audit Committee:			
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.
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.
3.1	Constitution of the Audit Committee			
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.2	Chairman of the Audit Committee			
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).	✓		
3.3	Role of Audit Committee			
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		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
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		
4	External/Statutory Auditors:			
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		
5	Subsidiary Company			
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.	✓		
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.	✓		



Rahman Rahman Huq
Chartered Accountants
 9 Mohakhali C/A (11th & 12th Floors)
 Dhaka 1212
 Bangladesh

Telephone +880 (2) 988 6450-2
 Fax +880 (2) 988 6449
 E-mail dhaka@kpmg.com
 Internet www.kpmg.com/bd

**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 2014.

The Company’s Responsibilities

Those charged with governance and management of the Company are responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the Company are 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 2014.

Dhaka, 5 March 2015

Rahman Rahman Huq

SUSTAINABILITY REPORT

Sustainability: An Overview

Sustainability for EBL means carrying out its business continuously 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. Competitive pressures on business and a slow pace of economy in 2014 created the need for a better understanding of our processes and a greater need for making our business strategy flexible to keep us on the growth path that is sustainable. When growth opportunities are limited in the marketplace it is always rewarding to look inward and remodel and rewrite processes to stabilize growth. In the process, we have learned that we need to have a strategy that is flexible and a mindset that is open to repositioning or realigning business. Our new stance on business and operation has already had a palpable impact on our competitive strength and business performance. We always believe that growth should 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, disciplined 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 third time we are publishing this concise version of sustainability report in the annual report covering our major activities in the year 2014. 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:

- Adaptability with our long term vision challenging the changes in natural and economic environment.
- Integration of ethical, social and environmental criteria into the business decision making process.
- Adherence to compliance, transparency, and 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	E&S Risk Management
<p>Customer's delight is the centre of EBL's business model. The bank has over 386 thousand customers, who recognize the brand as reliable partner. Understanding their needs, providing innovative solutions and building long-term relationships based on trust and transparency created foundation of bank's business model aiming at generation of stable and recurrent revenue.</p> <p>Continuous pursuance for delightful customer service is essential for EBL in its business. In recent years, the Bank has been surveying customer satisfaction by third parties at service delivery points to understand the areas where improvement is needed.</p> <p>The bank planned to invest in systems for 3600 customer relationship management and automated system for managing incidents, claims and complains.</p>	<p>EBL offers cost effective and sustainable products and services to meet customers' need. These products and services are not offered solely on financial considerations but also to incorporate ethical, social and environmental aspects. 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&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&S risk for all large projects has been initiated.</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 and add value for the customer.</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>The 1,559 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>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 is done 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 2014, we increased lending to SMEs by 10 percent to BDT 18,281 million.</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>For us 2014 ended with a high note as we were felicitated with ICSB National Award for Corporate Governance Excellence. This award reflects our commitment to corporate governance and recognition to the importance we attach to governance issues in our organization. In order to achieve transparent and sound corporate governance, we have adopted international best practices and this will ultimately help us sustain in this globalized competitive free market economy.</p>	<p>At EBL, we believe that the most rewarding investment is investing for 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.</p> <p>A detail report on CSR has been presented separately in the annual 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 its operation by size and its nature, environmental impacts of such activities are much lower than the activities of bank's customers. The formation and existence of EBL is for the well-being of the community where the bank is doing its business. Longer term sustainable development of the community cannot be ensured without considering the environment and the society as a whole. While pursuing the triple bottom line 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 considers the responsibility for protection of human rights, gender equity, and consumer 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 2014. 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. Maintain negative list of sectors (adversely impacting the environment) in the credit policy as best practice.
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 at subsidized interest @ 11.00% 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) to extend cooperation for improvement in environmental and social practices to minimize pollution and enhance workplace safety.

Sustainability Management

Board of Directors sets the framework for sustainability management by formulating business strategies and budget, policies for lending decisions, capital planning, risk appetite, corporate social responsibility, etc. The business strategy is expressed by a three years' plan discussed and summarized in annual strategy session. As a counterweight

to the business activities, risk management is supervised by the Risk Management Committee of the Board 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.

Green Banking Cell

This working group is headed by Deputy Managing Director and team is made up from the 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 2014
Value Added		
Income from Banking Services	19,339.74	19,230.44
(-) Cost of services	(11,296.24)	(10,759.39)
Value added by Banking Services	8,043.50	8,471.04
(+) Non Banking Income	45.23	54.56
(-) Loan losses and provisions	(952.51)	(1,802.35)
Total	7,136.22	6,723.25
Distribution of Added Value		
(a) To Employees and Directors		
Salaries and other benefits	1,963.51	2,374.18
Remuneration and fees	19.16	21.61
Total to Employees and Directors	1,982.67	2,395.79
(b) To Capital Providers		
Dividend to shareholders	1,222.36	1,222.36
Interest to debenture/bond holders	-	-
Total to Providers of Capital	1,222.36	1,222.36
(c) To Government		
Income tax	2,589.79	1,995.21
VAT	79.12	90.70
Other duties & taxes	1.83	2.10
Total to Government	2,670.74	2,088.01

Value Addition and Distribution to Economy	Year 2013	Year 2014
(d) To Expansion and Growth		
Retained profit	1,345.50	884.15
Depreciation	230.70	237.19
Deferred tax	(321.90)	(128.66)
Total to Expansion and Growth	1,254.30	992.68
(e) To Community Investments		
Donations and Gifts	6.15	24.41
Total to Community Investments	6.15	24.41
Total Distributed(a+b+c+d+e)	7,136.22	6,723.25

Note: All figures above are in Million Bangladesh Taka

Excellence in Customer Service	Year 2013	Year 2014
Number of average customers*	353,842	386,778
Number of complaints received through all channels	1,365	2,114
Complaints per 1000 customers	2.11	2.79
Usual turnaround time to resolve any complaint	3-7 days	0-5 days
Total number of complaints regarding breaches of customer privacy and losses of customer data	Nil	Nil

*Simple average of number of customers at the beginning and ending of the year 2014

Financial Inclusion	Year 2013	Year 2014
Cumulative Agricultural and Rural Credit extended through MFIs (BDT in Million)	1,734	2,014
Cumulative Agricultural Credit extended through own network (BDT in Million)	47	35
Cumulative Agricultural and Rural Credit extended from ADB fund (BDT in Million)	1,377.65	904.28
Total Number of individual impacted*	96,662	1,60,083
Total Number of MFI partnered	13	14

Tackling Financial Crime	Year 2013	Year 2014
Number of staffs completed training on AML	1,071	551
Number of Suspicious Transactions reported to Bangladesh Bank	6	6
Number of accounts closed for unsatisfactory KYC	-	-

Promoting Sustainable Finance	Year 2013	Year 2014
Amount financed for installation of ETP to plants in operations	-	-
Amount financed in plants having ETP (loan disbursed to projects having ETP)*	16,457	22,119
Amount financed to solar panel / renewable energy plants	-	-
Amount financed to Bio-fertilizer plants	-	-
Amount financed to brick kilns adopted cleaner technology	-	53
Amount financed to other green projects**	40	20
Total Sustainable Finance	16,497	22,192

Note: All figures above are in Million BDT

*Approximate amount

**Solar Home System Through MFI

Number of employee trained in sustainable finance	35	6
---	----	---

Employer of Choice	Year 2013	Year 2014
Headcount (Permanent staff) [As on 31 December 2013 and 2014]	1,498	1,559
Percentage* of female representation	20.5 %	20%
Percentage* of voluntary attrition	6.5 %	6%
Number of permanent staff received training	3,613	4,712
Total number of training days	8,009	11,400
Average training days per employee	5	7

Employer of Choice	Year 2013	Year 2014
Percentage* Growth in Headcounts	10%	4%
Number of fresh graduates recruited as Management Trainee Officer (MTO)	18	4
Number of fresh graduates recruited as Probationary Officer	27	24
Number of fresh graduates recruited in other positions	35	23
Years of service with EBL as percentage* of total permanent staff headcount		
Less than 5 years	67%	64%
5 > 10 years	19%	22%
10 > 15 years	4%	5%
Over 15 years	10%	9%
No. of employees coordinating employees in case of health and safety emergencies to help, monitor and advise under occupational health and safety programs.		
No. of GAP Owner	186**	97
No. of Fire wardens	218	228
Note: *Expressed as percentage of Total permanent staff headcounts		
**Including alternative GAP owner. (Alternative GAP owner post were discontinued in 2014)		
Protecting Environment	Year 2013	Year 2014
Number of customers eligible for Environmental Due Diligence	89	141
Number of customers appraised for Environmental Risk Rating	89	141
Low	78	127
Moderate	9	10
High	2	4
Cost of water consumed by the bank (BDT in Million)	8.61	6.20
Cost of paper consumed by the bank (BDT in Million)	3.68	4.51
Cost of energy (electricity, fuel, and gas) consumed by the bank (BDT in Million)	58.41	83.91
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	6
Corporate Social Responsibility	Year 2013	Year 2014
Major Expenditure for CSR (BDT in Million)	6.15	24.41
Financial Assistance Received from Government	Year 2013	Year 2014
Balance of borrowing from Bangladesh Bank under different Refinance programs (as of 31 December) (in BDT Million)	5,659.97	6,999.21
Interest loss compensation received from Bangladesh Bank against disbursements in specified agricultural products @ 4%	26,351	17,049
Note: All figures above are in Bangladesh Taka		
Governance	Year 2013	Year 2014
No. of Incidents of non-compliance with regulations resulting in fine or penalty	Nil	Nil

SME SUCCESS STORIES



The Chemistry of Growth

For a curtain market broker of the city's New Elephant Road area Md. Harun Sheikh, life was fraught with challenges. But his biggest capital was his goodwill and his relationship with big traders in the business. His long experience of the trade and his wealth of goodwill came good when he ventured into business in 1998. He rented a shop and entrusted his son Md. Elias Sheikh with the operation of the business, Unique Fabrics.

Initially, Elias managed to run the business with a shoestring budget. But their goodwill in the market enabled them to get

products on credit. The goodwill of father and the hard work of son worked well for their business to flourish.

Growth of business demands expansion of business. To inject new capital in the business, they approached EBL for a loan of BDT 10 lac. And eventually they got a term loan of BDT 5 lac for two years. This was a modest beginning of banking relationship with EBL. And the rest is history.

The new injection of capital helped Elias build new stocks of fabrics and gave fresh impetus to the business growth. After repaying 14 regular EMIs, he again applied for Loan of BDT 10 lac. The bank authority entertained his request for a further extension of loan with a condition to adjust the existing loan. This time around, he purchased the possession of his rented shop, whose current market value is no less than BDT 2 crore. Again after 12 regular payments of the second loan, he turned to the bank for another loan and subsequently the bank authority approved partial security-backed loan for BDT 15 lac with a term of three years. The new loan helped him diversify into curtain making.

In 2012 he bought a 1,150 sft apartment at Elephant Road. He availed another loan of BDT 60 lac from another bank by mortgaging his flat. The following year, he opened crockery showroom 'Unique Gallery' at Gulshan-2.

The successful entrepreneur now lives in his own flat with his family and parents. Perhaps the chemistry of family bondage is the key of his success.



Knitting Success

It was early 80s. In a quiet village of Mymensingh, there lived a young mother of three Shahana Kader with her husband. She used to design and sew dresses for her daughters. She found admirers of her dresses in her neighbours, who requested her to design dresses for their kids.

Inspired and motivated by her well-wishers, she ventured into dress making business from her own house in 1997. She also enjoyed gifting dresses to her neighbours. In 1998 her

husband had to retire from his construction business because of his ill health. The family had to move to Dhaka in 2000 and the whole responsibility of the family was now on her tender shoulders. Her natural talent for designing was her resource and she started her dress-making business from her small drawing room. Her dresses became an instant hit among her neighbours.

Three years into her business, she rented a showroom at Dhanmandi's Anam Rangs Plaza in 2003. She then approached EBL for a BDT 3 lac loan and got it sanctioned. With the small 'Mukti Loan' her business found the impetus that she was looking for. As her business began to grow, she opened her second showroom at Plaza AR in 2008. Considering her growth potential, the bank enhanced her loan to BDT 14 lac the next year. The loan helped her going for expansion and she opened her third outlet on Bailey Road. To support her expansion, she set up her factory at Kalabagan. As she grew, her credit line with the bank also grew exponentially. In 2011 she was given a loan of BDT 25 lac followed by another 25 lac in 2013.

Her honesty, integrity and dedication have brought smiles to her family as well. All her three received good education. Her second daughter, Humaira Hasin did a Diploma in Fashion Designing after completing her Post-graduation in Home Economics. Humaira helps her mother in her business.

Shahana's story is story of resolve, commitment and dream to make a difference.



The Metamorphosis

Salina Hossain began her career as a salesperson at Mini Mart in Dhanmondi, the country's first chain shop operated by women entrepreneurs in early 2000. The next door neighbor girl now runs a successful company and employs over 300 people.

'I worked along with 20 other women at Mini Mart. I told myself, if these women could set up their own venture, why not I,' said Salina about her inspiration and added, 'While working for Mini Mart, I found that many women did handicraft work. That was the source of my inspiration to do something in handicrafts.'

She had a knack for fashion designing from childhood and her sister, who was with for Aarong, a leading fashion house of the country, helped her honing her skills.

Her sister found her designs interesting and helped her show her products to Aarong, a social enterprise of BRAC, the world's largest non-government organization. They liked her products and she won a regular supply order from the fashion giant.

She began with a modest TK. 23,000 from her husband and began supplying home textiles such as bed covers, cushion covers, table cloth, and other handicraft items.

As the business grew, she set up her own factory in a four-storied building in Mirpur. The ground and first floors house the factory. Currently she supplies salwar kameezes, muslin saris, panjabis, drapes, bed covers and cushion covers to Aarong.

The mother of a 15-year old daughter said she is externally lucky to have support from her in-laws in running the business. Getting financial support was the main problem during her initial days, but 'Things however have changed a lot now a day.'

'The mindset of people towards small business has changed,' she said recalling her days when she had to put in lot of efforts to manage women workers.

'Government and financial institutions are now keen on supporting women entrepreneurs. Girls should not waste their time at home anymore. They should come up with new idea and set up their own businesses, which will not only employ them, but also create employment for others,' said she with aplomb.

At 45, she now dreams of setting up handicraft projects in different districts of the country, women empowerment and contribute in mitigation of poverty.

With personal assets worth over BDT 150.00 lac, and business assets worth about BDT 80.00 lac, hers is fairytale story of success backed by confidence and determination to make a change for her and people around her.

Salina enjoys EBL Mukti Loan of BDT 25.00 Lac.



CORPORATE SOCIAL
RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Beyond Banking

EBL believes that our responsibility extends beyond our core business to the society in which we operate. For us investing in today is building for tomorrow. Our future is our society. Therefore, investing in the society in which we operate in is basically investing in our own future.

The ethos and principles that guide us and govern our actions are values and sustainability. To achieve sustainable growth, we consider corporate governance as our fundamental pillar around which all our banking actions revolve. Our recent gold award in corporate governance from the Institute of Chartered Secretaries of Bangladesh is suggestive of the importance we attach to corporate governance.

We want to be a responsible partner of our customers, shareholders and other stakeholders attaching highest priority to ethical conduct and integrity. The two-word phrase that governs our corporate governance is 'Integrity and responsibility.' In everything that we do, we aim not only to create value for our clients, shareholders and employees, but also to meet environmental and social challenges. Markets are volatile and prone to risk. In a world of change, our goal is to grow sustainably. For only principles of ethical and moral values are universal and consistent.

Building Social Capital

Sustainable growth can only be achieved through building social capital by enabling talent, promoting equal opportunity and driving social change. In keeping with our corporate culture, we aim to raise social capital by investing in education. The legendary Nelson Mandela once said: 'Education is the most powerful weapon we can use to change the world.' In our time of fast changing global economy knowledge has become the key point of differentiation between nations. As a responsive corporate citizen we have anchored our CSR initiatives on education. Our initiative is based on two pillars: strengthening youth confidence by raising aspirations and providing pathways to education and employment opportunities.

The Approach we have applied

To strengthening youth confidence and to providing pathways to education, we have established partnership alliance with Dhaka University Alumni Association (DUAA) back in 2007 and since then awarding scholarships to deserving students, at least four from each department, to pursue their education and to prepare them to enter into the job market. Why tertiary education? Students at this level are about to enter the job market and contribute to the society in a meaningful way. The great Mahatma Gandhi once asked, 'Is not education the art of drawing out full manhood of the child under training?' At EBL we believe that it is our corporate responsibility to prepare the meritorious but disadvantaged students for the bigger role in the society. Since the scholarship EBL-DUAA Inspiration came into being, each year we are awarding financial grants to over 250 students at different level of their studies, starting from a sophomore.

Last year 566 deserving students from all 74 departments

of University of Dhaka were awarded under the financial grant program. The governor of Bangladesh Bank Dr. Atiur Rahman, who attended the event as chief guest and handed over the scholarship certificates among the awardees, said, 'In this age and time when everything is knowledge-based there is no alternative to knowledge-centric development. In this globalized world knowledge will be the differentiating factor between the nations. The importance of knowledge is much greater than any time in history now.'

Under the program, each student received Tk. 5,000 through EBL Lifestyle Card. The festivity and emotion running through the event was the right occasion for EBL to salute the spirit of these young achievers.



Bangladesh Bank Governor Dr. Atiur Rahman, Vice-chancellor of the University of Dhaka Dr. A A M S Arefin Siddique and other guests seen with a recipient of 'EBL-DUAA Inspiration' scholarship.

Apart from EBL-DUAA initiative, we have also donated BDT 1.5 million and more than 30 computers to various schools and educational institutions to support the cause of education in the society.

Our commitment to education is to help young people discover their own creative potential, develop skills and build confidence.

Connecting with Customers

Sustainability is at the core of everything that we do. Our goal is to create a culture of high-performance and dedicate our services and propositions to have an impact to the lives we touch with our banking services.

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. We have taken several measures to raise the bar of our service excellence including training, mystery shopping, telephone etiquette test and customer feedback surveys through independent research houses. First in Bangladesh in 2014 we have initiated an automated customer feedback management module and customer feedback tabs installed in our major branches. This module enables us to monitor centrally the

level of service offered at branches. In another major initiative taken during 2014 to ensure service delivery commitment is 0-5 day turnaround time for every service of the bank.

The Change Agent

For us human resources are the most valuable asset and they are the change agent. EBL has established a competitive and enabling working environment to help employees perform their best and engage with the brand emotionally. In this age of technological development and knowledge-sharing, the competitive advantage based on technology is diminishing and the divide between rich and poor is also shrinking. The key agent of differentiation in this globalized world is people and the quality of service they offer. This is why some of the leading management gurus are advocating for employee first and customer second policy for the enterprises. Creating a culture of healthy competition driven by knowledge is what we believe is the best way to prepare our employees to take up challenges of the contemporary business world.

In 2014 a staggering 306 learning and development programs were conducted for 7,900 participants, which is about 24 percent up in number of events and participants over 2013. We have also arranged specialized training for women employees to nurture leadership skills in them and arranged training for 150 up-and-coming women leaders in the bank. Nasreen Sattar, Management Skills Development Specialist and former CEO SCB, Afghanistan, conducted a series of programs to hone in the leadership abilities among our women employees. Nazneen Sultana, Deputy Governor, Bangladesh Bank, who herself an icon in banking industry attended one of the training sessions and narrated stories of her life and the challenges she had to face.



For empowering women and creating tomorrow's corporate leaders, EBL organized a series of Leadership Programs for the female colleagues of EBL. Nazneen Sultana, Deputy Governor, Bangladesh Bank inaugurated and conducted one such program.

To attract talents and retain competency, we have 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 the employees which add vitality and motivation towards work and organization. Employees are provided with orientation, local and foreign training and development programs.

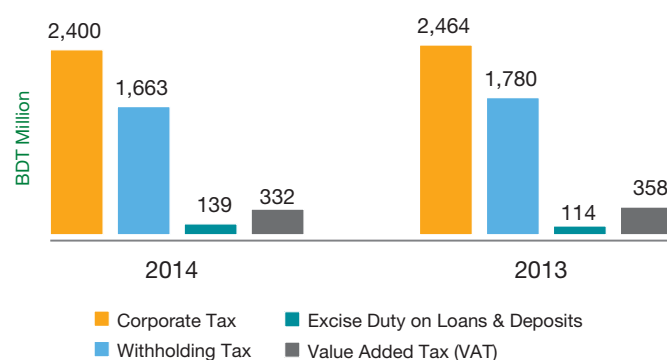
We initiated a lecture program called EBL Leadership Lecture Series in June last year with the idea to invite visionary leaders of different fields ranging from corporate Bangladesh, teaching, social work to judiciary to arts who share their success stories and their challenges in life with us. Every month starting in June we invited leaders from different fields; listened to their journey of life, challenges, their dreams, their frustration and how they have handled all those and come out victorious. The interactions with the achievers were invigorating, inspiring and eye-opening to say the least. For every session, we selected a mix of around 80 of our colleagues to interact with our invitees, ask them questions about their leadership method and people management formula they have successfully applied in their lives. Our idea was to provide our employees an intellectual and emotional rendezvous. The series begins on Tuesday, June 10 with Latifur Rahman, Chairman and Managing Director of Transcom Group, and winner of the prestigious 'Oslo Business for Peace Award' in 2012.

This event becomes an instant success and now an eagerly-awaited monthly program for the employees of the Bank.

Contribution to National Exchequer

Being a responsible and tax abiding corporate citizen, we regularly pay corporate tax on time, sometime even before the due date. 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 claim refinance from the central bank for carbon credits. Some of our branches and ATM's of the bank are now run on solar power.

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.

Participation in National Events

We feel proud to be associated with any event that fosters solidarity and helps enhancing image of the nation. EBL donated BDT 5 Million for organizing a historic event “Lakho Konthe Sonar Bangla”. On 26 March 2014, our Independence Day, people from all walks of life assembled at the National Parade Ground to sing the national anthem together. The number of participants was so overwhelming and filled with passion and patriotism; this event earned into the Guinness World Record.



Bangladesh sets a new world record for most people singing national anthem on 26 March 2014 at the National Parade Ground.

The Guinness World Record later made the following announcement on its official website: “The most people singing a national anthem simultaneously is 254,537 and was achieved by the Ministry of Cultural Affairs, Government of the Peoples’ Republic of Bangladesh at the National Parade Ground in Dhaka, Bangladesh, on 26 March 2014”.

Caring for the Society

Anjuman Mufidul Islam is a voluntary, non-profit and non-political organization. Operationally, it is now the biggest human welfare organisation in the country. This organization is one of the leading ambulance service providers in Bangladesh too. Anjuman Mufidul Islam provides ambulances to carry patients as well as dead bodies both within and outside Dhaka City.

We donated a state-of-the-art ambulance to be used by Anjuman Mufidul Islam for their free health services to poor and needy people. The chairman of EBL, M. Ghaziul Haque, handed over the key of the ambulance to the president of Anjuman Mufidul Islam, Md. Shamsul Hoque Chisty, at a simple ceremony held at the EBL Head Office in Dilkusha on 11 September 2014. EBL Director A M Shaikat Ali, Managing Director and CEO Ali Reza Iftekhar, other senior executives and different committee members of Anjuman Mufidul Islam were also present at the ceremony.



M. Ghaziul Haque, Chairman, Eastern Bank Limited, hands over the dummy key of an ambulance to Md. Shamsul Hoque Chisty, President of Anjuman Mufidul Islam.

EBL chairman said, ‘Anjuman Mufidul Islam’s free health services to poor and needy people irrespective of caste, creed and religion and humanitarian activities to orphans, widows, poor, disabled, handicapped and destitute are internationally acclaimed. We feel privileged to be a part of their activities.’

EBL believes that health is the key to rapid socioeconomic development of the country; the Bank has donated large volume of equipments to various hospitals across the country to underline its commitment to quality healthcare delivery in Bangladesh.

Participation in Sports development

Sports help building nation both physically and mentally. It can play a role in improving lives of not only individuals but also the whole communities. A planned development of sports activities can initiate positive social change. As a responsible corporate citizen we have donated BDT 5 million to ‘Bangladesh Cricket Board’ for the growth and expansion of cricket in Bangladesh.

We are here for the humanity

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. EBL distributed a large number of blankets among the cold-hit people of Dhanbari Upazilla under Tangail District.

Md. Nasiruzzaman, General Manager, Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank was present as Chief Guest and EBL Vice President & Head of Operation Risk Md. Abdul Awal distributed the blankets on behalf of Eastern Bank Limited with the help of Upazilla Administration, Tangail.

EBL distributed a large number of blankets among the poor and old ages cold-hit people of Pakundia Pourasava under Kishoregonj District. M Mahfuzur Rahman, Executive Director, Bangladesh Bank was present as Chief Guest, EBL DMD Akhtar Kamal Talukder, Head of Operation Risk Md. Abdul Awal distributed the blankets to cold-hit people of Kishoregonj.

In 2014 EBL also donated BDT 5 Million to Prime Minister’s Relief Fund for Flood Affected People of the country.

CSR ALBUM



1



2



3



4

- 1 EBL donated blankets to Prime Minister's Relief and Welfare Fund for the cold-hit people of the country.
- 2 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. Mir Nasir Hossain and Meah Mohammed Abdur Rahim, Directors of EBL were present during the handing over of the cheque.
- 3 Md. Nasiruzzaman, General Manager of Bangladesh Bank is seen during blanket distribution at Dhanbari Upazilla, Tangail.
- 4 M Mahfuzur Rahman, Executive Director, Bangladesh Bank and EBL DMD Akhtar Kamal Talukder distribute blankets at Pakundia, Kishoregonj.

ENGAGEMENT OF PEOPLE

EBL has always considered people as its core brand and valued engagement of people with the organization. The year 2014 that has lapsed into eternity will remain etched in the collective memory of the Bank's employees for a number of engagement programs that have been initiated to scout latent talents of the employees and inspire them. It was indeed 'the year of people's engagement.' The guiding philosophy behind all the engagements which have been initiated in 2014 and plan to continue with is that every human being is endowed with immense potential and all that is needed is a platform to express them.

Simple Pleasures of Life



A three-member jury board consisting of renowned photographers Shafiqul Alam Kiron, Jannatul Mawa and Munem Wasif looking at the entries.

The photography contest for the employees 'Simple Pleasures of Life' that was pegged on the theme 'My City' witnessed a flourish of imagination in capturing the city life and its many-layered reality. Initiated in 2012, the second edition of the photo contest during 2014 was a pleasant surprise for everyone for the quality of entries. A staggering 73 entries from 22 participants explored life and living of the major cities of the country with great enthusiasm, emotion, and sensitivity. Renowned photographers were on the jury with the representative of Fujifilm. The jury board selected the best three images for the awards and 12 pictures for the contents of 2015 calendar of EBL. Fujifilm joined the contest as partner and will give further training to all the contestants.



A three-day exhibition was organized at Drik Gallery showcasing all the entries for the 'Simple Pleasures of Life.' S. K. Sur Chowdhury, Deputy Governor of Bangladesh Bank inaugurated the photo exhibition as chief guest.

In August a selection of 39 best images of the contest was put up for a 3-day exhibition at Drik Gallery. Shitangshu Kumar Sur Chowdhury, Deputy Governor, Bangladesh Bank inaugurated the photo show as chief guest along with the MD and CEO of EBL.

Esho Mili Surey Surey

The engagement program that created much excitement among the employees was the music talent hunt 'Esho Mili Surey Surey.' A shortlist of five best singers, who performed at the annual 'Town Hall' program were gleaned through a series of three audition rounds.



The five finalists of 'Esho Mili Surey Surey' with the jury.

The audition rounds took place in the musically important setting of Chhayanauditorium. An elite panel of judges featuring singer and music director did selection job for the bank.



The elite panel of judges of 'Esho Mili Surey Surey' featuring Rabindra Sangeet exponent Rezwana Chowdhury Bonnya, noted music director Sheikh Sadi Khan, and music director and founder member of the band Feedback Piaru Khan.

Chobir Deshe Ronger Beshe

If the employees of EBL constitute a family, then the family members of the employees are the Bank's extended family. This sentiment was behind the holding of art competition for the children of EBL employees. The art competition Chobir Deshe Ronger Beshe held at Faculty of Fine Arts, University of Dhaka witnessed nearly 100 children making a riot of colors in pastel and water color. Divided in two age groups, the little artists explored the 'My City' with rich vibrant color.



Internationally renowned painters Qayyum Chowdhury, Rafiqun Nabi and Abul Barq Alvi select the three best works from each age group.

Children between six and nine years expressed themselves in oil pastels while the senior group between 10-13 years revealed their imagination in water colors. Internationally renowned painters were in the jury board and selected the three best works from each age group. The winners were awarded prizes and crests, while each participant was given a certificate of attendance.



Artists Qayyum Chowdhury, Rafiqun Nabi, Abul Barq Alvi and Managing Director & CEO of EBL Ali Reza Iftakhar pose for photographs with the participants and winners.

Leadership Lecture Series

Leaders are crucial to change the course of history, to transform a company, to win a sport. A first in the banking industry, EBL initiated a unique lecture series for its senior executives and potential leaders of the company in 2014 to engage them with the best of minds of the society.



Latifur Rahman making a point during his lecture on leadership.

EBL Leadership Lecture Series was conceived and initiated in June 2014 with the idea to invite visionary leaders of different fields ranging from corporate Bangladesh to teaching to social work to judiciary to arts who will share their success stories and their challenges in life with us. The Bank invited the following leaders in 2014 and listened to their journey of life, challenges, their dreams, their frustration and how they have handled all those and come out victorious:

- Latifur Rahman, Chairman and Managing Director of Transcom Group, winner of the prestigious 'Oslo Business for Peace Award' in 2012.
- Professor Abdullah Abu Sayeed, the eminent educationist and founder of Bishwo Shahitto Kendra, who has chased the dream of enlightening the nation all his life and established the Kendra with the motto Alokito Manush Chai.
- Advocate Sultana Kamal, an icon in the area of human rights, is the Executive Director of Ain O Salish Kendra (ASK), an organization that provides shelter and legal assistance to vulnerable social groups and individuals. She is also the Chairperson of Transparency International Bangladesh.
- Dr. Mohammed Farashuddin, a renowned educationist and economist of the country who was the Governor of Bangladesh Bank from 1998-2001.
- Barrister Rafique-ul Haq, a renowned Lawyer of the country and former Attorney General of Bangladesh. He was a main writer of many of the country's laws.



Professor Abdullah Abu Sayeed mesmerizes the audience with his deep knowledge on history and sharp humor.

The interactions with the achievers were invigorating, inspiring and eye-opening to say the least. For every session, management selected a mix of around 80 employees to interact with the invitees, ask them questions about their leadership method and people management formula they have successfully applied in their lives.

The journey to engaging and bonding people has just begun. EBL believes that building today is winning tomorrow. The finishing line can only be reached if the employees can work and perform as a team. 2014 will always be remembered for that start of a collective journey and start of a new bondage.

LEADERSHIP LECTURE SERIES ALBUM



- 1 Advocate Sultana Kamal, an indefatigable campaigner for human rights issues speaks at the lecture series program.
- 2 Barrister Rafique-Ul Huq, a legendary lawyer of the country, speaks at the leadership lecture series program.
- 3 Dr. Mohammed Farashuddin, a renowned educationist, economist and ex-governor of Bangladesh Bank at the lecture series program.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Business Environment in 2014

Politics, the major defining force for Bangladesh economy, has been somewhat stable over the year after general election in January 2014. However, the business sentiment and outlook did not seem completely free from uncertainty from another round of seasonal political chaos and instability sooner or later. Despite achieving a 6.10% growth in GDP in FY 2014, major macro-economic indicators like growth of exports and remittance, suppressed private sector credit growth, and weaker consumer confidence continued to be impacted by uncertainty of political instability and infrastructure bottlenecks.

Given the fragmented pattern of country's banking sectors divided into SoCBs, PCBs, FBs and SBs based on their unique premise and features, overall performance of the banking sector can not be explained in similar note. The overall sector got impacted by certain factors: excess liquidity, very high NPL in public sector Banks, probability of re-classification of loans earlier rescheduled taking the temporary flexibility from regulators, and slower demand for credit from private sector. Moreover credit performance of few large commodity traders and importers continues to put pressure on NPL as well as profitability of banking sectors. Establishing or maintaining good governance, managing NPL including collecting bad loans and increasing profitability were major challenges for 2014 since recovery from rescheduled loans was not encouraging. Major industrial sectors did not perform in line with expectations mainly due to infrastructural bottlenecks.

Credit growth in the banking sector remained lower than expected. Private sector credit registered 12.7 percent growth at the end of November 2014. Lower growth in credit coupled with increasing trend of non-performing loans (NPL) worsened the performance of the banking sector. Low capital adequacy and poor asset quality are also worries of the State Owned Commercial Banks (SoCBs). Though capital market was relatively stable during FY2014, it is far from complete recovery from the wounds that it suffered in 2010.

This brief overview indicates that the economy could not pick up the steam in 2014 due to a number of challenges. Maintaining macroeconomic stability, increasing efficiency in project implementation, particularly that of the infrastructure and improving governance are some of those challenges. Under above circumstances, although many of the related targets were off-track with indiscipline featuring in several banks, EBL continued to deliver consistent financial performance.

Review of Eastern Bank Financials in 2014

Over the years, the Bank has shown its resilience facing odds and challenges under volatile operating environment. The year 2014 was no exception. Some of the major challenges that affected the financial industry were low credit appetite, excess liquidity in the market and rising trend of NPL. In face of these challenges, the bank deployed a strategic

repositioning or realigning of business concentration, took an approach of cost rationalization, and gave more emphasis on service excellence (0-5 Days service delivery commitment) and product innovations.

Income Statement for 2014

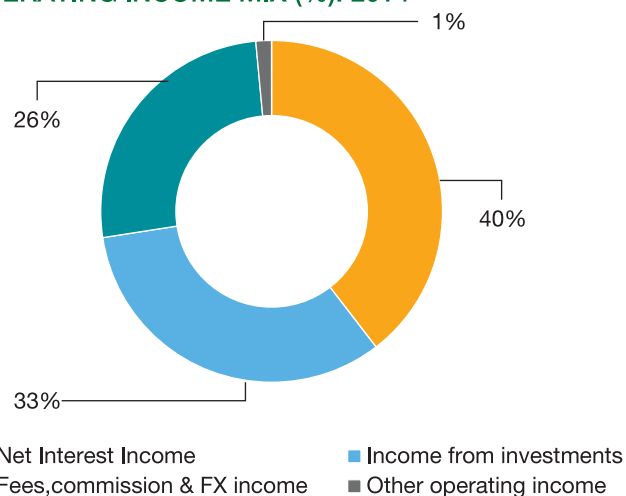
Our core banking results have been moderated by a combination of factors. However, they still remain satisfactory in the wider context of industry performance and the economic environment that prevailed in 2014. Despite negative growth in net interest income of 18%, a healthy growth in non-interest income (34%) resulted in 7% growth in overall operating income. Higher growth of operating expenses (+18%) was mainly caused by a bi-annual market adjustment of salary (in addition to regular increment), strategic promotional activities and higher cost of doing businesses. Thus, operating profit of the Bank declined by 0.22% or BDT 13 million to BDT 5,775 million in 2014 compared to that of 2013. Profit after tax declined at a higher rate than operating profit by 18% to BDT 2,107 million mainly due to higher loan loss provisioning (129%) resulting from subdued business condition in 2014 in certain sectors though current tax provision declined by 23%.

Operating Income (+7%)

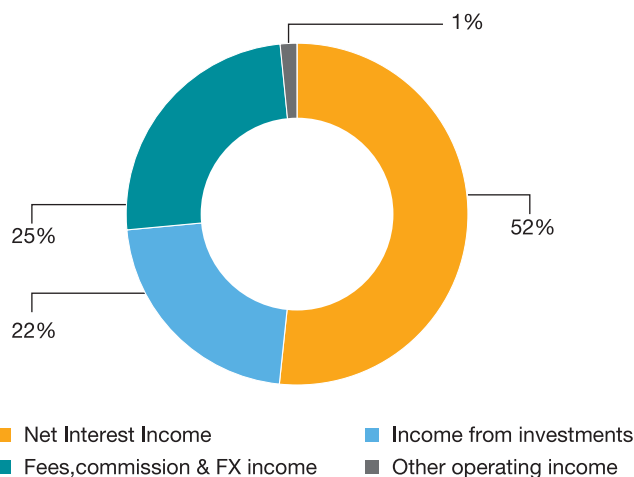
The bank's total operating income comprise of two major items: net interest income (NII) and non-interest income (NII). In 2014, NII accounted for 40% while NII accounted for 60% of total operating income (33% from investment income, 26% from fees, commission and FX income and 1% from other operating income).

Investment income increased significantly by 61% in 2014 to BDT 3,343 million (Investment income share in total operating income increased from 22% in 2013 to 33% in 2014) while our net interest income decreased by 18% in 2014 to BDT 4,009 million (NII share in total operating income decreased from 52% in 2013 to 40% in 2014). Our operating income mix for 2014 and 2013 is compared below:

OPERATING INCOME MIX (%): 2014



OPERATING INCOME MIX (%): 2013



Details are explained below:

Net Interest Income (-18%)

Round the year 2014, bank experienced a mismatch between loan and deposit growth, which affected our net interest income. In 2014, bank interest income decreased by 11% while bank interest expense decreased by 8% for following reasons:

Interest Income (-11%)

Bank's interest income from loans, the principal component of interest income, decreased by 11% or BDT 1,647 million mainly for following reasons:

- Although loans and advances increased by 15% to BDT 118,291 million at year-end 2014 from BDT 102,910 million at year-end 2013, there was an observed stagnancy in credit growth during first half (H1) of 2014 and a positive turnaround from the third quarter of 2014.
- Weighted average return on loans and advances decreased to 12.43 percent in December 2014 as compared to 14.57 percent in the previous year mainly due to lower credit appetite and rise of NPL (interest income is transferred to suspense account on classification).

Interest Expense (-8%)

Bank's interest expense on deposits, the principal component of interest expenses, decreased by 8% or BDT 765 million mainly for following reasons:

- 2014 experienced continued fall in interest rate and the bank cut deposit rates by 0.50% to 2.50% on different buckets to reduce cost of deposit by 183 bps.
- Weighted average cost of deposit as on December 2014 was 7.26 percent compared to 8.84 percent in the previous year, mainly due to the bank's utmost efforts on booking savings deposit (43% growth in 2014) to get rid of high cost deposit and decreased concentration of fixed deposit (4% growth in 2014).

In 2014, due to excess liquidity in money market and lower spread, bank shifted investible resources from money market placement to short term Govt. securities (classified as HFT), which resulted the higher investment income but

not placement income (a component of NII) while borrowing expense was booked under the head of interest expense. Beside these lower spreads in 2014 (5.17% in 2014 compared to 5.73% in 2013) also caused the negative growth of net interest income in 2014 by 18% to BDT 4,009 million.

Investment income (+61%)

Bank investment income is usually generated from fixed income securities, secondary market portfolio, preference share and bond and also dividend income from subsidiaries. Overall investment income increased significantly (61% or BDT 1,272 million) with substantial contribution from fixed income securities as loanable funds were parked in safer govt. treasury securities due to lack of adequate credit demand in the market.

Average daily money market turnover stood at BDT 21,760 million in 2014 compared to BDT 23,007 million in 2013 showing negative growth of 5.42% by keeping average daily spread of 4.17%. This negative growth in money market turnover resulted from shifting of huge fund to government securities with the objective to optimize return. Although EBL is not a Primary Dealer (PD), EBL is 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. Total secondary market trading turnover was BDT 18,300 million, yielding net capital gain of BDT 341.53 million.

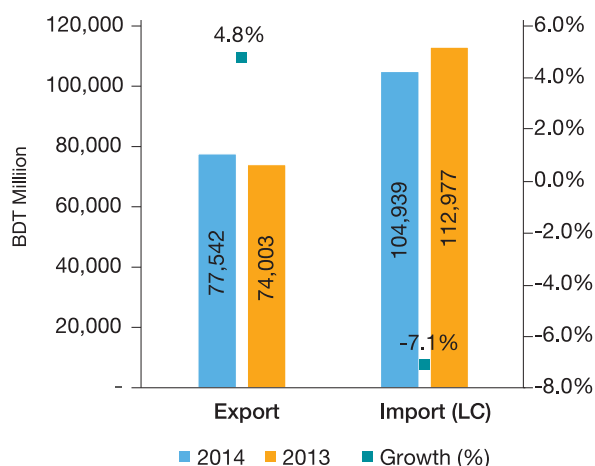
Investment income from quoted securities (in the form of dividend and capital gain) increased by 4% to BDT 95 million in 2014, compared to 2013. Bank received BDT 65 million as dividend income from the subsidiaries in the year 2014, which was BDT 39 million in 2013.

Fees, Commission and FX income (+12%)

Fees and commission together with FX income experienced a moderate growth (12% or BDT 274 million) in 2014 riding mainly on higher growth of FX income which increased by 32% to BDT 736 million from forward dealing, corporate dealing, SWAP etc.

However, our fees, commission and charges income witnessed minimal growth (5% or BDT 96 million) with trade related income taking center stage. Our export, import business of 2014 and 2013 is compared below:

TRADE BUSINESS: 2014 VS 2013



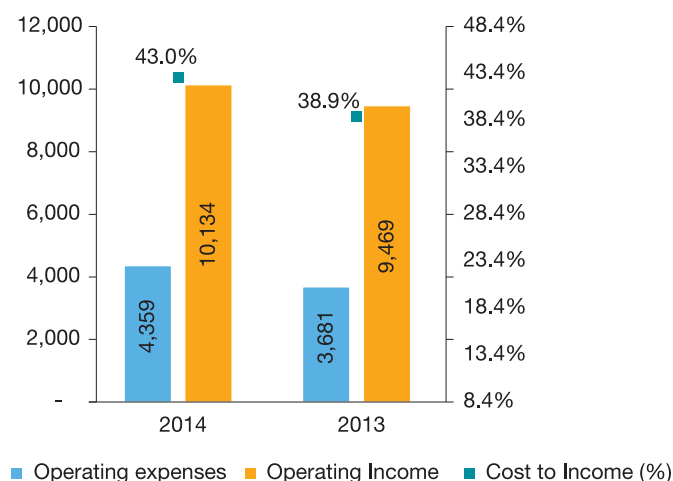
Operating expenses (+18%)

Total operating expenses of the Bank increased by 18% or BDT 678 million compared to that of 2013 mainly for the following reasons:

- Salary and allowances have increased by 21% or BDT 412 million in 2014 over that of 2013 caused mainly due to two events: a bi-annual market adjustment of salary (in addition to regular increment from March 2014) and additional head count in different levels. In 2014, 679 new members including 28 future leaders joined the EBL family of which 207 people joined in permanent position.
- Overall bank rent and tax, utility bills, insurance premium, printing and stationary, repair, maintenance, office security, advertisement and business promotion expenses increased considerably during 2014 mainly because of channel expansion initiatives (addition of branches, ATM, Priority centers), renewal of many of its rent agreements at significantly higher rates (24 number of new rental agreement, 13 number of renewal rental agreement of which more than 35% increment loaded) and renting new office location at different places.

Overall cost to income ratio of EBL increased from 38.87% to 43.01% during 2014, mainly because of higher growth of operating expenses (18%) than that of operating income (7%). As expected, the channel expansion initiatives triggered instant increase of operating expenses but will take a reasonable time to generate income causing the mentioned rise of cost to income ratio. Our cost to income ratio of 2014 and 2013 is compared below:

COST TO INCOME (%): 2014 VS 2013



Total Provision (+89%)

Provision for loans and advance (+129%)

Provision for loans and advances and off- balance sheet exposures increased by 129 percent to BDT 1,811 million during the year 2014. Specific provision charged during the year 2014 against classified loans increased by 118% or BDT 834 million against that of previous year due to increase of classified loan in 2014 (NPL was 4.36% in 2014 compared to 3.59% in 2013). General provision against unclassified loans

and off-balance sheet exposures charged during the year increased by BDT 187 million in 2014 mainly due to (15% increase of loan in 2014 compared to 2013) growth of loan and outstanding off balance sheet exposures in the banking book at the end of 2014. 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 (-97%)

As per BRPD Circular of BB, 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 2014 against revaluation of shares decreased by 97% or BDT 131 million against that of previous year since the year-end market price of shares remained almost the same in 2014 as well as in 2013.

Profit before Tax (-18%)

After making above provisions, profit before tax stands at BDT 3,973 million in 2014 registering a negative growth of 18%. Higher growth of FX income (32%+) and investment income (61%+), could not offset the higher growth of operating expense (18%+) and total provision (89%+) leading to a decrease of the profit before tax by 18% in 2014.

Provision for Income Tax (-18%)

Tax Provision (net of deferred tax income) decreased by 18% to BDT 1,866 million compared to that of preceding year. Although the applicable tax rate for the bank 42.5%, our effective tax rate stands at 50.22% which is down from 53.24% in 2013 mainly due to increase of tax exempted income resulting from capital gain on trading of govt. securities and admissible expenses as per tax rules.

Profit After Tax or PAT (-18%)

Bank profit after tax stands at BDT 2,107 million registering a negative growth of 18 percent during 2014 mainly due to higher amount of loan loss provisions offset partially by lower tax provision. Earnings per share (EPS) decreased to BDT 3.45 in 2014 from BDT 4.20 in the previous year. As a result, Return on Assets (ROA) and Return on Equity (ROE) stood at 1.28 percent and 10.93 percent respectively.

As per Bank Company Act 1991 (amended up to 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 and as such an amount of BDT 749 million has been transferred to statutory reserve during the year.

Balance sheet as at 31 December 2014

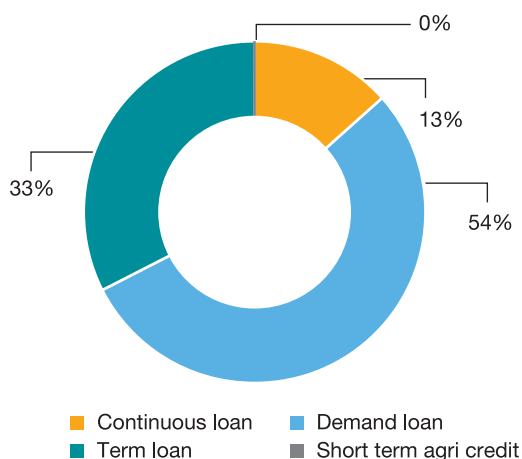
Total assets of the Bank stood at BDT 172,124 million at year-end 2014 against BDT 157,882 million at year-end 2013 registering a growth of 9%. Loans and advance grew by 15% whereas deposits remained almost static (over that of 2013) by year-end 2014. In 2014, from asset side loans and advances (69%) comprised the largest component of assets followed by investments (14%) and from liability side deposit

(68%) comprised the largest component of liability followed by borrowing (15%).

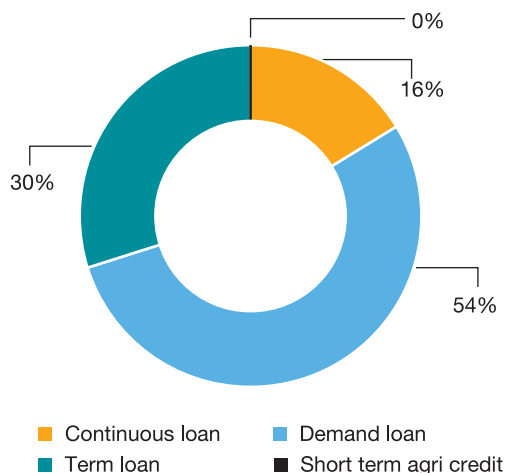
Loans and Advances (+15%)

In 2014, total loan and advances registered a growth of 15% and stood at BDT 118,291 million at year-end. With a share of around 74% in corporate lending, EBL's credit exposure is well diversified and spread over more than 15 sectors such as textile and RMG, agriculture, pharmaceuticals, telecom, ship-breaking, transportation, electronic goods and service industries, etc. Retail and SME together constitute the rest 26% of the loan portfolio. During the year 2014, our working capital loan like demand loan and other short term loan increased in commensurate with the nature of sources of funds. Classified loans as a percentage of total loan portfolio increased to 4.36 % at the end of 2014 compared to 3.59% at the end of 2013. However, full provision was made against classified loans. Despite adverse business conditions, serious efforts were being made to bring down the amount and percentage of classified loans by exploring all options including legal actions and out of court settlements depending on the merit of the cases.

PRODUCT WISE LOAN MIX (%): 2014



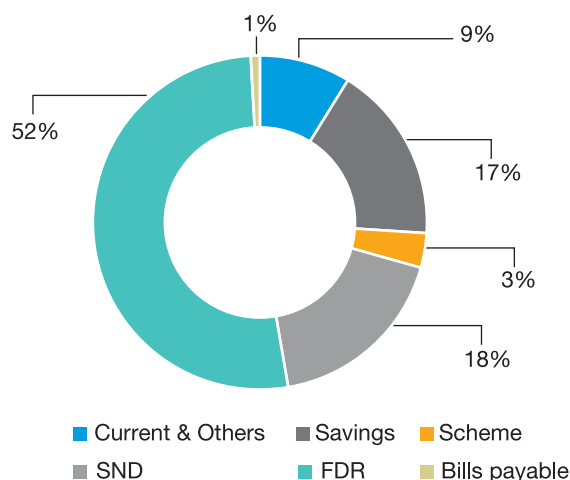
PRODUCT WISE LOAN MIX (%): 2013



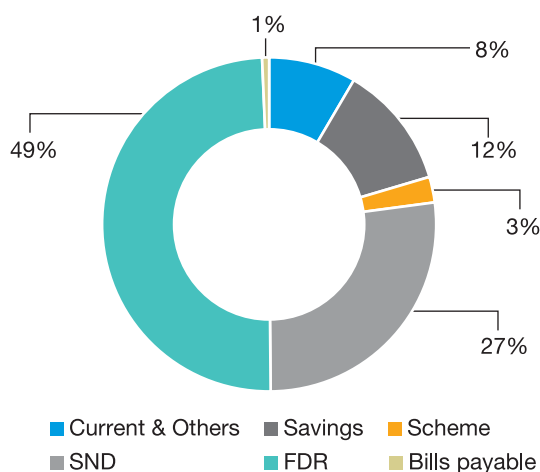
Deposits (-0.26%)

Overall deposits of the bank decreased marginally by 0.26% and stood at BDT 116,792 million at year end 2014. Our deposit mix improved in 2014 because of online banking with expanded ATM network and tailor made customer services, which helped to increase confidence of customers and to strengthen brand image of EBL. As a result, number of savings and current accounts as well as amount of deposits substantially increased in 2014. The share of savings deposit increased to 17% of total deposits in 2014 (12% in 2013). As a result, the bank's weighted average cost of deposit decreased to 7.26 % in December 2014 from 8.84% in 2013. The savings deposits of the bank increased by BDT 6,067 million or 43% to BDT 20,079 million from BDT 14,012 million of the preceding year.

DEPOSIT MIX (%): 2014



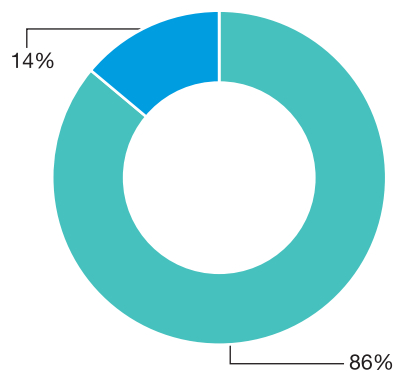
DEPOSIT MIX (%): 2013



Investment (-5%)

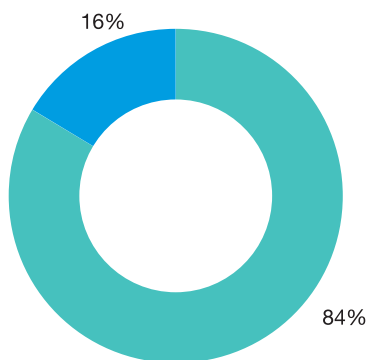
Overall investment of the bank decreased by 5% and stood at BDT 24,655 million at year end 2014. In 2014, we had a considerable exposure in Government securities, which

INVESTMENT COMPOSITION (%): 2014



- Investment in Government Securities
- Investment in other securities

INVESTMENT COMPOSITION (%): 2013



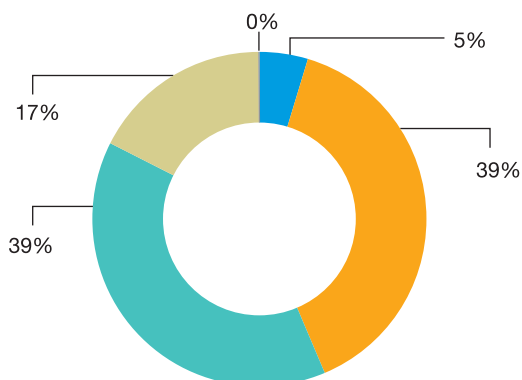
- Investment in Government Securities
- Investment in other securities

comprised of BDT 21,224 million (86% of total investment in 2014) and others (investment in debenture, corporate bond, ordinary share and preference share etc.) comprised of BDT 3,431 million.

Borrowing (+85%)

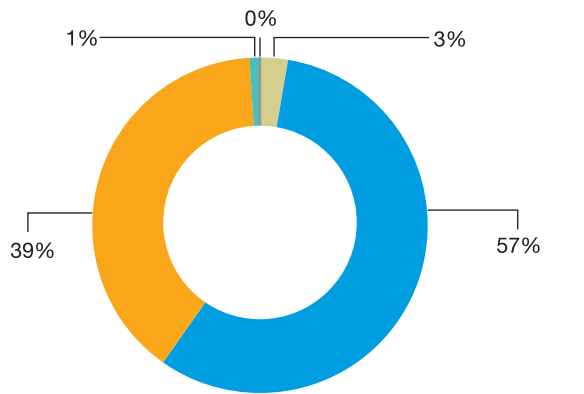
In 2014, overall borrowing of the bank increased significantly by 85% in the form of demand borrowing, term borrowing

BORROWING COMPOSITION (%): 2014



- Demand Borrowing
- Term Borrowing
- Borrowings From BB
- Borrowing by OBU
- Non-interest bearing Borrowing

BORROWING COMPOSITION (%): 2013



- Demand Borrowing
- Term Borrowing
- Borrowings From BB
- Borrowing by OBU
- Non-interest bearing Borrowing

and under different forms from Bangladesh Bank mainly due to slower deposit growth than loan growth and available liquidity from money market round the year. At the year-end 2014, the bank's total borrowing stood at BDT 26,021 million, which is 15% of total liabilities.

Asset Liability Management in 2014

Bangladesh economy experienced a bearish mood in credit growth during 2014. Banking sector was burdened with surplus liquidity. EBL aptly utilized the excess liquidity by investing in Govt. securities of shorter to medium tenors. From balance sheet perspective, major priority from ALM desk was to invest the excess liquidity into the market, increase the CASA base and maintain reasonable return on loan.

Overall, EBL passed a very good year from the perspective of balance sheet management as the interest rate and macro bet from ALM desk were accurate leading balance sheet composition close to the desired level.

The year under review started with the continued trajectory of fall in interest rate from previous year. EBL reaped benefits from falling interest rates by cutting deposit rates from 0.50% to 2.50% on different buckets. EBL was able to reduce cost of deposit by 183 bps while return on loan reduced by 151 bps, giving us 32 bps spread on the whole balance sheet.

In the deposit side, EBL put its utmost effort on booking CASA deposit and decreasing concentration of term deposit. Moreover on the asset side, EBL focused on booking good loans with comparatively higher yield.

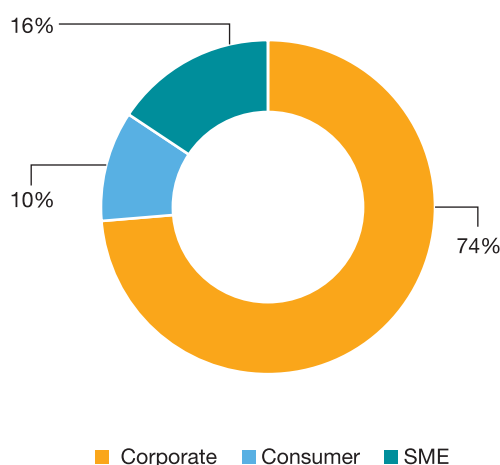
However, considering the down trend of interest rate, we created a negative gap of BDT 13,670 million in 2014. In addition, the bank maintained sufficient liquid assets as it bought large amount of bills/bonds to take exposure on interest rate and to utilize excess fund. Liquid asset to total asset ratio was 23.76% and medium term funding ratio was 43.96% at the end of 4th quarter of 2014.

BUSINESS REVIEW

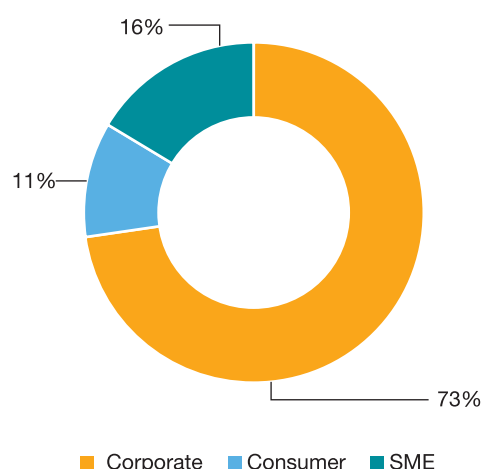
At EBL, we believe in relationship banking. Relationship grows over time and deepens with sensing and responding to the changing customers' needs. We have always put our customers at first and their financial needs at top of our business agenda. We would like to see our customers delighted and not just satisfied. We are constantly looking for better ways to provide, combine and deliver products that meet our customers' expectations. We try to listen closely to our customers, especially 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 requirements, makes optimum use of excess funds, source funds from money and capital markets, and deals with foreign exchange, etc.

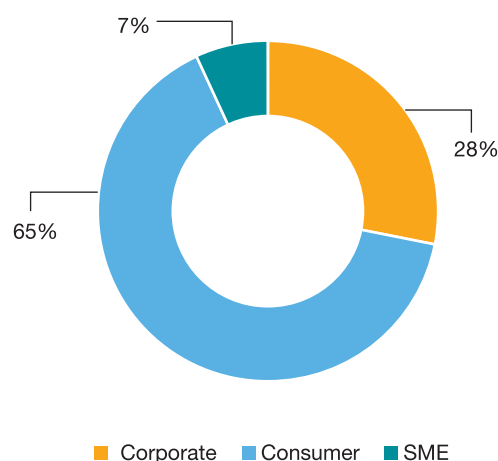
BUSINESS UNIT WISE LOAN MIX (%): 2014



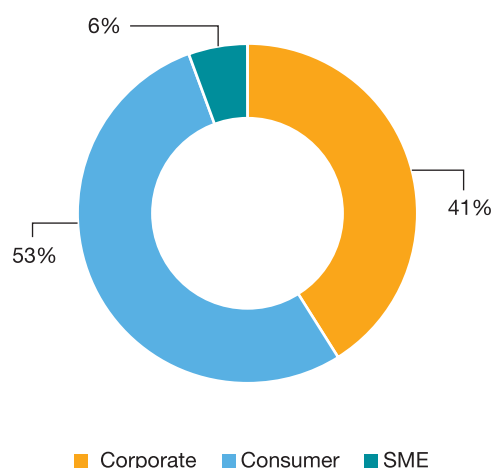
BUSINESS UNIT WISE LOAN MIX (%): 2013



BUSINESS UNIT WISE DEPOSIT MIX (%): 2014



BUSINESS UNIT WISE DEPOSIT MIX (%): 2013



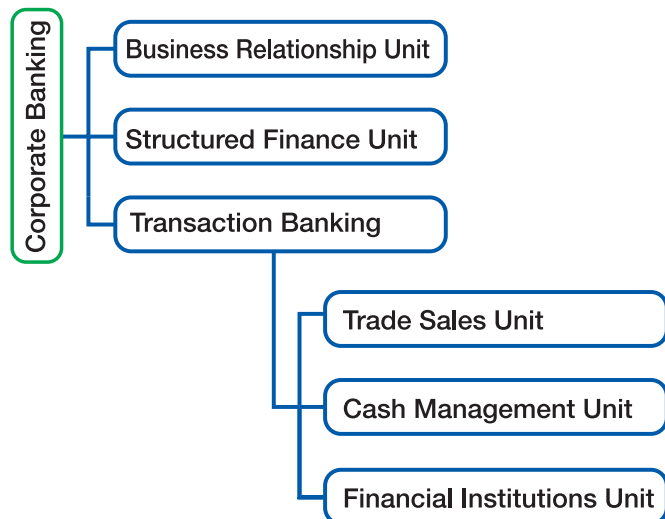
"Corporate Banking along with Treasury, contributes the lion share to the bottom line of the Bank. Corporate Banking occupies the largest pie of loan book (around 74%) whereas Consumer Banking contributes mostly in mobilizing funds (around 65%) as of year end 2014. The high priority Small and Medium Enterprise (SME) division continued to experience growth in both loan and deposit."

CORPORATE BANKING

In 2014, EBL Corporate Banking remained true to its conviction of being a customer centric, business friendly and compliant bank, and continued to make a difference to its valued clientele. At the very core of what we do, the fundamental thing that drives us is adding value for all our stakeholders and delivering what is expected from the premiere corporate bank of the country. Throughout the year, we have assessed different areas and looked for scopes of improvement.

Corporate Banking of EBL is considered to be a leader in wholesale banking in Bangladesh. It gives us immense pleasure when our customers trust us with their most important financial transactions, complex credit structuring and a partner in their growth. At the same time, we regard it as a reminder that we must not be complacent and continue to strive for excellence.

Here at EBL corporate, we have a dedicated relationship management team, which acts as an all-inclusive, innovative and customized solution delivery point for our valued corporate clients. This particular division acts as a single point solution provider for all banking services including project financing, working capital, trade, supply chain, cash management solutions, payroll, syndication, merger, acquisition and advisory services.



Business Relationship Unit: To facilitate the services to our ever-growing list of corporate clients, we have in place, a total of 9 corporate relationship units in Dhaka and Chittagong. Relationship managers, equipped with efficient management skill and sound knowledge about the industry, are here to provide a full array of corporate banking solutions, ranging from working capital management, cash management, foreign exchange and currency hedging services to trade finance, term loans and structured products. They also partner with our Structure Finance and Investment Banking units to deliver the large project financing and investment

banking services to customers.

Structured Finance Unit (SFU): Our Structured Finance unit is the most active structured finance solution provider in the country covering both offshore and onshore solutions. It has come a long way since it started its journey in 2003 and now, one of the best in the market for product structuring, syndication arrangement, trustee services and agency functions. EBL Structured Finance Unit (SFU) structures syndication finance, equity participations, JV projects, bond issuance, agency arrangements, commercial paper issuance arrangement and package solution to its customers.

Transaction Banking (TB): Transaction Banking is comprised of Trade Sales, Cash Management Unit and Financial Institutions Unit. Trade Sales team is responsible for ensuring maximization of non funded business through providing customized trade solutions to customers. Cash Management Unit works to channel low cost corporate funds through providing innovative cash management solutions. Financial Institution Unit maintains Correspondent Banking Relationship with number of banks at home and abroad in order to facilitate Foreign Exchange (FX), Foreign Trade and Other Foreign Currency (FCY) business and transactions and also responsible for maintaining liaison with a number of partner institutions at home and abroad.

Key Highlights

Loans & Advances

+16%

2014: BDT 86,021 million

2013: BDT 73,919 million

2014: 74% of Total loan

2013: 73% of Total loan

Deposits

-32%

2014: BDT 32,576 million

2013: BDT 47,758 million

2014: 28% of Total deposit

2013: 41% of Total deposit

Corporate Banking Initiatives 2014

Major Deals of Cash Management Services in 2014

DPDCL signed agreement for Central Revenue Collection

EBL provided a unique cash management solution to pull funds to Central Revenue Collection Account of Dhaka Power Distribution Company Limited (DPDCL) through Bangladesh Electronic Fund Transfer Network (BEFTN). An agreement to this effect was signed between Dhaka Power Distribution Company Limited and Eastern Bank Limited. EBL is the first bank to offer BEFTN to any public sector company.

Biman Hajj Flight Collection

EBL handled the collection of airfare of the Hajj pilgrims by providing a unique cash management solution to Biman Bangladesh Airlines Limited. This year EBL handled the entire hajj flight collections from Dhaka, Chittagong and Sylhet. Earlier EBL was entrusted to handle Dhaka collections only.

Daffodil International University Students Tuition Fees Collection

Daffodil International University signed an agreement with Eastern Bank Limited to ensure smooth collection of tuition fees. Under this agreement, students will get the opportunity to deposit academic fees through EBL Internet Banking facility (EBL a/c holder only), Bills Pay Machine / Cash Deposit Machine and branch networks with customized deposit slip.

Major Deals of Structured Finance in 2014

- Off-shore term loan financing of USD 40 Million from DEG and FMO for Eastern Bank Ltd.
- Closure of Dual currency denominated Syndicated Term Loan of USD 34.28 million for SM Spinning Mills Limited with the participation of Local banks only – BDT 1,484 million in USD and BDT 1,194 million.
- Arranged BDT 500 million worth of Commercial Paper for Shanta Properties Limited.
- Arranged Syndicated financing for HG Aviation of BDT 530 Million to finance flight operations in international

routes and for Chevron Bangladesh.

- EBL along with Standard Chartered Bank and The City Bank Ltd., jointly mandated as lead arranger, successfully arranged commercial loan of USD 66 million as delivery financing of 2 (two) 777-300 ER Aircrafts from Boeing for Biman Bangladesh Airlines Ltd.
- Facilitated the issuance of BDT 2,000 million bond by Bangladesh Steel Re-rolling Mills Ltd. as Trustee.

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.

Key Priorities in 2015

- Launching innovative products to tap into the growing cross border opportunities.
- Managing and growing corporate deposits through integrated customized solution.
- Maintaining quality of existing portfolio with focus on trade and structured financing.
- Lowering the cost of fund with focus on low cost deposit through innovative solutions and multilateral fund.
- Achieving Sustainable balance sheet growth.
- Increasing focus on non traditional income opportunity such as advisory services, merger and acquisitions etc.
- Looking for synergistic opportunity from packaging of overall solutions to the clients.
- Continuing to invest in people and technology to improve productivity and customer satisfaction.

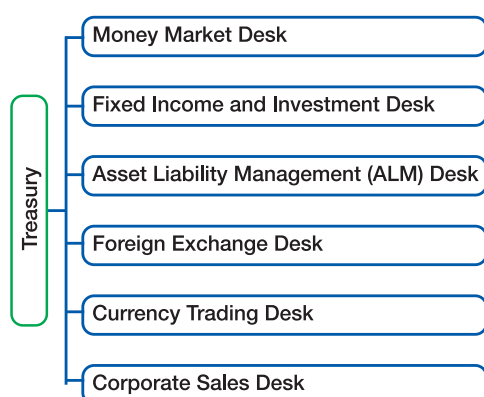
CORPORATE BANKING HIGHLIGHTS 2014



- 1 Deal Closing Ceremony of dual currency Syndicate Term Loan of USD 34.28 Million for SM Spinning Mills Limited. The ceremony was arranged by Structured Finance Unit of EBL and participated by other local banks.
- 2 Deal Closing Ceremony of Delivery Financing up to USD 66 Million Commercial Loan for Biman Bangladesh Airlines Ltd. EBL together with Standard Chartered Bank and The City Bank Ltd. acted as joint mandated lead arrangers.
- 3 EBL and Daffodil International University (DIU) sign an agreement for Students Tuition Fees Collection.
- 4 Agreement signing ceremony between EBL and Dhaka Power Distribution Company Limited (DPDCL) for Central Revenue Collection of DPDCL.
- 5 Team building and people engagement are two main pillars of EBL corporate culture. The annual Corporate Banking Conference titled 'Going the Distance' has been organized to set the goal for the coming years and uphold the winning spirit of EBL.
- 6 Corporate Banking Dhaka evaluates business performance and awards star performers at an event called 'Shifting the Gear' on October 01, 2014 at Lamda Hall of Gulshan Club.

TREASURY

EBL has a dynamic and innovative treasury team adept in providing all possible treasury solutions through an array of treasury products at better prices and superior services. EBL treasury has been performing consistently with respect to contribution to bank's profit. It performed remarkably well in 2014 through executing strategies properly and forecasting market accurately especially in a market burdened with surplus liquidity mainly due to bearish demand for credit. EBL treasury has the following separate desks with a view to delivering complete package of treasury solutions to its customers.



Exclusive Achievements of EBL Treasury in 2014

- Diversified its investment portfolio through discovering new investment opportunities. It invested in PRAN AGRO commercial paper in line with appreciating innovative ideas, which are important for the growth and development of the financial market.
- Created stronger corporate sales desk with annual turnover of USD 422.33 million in corporate FX sales.
- Automated most of front office activities, which is saving substantial time and cost in line with promoting green banking.

Money Market Desk

EBL money market (MM) desk is one of the most active and well-organized treasury desks in Bangladesh generating handsome revenue for EBL. Revenue generated from MM Desk in 2014 depicts that picture. Average daily money market turnover stood at BDT 21,760 million in 2014, compared to BDT 23,007 Million in 2013 showing a negative growth of 5.42% by keeping average daily spread of 4.17%. This negative growth in money market turnover resulted from larger funds shifting to government securities to optimize return.

Fixed income and investment Desk

EBL fixed income desk is responsible for investment in government securities including treasury bills and bonds as well as debentures that qualify for SLR. In spite of not being a primary dealer, EBL was very active in the secondary market of government securities throughout the year in order to gain from trading which helped to bring dynamism in the development of vibrant bond market.

Key Highlights

Total Money Market Income

+41%

2014 : BDT 3,087 million

2013 : BDT 2,191 million

Average Daily Money Market Turnover

-05%

2014 : BDT 21,760 million

2013 : BDT 23,007 million

Net Exchange Income

+32%

2014 : BDT 738 million

2013 : BDT 558 million

Total FX Transaction Volume

-20%

2014 : USD 11.90 billion

2013 : USD 14.96 billion

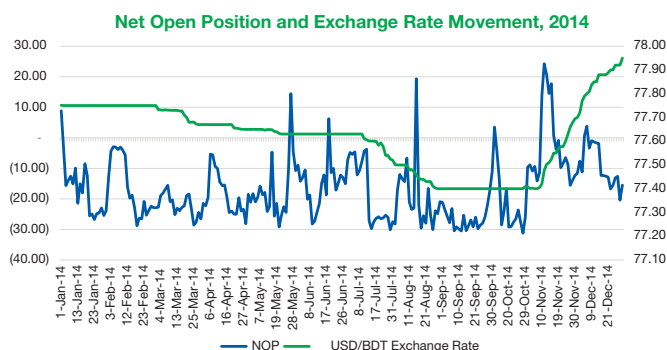
Total secondary market trading turnover was BDT 18,300 million, yielding net capital gain of BDT 341.53 million. Total income from Govt. securities in 2014 was BDT 2,756.4 million, which helped to boost up bank's profit.

Foreign Exchange Desk

EBL treasury maintained its open position within the set limit of USD 29.37 million until the end of June 2014 and USD 31.51 million from July to the rest of the year. EBL FX desk continuously makes forecast about future exchange rate movement and maintains its open position accordingly that is, when projection in BDT will appreciate against USD, it maintains short position in USD and vice versa.

Performance related to overall FX position

EBL Treasury has one of the most efficient FX Sales desks in the banking industry of our country. This year, the desk has been able to do business as the market progressed. The market experienced some stability during the first half of the year while showing slight volatility afterwards. Movements of exchange rates were driven mainly by corporate clients' overseas borrowing and import payments. At times of excessive liquidity and falling exchange rates, EBL Treasury



maintained a short FX position to support the overall banking book and maximize the profitability through revaluation. At times of tight liquidity and rising exchange rates, it maintained a proper long position to balance the overall revaluation impact while still giving support to the banking book and trading book.

Asset Liability Management Desk

ALM is one of the most important aspects for banks to manage Balance Sheet Risk, especially liquidity and interest rate risk. EBL has a resourceful ALM Desk that provides analysis, instruction and guidance to the senior management in the area of management of balance sheet. ALM Desk also conducts comparative analysis of other banks' deposit and advance rates to forecast interest rate movement.

Corporate Sales Desk

EBL Treasury has a dedicated corporate sales desk that assists clients in managing their risk exposure so as to minimize the impact of market volatility on the companies. This desk is expected to play a vital role in taking corporate customers under the umbrella of secondary bond business.

Treasury priorities in 2015

- Maximizing portfolio size and returns by discovering new investment opportunities.
- Diversifying Fixed income securities Customer Base.
- Creating stronger Currency Trading Desk.
- Revamping ALM and FTP Desk.
- Striving for building rapport with external and internal counterparts.
- Exploring new avenues to utilize market opportunities.

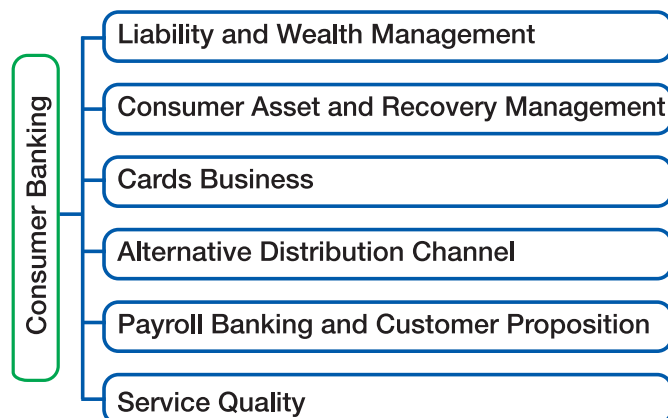
CONSUMER BANKING

2014 was a challenging year marked by political turbulence, uncertainty and investment rigidity; nevertheless it was a successful year for EBL Consumer Banking.

EBL Consumer Banking operates through multiple Value Centers and departments. The Value Centers work together seamlessly to ensure top class banking experience for valued EBL customers. EBL Consumer Banking can be broadly defined by the following statements:

- Improving customers' experience with every interaction – delivering real business benefits, while consistently building improved customer loyalty, increased revenue and enhanced profitability.
- Enhancing the banking customer value proposition through technology-led innovation

In order to ensure customer delight by providing top class banking services and giving full operational support to various business initiatives, EBL Consumer Banking is driven by the following key value centers:



Consumer Banking Initiatives 2014

Liability and Wealth Management

With a view to better manage Bank's Deposit Portfolio through optimum mix of Current Account and Savings (CASA) and Fixed Deposit accounts (FD), EBL had launched eight new deposit products in 2013. This was a bold step that has paid rich dividends. In 2014, EBL Consumer CASA growth has been higher than its FD growth, while achieving both FD and CASA targets quite handsomely. This has improved our deposit portfolio and helped to keep our interest expense way below budget, thus contributing heavily in the net profit of the Bank.

Our CNB CASA average balance per account has increased around 20%, which is reflected in the positive shift in the CASA: TD ratio, with CASA portion increasing by almost 4.5% in 2014. EBL CNB has had its highest deposit growth in recent history thanks to the innovative product features and strong customer proposition tagged with its premium savings products.

EBL Priority Banking

EBL Priority Banking remains the top in providing premium Banking Service in the Country. It added three new feathers in its cap, with two new centers in Chittagong and one in Dhaka. We have also infused state of the art technology and software solutions via PBMS (Priority Banking Management System), to provide our customers the premium banking experience they deserve. Currently, we have 14 Priority Centers strategically placed countrywide to serve our customers better.

Key Priority in 2015

Better manage our portfolio to reduce interest expense, while achieving our deposit target.

Consumer Asset and Recovery Management

EBL Consumer Asset Portfolio has increased by more than 1,270 million, the highest in the history of EBL. The year 2014 was very fruitful, yielding positive changes in almost all key indicators like Relationship Manager (RM) productivity, value addition to existing products offering, optimization in portfolio mix, new product packaging and so on.

For the first time EBL CNB business team has taken over the responsibility of recovery/collection activities and it was a tremendous success. The performance was superior compared to previous years. In 2014, classified loan volume in personal loan portfolio decreased by around 30%.

Key Highlights

Loans and Advances

+12%

2014: BDT 12,441 million

2013: BDT 11,112 million

2014: 10% of Total loan

2013: 11% of Total loan

Deposits

+21%

2014: BDT 75,227 million

2013: BDT 62,010 million

2014: 65% of Total deposit

2013: 53% of Total deposit

Key Priority in 2015

Maintaining a delicate balance between portfolio growth and asset quality to ensure both profitability and sustainability in the long run.

Cards Business

EBL Cards Business has undergone a tremendous innovation and dynamism in the year 2014. EBL offers multiple cards, especially suited to the needs of our diverse customer base under the generic Debit, Credit and Prepaid Card Categories. Dual currency option is available to enable the customers' foreign purchase requirement. Every type of card comes with a host of privileges and benefits. Some of the salient projects and initiatives taken by the Cards Division is stated below:

- **EBL ZIP:** EBL launched Zero % Installment plan (EBL ZIP) for EBL Credit Cardholders on June 16, 2014. It is a non-interest bearing EMI based plan. It allows credit cardholders the flexibility to convert retail purchase transactions at designated outlets into an installment scheme.
- **EMV Card:** EBL has introduced EMV Chip Cards. EMV Chip technology is both secure and smart. This technology makes it virtually impossible to copy and reproduce cards, ensuring the highest level of security.
- **EBL POS Acquiring Business:** EBL has introduced EBL POS machines that facilitates acceptance of both magnetic strip and EMV chip cards.
- **Co-branded Credit Card:** EBL launched co-branded credit card arrangement with GP and Robi with special features and privileges on personal loans, locker services, student banking services plus added lifestyle benefits.
- **Introduced Limited Edition Prepaid Cards for World Cup Football 2014:** Six World Cup team theme prepaid cards were launched to mark the gala event.

Key Priority in 2015

Continuing innovation while ensuring highest possible security standards.

Alternative Distribution Channel (ADC)

To provide customers with absolute peace of mind in fulfilling their financial needs in the most hassle-free way, Alternative Distribution Channel (ADC) of EBL constantly thrives to

deliver superior services with state of the art technological initiatives. The department has an arsenal of different alternative channels (i.e. ATM, Cash Deposit Machine, SMS banking, Phone banking, Internet Banking, Contact Centre etc.) to meet the ever evolving financial needs of our customers. We are working hard to make the channels more attractive, utilized and convenient. The introduction of Two-Factor Authentication (2FA) in Internet Banking has been launched to provide customers with the highest level of security for transferring funds. Efficiency in ATM cash management has been achieved tremendously; no ATM was out of cash, even for a minute in 2014!

EBL boasts its state-of-the-art Contact Centre, which provides superior customer service relentlessly on 24x7x365 basis. Separate call routing engine was launched for Priority and Signature customer segments in 2014. Call pick up within 20 seconds rate has increased by 20% from the previous year. Average wait time in 2014 was 11 seconds which is a 17% decrease from the previous year.

Key Priority in 2015

A full-blown mobile app is almost there on the verge of launching. Just by navigating through the menus on their mobile phones, users will be able to perform almost all the banking services.

Payroll Banking and Customer Proposition

After revamping payroll banking offerings in 2013, it has been one of the fastest growing CNB Units with over 24,000 salary accounts and 500+ companies. The year 2014 was very successful in this regard, doubling almost every component of the portfolio composition. EBL Payroll Banking provides customized and integrated payroll services that reduce costs, eliminate paperwork and improve security of the prospective organizations, while providing valuable services to their employees.

Customer proposition department routinely organizes events with the customers in order to understand their needs and wants and introduces discounts and privilege arrangements to cater the needs of individual target group - ultimately coordinating the overall value enhancing activities for the customers.

Key Priorities in 2015

Consolidating and ensuring cross business relationship to enhance overall CNB portfolio.

SERVICE QUALITY

Service Quality-A Journey towards “Customer Delight”

As embedded in its values, Eastern Bank Limited is always ardent to maintain the best in class service in the industry.

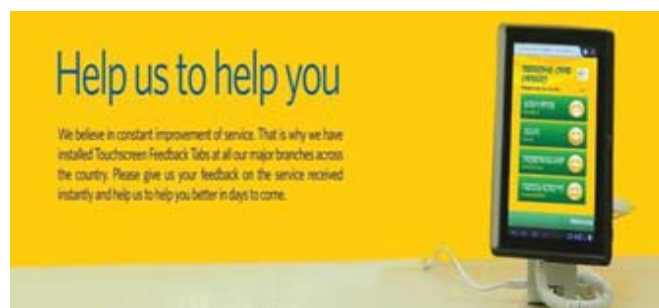
Our vision is to become the most valuable brand in the financial services in Bangladesh by crafting long lasting value for the stakeholders and above all for the community by delivering sustainable growth. In striving for sustainable growth, EBL must ensure delivering of quality customer services that are well responsive to the needs of our community. This includes building an organizational culture that recognizes the benefits of true “Service Excellence”.

To ensure ultimate customer delight, at EBL we have adapted with and adept in a four way matrix stated below



Giving Value to Customers Opinion

At EBL, we always believe in valuing our customers’ opinion and make our customers believe that their opinions are truly important to us. With that conviction, we have introduced a feedback module in all our major branch counters, where our customers are being able to share their feedback through a smart tab just upon receiving the service. This feedback module enables us to monitor the branch service level centrally and also help us to know the reason of customers’ dissatisfaction instantaneously, if any, upon which we can take necessary initiatives to improve our service further. Moreover, to acknowledge the changing norms and demands of the customers, we have conducted a comprehensive customer satisfaction rating survey under which a total of 1100 customers had been surveyed by a reputed third party research firm to identify the customer satisfaction drivers and present satisfaction standing as well as comparative analysis with the major competitors on those satisfaction drivers.



Continuously Assessing the Service Standards

To track the service level, every year the bank conducts Mystery Shopping Survey. In the year 2014 a total of 628 employees from all the branches were surveyed at least twice under the project. The survey was conducted by a reputed third party vendor. The objective of the survey was to assess the prevailing service level with the benchmark and also to identify the improvement areas.

Training & Development

We believe, employee development is a shared responsibility of management and the individual employee. The responsibility of management is to provide the right resources and an environment that support the growth and development needs of the individual employee. In the year 2014, we have conducted 10 training & development sessions on Service Excellence across the country covering more than 300 employees.

Consumer Safety-Protecting customer’s right

At EBL we have a dedicated consumer protection team to ensure customer rights. The department works as an independent cell to monitor compliance of customer rights. In 2014, we successfully resolved 2114 number of customer complaints.

NUMBER OF COMPLAINT RECEIVED IN 2014	2,114
NUMBER OF COMPLAINT RESOLVED IN 2014	2,114

Key Priority in 2015

Ensuring Customer Service within 0-5 Days

At EBL, we believe, customer delight depends on the efficient delivery of product and services before customers’ expectation time. Organization’s effectiveness, efficiency and productivity depend on how & when we are delivering to our valued customers. With a vision of becoming the fastest bank in terms of delivering service in the financial industry of Bangladesh, for the first time in Bangladesh, EBL has adopted a concept of 0-5 days customer service approach, where we are committed to deliver any product or service within 0-5 days.



CONSUMER BANKING HIGHLIGHTS 2014



- 1 Chairman of EBL M. Ghaziul Haque addresses a gathering of priority customers at the Westin, Dhaka.
- 2 Noted chef and TV personality Nahid Osman conducts a cooking class organized by EBL for the priority customers at a city hotel.
- 3 Ali Reza Iftekhar, Managing Director & CEO of EBL, handing over the crest to Salina Islam, a top NRB remitter of EBL.
- 4 Managing Director & CEO of EBL, speaks at the inauguration of EBL Sky Lounge. EBL set up a world class lounge at Hazrat Shahjalal International Airport, Dhaka to provide exclusive services to the priority customers, signature and platinum cardholders of the bank.
- 5 Vivek Sood, CEO of Grameenphone Limited and Ali Reza Iftekhar, Managing Director & CEO of EBL at the launching of a host of banking solutions for the Platinum STAR Customers of Grameenphone Limited.
- 6 EBL Payroll Banking Department organized an event called 'An Evening Like Never Before' for their customers to celebrate Valentine's Day at Platinum Suites, Dhaka.

SME BANKING

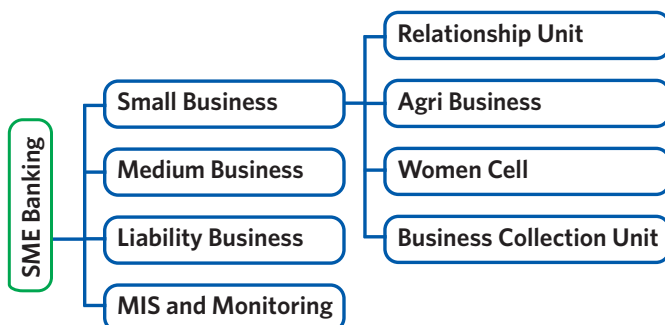
EBL SME Banking adjudged the Structured SME Bank of the year-2014 jointly by Bangladesh Bank and SME Foundation.

Eastern Bank Limited started its formal operation of SME Banking Division in June 2006 right after the publication of Prudential Guidelines for SME Financing by the Central Bank of Bangladesh. From the very beginning, EBL was determined to do the SME Business in a focused, dedicated and structured manner. As a part of that, EBL SME had been built upon a robust structure segmenting all its related departments, from sourcing through recovery. As a result of that, EBL SME banking came across the way so far with high performance trend without compromising compliance and quality of business.

In doing the lending business by a bank, FOUR major departments, Business, Approval, Documentation and Recovery, play the vital role to work effectively.

At EBL, SME lending business is being performed through four departments: Business, Credit Risk Management, Credit Administration and Special Asset Management where dedicated group of people from Credit Risk Management are entrusted with independent decision making authority in line with prevailing rules and policies. Separation of business sourcing from credit evaluation and approval along with dedicated separate units assigned with specific responsibilities gave EBL SME a structured shape and helped to earn an honor “Structured SME Bank of the year-2014” by Bangladesh Bank and SME Foundation of Bangladesh.

Initially, EBL SME Banking Division was formed with three segments: Small Business, Medium Business and MIS & Monitoring Unit. Later, SME Liability and SME Business Collection segment have been introduced to ensure smooth operation. A dedicated Women Cell has been developed to support lending to women entrepreneurs. A dedicated Agri Unit is also in place to support direct lending to the farmers.



SME Banking Initiatives 2014

Small Business Highlights 2014

- Received BDT 50 million pre-finance from SME Foundation to finance footwear and leather goods cluster.
- Obtained highest amount of refinance from Bangladesh

Bank for consecutive five years among all commercial banks in the country.

- Launched collateral free SME loan product “EBL Utkorsho” with maximum limit of BDT 10 million.
- Extended credit support to flower cultivators by EBL Agri unit.
- Appropriate monitoring and collection strategies were implemented by Agri Unit to maintain zero classification.

Key priorities in 2015

- Introducing complete financial solutions for Small Business clients through offering composite facilities.
- Marketing of small business products through all Branches.
- Introducing Credit Score Card for analyzing PPG based loan appraisals.
- Introducing start up financing for new entrepreneurs.
- Emphasizing on cluster approach by identifying new clusters like leather goods, solar electricity, etc. and offering customized product for each cluster.
- Reducing turnaround time through process re-engineering and standardizing product parameters.

Key Highlights

Loans & Advances

+10%

2014: BDT 18,279 million

2013: BDT 16,640 million

2014: 16% of Total loan

2013: 16% of Total loan

Deposits

+22%

2014: BDT 7,955 million

2013: BDT 6,544 million

2014: 7% of Total deposit

2013: 6% of Total deposit

Medium Business

Medium Business segment was formed to cater financial needs of medium enterprises as per Bangladesh Bank definition. Under Head of Medium Business there are 8 Unit Heads sitting in Dhaka (5) and Chittagong (3). Outstation centers are associated with Dhaka based Units for direct reporting and supervision. In addition to the conventional lending products, EBL has two PPG based products (EBL Banijyo and EBL Invoice Factoring) under medium segment to provide quick financial solution to mid segment clients.

Medium Business Highlights 2014

- 1,438 number of solar panel financing through Micro Finance Institution.
- Eco-friendly brick-field financing.

Key priorities in 2015

- Shifting focus to manufacturing companies from trading concern.
- Emphasizing on larger customers with high ticket loans.
- Re-structuring Chittagong mid segment.
- Preferring companies in the backward and forward linkage of multinational companies, especially those who are corporate clients of EBL.
- Engaging more with limited liability companies than proprietorship companies.

Liability Business:

- Introduced “SME Cash Management Solutions-Business Unit” for SME entrepreneurs.
- Launched special “Priority Banking Proposition” for the SME clientele.
- Successfully conducted “SME CASA Fest-2014”, a

liability campaign to boost-up employee engagement to achieve liability business goals of SME Banking.

- Introduced SMS Alert services for the Proprietorship Business accounts to encourage SMEs to bank with EBL.

Key priorities in 2015

- Strengthening “Cash Management Solutions Unit” for the SME Clientele to increase Current deposit mix as the key objective.
- Strengthening special “Priority Banking Proposition Unit” for the SMEs with bundles of value added services proposition and privileges to create customer loyalty with brand EBL.
- Introducing product or account wise liability target for RMs, SME Centers and Unit Heads.
- Launching two new PPG Driven Liability Products “High Performance Account-SME” and “SME Profit First”.
- Arranging customer event “SME Customer Carnival-2015” for its Liability customers to create customer bondage and brand loyalty.
- Cross-selling through Branch channel.

Strategic Alliances Made in 2014

- Signed a MoU with SME Foundation under which EBL received BDT 50 million pre-finance for financing footwear and leather goods manufacturer.
- MoU signed with “For the Women, By the Women (FWBW)”. Under this agreement EBL and FWBW will jointly work for women entrepreneurs’ development.
- Participated on National Seminar on “Sustainable Business Model for SME Banking”

SME BANKING HIGHLIGHTS 2014



- 1 Finance Minister AMA Muhith hands over the crest for the Structured SME Bank of the Year to EBL. Abul Moqsd, Deputy Managing Director and Md. Khurshed Alam, Head of SME Banking received the award from Finance Minister.
- 2 Ali Reza Iftekhar, Managing Director & CEO of EBL, hands over a dummy cheque to a client for a new collateral free business loan EBL Utkorsho at the bank's corporate head office. The new loan is designed for the small, medium and emerging corporate.
- 3 Md. Khurshed Alam, Head of SME of EBL, hands over a cheque to a flower cultivator of Savar at the bank's Savar branch.
- 4 Managing Director & CEO of EBL Ali Reza Iftekhar and Managing Director of SME Foundation Dr. Syed Md. Ihsanul Karim exchange documents after signing an agreement. Under the agreement, EBL will receive pre-finance for footwear and leather goods manufacturers.
- 5 Participants of the workshop on Access to Finance for the Women by the Women pose for a group photograph. Md. Khurshed Alam, EBL Head of SME Banking, Leif Anderson, Commercial Bank Training Expert, Shamsunnahar, Acting President of FWBW Forum and other senior officials of EBL and FWBW were present at the workshop.
- 6 Ali Reza Iftekhar, Managing Director & CEO of EBL was the keynote speaker on 'Sustainable Business Model for SME Banking' at a national seminar on the subject. Governor of Bangladesh Bank Dr. Atiur Rahman attended the seminar as chief guest.

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.

Objectives of Centralized Operations



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.



Overview of Operations Division

Operations division of EBL was fully centralized in 2006 with a mission to provide cost effective one-stop services to both internal and external customers complying internal and external rules and regulations. In 2014, Cards Operations was also brought under the periphery of Operations Division to handle interrelated processes and strengthen control activities.

Having recognized 'Customer Satisfaction' and 'Self Improvement' as a continuous journey, EBL Operations focuses on providing services in a manner that not only delights customers but also intends to go a long way in retaining customers and partnering in their business growth. This has been reflected through the whole division's recertification to globally accepted Quality Management Systems (QMS) as per ISO 9001:2008 standards in 2014.

Trade Operations

'Together, We' - the slogan for yearly Operations Conference held in 2014 was not just another tagline. Trade officials over the years have actively taken part in numerous projects and initiatives taken by EBL and have engaged in several feedback-seeking programs with the internal customers to improve the level of services that would ensure expanding customer base and retention in the long run. Additionally, the recently formed dedicated Operations Team is continuously visiting external customers in order to feel their pulses with regards to current service quality and ways to improve them.

Signature Achievements

This year, albeit overall increase in number of transactions, Trade Operations has made some major inroads in terms of achievements:

- Generation of Automated Transaction Advices

To serve customers in a more efficient manner and to uphold the spirit of Green Banking, Trade Operations has introduced automated transaction advice generation, sending it through e-mail to the customers within a few minutes of completion of transactions. This has significantly reduced the cost and manual intervention. Significant amount of desk activities have also been eliminated, thus earning customers satisfaction.

- Development of Knowledge Base

EBL believes that the people are its premier resources. Trade Operations, guided by this motto, conducted number of In-house training/experience-sharing programs this year including the training for RMs of SME Banking to help augment knowledge base. Detailed e-learning materials have been prepared on contemporary trade business.

- Strategic Alliance with Bank of America

EBL Operations, in collaboration with Transaction Banking under Corporate Division, has entered into an in-sourcing partnership with Bank of America, where EBL will serve the latter's global customers operating in Bangladesh and provide them with necessary transactional and advisory services on behalf of Bank of America. This is a significant breakthrough and one of the first of its kind deals that has allowed EBL to lay a stronger foothold in the global banking fraternity.

- Skill Development and Certification

This year, two more officials of Trade Operations obtained the prestigious Certified Documentary Credit Specialists (CDCS) degree (CDCS was developed in partnership by the *ifs* School of Finance, UK and the International Financial Services Association (BAFT-IFSA) and endorsed by the International Chamber of Commerce), which takes the total number of CDCS at EBL to 14. Side by side, there are 35 IFC FIT graduates, 1 CITF and 4 DC Masters; who 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.

Off-shore Banking Operations

Off-Shore Banking Unit (OBU) Operations of EBL is delivering superior services to the customers through different products like Bill Finance / Bill Discounting, Letter of Credit, Post Import-Export Finance and also Term Finance to the industrial units within and outside of EPZ areas. EBL Off-Shore Banking Operations, one of the leading business support units among the local banks operating in Bangladesh, attained substantial non-funded business growth during the year. In 2014, OBU Operations issued 391 Import LCs for USD 28.57 million, processed 196 Export Bills for USD 22.61 million and 110 Documentary collections for USD 2.76 million with an overall growth of 118% in number of transactions and 337% in volume compared to the previous year. Besides, OBU Operations has financed / discounted 1,450 Bills under LCs issued by EBL Domestic Banking Unit other than processing numerous post import and post export loans, term loans and handling numerous import bills for type 'A' units of EPZ. OBU Operations is growing efficiently with different innovative solutions together with significant business growth aligned with different business needs.

Performance Highlights of Trade Operations

2014 has seen a paradigm shift in terms of trade transactions, as the concentration of RMG and Textile has been slightly dwindled and there have been significant increases in transactions of unconventional sectors, which, in the long run, should allow EBL to build a harmonious customer portfolio. Overall, in 2014, Trade Operations has processed LCs worth BDT 104,939.43 million, issued LG worth BDT 5,572.79 million and handled Foreign & Inland Export bills worth BDT 60,518.12 and BDT 17,023.97 million respectively.

Cash Management Operations

Cash Management Operations (CMO) offers effective solutions to different corporate customers with vast range of products and services for meeting day to day complex and challenging business needs. Some of the significant achievements of CMO team are:

- Processed Payroll Transfer of 370 payroll customers, which is 84.23% higher than that of previous year.
- Introduced cash transfer to other Bank's account through Internet Banking.
- Introduced debit transaction for corporate customer

through BEFTN (Bangladesh Electronic Fund Transfer Network).

- Successfully handled IPO Subscription of THE PENINSULA CHITTAGONG LIMITED as the lead banker to the issue and arranged refund warrant payments of AFC AGRO and Mozaffar Hossain Spinning Mills Ltd.
- Successfully distributed 82,886 dividend warrants of three renowned companies.
- Obtained 56 special permissions from Bangladesh Bank for outward remittances, which were considered as exceptional in nature.

Service Delivery (SD)

Since the inception, Service Delivery is continuously enhancing its capacity and windows to provide efficient and compliant customer services to support all EBL branches across the country.

Four functional units, namely Account Services, Item Processing, NRB Operations and Alternate Channel Operations under Service Delivery, are ensuring smooth services to its customers across the country through three regional offices located in Dhaka, Chittagong and Sylhet using Document Management System (DMS) for electronic archival of customer's documents. In Dhaka, Service Delivery has extended its presence in customer concentrated areas like Gulshan, Uttara and Shyamoli through extended Operation's Offices to provide quick support to the customers.

Performance Highlights of Service Delivery

Account Service Unit:

This centralized account service unit provides seamless support to 76 branches of the bank out of which 20 distant branches are served using Document Management System (DMS) solution.

Significant achievements of Account Services in 2014 are appended below:

- Implementation of new security feature "QR code" (Quick Response code) in EBL cheque.
- Enabling transaction alert option for all individual customers through SMS. In 2014 about 123,000 accounts have been enabled with SMS alert option and further enrolling is continuing.
- Concluded customer's document update project in 2014. About 46,000 accounts have been updated under this project.

Item Processing unit (IPU):

IPU is a centralized, mostly technology based, automated unit that processes 100% inward & outward cheque clearing activities since commencement of Bangladesh Automated Clearing House. Significant achievements of IPU in 2014 are-

- Processed 691,000 IPO Refund Warrants as the lead banker of three companies - The Peninsula Chittagong Ltd., Mozaffar Hossain Spinning Mills Ltd. & AFC Agro Industries Ltd.
- Implementation of internal process for obtaining Positive Pay Instructions (confirmation) against cheques

processed under BACH. Positive pay instruction is now mandatory according to Bangladesh Bank.

Alternate Channel Operations

In 2014, EBL's Internet Banking platform has been enriched further to facilitate its customers with user-friendly features and added securities with the inclusion of second level authentication. Significant achievements of ACO in 2014 are -

- Enabling fund transfer to other bank accounts.
- Introducing Wimax Payment for Banglalion & Qubee.
- Introducing EBL Access for fund Transfer. With added security feature of 2nd Factor Authentication process customer can now use OTP (one time password), for any third party fund transfer.
- Establishing more reliable and cost effective direct Connectivity for SWIFT Platform through "Alliance Remote Gateway".

NRB Operations

EBL NRB Operations is processing foreign remittances of expatriates received through 19 overseas exchange houses mainly located in the Middle-East. Remittances received in 2014 increased by USD 16 million compared to 2013. In 2014, EBL tied up its remittance business with Western Union, the world's largest remittance processing company.

Cards Operations

Cards Operations of EBL has merged with Central Operations since January, 2014, for rendering controlled and quality services, related to different card products in conjunction with different payment networks (VISA, MasterCard etc). Starting from personalization of card plastics and pins, it provides after sales services to customers, processes card transactions (particularly retail transactions through ATM, POS and cheque), receives payments, pays merchants for acquiring transactions etc.

This year, the organogram of Cards Operations has seen a paradigm shift which added a new dimension to Operations Division. Cards Operations has been segregated from its generic organogram to six distinct operational units namely, Cards Account Issuance & Maintenance, Cards Settlement, Reconciliation, Merchant Service Ops, Product & User Admin and ATM Ops. This enables EBL to better manage operational risks related to cards in every aspect.

Performance highlights of EBL Cards Operations

- Joined the National Payment Switch Bangladesh (NPSB) to ensure better and wider services to EBL customers across Bangladesh.
- Joined with new payment association like MasterCard and opening up the opportunity to offer wider range of products and services.
- Formed Central Cards Archive with wider space, facilitating the storage of all KYCs related to cards in a single place efficiently and effectively.
- Commencement of merchant acquiring to facilitate VISA and MasterCard holders in performing retail transactions at any EBL merchants / partners outlet.

- Introduced Zero% Installment Plan (ZIP), facilitating the credit cardholders to convert retail purchase transactions at designated merchant outlets into an installment scheme.

Card transaction summary

During the year 2014, ATM withdrawals have been increased by 40% over 2013.

BDT million

Transaction Category	Transaction in 2013	Transaction in 2014	Growth over 2013 (%)
ATM	16,102	22,601	40%
POS	10,462	8,977	-14%

Regulatory Reporting and Reconciliation

Regulatory Reporting and Reconciliation (RRR) is the newest venture of Centralized Operations to bring all the regulatory reporting and regulatory affairs related to foreign exchange and foreign trade transactions under a single umbrella.

RRR comprises of two wings, namely, Regulatory Reporting and Reconciliation. Regulatory reporting involves both online and offline (manual) reporting to pertinent authority. Online reports include Export, Import, Inward, Outward remittance, reporting related to Nostro accounts and Rationalized Input Template (RIT). Manual reports include all types of periodical statements and returns. Side by side, the Reconciliation unit reconciles the foreign currency and local currency Nostro accounts transactions.

Performance summary of RRR in 2014 is appended below:

Online Reporting Category	2013	2014	Growth
Exp issue	30,000	34,134	14%
Duplicate Exp	28,000	33,587	20%
Triplicate Exp	27,000	33,826	25%
LCAF & LC foreign	7,500	9,236	23%
IMP & BOE	10,500	12,822	22%
Local LC	5,412	5,508	2%
Local acceptance	5,884	6,293	7%
Local payment	4,118	6,446	57%

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. Despite facing many changes in rapidly varying and increasingly challenging treasury and investment banking business scenario in Bangladesh, in terms of nature and regulations, the Team performed well in line with its vision of efficient delivery and risk management. Some of the notable achievements are:

- Managed almost 25% transaction growth in FX and Money Market treasury deals.
- Efficiently handled volume of BDT 25,000 million Govt. Securities (Treasury Bills/Bonds) operations. EBL is one of the most active participants in the securities market operations in Bangladesh.
- Effectively communicated large pull of sensitive and time-bound data to internal as well as external stakeholders through 28 reports and returns.

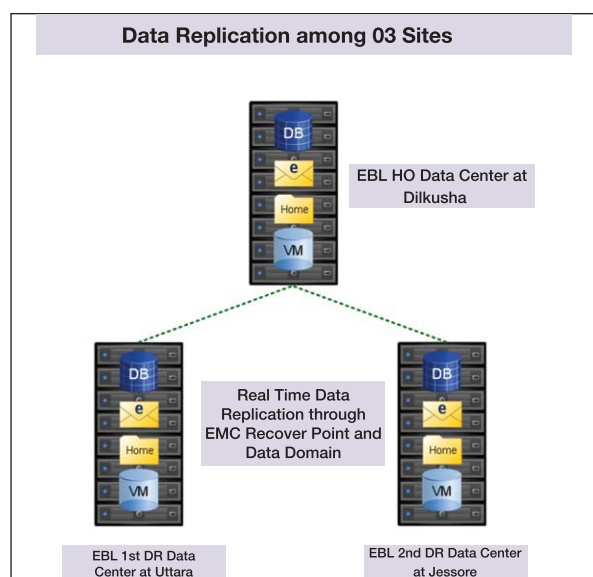
Role of Operations Division in Risk Management

Operations division plays the key role in mitigating operation risk across the bank. In fact, a good deal of superior corporate governance status of the bank is due to its centralized operations structure. As such, Operations Division has undergone a number of risk-minimizing measures for the sake of the betterment of the whole organization, such as-

- Online price monitoring of imported commodities.
- Operation and Transaction monitoring in line with up to date UN/US sanctions.
- Online screening of Vessel and Containers for High-valued Import Commodities.
- Implementation of enhanced security for financial transaction through Internet Banking platform by introducing two factor authentications.
- Introduction of enhanced security features in EBL cheque to prevent fraudulent attempts.
- Update customer information as part of 'Know Your Customer' (KYC) procedure in line with Bangladesh Bank guidelines.
- Introduction of instant SMS alert to notify any transaction in individual customer account.
- Implementation of positive pay instruction procedure for clearing of cheques through BACH to prevent any unwanted attempt.

INFORMATION TECHNOLOGY (IT)

Business Continuity is a strategy adopted in the Banking Industry world wide with the aim to continue operations if a place of business is affected by different levels of disaster including a permanent loss of a building. In 2014, Eastern Bank Limited further strengthened its Business Continuity strategy by including a Second Disaster Recovery Site in Jessore to mitigate the risks of earth quakes in Dhaka region. Eastern Bank Limited is the first Bank in the Banking industry in Bangladesh to have setup a Disaster Recovery site in Jessore which is located on a stable seismological plate. Eastern Bank Limited is also the first Bank to implement real time data replication amongst all three sites in Bangladesh. Through the robust technologies of EMC, online real time data replication is initiated from Dilkusha, the primary site to both DR sites in Uttara and Jessore.



Another major initiative of 2014 has been the introduction of Positive Pay- an in house developed solution to prevent fraudulent cheque transactions. As advised by Bangladesh Bank, to prevent any possibility of fraud through counterfeit cheque, fake signature, MICR Line distortion etc., every individual customer/personal accountholder has to provide a mandatory Positive Pay Instruction through Internet Banking, Corporate Self Service Portal, E-mail, SMS, Call Center and by filing out a form through Branch.

As part of Eastern Bank Limited's Green Banking initiatives, an in-house software has been developed to send automated advises and automated loan balance confirmation letters through e-mail. Automated advises for Letter of Credit, Export & Import Bill are being sent to customer's e-mail on a daily, weekly and monthly basis and this has served the

customers need immensely by reducing the wait time for such information.

Some benchmark projects of Card Business has been implemented in 2014 to provide better service to customers and to enhance the spectrum of Card business. With the introduction of Installment Module (Zero Percent Interest Plan, ZIP) for credit card holders, EBL's Credit cardholder can enjoy monthly installment based credit facility in purchasing commodity. EBL also ventured into Point of Sale (POS) Acquiring business in 2014. Cash-In and Cash-Out facilities through POS for Prepaid Cardholder was introduced; specially for Grameen Phone.

Through the introduction of Two factor authentication (VCAS), E-commerce (Card Not Present) transactions with Visa Credit, Debit or Pre-paid cardholders has been made possible where the customer receives dynamically generated Onetime Password (OTP) on his registered mobile while initiating E-commerce transaction on any Verified by Visa (VBV) website. Furthermore, to provide advanced security to EBL Cardholders, EBL launched VISA EMV Card which would lessen fraudulent transaction with Card.

With the implementation of National Payment Switch of Bangladesh Bank (NPSB), member bank customers including EBL customers can now use NPSB network for Cash Withdrawal, Balance Enquiry, Mini statement at a reduced rate. Other portfolio enhancement product of 2014 includes the soft launching of MasterCard (Magstripe) for both issuing and acquiring. In-house solution is ready for Agent Banking.

Priorities in 2015

- Through implementation of MiGS of MasterCard, EBL will step into E-Commerce Acquiring business
- MasterCard EMV project for both issuing and acquiring will be implemented by which our MasterCard Card holders will get secured EMV card. Our MasterCard Acquiring will also be EMV compliant.
- With the introduction of Anti-Money Laundering (AML) System, Eastern Bank Limited will be in a position to automatically check several national and international published lists and use historical as well as different pattern analysis to detect AML activities.
- In order to excel in Customer Service, Customer Relationship Management (CRM) project will be taken up. With this technology, it will enable Eastern Bank Limited to manage Customer Relationship and to learn more about customers' needs and behaviors in order to develop stronger liaison with them.

HUMAN RESOURCES

Employer of Choice

'Employee First' is our bracing motto. We believe that the source of our competitive advantage lies deep inside our company, in our people. Our core brand has always been our employees, appreciated for their passion to perform.

Our "people first" policy and practices, passion of our people to come to work, performance driven culture, quality of working environment, healthy work life balance, recognition for the performers and investing in people differentiates EBL as an excellent workplace in the country.

At EBL we do not offer jobs to the employees rather we shape their careers.

Values of EBLHR

- Engaging people
- Business Partner; align HR strategy in line with business
- Leadership; explore and exploit future leaders
- Hiring attitude and train them for skills
- Respect our values, beliefs, policies and people

Sustainable employee relations

At EBL we believe in People not in Process. We believe our employees are smart, so we want to remain transparent and honest. We encourage open communication, feedback and new ideas. We are consistent in our communications across the organization.

Our People's Policy is made open on intranet; all the employees of the bank can access it. We also conduct town hall program (all staff gathering), family day, away days, etc. We conduct a lot of Focus Group Discussions for welcoming people views and criticisms on the way the organization operates.

We communicate things to our people timely, actually we tell them first as we believe our employees are influential. We also believe our employees are knowledgeable that's why we ask for feedback, listen, acknowledge and act on it. We celebrate success of our people and promote best practices among them.

We are committed to provide our people a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of the organization as a whole. Above all, people are treated with the same concern, respect and caring attitude.

To accomplish the goals and uphold the values, we have a commitment to providing a professional, caring work environment dedicated equally to both individual and team achievement. We strive to focus on each individual's needs and successes as well as the spirit and rewards of teamwork. We are individuals working together to achieve common goals. Most importantly, we provide a progressive workplace with open communication, promotion of employee involvement and the celebration of our successes. Our employees play a vital role in all of our past accomplishments and in many coming in the future.

Code of conduct and ethical guidelines for employees

Code of conduct is a set of rules outlining the responsibilities of proper practices for an individual or organization. As per the 'Code of Conduct and Ethical Guidelines' for EBL employees, all have to maintain the code of conduct and demonstrate highest ethical standards. These are the core values EBL people must follow and nurture. The basic premise of this code of conduct is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interests.

Numeric features of Team EBL

Job Category	No. 2014
Permanent	1,559
Trainee	717
Sales Executive	649
Total employee	2,925

Particulars	2014	2013	2012
Number of employees	2,925	3,232	2,685
Female Representation	20.7%	20.5%	20%
Average Employee Age	32.75 years	32.83 years	33 years
Average Length of Service	6 years	6 years	6 years

Age wise staff distribution

Age Class	2014	2013
29 years	22%	22%
30-39 years	58.5%	57%
40-49 years	15%	16%
50+ years	4.5%	5%

Area wise staff distribution

Region	2014	2013
Chittagong	19.88%	19.23%
Dhaka	71.33%	72.96%
Khulna	2.18%	2.07%
Rajshahi	2.89%	2.27%
Sylhet	3.72%	3.47%

Department wise staff distribution

Division	Permanent	Trainee	Sales Executive	Total	%
Consumer Banking	779	496	476	1,751	59.86%
Corporate Banking	85	7	-	92	3.15%
SME Banking	138	28	173	339	11.59%
Treasury	7	-	-	7	0.24%
Administration	13	7	-	20	0.68%
Board Secretariat	5	-	-	5	0.17%

Division	Permanent	Trainee	Sales Executive	Total	%
Brand	3	-	-	3	0.10%
Communications	2	-	-	2	0.07%
CRM	147	15	-	162	5.54%
Finance	16	-	-	16	0.55%
HRD (including 6 Future Leaders)	21	6	-	27	0.92%
ICCD	37	-	-	37	1.26%
IT Division	46	10	-	56	1.91%
MD's Secretariat	11	-	-	11	0.38%
Operations	196	107	-	303	10.36%
SAMD	53	41	-	94	3.21%
Grand Total	1,559	717	649	2,925	100.00%

EBL HR in 2014

EBL HR treats all our colleagues as valued customers while contributing positively to the bottom line through comprehensive programs that displays a thorough understanding of all aspects of the human resources profession.

Resourcing

At EBL we hire attitude not skill. We recognize the importance of having the right people working for us to achieve our organizational goals. Our resourcing processes are designed to attract and retain suitable candidates. EBL only hires people who demonstrate an alignment with our company values and philosophy, because recruiting decision has a major impact on our business. In 2014, 679 new members including 28 future leaders joined the EBL family.

Type of Employee	Number	%
Employees in Permanent Position	207	30.49%
Officers in Trainee Position	162	23.86%
Consumer and SME Sales Team	310	45.66%
Total	679	100%

Recruitment: 2014 Vs 2013

Particulars	2014	2013	Changes	Changes (%)
Total Number of Recruitment	679	1439	- 760	- 52.81%

Human Capital Development in 2014

- Emphasized on cross functional training with the objective of fitting people at any desk.
- For empowering women leadership and creating tomorrow's corporate leaders, eblHR organized 4 Women Leadership Programs where 150 female employees participated.

- Organized 13 in-house Banking Foundation programs for 462 employees who are comparatively new in the banking arena and 3 Advance Banking Foundation programs at BIBM.
- Apart from foundation training last year we organized training on some contemporary topics like Major Policy Issues and Directives of Bangladesh Bank, Legal Aspects of Banking, Credit Risk Management and Managing Fraud in Banks.
- Organized 306 training events where total numbers of participants were 7,900, which is 23% higher than the previous year.
- For developing and enhancing people's capacity eblHR has organized country wide 16 e-learning exam sessions in 5 different venues. Total 2790 EBL employees attended these exams.
- 516 employees attended training on Money Laundering Prevention Act-2012 and Anti-Terrorism Act 2009.
- 7 employees achieved Credit Skill Assessment qualification awarded by Omega, UK.
- Launched training program for Six Sigma certification.

Learning and Development: 2014 Vs 2013

Types of L&D Program	2014		2013	
	No of L&D Program	No of Participant	No of L&D Program	No of Participant
Local Training	178	473	136	340
In house Training	98	4,604	74	3,316
Foreign Training	14	33	11	19
e-learning	16	2,790	25	2,737
Total	306	7,900	246	6,412

People's Benefit

Our compensation and benefits strategy has been devised to foster high performance culture keeping market competitiveness in mind. Throughout the year, we remained focused to our people - their performance and pay satisfaction.

Market driven compensation package along with subsidized House Building Loan (HBL), interest free Car Loan, lower interest Loan Against Monthly Salary (LAMS), Loan Against Provident Fund (LAPF), Furniture and Equipment Allowance, life insurance coverage of all Staff House Building Loan Borrowers, Provident Fund, Gratuity, Superannuation, Leave Encashment, and every other approach is headed to retain our people with their satisfaction.

Every year we try to provide more amount to our people as pay and benefit than the previous year.

People's Benefit Analysis: 2014 Vs 2013

Facility	2014		2013		Changes (%)
	No.	BDT million	No.	BDT million	
Staff HBL	141	422.79	106	268.24	57.62%
Staff Car Loan	115	165.37	96	138.21	19.65%
LAMS	106	10.41	172	21.17	-50.83%
LAPF	88	19.42	108	21.83	-11.04%
F&E Allowance	147	13.95	121	13	7.31%
Total	597	631.94	603	462.45	36.65%

In 2014, our best attempt to enhance people benefit was given in Market Adjustment for Permanent as well as Trainee EBL Staff. Mentionable, we have revised the marketing allowance of each Branch Manager. We have enhanced it to twice as it was in 2013. Another heartiest effort was to enhance Staff House Building Loan facility and we made it possible to increase the ceiling in each grade from 33.33% to 105.88%. Eligible staffs are allowed to purchase 6 (six) years old (previously it was five) reconditioned car, which in fact have reduced their asset purchase cost. Staff Loans are at times approved and disbursed even on the same day considering their urgency without compromising with compliance.

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.

Occupational Health and Safety

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.

Other achievements of EBL Human Resources in 2014

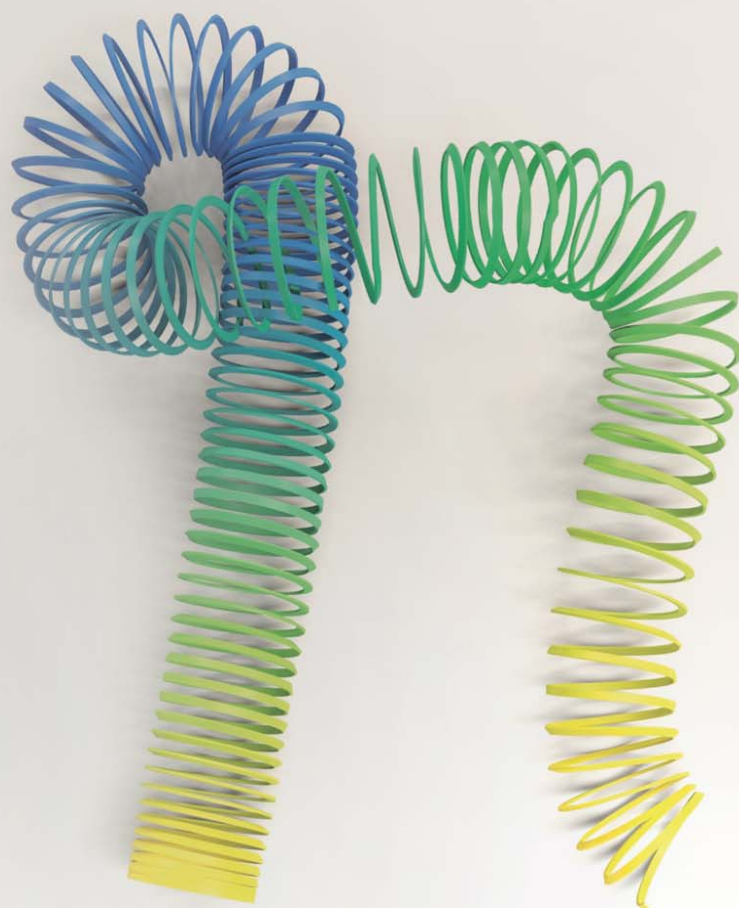
- Introduced paperless Performance Appraisal System.
- Revamped People Management Policy to comply with the country's law as well as Central Bank's policy.
- Reviewed our Compensation and Benefit plan to remain competitive in the prevailing market.
- Best ever employee engagement activities i.e. staff photography competition, staff music competition, kids painting competition, etc.

Priorities in 2015

- Learning and development effort will continue with more focus on e-learning; individual skill development as well as capacity building of the whole organization.
- Aligning the employees with the brand 'EBL' by giving more emphasis on employee loyalty and engagement.
- Reviewing long term benefits.
- Benchmarking of compensation and benefit plan for more equitable pay policy.



A day-long strategic conference titled 'Together, We' was held at BRAC CDM, Gazipur. Managing Director & CEO Ali Reza Iftekhar, is seen with other staff members of EBL family.



RISK MANAGEMENT

RISK MANAGEMENT

Risk Performance 2014

Bangladesh economy made significant progress in 2014; foreign exchange reserve touched new height of \$ 22.31 billion, inflation eased steadily to 6.99%, public debt declined, moderate growth experienced in export and remittance; but expected GDP growth remain unattained.

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. The main challenge was managing impaired assets and excess liquidity.

During 2014, EBL performed better than many of its peers. Loan loss provisions were higher than the historic lows experienced in 2011, driven by increase of specific provision of corporate banking exposure. In SME and Consumer Banking, the amount of total provision remains stable but as percentage of total loans and advances it was lower than that of preceding year. We remain disciplined in our approach to credit risk management and proactive in our collection efforts to minimize account delinquencies. In Corporate Banking, the increase in provisions was primarily related to a few large clients but the number may increase if political turmoil continues. AD ratio remained at 78.7% while all liquidity parameters were satisfactory.

Capital, considered as key mitigate of risk, was more than adequate of the regulatory requirement, and bank has windows open to raise additional capital to support its growth in following years. Overall, the bank preserved its competitive strength to grow at constant pace in coming years.

Economic Outlook 2015

The economic outlook may not be promising in 2015 if current political turmoil continues further. Major development

partners predicted GDP growth within 5.5% to 5.8%; much lower than last four years average. Bangladesh Bank, in its Monetary Policy for the second half of fiscal year 2014-15, estimated that the GDP growth will range from 6.2% - 6.5%. It 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 stable. Under such circumstances, 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 2014, may face tough challenges. Although export situation is still under control, there are signs that orders are being cancelled and diverted to other countries. Though remittance showed declining trend in Q4, 2014, recent deal with Saudi Arabia to recruit 10,000 per month for domestic workers and driver; reopened the doors of Saudi labor market.

Major risks and uncertainties in 2015

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. This 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	Mitigates
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 servicing capacity, and saving propensity. In general, slower GDP growth and unfavorable macroeconomic conditions affect our business negatively.	We closely monitor macro economic trends in markets and continuously review the suitability of our risk appetite 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 discuss both bilaterally and unilaterally.

Risks	Description	Mitigates
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 in order to anticipate any potential impact on our customers who buy or sell products from these countries.
Uncertainty in political fronts	The risk that violent political agitation like strike and blockade disrupt production, distribution, and movement of goods of our customers continuously and erode their repayment capacity.	We actively monitor political developments and watch on sectoral outlook/shock to assess potential impacts and way out.
Natural calamity	The risk that natural calamity like flood and cyclone may cause disruption of our customers business including damage of inventory.	Insurance of inventory is widely used to mitigate such risks.
Risk of Fraud	The risk of fraud and other criminal activities is growing as criminals becoming 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.

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 fits with the business strategy, assisted by prudent decision-making process and management effectiveness. The risk framework of the bank is designed within the scope of Bangladesh Bank guidelines on Risk Management, issued on 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:

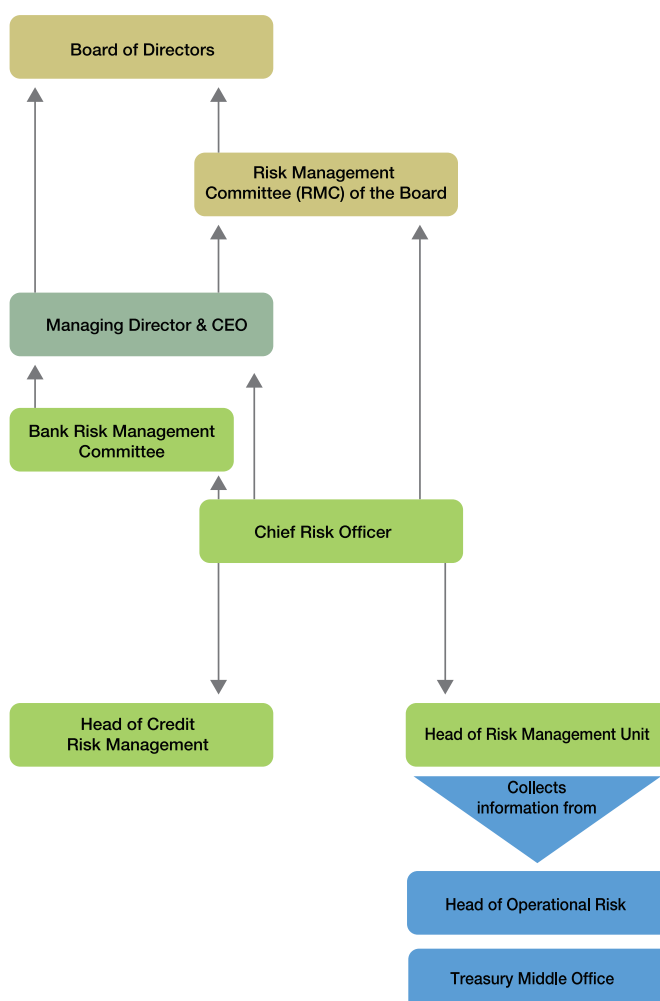
- Individuals who take or manage risks clearly understand it;
- The organization's risk exposure is within the limits established by the Board;
- Risk taking decisions are explicit and clear;
- Risk taking decisions are in line with the business strategy and objectives set by the board;
- The expected 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 Risks 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 Committees

Committee	Key Objectives	Represented by
Risk Management Committee (RMC) of Board	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 (resigned on Sep 22, '14 from Office of the Director) Meah Mohammed Abdur Rahim-Independent Director and Member of the committee (Appointed on Oct 29, '14) 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, Finance and Internal Control & Compliance.
Bank Operational Risk Committee (BORC)	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 Control & Compliance.
Asset Liability Committee (ALCO)	To optimize bank's financial goal retaining liquidity risk and interest rate risk of the bank at desired level.	Business units, risk management, treasury, Finance, Deputy Managing Director and Managing Director.
BASEL III Committee	Implementation of BASEL Guidelines as per requirements of Bangladesh Bank time to time. Regulatory requirements to be the minimum standards to establish.	Operations, IT, Treasury, Finance, Risk Management and DMD-Ops, DMD & CRO
Credit Committee	Review of bank's credit risk appetite, tolerance and strategy considering current and prospective macroeconomic and financial environment. Monitor credit risk on a bank wide basis ensuring compliance of the limits approved by the Board of Directors or any Board Committee.	Business Heads, Risk Management, Finance, Credit Risk Management and Deputy Managing Director & CRO

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 Deputy Managing Director & Chief Risk Officer. RMU works as the secretariat of the CRO and support achieving his 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 counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Credit risk may arise from the banking book, trading book even from non funded exposures. 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. The Board however delegated authority to the Managing Director and CEO or other officers of the credit risk management division. The Board also set credit policies and delegates authority to the management for setting procedures, to structure 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 has 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 functions 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 assessment. 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, BRPD circular no. 19 dated 27 December 2012 and subsequent amendments to this circular. These circulars are publicly available information at: 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 mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation, and counterparty 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 Policy for obtaining Collateral Security and credit risk policy, which prescribes both the process of valuation and the frequency of valuation for different collateral types. 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 declines by 10 percent, 20 percent and 40 percent. Physical collateral is required to be insured covering 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 counterparty. 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 in the year ended on 31 December 2014.

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 geographical location, 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

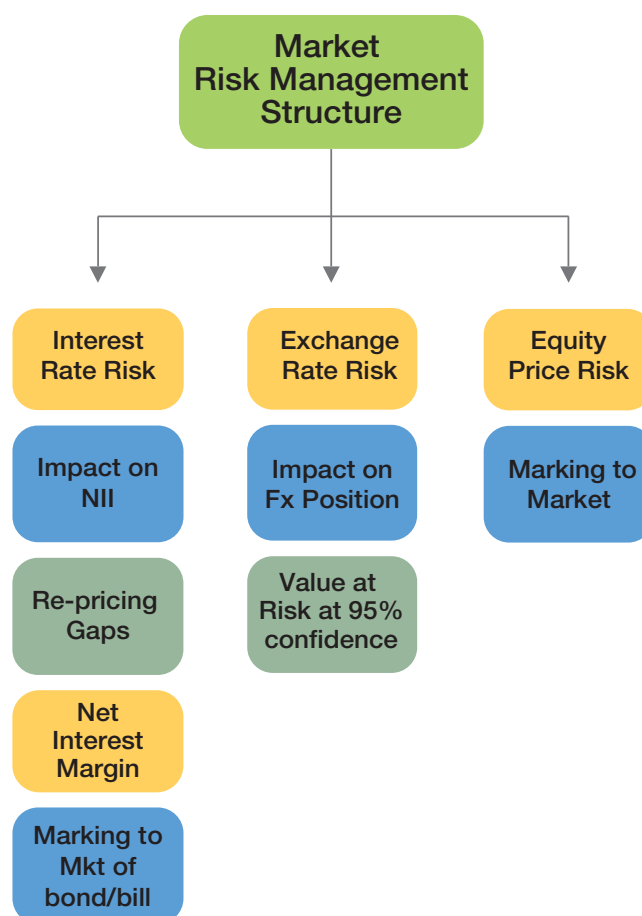
Liquidity Risk:

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 increases in 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 depend on the nature, size and complexity of a 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 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 and 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 seemed organized, can did, 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) a strong control environment;
- b) an adequate process for identifying and evaluating liquidity risk;
- c) the establishment of control activities such as policies and procedures;
- d) adequate information systems; and
- e) 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:

- i. Interest Rate Risk,
- ii. Foreign Exchange Risk, and
- iii. 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 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).

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 cannot charge more on assets. Such risk cannot be eliminated as re-pricing period of assets and liabilities are different.

Other than re-pricing issue, other 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 is 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 is 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 single 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 Off Balance Sheet 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 unhedged 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 books of account 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, counterparty 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 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 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

Value at Risk (VaR) is generally accepted and widely used tool for measuring market risk inherent in trading portfolios. VaR summarizes the predicted maximum loss (or worst loss) over a target horizon within a given confidence level. 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 2014, total exposure to capital market was 30.48% of bank's capital (Paid up Capital, Share premium, Retained Earnings and Statutory Reserve to be considered as capital) against regulatory requirement of 25%.

Marking to Market is the tool bank applies offsetting losses arisen from changes in market price of securities. As off 31 December 2014, bank set aside Tk. 86.43 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:

- a. 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;
- b. securities transactions are duly authorized and accurately and completely recorded on the books of the bank;
- c. recorded securities are conservatively valued on the books of the bank;

- d. securities held by depositories to the order of the bank confirm with the records of the bank;
- e. management has established suitably designed controls over securities positions and that such controls operate effectively;
- f. adequacy and accuracy of management information reports regarding the bank's securities portfolio management activities; and
- g. 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 excluding legal and strategic risk.

Operation risk is different as there is no upside of this risks – these risk cannot 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) plays the supervisory role in this respect that reports to MD & CEO.

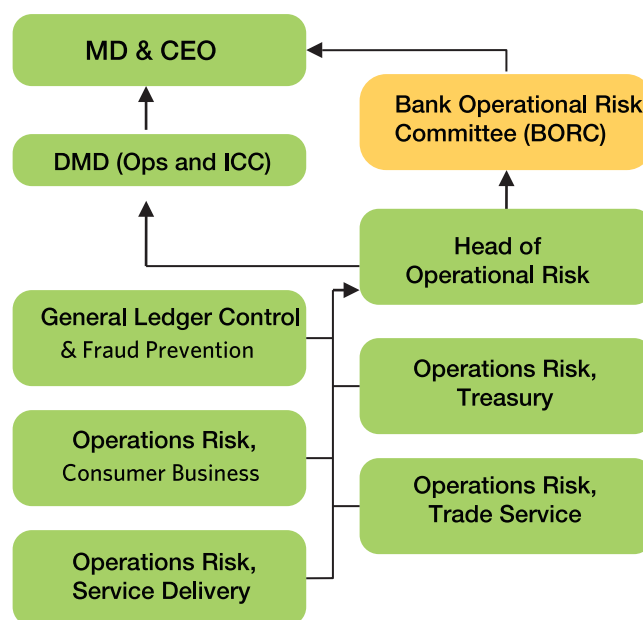
Operational Risk Mitigation & Control:

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 which the bank may incur 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 and 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 entrust and reliability and believes 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 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"> (i) EBL has comprehensive IT Security Policies and procedures which are formally documented and endorsed by top management. (ii) IT Security Policies and procedures are reviewed periodically. (iii) Approved IT Security Policies, procedures and amendments are communicated/ distributed to concern departments/ branches duly. (iv) IT strictly follows IT Security Policy, procedures and request others to do the same.
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"> 1. EBL IT has established standard Physical & 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.). 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. 3. EBL IT has prescribed access request and revocation form for security zone. 4. IT has authorized and updated access list for security zones. 5. IT maintains and reviews visitor book for accessing security zone. 6. IT performs testing of measuring and controlling devices/systems (e.g. smoke, fire, water detector).
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"> 1. All IT Assets are identified through tag/label and covered by insurance. 2. IT Assets inventory is adequately maintained and reviewed periodically. 3. IT Asset purchase, use, destroy, render all are done as per policy.
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.

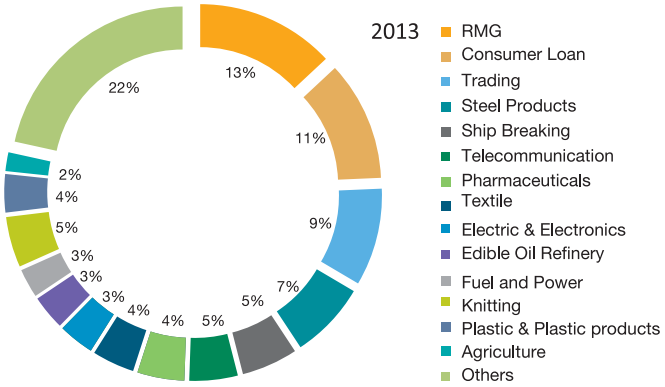
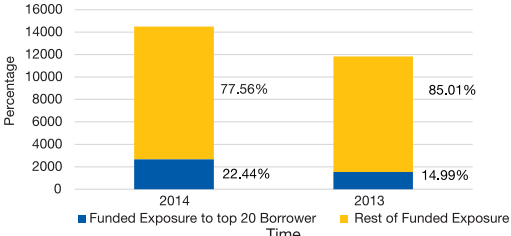
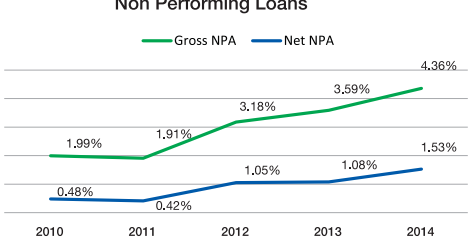
Reputation risk is difficult to measure and manage. The

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 2014	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 related regulatory guidelines are reviewed at a regular interval. Potential risk exposures arising from changes in the local and global economic environment are also monitored. Reports are circulated to relevant Business Units, Bank Risk Management Committees and Risk Management Committee of the Board.																																
Adequacy of Portfolio monitoring risk arises where systems and controls are not in place to regularly assess the health of the credit portfolio.	Low	<p>The credit quality of the corporate banking portfolio has displayed a gradual improvement in 2014. Corporate credit portfolio represents 74% of bank's total loans and advances. Corporate portfolio distribution in terms of internal rating in the year 2014 & 2013 is presented below.</p> <p style="text-align: center;">Portfolio by Internal Risk Rating</p> <table border="1"><caption>Portfolio by Internal Risk Rating Data</caption><thead><tr><th>Risk Grade</th><th>December 31, 2014 (%)</th><th>December 31, 2013 (%)</th></tr></thead><tbody><tr><td>NPL 9-11</td><td>~4</td><td>~5</td></tr><tr><td>Special Mention 8</td><td>~2</td><td>~3</td></tr><tr><td>Marginal 7</td><td>~4</td><td>~6</td></tr><tr><td>Watch 6</td><td>~6</td><td>~8</td></tr><tr><td>Fair 5</td><td>~35</td><td>~45</td></tr><tr><td>Acceptable 4</td><td>~33</td><td>~18</td></tr><tr><td>Satisfactory 3</td><td>~12</td><td>~13</td></tr><tr><td>Good 2</td><td>~2</td><td>~3</td></tr><tr><td>Superior 1</td><td>~1</td><td>~1</td></tr></tbody></table>	Risk Grade	December 31, 2014 (%)	December 31, 2013 (%)	NPL 9-11	~4	~5	Special Mention 8	~2	~3	Marginal 7	~4	~6	Watch 6	~6	~8	Fair 5	~35	~45	Acceptable 4	~33	~18	Satisfactory 3	~12	~13	Good 2	~2	~3	Superior 1	~1	~1		
Risk Grade	December 31, 2014 (%)	December 31, 2013 (%)																																
NPL 9-11	~4	~5																																
Special Mention 8	~2	~3																																
Marginal 7	~4	~6																																
Watch 6	~6	~8																																
Fair 5	~35	~45																																
Acceptable 4	~33	~18																																
Satisfactory 3	~12	~13																																
Good 2	~2	~3																																
Superior 1	~1	~1																																
Credit Concentration Risk [Risk arises where Credit Portfolio is not sufficiently diversified]	Moderate	<p>Sectoral Exposure:</p> <p>Sectoral exposure concentration risk is measured by Harfindahl-Hirschman Index (HHI). As on 31 December 2014 index indicates low concentration.</p> <table border="1"><caption>Sectoral Exposure Data (2014)</caption><thead><tr><th>Sector</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>RMG</td><td>11%</td></tr><tr><td>Consumer Loan</td><td>11%</td></tr><tr><td>Trading</td><td>16%</td></tr><tr><td>Steel Products</td><td>27%</td></tr><tr><td>Ship Breaking</td><td>2%</td></tr><tr><td>Telecommunication</td><td>2%</td></tr><tr><td>Pharmaceuticals</td><td>4%</td></tr><tr><td>Textile</td><td>2%</td></tr><tr><td>Electric & Electronics</td><td>4%</td></tr><tr><td>Edible Oil Refinery</td><td>2%</td></tr><tr><td>Fuel and Power</td><td>3%</td></tr><tr><td>Knitting</td><td>3%</td></tr><tr><td>Plastic & Plastic products</td><td>5%</td></tr><tr><td>Agriculture</td><td>3%</td></tr><tr><td>Others</td><td>5%</td></tr></tbody></table>	Sector	Percentage (%)	RMG	11%	Consumer Loan	11%	Trading	16%	Steel Products	27%	Ship Breaking	2%	Telecommunication	2%	Pharmaceuticals	4%	Textile	2%	Electric & Electronics	4%	Edible Oil Refinery	2%	Fuel and Power	3%	Knitting	3%	Plastic & Plastic products	5%	Agriculture	3%	Others	5%
Sector	Percentage (%)																																	
RMG	11%																																	
Consumer Loan	11%																																	
Trading	16%																																	
Steel Products	27%																																	
Ship Breaking	2%																																	
Telecommunication	2%																																	
Pharmaceuticals	4%																																	
Textile	2%																																	
Electric & Electronics	4%																																	
Edible Oil Refinery	2%																																	
Fuel and Power	3%																																	
Knitting	3%																																	
Plastic & Plastic products	5%																																	
Agriculture	3%																																	
Others	5%																																	

Risk Category	Self Assessed Risk Rating 2014	Risk Analysis and Management Actions
		 <p>2013</p> <ul style="list-style-type: none"> RMG Consumer Loan Trading Steel Products Ship Breaking Telecommunication Pharmaceuticals Textile Electric & Electronics Edible Oil Refinery Fuel and Power Knitting Plastic & Plastic products Agriculture Others
	Moderate	<p>Top 20 customer exposure:</p> <p>Fund based exposure to top 20 customers are measured as percentage of total loans and advances as mentioned in the balance sheet. Some consideration to top 20 customers exists since the EBL has about 74% exposure in corporate banking. The bank pursuing its business in SME sector for last seven years to reduce concentration on large borrower ad SME portfolio now consists about 16% of total portfolio. Bank shall continue its priority in SME sector to reduce concentration risk on large borrowers.</p> <p>Top 20 Customer Exposure</p>  <p>■ Funded Exposure to top 20 Borrower ■ Rest of Funded Exposure</p>
<p>Adequacy of Recovery Process</p> <p>[Risk arises where systems and controls are not in place to monitor recoveries and adequate bad debt provisioning]</p>	Moderate	<p>Non-Performing Loans (NPL):</p> <p>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>Non Performing Loans</p>  <p>— Gross NPA — Net NPA</p> <p>2010 2011 2012 2013 2014</p> <p>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 2014	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 2014 since lower demand for credit prevailed in the market. Asset Deposit (AD) ratio was around 78.7% through-out the year. Adherence to the statutory, liquid asset ratio (SLR) monitored. The SLR mandates that 19.5% of time and demand 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 2014 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 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 decisionmaking process.
Equity Risk [Risk arising from adverse movements in stock markets]	Low	EBL's equity portfolio recorded a lower return in 2014 which is also reflected in the poor performance of the local stock market indices.
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 2014, 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. Bank Operational Risk Committee (BORC) sits in every month and resolve 'HIGH' risk issues reported in Departmental Control Function Checklists.
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 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]		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 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 (EBL's Top 2 exposed 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 effect 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 fall of market price of shares and securities on bank's capital market exposure. 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 that include: 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 2014 is presented below:

Stress Test	: Simple Sensitivity Analysis
Positions as on	: 31 December 2014
Regulatory CAR	: 10.00%
CAR before shock	: 13.22%

Individual Shocks	CAR after shocks (%)		
	Minor	Moderate	Major
Performing loan directly downgraded to B/L (Other Manufacturing Industry)	12.79	11.92	11.03

Individual Shocks	CAR after shocks (%)		
	Minor	Moderate	Major
Performing loan directly downgraded to B/L (RMG sector)	13.11	12.87	12.64
Increase in NPLs due to default of top large borrowers	8.54	3.31	-0.50
Negative shift in NPL categories	12.83	12.04	11.65
Decrease in FSV of the collateral	13.04	12.86	12.50
Interest Rate	12.95	12.68	12.41
FEx: Currency Depreciation	13.18	13.15	13.11
Equity Shock	13.07	12.92	12.62

Particulars	Level of Shock		
	Minor	Moderate	Major
CAR after combined shock	10.81	6.23	0.80
CAR after credit shock under Basel II (Balance Sheet)	13.10	12.98	12.87
CAR after credit shock under Basel II (Off Balance Sheet)	13.16	13.10	13.05

[Bank's Pillar 3 disclosures for 31 December 2014, provide details from a regulatory perspective on certain aspects of credit risk, market risk and operational risk and are available on our website.]

Risk Management Paper

Risk Management Paper is prepared on monthly interval to record 56 risks related issues of credit, market and operational risk across the Bank during the month and submitted to Bangladesh Bank on quarterly interval by 30 days following the quarter end. Bank Risk Management Committee (BRMC) reviews these papers on monthly interval; recommend action plans to concern department for mitigating identified risk areas and follow-up the implementation of previous recommendations. 12 BRMC meetings were held during 2014 from which 25 recommendation/action plans suggested and 21 have been fully implemented.

Credit Risk

In 2014, EBL's loans & advances portfolio experienced moderate growth of 14.95%. However exposure in Retail Banking increased by 13.28% over previous year. In non funded business, share of Bank Guarantee decreased while LC (both sight and deferred) was in increasing trend.

During 2014, EBL's main challenge was to manage NPL and raise recovery from NPL and Write off loans. Moreover major portion of NPL was concentrated to B/L bucket and geographically in Chittagong region due to sluggish business growth in few sectors; commodity, ship recycling, etc.

Credit concentration to Top 10 large borrowers was another risk indicator for EBL; which generated shock on capital adequacy in minor level stressed scenario. To mention; all those are top tier clients of respective business sector. To mitigate this risk of concentration; EBL strategies growth through SME segment in coming years.

EBL's high exposure on loans without having any collateral is another area of risk. Commercial lending are mostly in cash flow based business; monitoring and supervision has been increased to restrict those from downgrading to NPL.

Market Risk

Capital Market Exposure of EBL was 30.48% of capital at marking to market, which is required to bring down gradually to 25% by July 21, 2016. To comply with the requirement, a gradual reduction strategy of capital market exposure has been taken.

EBL was exposed in interest rate risk since Risk Sensitive Asset was lesser than Risk Sensitive Liability in both three months and one year bucket.

Capital Management

Capital Adequacy Ratio (CAR): CAR level was recorded 12.27%, 12.28%, 12.80% and 13.22% in successive 04 quarters of 2014. 2014 was closed with excess capital of Tk. 441.70 Crore.

Operational Risk

EBL measured capital charge for Operations Risk using Basic Indicator Approach (BIA). As of December 31, 2014 BDT 156.65 crore was charged as capital for operational risk which was BDT 14.12 crore higher than that of December 31, 2013.

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 2014 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 intercompany transactions. Assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of EBL while consolidating.

So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements 2014 of EBL and its Subsidiaries along with separate audited financial statements 2014 of the Bank available on the website of the Bank (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 four subsidiaries of the Bank as on the reporting date i.e. 31 December 2014. 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 are fully owned, as on the reporting date i.e. 31 December 2014.

EBL Securities Limited: EBL Securities Ltd., a leading brokerage firm of the country, was acquired in two phases and was renamed from 'LRK Securities Limited'. The principal activities of the company are to buy, sell, deal and invest in shares, stocks, debentures and other securities.

The company is the TREC holder (Trading Right Entitlement Certificate) of both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) bearing certificate no. 026 and 021 dated 03 November 2013 and 28 October 2013 respectively (Previous membership no. 026 and 021 of DSE and CSE respectively).

EBL Investments Ltd.: EBL Investments Limited (EBLIL) was incorporated in Bangladesh on 30 December 2009 as a Private Limited Company under the Companies Act 1994 and obtained required merchant banking license from BSEC on 27 January 2013.

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.: EBL Asset Management Limited (EBLAML) was incorporated in Bangladesh on 9 January 2011 as a Private Limited Company under the Companies Act 1994 and is under process to get license from Bangladesh Securities Exchange Commission (BSEC) for full-fledged asset management operation.

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 2014, EBL had a credit line to 'EBL Securities Ltd.' of BDT 459.20 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 1 & 2 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 1, 2 & 3). Tier 1 or Core Capital comprises the highest quality capital components, Tier 2 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 3 or Additional Supplementary Capital comprises short term subordinated debt with maturity of two to five years. As on year end 2014, there was no tier 3 component of capital at EBL. Component wise details are presented in the quantitative disclosure part that follows:

Conditions for maintaining regulatory capital: 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. Capital required for meeting credit risk was BDT 10,992.71 million and tier 1 capital maintained was BDT 13,957.76 million. Capital required for meeting 28.5% of market risks was BDT 326.19 million (BDT 1,144.51 X 28.5%) as on the reporting date.

There are certain deductions from tier 1 capital which are noted with the status of compliance in the respective table presented below.

Quantitative Disclosures: As on the reporting date (31 December 2014), the Bank had a consolidated capital of BDT 18,259.58 million comprising tier 1 capital of BDT 14,096.56 million and tier 2 capital of BDT 4,163.02 million. Following table presents component wise details of capital (Tier 1 & 2) as on reporting date i.e. 31 December 2014:

(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	6,111.80	6,111.80
3	Non- repayable Share premium account	-	-
4	General Reserve	130.00	130.00
5	Retained Earnings	1,386.92	1,248.12
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)	14,096.56	13,957.76
B	Tier -2 (Supplementary Capital)		
1	General Provision (Unclassified loans + SMA+ off balance sheet exposure)	1,915.66	1,915.67
2	Assets Revaluation Reserves up to 50%	1,844.75	1,844.75
3	Revaluation Reserve for Securities up to 50%	402.60	402.60
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	Sub total (1 to 7)	4,163.02	4,163.02
9	Deductions from tier i and ii capital (if any)	-	-
C	Total Eligible Capital (A+B)	18,259.58	18,120.78

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 2014, the CAR ranges from 12.26 % to 13.18 % on consolidated basis and from 12.27% to 13.22% 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 2014, EBL maintained a Capital Adequacy Ratio (CAR) of 13.18% on 'Consolidated Basis' and 13.22% on 'Solo Basis' against required minimum of 10%. We had an excess capital of BDT 4,404.91 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	11,079.10	10,992.72
Capital requirement for Market Risk	1,189.71	1,144.51
Capital requirement for Operational Risk	1,585.86	1,566.52
Minimum capital requirement (MCR)	13,854.67	13,703.75
Additional capital maintained over MCR	4,404.91	4,417.03
Total capital maintained	18,259.58	18,120.78
Risk weighted assets	138,546.71	137,037.47
Total capital ratio (CAR)	13.18 %	13.22 %
Tier 1 capital ratio	10.17 %	10.19 %

Credit Risk

Qualitative Disclosures:

Definition of Credit Risk: Credit risk is the risk of loss that may occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of credit worthiness. Credit risk may arise from both the banking book and trading book 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 subject to maintaining Single Borrower Exposure limit and to 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 DMD & CRO and to Head of Credit Risk Management Division and to 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. 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 on regular basis. 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 and BRPD circular no.16 dated 18 November 2014 are as below:

Type of Facility	Loans Classification					
	Sub Standard		Doubtful		Bad & Loss	
	Overdue	Provision	Overdue Period	Provision	Overdue	Provision
	Period	(%)		(%)	Period	(%)
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	2.5%
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%

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)

SL	Exposure Type	Exposures	
		Consolidated	Solo (Bank)
a)	Cash	1,707.01	1,706.94
b)	Claims on Bangladesh Government (Other than PSEs) and BB (denominated in domestic and foreign currency)	18,586.78	18,586.78
c)	Claims on Public Sector Entities		
	Different Risk Weights	930.77	930.77
	Unrated	24.71	24.71
d)	Claims on Banks and NBFIs (denominated in domestic as well as foreign currency)		
	i) Original maturity over 3 months:		
	Different Risk Weights	2,587.54	2,587.54
	Unrated	1,569.48	1,569.48
	ii) Original maturity less than 3 months	5,588.58	5,012.28
e)	Claims on Corporate (excluding equity exposures):		
	Different Risk Weights	58,507.18	58,507.18
	Unrated	13,345.90	13,345.9
f)	Claims on SME		
	Rated	1,040.22	1,040.22
	Unrated	15,703.99	15,703.99
g)	Claims under Credit Risk Mitigation (Corporate)	788.26	788.26
h)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer finance and staff loans)	2,242.79	2,242.79
	Claims Under Credit Risk Mitigation (Consumer)	2,849.11	2,849.11
	Claims categorized as retail portfolio (excluding consumer finance, small enterprise and staff loans) up to 1 Crore	21.21	21.21
i)	Consumer finance	8,214.18	8214.18
j)	Claims fully secured by residential property (excluding staff loan)	908.70	908.70
k)	1. Past Due Claims (Risk weights are to be assigned net of specific provision):		
	Where specific provisions are less than 20 percent of the outstanding amount of the past due claim	1,513.82	1,513.82
	Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim	1,053.55	1,053.55
	Where specific provisions are more than 50 percent of the outstanding amount of the past due claim	364.02	364.02
	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.	12.21	12.21
	3. Loans and claims fully secured against residential property that are past due for more than 90 days and /or impaired and specific provision held there-against is more than 20% of outstanding amount.	0.38	0.38
l)	Capital market exposures	1,414.02	459.20
m)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book.	1,265.42	1,263.98
n)	Investments in venture capital	20.00	-
o)	Investments in premises, plant and equipment and all other fixed assets	7,096.63	7,086.87
p)	All other assets:		
	i) Claims on GoB & BB (e.g. Coupon Receivable from Govt. T Bonds & reimbursable from BB on PSP, Shadharan shanchaypatra, etc.)	939.08	939.08
	ii) Staff loan/investment	1,549.74	1,549.74
	v) Other assets (net of specific provision, if any)	1,616.77	2,103.34
	Total:	151,462.05	150,386.23

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 2014 in different divisions:

(Figures are in million BDT)

Division	Corp	SME	CNB including staff	Total
Dhaka	61,468.10	11,608.88	10,677.61	83,754.58
Chittagong	24,313.08	4,666.19	2,389.97	31,369.24
Sylhet	-	318.93	287.02	605.95
Rajshahi	240.03	722.92	242.89	1,205.83
Khulna	-	832.44	343.47	1,175.91
Rangpur	-	125.83	43.90	169.73
Barishal	-	4.27	5.83	10.10
Total	86,021.21	18,279.45	13,990.69	118,291.35

Industry wise distribution of exposures: Major industry wise credit exposure of the bank (not group) as on 31 December 2014 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	2014	Mix	2013	Mix
Commercial and Trading	18,929.35	16.00%	18,768.87	18.24%
Construction	1,234.95	1.04%	1,606.80	1.56%
Sugar & Edible Oil Refinery	4,664.24	3.94%	2,997.69	2.91%
Crops, fisheries & live stocks	3,179.60	2.69%	1,593.56	1.55%
Electronics & Electrical Goods	2,119.65	1.79%	2,951.15	2.87%
Individuals	13,991.04	11.83%	12,344.81	12.00%
Pharmaceuticals Industries	3,709.26	3.14%	4,034.23	3.92%
Readymade Garments Industry	13,263.03	11.21%	10,700.66	10.40%
Ship Breaking Industry	2,994.67	2.53%	3,196.89	3.11%
Metal & Steel Products	7,155.73	6.05%	7,867.56	7.65%
Transport & E-communication	7,869.59	6.65%	6,015.25	5.85%
Textile Mills	11,057.55	9.35%	9,771.75	9.50%
Rubber & Plastic Industries	3,005.13	2.54%	2,448.02	2.38%
Power & Fuel	5,199.78	4.40%	2,539.08	2.47%
Agri & Micro credit through NGO	4,375.67	3.70%	2,734.82	2.66%
Others	15,542.11	13.14%	13,339.07	12.96%
Total	118,291.35	100.00%	102,910.22	100.00%

Residual contractual maturity of credit exposure: Residual maturity of credit exposure as on 31 December 2014 was as below:

(Figures are in million BDT)

Particulars	Amount
On demand	5,177.28
In not more than one month	9,740.63
In more than one month but not more than three months	23,439.10
In more than three months but not more than one year	45,271.88
In more than one year but not more than five years	30,526.64
In more than five years	4,135.82
Total	118,291.35

Business segment wise impaired or non performing loans: as on 31 December 2014:

(Figures are in million BDT)

Business type	SS	DF	BL	Total Classified Loans
Corp	565.70	219.72	2,403.77	3,189.19
SME (small)	86.19	77.22	315.90	479.31
SME (medium)	146.52	446.47	426.61	1,019.60
Consumer	87.55	68.84	312.58	468.97
Total	885.96	812.25	3,458.86	5,157.07

Gross Non Performing Assets (NPAs): As on the reporting date i.e. 31 December 2014, NPA ratio was 4.36%.

Movement of NPAs: Movement of classified loans during the year is presented in the following table:

(Figures are in million BDT)

Particulars	2014	2013
Opening Balance as on 01 January	3,697.23	3,070.77
Additions during the year	3,267.09	3,998.58
Reductions during the year	1,807.26	3,372.13
Closing Balance as on 31 December	5,157.07	3,697.23

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

(Figures are in million BDT)

Particulars	2014	2013
Opening balance of provision held	1,929.24	1387.32
New provisions during the year	1,645.93	816.70
Provisions no longer required (written off loans)	(1,166.09)	(274.78)
Closing balance of provision held	2,409.08	1,929.24

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 Ltd and EBL Investment maintain 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 2014. 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)

Particulars	Cost		Market Value	
	Consolidated	Solo (Bank)	Consolidated	Solo (Bank)
Quoted shares and Mutual Funds	3,347.42	3,103.83	2,469.18	2,243.17
Unquoted shares and Mutual Funds:	51.80	31.80	51.80	31.80
Unquoted (HTM)	6.30	6.30	6.30	6.30
Private placement	45.50	25.50	45.50	25.50
Total	3,399.22	3,135.63	2,520.98	2,274.97

Other information related to equity investments including capital requirement for the year has been presented as follows:

(Figures are in million BDT)

Particulars	Consolidated	Solo (Bank)
Cumulative realized gains (losses) arising from sales	78.46	52.83
Total unrealized gains (losses)	(881.85)	(864.26)
Total latent revaluation gains (losses)	-	-
Any amount of the above included in Tier 2 capital	-	-
Capital required for quoted securities:	493.84	448.64
Specific risk	246.92	224.32
General market risk	246.92	224.32

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 midpoint of time bucket.
- The expectation that loan payment will occur in schedule.
- Optionally embedded in different products is not considered.

Quantitative Disclosure: Result of Gap analysis as on December 31, 2014:

Particulars	3 month	6 Months
For 100 basis point increase/decrease in Interest rate, Impact on NII	+9.6 million	+56.30 million
For 200 basis point increase/decrease in Interest rate, Impact on NII	+19.2 million	+112.60 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.

Particulars	Dec-31, 2013	June-30, 2014	Dec-31, 2014
Duration of Asset	1.04	1.34	1.18
Duration of Liabilities	0.41	0.45	0.41
Leveraged Liability Duration	0.67	0.95	0.82
Duration Gap	0.37	0.39	0.36

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, and 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:

Particulars	Time horizon				
	1 day	2 days	3 days	4 days	5 days
Confidence level					
90%	566,325	859,721	1,063,501	1,360,529	1,709,587
95%	682,379	1,155,317	1,451,986	1,742,814	2,166,067
99%	1,215,409	1,732,829	2,103,788	2,251,198	2,596,646

The Bank has been active in secondary market during the year with 1.82% 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 (Solo basis) for market risk as on the reporting date follows:

(Figures are in million BDT)

a	Interest rate risk	575.02
b	Equities	448.63
c	Foreign exchange risk	120.86
d	Commodity risk	-
	Total	1,144.51

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)	10,572.43	10,443.47
Capital charge required (15% of GI)	1,585.86	1,566.52

PRODUCT 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 installments in any multiple of BDT 500; up to 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 the 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.

Fixed Deposit

Fixed deposits of different tenures (1 month to 3 years) for the convenience of the customers.

Extra Value Fixed Deposit

Fixed deposit with minimum initial deposit of BDT 10 lac.

All EBL Fixed Deposit products come with secured loan facility.

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.

Student Banking Products

EBL Junior

An insurance backed savings account with 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 attractive interest rate on daily balance for the students aged between 18 - 28 years.

EBL Child Future Plan

A unique recurring 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 500-15,000.

Services

Priority Banking Service

EBL offers the country's best Priority Banking services with 14 state-of-the-art priority centers strategically located in Dhaka, Chittagong & Sylhet. EBL Priority offers a wide range of attractive propositions and personalized services, adding value to the premium customer base of the bank while contributing heavily to the overall deposit portfolio of the Bank.

Loan Products

EBL Jibandhara

An any purpose personal loan facility.

Fast Cash

A secured overdraft facility.

Fast Loan

A secured term loan facility.

EBL Women's Loan

An any purpose personal loan facility for salaried women's only.

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.

Signature

EBL signature credit card is now more suited to serve our premium customer base with unique facilities.

Platinum

Customers from higher income class can enjoy credit limit of minimum 150,000 with a range of facilities including EBL Skylounge and insurance benefit up to BDT 10 lac.

Gold

Now available with dual currency facility for all with a minimum credit limit of BDT 50,000.

Classic

Customers with a monthly income of BDT 20,000 at minimum can enjoy credit facilities along with a pool of other discount and attractive facilities.

EBL Corporate Credit Card

Revolving loan facilities for corporate houses to manage Company's travel and entertainment expenses more effectively (Locally and Globally).

EBL Debit Card

Allow customers to access their EBL Current/Savings Account for withdrawal of cash or payment for goods and services.

Signature

Dual currency international debit card for EBL priority customers along with BDT 1 Crore travel accident insurance coverage.

Platinum

Dual Currency Debit Card for EBL Premium, EBL Smart Women's & EBL 50+ Savings accountholders; comes with insurance Benefit.

Classic

For regular EBL accountholders providing them with smarter payment facility than cash within the country.

Business Debit

For EBL SME account holders its works as 'more than a checkbook, better than an ATM Card', with increased number and size of withdrawals and retail purchases from both ATM and POS.

Global Debit

Enables Foreign currency account holders to use their FCY Account Balance worldwide making the life more simple and easy.

EBL Pre-paid Card

A payment card that lets customers make virtually any kind of purchase, direct deposit, bills and more with funds directly without having to maintain any bank account at EBL.

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 with great facility for NRB customers to send remittance directly to the card.

EBL Payroll Card

Provides corporate houses with easy salary and employee payment solution.

EBL Hajj card

Issued against the personal Hajj expense entitlement (Hajj quota) for individual Hajj and Umrah pilgrims.

EBL ACCA Card

A convenient solution for ACCA Bangladesh customers to make online payments of their exam registration and annual subscription fees.

Co-branded Card

GP Star Platinum Plus

Debit and credit card facilities only for GP Platinum plus STAR Customers.

Robi Co-Branded

Gold and Platinum card with free Robi-Udoy Postpaid connection and International Roaming subscription also with triple insurance benefit.

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.

EBL Zip

An equal monthly installment plan allowing cardholders to convert their high volume retail purchase transactions at partner outlets into an installment scheme without any interest.

EBL CAS

Consumer Authentication service aimed for securing customer's e-commerce transactions by authenticating customer's identity prior to authorization process, adding a powerful layer of protection against fraud.

EBL Acquiring

EBL is providing acquiring services to the merchants. With EBL POS, merchants can offer acceptance of VISA and MasterCard debit, credit and prepaid cards issued locally and globally to customers. Furthermore, EBL POS machines facilitate acceptance of both magnetic strip and EMV chip cards.

NRB Products

Matribhumi is a tailor-made product and service propositions 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. International Card can be issued against the account balance (lien card) or by loading the account balance to the card.

Remittances

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 also can be directly credited 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

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.

ADC Services

Internet Banking

Distance, time or location are no longer any issues for EBL customers as EBL offers 24 hour banking service through its Internet Banking facility.

Bundled with features like utility bill payments, instant mobile top-up, fund transfer (even in other bank accounts) and many more, EBL Internet Banking Service allows customers to access banking services anytime from anywhere.

EBL 365

Having a nationwide network of 191 ATMs (branded as EBL 365) open for 24X7 and 365 days a year, EBL makes its customers feel never far away from the bank.

EBL Dropbox

EBL has 72 Cash Deposit Machines (branded as EBL Dropbox) in its fleet making it the second largest bank with the widest network of Cash Deposit Machines in the country allowing the customers to pay bills and deposit cash & cheque, which are collected and settled twice a day. EBL is the only local bank to offer this service.

EBL Contact Center with Phone Banking facility

Equipped with state of the art technology and full set of IVR services, EBL Contact Centre acts as the 'one stop solution' for various kinds of banking services to its valued customers on 24X7X365 basis over the phone. Just a call to 16230 or 8332232 fulfills a lot of banking needs.

EBL SMS Banking and SMS Alert Service

EBL SMS banking provides its customers with access to EBL products & services while SMS Alert Service sends instant notifications to the customers' mobile phones for any usage of their respective account or credit card.

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 is up to BDT 2,500,000.

EBL Uddog

An EMI based partially 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 up to BDT3,00,00,000 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 a agro based industries including renewable energy. Interest rate is 10% and loan amount is up to BDT 1,00,00,000.

EBL Udoy

A special single digit interest loan product for the producers of leather goods. It is EMI based and collateral free loan pre-financed by SME Foundation.

EBL Utpadon

A special loan product under JICA-BB refinance scheme for financing the SME entrepreneurs to establish new manufacturing projects or to expand the existing one. Loan amount ranges from BDT 500,000 to BDT 30,000,000.

EBL Utkorsho

Collateral/security free EMI based term loan for maximum BDT1,00,00,000 to cater financial needs of high end small business clients.

EBL E Cash/Loan

100% cash covered loan facility for urgent requirement of SME entrepreneurs. Loan facility from BDT 50,000 to 10,00,00,000.

Agri Business Loan Products

EBL Krishi Rin

Short Term collateral free loan for providing financial support to direct farmers and share croppers for cultivation of crops and 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 of products 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 monthly as well as yearly basis.

CORPORATE BANKING

Eastern Bank Limited is the leader in offering customized corporate banking products, services and solutions to its valued clients including large local corporate, multinational, Development organizations, Financial Institutions, Non-bank Financial Institutions and public corporations.

We serve 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

These solutions aim at managing client's business liquidity effectively and efficiently through extending extensive range of products and services. Some common deposit products like Current Deposit, Short Notice Deposit, Fixed Deposit, High Performance Account etc are offered to corporate customers.

Nationwide Collection Services (NCS)

Nationwide Collection Services (NCS) is formulated to facilitate collecting daily funds through EBL own branch network and corresponding bank network and crediting the same to the single collection account maintained with EBL which will facilitate large corporate by providing faster funds availability in a cost-effective manner.

Payment Transfer Services (PTS)

Eastern Bank's Payment Transfer Service (PTS) is formulated to facilitate organizations to transfer funds to their respective Branch Offices through EBL own branches and also through Bangladesh Electronic Fund Transfer Network (BEFTN) across the country which facilitates the corporate clients by providing faster fund transfer solution in a cost-effective manner.

EBL Cheq Pro

EBL Cheq Pro is very user-friendly software which facilitates the preparation, printing, recording and reconciliation of Eastern Bank Limited cheques and generates different kinds of MIS.

Cash Pick-up & Delivery Service

Cash Pick-up & Delivery Service is designed for cash pick-up from the designated EBL branch and to be delivered in the office premises of the client and the service 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 full range of Trade solutions. Trade solution is designed to enhance trading status and to help achieving client's domestic and international trade objectives:

Funded Facilities

- **Import Loan:** Post import facility against L/C
- **Demand Loan:** To meet cash requirement from time to time (local purchase/duty/tax etc).
- **Manufacturers Demand Loan:** Facilitating the 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)
- Guarantee. (Non-Funded)

Structured Financing

Structured Finance Unit is one of the specialized units of corporate banking to facilitate syndication arrangements, Agency and Trustee services, Pre-investment feasibility Studies and customized financial product development to cater client's distinctive needs.

- Bangladeshi Taka syndication arrangement
- USD term Loan and syndication
- 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 will allow faster reconciliation of collection process by viewing transactions, downloading statements and taking 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 will add value in reconciliation in terms of automation.

TREASURY PRODUCTS

Money Market

Call money
Term Money
Foreign Exchange SWAP
Repo/Reverse Repo
Promissory Note
Commercial Paper

Fixed Income and Investment

Treasury Bill/Bonds to inter-bank
Treasury Bill/Bonds to Retail/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 2014 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the “First Schedule” (section 38) of the Bank Company Act 1991 (amended up to 2013), BRPD Circular no. 14 dated 25 June 2003 and other Bangladesh Bank Circulars/instructions. The accounting policies used in 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. Accordingly, adequate disclosures of deviations have been made in Note 2.1 to the FS.

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 are 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 2014 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

Dhaka, 24 February 2015



Ali Reza Iftekhhar
Managing Director & CEO

FINANCIAL REPORTS 2014

Independent Auditor's Report

to the shareholders of Eastern Bank Limited

**Hoda Vasi
Chowdhury & Co**

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 2014, 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 2014, 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 3,575 person hours during the audit; and
- (xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dhaka, 25 February 2015



Hoda Vasi Chowdhury & Co
Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 Taka	2013 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	1,707,006,385	1,752,685,015
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	8,594,833,742	6,428,136,805
		10,301,840,127	8,180,821,820
Balances with other Banks and Financial Institutions	4		
In Bangladesh	4.1	5,811,308,229	8,432,060,955
Outside Bangladesh	4.2	382,916,367	2,121,282,542
		6,194,224,596	10,553,343,497
Money at call and short notice	5	1,060,000,000	-
Investments	6		
Government	6.1	21,224,314,333	21,659,579,849
Others	6.2	3,695,667,824	4,358,216,416
		24,919,982,157	26,017,796,265
Loans and advances	7		
Loans, Cash Credits, Overdraft etc.	7.1	112,393,132,778	94,617,143,691
Bills discounted and purchased	7.2	7,619,210,264	8,713,673,891
		120,012,343,042	103,330,817,582
Fixed assets including land, building, furniture and fixtures	8	7,096,632,691	6,908,244,830
Other assets	9	3,666,794,180	2,980,600,498
Non banking assets	10	191,733,000	191,733,000
TOTAL ASSETS		173,443,549,792	158,163,357,490
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial institutions and agents	11	26,861,374,492	14,079,880,398
Deposits and other accounts	12		
Current deposits & other accounts, etc.	12.1	10,307,565,783	9,860,812,866
Bills payable	12.2	1,034,027,209	789,543,484
Savings bank deposits	12.3	23,982,033,088	16,923,994,211
Fixed deposits	12.4	81,398,775,594	89,462,490,607
Bearer certificates of deposits	12.5	-	-
		116,722,401,675	117,036,841,168
Other liabilities	13	9,625,224,915	8,487,815,290
TOTAL LIABILITIES		153,209,001,083	139,604,536,856
SHAREHOLDERS' EQUITY			
Share Capital-Paid up capital	14	6,111,797,850	6,111,797,850
Statutory reserve	15	6,111,797,850	5,362,423,626
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve against pre take over loss-BCCI	17	586,531,031	581,681,032
Asset revaluation reserve	18	3,689,495,550	3,689,495,550
Reserve for amortization of treasury securities (HTM)	19	2,076,822	827,635
Reserve for revaluation of treasury securities (HFT)	20	805,190,521	59,972,091
General reserve	21	130,000,000	130,000,000
Reserve for non banking assets	22	178,971,165	178,971,165

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 Taka	2013 Taka
Foreign currency translation gain	23	9,963,290	103,896
Profit & loss account - retained earnings	24	2,252,684,630	2,087,507,790
TOTAL SHAREHOLDERS' EQUITY		20,234,548,709	18,558,820,634
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		173,443,549,792	158,163,357,490
OFF BALANCE SHEET ITEMS			
Contingent liabilities	25		
Acceptances and endorsements	25.1	29,802,563,348	26,827,594,612
Letters of guarantees	25.2	9,974,191,339	12,515,097,423
Irrevocable letters of credit	25.3	16,329,554,466	15,562,071,032
Bills for collection	25.4	5,152,721,657	5,110,318,372
Other contingent liabilities		-	-
		61,259,030,810	60,015,081,437
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debt		-	-
TOTAL OFF-BALANCE SHEET ITEMS		61,259,030,810	60,015,081,437

These financial statements should be read in conjunction with the annexed notes.



Chairman

Dhaka, 25 February 2015



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 Profit & Loss Account

For the year ended 31 December 2014

Particulars	Note	2014 Taka	2013 Taka
Interest Income	26	13,286,033,926	14,859,455,868
Less: Interest paid on deposits and borrowings	27	9,198,120,160	9,903,211,484
Net Interest Income		4,087,913,766	4,956,244,384
Income from investments	28	3,307,863,405	2,043,952,370
Fees, commission and brokerage	29	2,770,456,552	2,431,683,365
Other operating income	30	150,204,334	149,992,549
Total operating income		10,316,438,057	9,581,872,667
Salary & allowances	31	2,425,524,161	1,997,616,366
Rent, taxes, insurance, utilities etc.	32	550,702,308	437,696,891
Legal & professional expenses	33	57,125,140	50,958,931
Postage, stamp, telecommunication etc.	34	130,253,964	106,558,598
Stationery, printing, advertisement etc.	35	250,042,837	234,260,245
Managing Director's salary and allowances	36	17,980,516	16,155,930
Directors' Fees & Expenses	37	3,710,300	3,083,587
Audit fees	38	1,331,687	951,609
Charges on loan losses		-	-
Repairs, maintenance and depreciation	39	430,618,361	441,553,824
Other operating expenses	40	588,810,773	465,615,029
Total operating expenses		4,456,100,047	3,754,451,011
Profit before provisions		5,860,338,010	5,827,421,657
Provision for loans and advances	13.4.1		
Specific provision		1,540,210,858	706,268,210
General provision		270,983,161	84,148,586
		1,811,194,019	790,416,796
Other provision	41	(341,470)	197,328,131
Total provisions		1,810,852,549	987,744,927
Profit before tax for the year		4,049,485,462	4,839,676,730
Provision for tax made for the year	13.3.1	(2,040,275,595)	(2,626,486,626)
Deferred tax income	42	128,661,236	321,904,353
Profit after tax for the year		2,137,871,104	2,535,094,458
Appropriation			
Statutory reserve	15	(749,374,225)	(967,149,393)
General reserve		-	-
		(749,374,225)	(967,149,393)
Retained earnings carried forward		1,388,496,879	1,567,945,065
Earnings per share (EPS)	43	3.50	4.15

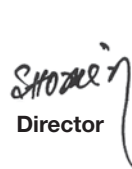
These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

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 2014

	Note	2014 Taka	2013 Taka
A) Cash flows from operating activities			
Interest received		13,127,556,490	14,448,839,300
Interest paid		(9,344,895,865)	(9,308,256,163)
Dividend received		59,648,553	47,126,403
Fees and commission received		2,770,456,552	2,431,683,365
Income from investment		3,063,874,220	1,996,825,967
Recovery of loans previously written off	13.4	105,720,099	110,434,318
Cash paid to employees (including directors)		(2,416,689,480)	(1,996,855,883)
Cash paid to suppliers		(1,418,742,610)	(1,271,028,490)
Income taxes paid	13.3.2	(2,440,048,251)	(2,498,021,720)
Received from other operating activities		150,204,333	149,992,549
Paid for other operating activities		(347,424,200)	(231,266,730)
Operating cash flow before changes in operating assets and liabilities		3,309,659,842	3,879,472,915
Increase/(decrease) in Operating Assets & Liabilities			
Changes in trading securities		1,701,124,036	(10,021,682,719)
Loans and advances to customers (other than banks)		(16,450,977,598)	(6,271,154,951)
Non banking assets		-	543,369
Other assets	44	(573,923,476)	(357,376,190)
Deposits from other Banks	12.a.1	882,148,921	1,188,456,427
Deposits from customers (other than banks)		(983,576,735)	23,838,144,179
Recovery from/ (Payment against) BCCI assets		4,849,999	(20,283,906)
Liability for tax		528,433,893	193,439,447
Liabilities for provision		(1,916,572,648)	(1,098,179,245)
Other liabilities	45	1,039,316,468	1,245,329,609
Net Cash (used in)/received from operating activities		(12,459,517,300)	12,576,708,935
B) Cash flows from investing activities			
Changes in non-trading securities		144,251,090	5,704,755,084
Purchase/sale of property, plant and equipment		(429,774,435)	(1,163,460,797)
Net cash (used in)/received from investing activities		(285,523,343)	4,541,294,287
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		12,781,494,095	(17,078,192,640)
Dividend paid (cash dividend)		(1,222,359,570)	(1,222,359,570)
Net cash received from/(used in) financing activities		11,559,134,525	(18,300,552,210)
D) Net (decrease) / increase in cash (A+B+C)		(1,185,906,119)	(1,182,548,988)
E) Effects of exchange rate changes on cash and cash equivalents		8,898,923	(4,666,264)
F) Opening cash and cash-equivalents		18,736,894,818	19,924,110,070
G) Closing cash and cash-equivalents (D+E+F)*		17,559,887,622	18,736,894,818
*Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)	3.1	1,707,006,385	1,752,685,015
Balances with Bangladesh Bank and its agent bank (s)	3.2	8,594,833,742	6,428,136,805
Balances with other Banks and Financial Institutions	4	6,194,224,596	10,553,343,498
Money at call and short notice	5	1,060,000,000	-
Prize bonds	6.1	3,822,900	2,729,500
		17,559,887,622	18,736,894,818

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Eastern Bank Limited and its subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

Figures are in Taka

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve against pre take over loss-BCOI	Asset 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
Balance as on 1 January 2014	6,111,797,850	5,362,423,625	356,040,000	581,681,032	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
Foreign currency transaction adjustment for OBU RE	-	-	-	-	-	-	-	-	-	-	(960,471)	(960,471)
Net profit for the year after tax	-	-	-	-	-	-	-	-	-	-	2,137,871,104	2,137,871,104
Transfer to statutory reserve	-	749,374,225	-	-	-	-	-	-	-	-	(749,374,225)	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	745,218,430	-	-	-	-	745,218,430
Reserve for HTM securities	-	-	-	-	-	1,249,187	-	-	-	-	-	1,249,187
Recovery of pre-takeover loss	-	-	-	4,850,000	-	-	-	-	-	-	-	4,850,000
Currency translation difference	-	-	-	-	-	-	-	-	-	9,859,394	-	9,859,394
Balance as at 31 December 2014	6,111,797,850	6,111,797,850	356,040,000	586,531,032	3,689,495,550	2,076,822	805,190,521	130,000,000	178,971,165	9,963,290	2,252,684,630	20,234,548,709
Balance as at 31 December 2013	6,111,797,850	5,362,423,625	356,040,000	581,681,032	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



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Eastern Bank Limited and its subsidiaries

Consolidated Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2014

Figures are in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	10,301,840,127	-	-	-	-	10,301,840,127
Balances with other banks and financial institutions	3,626,692,575	1,718,383,151	849,148,870	-	-	6,194,224,596
Money at call and short notice	1,060,000,000	-	-	-	-	1,060,000,000
Investments	80,860,351	135,246,509	4,236,323,224	13,121,246,696	7,346,305,377	24,919,982,157
Loans and advances	14,917,906,726	24,393,921,552	46,038,055,893	30,526,636,388	4,135,822,483	120,012,343,042
Fixed assets including land, building, furniture and fixtures	13,486,071	26,972,142	122,860,040	544,048,342	6,389,266,097	7,096,632,691
Other assets	62,643,946	1,362,164,383	389,175,974	1,150,112,622	702,697,254	3,666,794,180
Non-banking assets	66,027,000	-	-	125,706,000	-	191,733,000
Total Assets	30,129,456,796	27,636,687,737	51,635,564,000	45,467,750,049	18,574,091,212	173,443,549,792
Liabilities						
Borrowing from other banks, financial institutions and agents	12,284,031,142	4,021,623,167	8,182,954,972	997,420,485	1,375,344,726	26,861,374,492
Deposits and other accounts	15,169,372,311	21,826,134,512	34,792,488,809	43,127,861,080	1,806,544,963	116,722,401,675
Provisions & other liabilities	836,492,267	726,553,003	375,922,227	5,799,778,875	1,886,478,544	9,625,224,915
Total Liabilities	28,289,895,720	26,574,310,681	43,351,366,008	49,925,060,440	5,068,368,233	153,209,001,083
Net Liquidity Gap	1,839,561,076	1,062,377,055	8,284,197,992	(4,457,310,391)	13,505,722,979	20,234,548,709
Cumulative Net Liquidity Gap	1,839,561,076	2,901,938,131	11,186,136,124	6,728,825,733	20,234,548,709	-

Eastern Bank Limited

Balance Sheet

As at 31 December 2014

	Note	2014 Taka	2013 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	1,706,937,953	1,752,660,726
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	8,594,833,742	6,428,136,805
		10,301,771,695	8,180,797,531
Balances with other Banks and Financial Institutions	4		
In Bangladesh	4.1	5,349,573,125	8,012,554,438
Outside Bangladesh	4.2	1,034,533,216	2,390,509,831
		6,384,106,341	10,403,064,269
Money at call and short notice	5	1,060,000,000	-
Investments	6		
Government	6.1	21,224,314,333	21,659,579,849
Others	6.2	3,430,622,784	4,244,004,844
		24,654,937,117	25,903,584,693
Loans and advances	7		
Loans, Cash Credits, Overdraft etc.	7.1	111,438,313,688	94,491,939,790
Bills discounted and purchased	7.2	6,853,032,495	8,418,279,159
		118,291,346,183	102,910,218,949
Fixed assets including land, building, furniture and fixtures	8	7,086,875,736	6,897,393,729
Other assets	9	4,153,360,814	3,394,841,686
Non banking assets	10	191,733,000	191,733,000
TOTAL ASSETS		172,124,130,885	157,881,633,856
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial institutions and agents	11	26,020,637,050	14,079,880,398
Deposits and other accounts	12		
Current deposits & other accounts etc.	12.1	10,314,018,874	9,894,881,567
Bills payable	12.2	1,034,027,209	789,543,484
Savings bank deposits	12.3	23,982,033,088	16,923,994,211
Fixed deposits	12.4	81,461,596,944	89,493,288,918
Bearer certificates of deposits	12.5	-	-
		116,791,676,116	117,101,708,180
Other liabilities	13	9,224,966,318	8,249,547,103
TOTAL LIABILITIES		152,037,279,484	139,431,135,681
SHAREHOLDERS' EQUITY			
Share Capital-Paid up capital	14	6,111,797,850	6,111,797,850
Statutory reserve	15	6,111,797,850	5,362,423,625
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve against pre-take over loss-BCCI	17	586,531,031	581,681,032
Asset revaluation reserve	18	3,689,495,550	3,689,495,550
Reserve for amortization of treasury securities (HTM)	19	2,076,822	827,635
Reserve for revaluation of treasury securities (HFT)	20	805,190,521	59,972,091

Eastern Bank Limited

Balance Sheet

As at 31 December 2014

	Note	2014 Taka	2013 Taka
General reserve	21	130,000,000	130,000,000
Reserve for non banking assets	22	178,971,165	178,971,165
Foreign currency translation gain/(loss)	23	1,062,706	(781,214)
Profit & loss account - retained earnings	24	2,113,887,906	1,980,070,442
TOTAL SHAREHOLDERS' EQUITY		20,086,851,401	18,450,498,175
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		172,124,130,885	157,881,633,856
OFF BALANCE SHEET ITEMS			
Contingent liabilities	25		
Acceptances and endorsements	25.1	29,802,563,348	26,827,594,612
Letters of guarantees	25.2	9,974,191,339	12,515,097,423
Irrevocable letters of credit	25.3	16,329,554,466	15,562,071,032
Bills for collection	25.4	5,152,721,657	5,110,318,372
Other contingent liabilities		-	-
		61,259,030,810	60,015,081,437
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the Bank not acknowledged as debt		-	-
TOTAL OFF-BALANCE SHEET ITEMS		61,259,030,810	60,015,081,437


These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.
Chartered Accountants

Eastern Bank Limited

Profit & Loss Account

For the year ended 31 December 2014

Particulars	Note	2014 Taka	2013 Taka
Interest Income	26	13,159,969,636	14,807,156,889
Less: Interest paid on deposits and borrowings	27	9,150,812,052	9,915,598,012
Net Interest Income		4,009,157,584	4,891,558,876
Income from investments	28	3,343,293,787	2,070,848,267
Fees, commission and brokerage	29	2,631,754,006	2,357,317,315
Other operating income	30	149,981,889	149,648,740
Total operating income		10,134,187,267	9,469,373,198
Salary & allowances	31	2,374,178,826	1,963,508,938
Rent, taxes, insurance, utilities etc.	32	535,990,983	423,237,948
Legal & professional expenses	33	56,859,201	50,841,431
Postage, stamp, telecommunication etc.	34	123,655,535	102,784,849
Stationery, printing, advertisement etc.	35	248,638,946	233,344,345
Managing Director's salary and allowances	36	17,980,516	16,155,930
Directors' Fees & Expenses	37	3,632,300	3,002,587
Audit fees	38	460,000	460,000
Charges on loan losses		-	-
Repairs, maintenance and depreciation	39	424,200,508	436,238,593
Other operating expenses	40	573,176,266	451,542,538
Total operating expenses		4,358,773,082	3,681,117,160
Profit before provisions		5,775,414,185	5,788,256,038
Provision for loans and advances	13.4.1		
Specific provision		1,540,210,858	706,268,210
General provision		270,983,161	84,148,586
		1,811,194,019	790,416,796
Other provisions	41	(8,840,067)	162,092,275
Total provisions		1,802,353,952	952,509,071
Profit before tax for the year		3,973,060,233	4,835,746,967
Provision for tax made for the year	13.3.1	(1,995,209,737)	(2,589,787,489)
Deferred tax income	42	128,661,236	321,904,353
Profit after tax for the year		2,106,511,733	2,567,863,831
Appropriation			
Statutory reserve	15	(749,374,225)	(967,149,393)
General reserve		-	-
		(749,374,225)	(967,149,393)
Retained earnings carried forward		1,357,137,508	1,600,714,437
Earnings per share (EPS)	43	3.45	4.20

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.
Chartered Accountants

Eastern Bank Limited

Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 Taka	2013 Taka
A) Cash flows from operating activities			
Interest received		12,997,605,116	14,408,570,438
Interest paid		(9,308,330,074)	(9,317,789,985)
Dividend received		120,261,913	84,228,403
Fees and commission received		2,631,754,006	2,357,317,315
Income from investment		3,038,691,242	1,986,619,864
Recovery of loans previously written off	13.4.1	105,720,099	110,434,318
Cash paid to employees (including directors)		(2,367,069,819)	(1,962,667,455)
Cash paid to suppliers		(1,389,345,173)	(1,246,447,167)
Income taxes paid	13.3.2	(2,399,835,591)	(2,464,182,418)
Received from other operating activities		149,981,889	149,648,740
Paid for other operating activities		(335,984,815)	(220,839,863)
Operating cash flow before changes in operating assets and liabilities		3,243,448,794	3,884,892,189
Increase/(decrease) in Operating Assets & Liabilities			
Changes in trading securities		1,830,515,504	(9,907,493,070)
Loans and advances to customers (other than banks)		(15,146,692,288)	(6,037,021,054)
Non banking assets		-	543,369
Other assets	44	(596,249,022)	(339,180,805)
Deposits from other Banks	12.a.1	882,148,921	1,188,456,427
Deposits from customers (other than banks)		(979,169,306)	23,554,080,732
Recovery from/ (Payment against) BCCI assets		4,849,999	(20,283,906)
Liability for tax		533,287,090	196,299,282
Liabilities for provision		(1,908,074,051)	(1,062,943,389)
Other liabilities	45	890,743,728	1,109,528,292
Net Cash (used in)/received from operating activities		(11,245,190,630)	12,566,878,067
B) Cash flows from investing activities			
Changes in non-trading securities		165,693,090	5,704,755,084
Purchase/sale of property, plant and equipment		(426,673,459)	(1,158,509,656)
Investment in Subsidiary-EBL Securities Limited		-	(100,000,000)
Investment in Subsidiary-EBL Finance (HK) Limited		-	(7,538,698)
Investment in Subsidiary-EBL Asset Management Limited		(49,999,900)	-
Net cash (used in)/received from investing activities		(310,980,268)	4,438,706,730
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		11,940,756,653	(17,078,192,640)
Dividend paid (cash dividend)		(1,222,359,570)	(1,222,359,570)
Net cash received from/(used in) financing activities		10,718,397,083	(18,300,552,210)
D) Net (decrease) / increase in cash (A+B+C)		(837,773,815)	(1,294,967,413)
E) Effects of exchange rate changes on cash and cash equivalents		883,449	(5,551,374)
F) Opening cash and cash-equivalents		18,586,591,300	19,887,110,087
G) Closing cash and cash-equivalents (D+E+F)*		17,749,700,936	18,586,591,300
*Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)	3.1	1,706,937,953	1,752,660,726
Balances with Bangladesh Bank and its agent bank (s)	3.2	8,594,833,742	6,428,136,805
Balances with other Banks and Financial Institutions	4	6,384,106,341	10,403,064,269
Money at call and short notice	5	1,060,000,000	-
Prize bonds	6.1	3,822,900	2,729,500
		17,749,700,936	18,586,591,300

These financial statements should be read in conjunction with the annexed notes.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Eastern Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2014

Figures are in Taka

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve against pre take over loss-BCCI	Asset 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
Balance as on 1 January 2014	6,111,797,850	5,362,423,625	356,040,000	581,681,031	3,689,495,550	827,635	59,972,091	130,000,000	178,971,165	(781,214)	1,980,070,442	18,450,498,176
Foreign currency transaction adjustment for OBU RE	-	-	-	-	-	-	-	-	-	-	(960,471)	(960,471)
Net profit for the year after tax	-	-	-	-	-	-	-	-	-	-	2,106,511,733	2,106,511,733
Transfer to statutory reserve	-	749,374,225	-	-	-	-	-	-	-	-	(749,374,225)	-
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	745,218,430	-	-	-	-	745,218,430
Reserve for HTM securities	-	-	-	-	-	1,249,187	-	-	-	-	-	1,249,187
Recovery of pre-takeover loss	-	-	-	4,850,000	-	-	-	-	-	-	-	4,850,000
Currency translation difference	-	-	-	-	-	-	-	-	-	1,843,920	-	1,843,920
Balance as at 31 December 2014	6,111,797,850	6,111,797,850	356,040,000	586,531,031	3,689,495,550	2,076,822	805,190,521	130,000,000	178,971,165	1,062,706	2,113,887,906	20,086,851,401
Balance as at 31 December 2013	6,111,797,850	5,362,423,625	356,040,000	581,681,031	3,689,495,550	827,635	59,972,091	130,000,000	178,971,165	(781,214)	1,980,070,442	18,450,498,175



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Eastern Bank Limited

Liquidity Statement

(Asset and Liability Maturity Analysis)

As at 31 December 2014

Figures are in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	10,301,771,695	-	-	-	-	10,301,771,695
Balances with other banks and financial institutions	3,264,106,341	2,370,000,000	750,000,000	-	-	6,384,106,341
Money at call and short notice	1,060,000,000	-	-	-	-	1,060,000,000
Investments	80,860,351	135,246,509	3,971,278,184	13,121,246,696	7,346,305,377	24,654,937,117
Loans and advances	14,917,906,726	23,439,102,462	45,271,878,124	30,526,636,388	4,135,822,483	118,291,346,183
Fixed assets including land, building, furniture and fixtures	13,486,071	26,972,142	121,374,639	535,776,787	6,389,266,097	7,086,875,736
Other assets	26,226,711	1,360,067,123	385,869,094	1,149,018,733	1,232,179,152	4,153,360,814
Non-banking assets	66,027,000	-	-	125,706,000	-	191,733,000
Total Assets	29,730,384,895	27,331,388,236	50,500,400,040	45,458,384,605	19,103,573,110	172,124,130,885
Liabilities						
Borrowing from other banks, financial institutions and agents	12,284,031,142	3,180,885,725	8,182,954,972	997,420,485	1,375,344,726	26,020,637,050
Deposits and other accounts	15,175,825,402	21,888,955,862	34,792,488,809	43,127,861,080	1,806,544,962	116,791,676,116
Provisions & other liabilities	836,492,267	715,502,363	361,573,226	5,571,613,318	1,739,785,144	9,224,966,318
Total Liabilities	28,296,348,811	25,785,343,949	43,337,017,007	49,696,894,883	4,921,674,832	152,037,279,484
Net Liquidity Gap	1,434,036,084	1,546,044,286	7,163,383,034	(4,238,510,278)	14,181,898,278	20,086,851,401
Cumulative Net Liquidity Gap	1,434,036,084	2,980,080,370	10,143,463,404	5,904,953,126	20,086,851,401	-

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2014

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 kinds 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 BCCI (Reconstruction) Scheme, 1992. The Bank commenced operations from 16 August 1992 with 4 branches and at present it has 76 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

The Bank has four fully owned subsidiaries; three of them has been in operations as on the reporting date. These are EBL Securities Ltd., EBL Investments Ltd. and EBL Finance (HK) Ltd. Although the subscription of another fully owned subsidiary 'EBL Asset Management Limited' is complete, full fledged operation of this company is yet to start.

EBL Securities Limited - fully owned

EBL Securities Limited (EBLSL), a fully acquired securities brokerage firm, has membership of both the bourses i.e. Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. 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 full fledged operations of merchant banking, portfolio management, underwriting etc. since June 2013. It's 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 its full fledged business operations (i.e. offshore trade finance, advising, documents collection etc.) in Hongkong 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 (EBLAML), another fully owned subsidiary of EBL, was incorporated on 9 January 2011 to carry out the business of asset management, capital market operation, equity investment etc. Subscription of this company was completed in 2014 but full fledged business operation is yet to start after getting license from BSEC.

1.4 Separate and consolidated financial statements

The separate financial statements of the bank as at and for the year ended 31 December 2014 comprise those of Domestic Banking (Main Operations) and Offshore Banking Unit (OBU), and the consolidated financial statements of the group as at and for the year ended 31 December 2014 comprise those of 'the bank' (parent company) and its subsidiaries (together referred to as 'the group' and individually referred to as 'group entities/subsidiaries').

There were no significant changes in the nature of the principal business activities of the bank and the group during the financial year that are under review and disclosed in these financial statements.

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 gets revalued fulfilling BB & BSEC guidelines and Govt treasury securities (Bills/Bonds) classified as held for trading (HFT) which are measured at fair value, and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Bank Companies 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 certain contradictory requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

BFRSs: As per BAS 1 Financial Statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per para 60 of BAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of the Bank Companies Act 1991 (amendment upto 2013) and BRPD Circular no. 14 dated 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) 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 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.

iii) 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 (HFT)' and 'held to maturity (HTM)' where any change in the fair value of HFT securities is recognized in Profit and Loss Account, and amortized cost method is applicable for HTM securities 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 HFT should be charged through Profit and Loss Account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However, if there is any revaluation gain from any particular T-bill/T-bond under HFT at the year-end; such gain can be used to offset any revaluation loss related to that particular T-bill/T-bond (HFT) up to the extent of loss.

T-bills/T-bonds designated as held to maturity are measured at amortized cost method but interest income/gain should be recognized through reserve.

iv) 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, BRPD Circular no. 19 dated 27 December 2012 and BRPD Circular no. 16 dated 18 November 2014, 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.

v) 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.

vi) 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.

vii) 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.

viii) 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.

ix) 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.

x) 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 exists a face item named non banking assets.

xi) Cash flows statement

BFRSs: Cash flow statement can be prepared either in direct method or 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.

xii) 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.

xiii) 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.

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.

xiv) 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.

xv) 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.

[Please refer to Note 2A (II) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) for further details]

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 'mark 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 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 financial statements of the Bank are presented in Bangladesh Taka (BDT) which is the functional currency of the Group and the Bank 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 of exchange (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 (investees) are entities controlled by the parent (investor). Control exists when the investor has the power over the investee that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.
- The consolidated financial statements incorporate the financial statements of the bank and the financial statements of the 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 parent (bank) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.
- All financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statements only when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Items are not offset in the consolidated financial statements unless required or permitted by accounting standards and regulators.
- 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 is no evidence of impairment.

Loss of control

Upon the loss of control of a subsidiary the group derecognises the assets (including any goodwill) and liabilities of the subsidiary at carrying amount, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss account. If the group retains any interest in the former/previous/ex subsidiary, then such interest is measured at fair value at the date that the control is lost.

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 Group, 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.	Stated maturity/observed 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.

Accounting policies of subsidiaries

The financial statements of subsidiaries which are included in the Consolidated Financial Statements of the Group have been prepared using uniform accounting policies of the Bank (Parent) for transactions and other events in similar nature. The financial statements of subsidiaries have been prepared using the calendar year ended 31 December which is also same for the Bank. There is no significant restriction on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances. All subsidiaries of the Bank have been incorporated in Bangladesh except for EBL Finance (HK) Limited which is incorporated in Hong Kong.

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 DOS Circular no. 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

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 accredited, 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

Since 1 September 2010 transactions of REPO and Reverse REPO are recorded based on DOS Circular no. 06, dated 15 July 2010 of Bangladesh Bank. In case of REPO of both coupon and non-coupon bearing (Treasury bill) securities, the Bank adjusts the Revaluation Reserve Account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank does not accrue interest during REPO period.

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 - Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Govt. T-bills/bonds - Held to Maturity (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 (overall portfolio)	Loss (gain net off) to Profit and Loss Account but no unrealized gain booking.
Shares (Unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to Profit and Loss Account but no unrealized gain booking.
Prize bond	Cost	Cost	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, BRPD Circular no.19 dated 27 December 2012 and BRPD Circular no.16 dated 18 November 2014.

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	2.5%
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 (for PC)	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 recognized and reported under Fixed Assets as per BAS 16 'Property, Plant & Equipment' as Capital work in progress until the construction work is completed and the asset is ready for intended use. This asset is stated at cost and 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 de recognition of an item of fixed assets is to be recorded in profit or loss when the item is de recognized.

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.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gain or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceed and the carrying amount of that intangibly asset and are recognised in profit and loss account.

The core banking software used by EBL (not by subsidiaries) represents the value of 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 separately 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) Debt securities (Subordinated Bond)

Subordinated Bond is a long term borrowing raised mainly to increase tier-ii capital. The bank has been in the final stage of issuance of a 7-Year Non-convertible Floating Rate Subordinated Bond on the reporting date having received required approval from BB & BSEC. However the issue proceeds were received in mid-February 2015.

iii) 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.

iv) 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).

v) 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 2014, 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.

vi) 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, BRPD Circular no.19 dated 27 December 2012 and BRPD Circular no.16 dated 18 November 2014. Details are stated in Note 13.

vii) 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.

viii) 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 off-balance sheet exposures.

ix) Provision for other assets

Provision for other assets is made as per the guidelines mentioned in the BRPD Circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more.

x) 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.

xi) 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.

xii) Retirement/ other 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 subsidiaries of the bank are yet to operate any retirement benefit plan/scheme. The retirement benefit schemes operated by the Bank are outlined below:

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.

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. As per actuary recommendation the bank has been contributing 1.40% of total admissible benefit each year into the fund until the next actuarial valuation is done.

Workers Profit Participation Fund

Consistent with the widely accepted industry practice and in line with the Bank Company Act 1991, no provision has been made for Workers Profit Participation Fund (WPPF).

xiii) 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 categorized under HTM or HFT and subsequent value of the asset is increased as a result of amortisation of assets or mark 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 and BRPD 16 dated 18 November 2014 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 except those which are received in advance.

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 recognized 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 of the bank has been made on taxable income @ 42.5% considering major disallowances of expenses and concessional rates on certain incomes (0% on gain on trading of govt. securities, 10% on capital gain (net off loss) of shares traded in secondary market and 20% on dividend income) as per Income Tax Ordinance (ITO) 1984. Tax provision of the Group entities has been made on taxable income of subsidiaries at different rates applicable as per the ITO 1984 and the tax authority of the country where it is incorporated.

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.

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 is required to present basic and diluted earnings per share (EPS) information 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. However, diluted earnings per share is not required to calculate as there is no dilution possibilities during the financial year 2014.

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-46.

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.
EBL Asset Management Limited	Formed to carry out business on asset management, portfolio management, capital market operation, equity investment, financial services i.e. corporate advisory, merger & acquisition, corporate restructuring etc.

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 and other related matters

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, reputational 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 13.4 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.

Mark 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 2014, bank sets aside BDT 864.26 million charging its profit and loss account over the periods to cover the differential amount between purchase price and market price of quoted securities.

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.

Ensure Due Diligence of Foreign Account Tax Compliance Act (FATCA): As per Bangladesh Bank (BB) issued a Circular Letter (BRPD Circular Letter No. 01 dated 10/01/2014) on the issue of Foreign Account Tax Compliance Act., the bank completed registration under IRS as a Participatory Financial Institution on May 04, 2014 and consequently IRS has assigned a GIIN (Global Intermediary Identification Number) to EBL.

i) Information and Communication Technology Risk

EBL has a comprehensive IT Security Policy and procedures which are formally documented and endorsed by competent authority. 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.

2A 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 2013. The following ratings have been awarded:

Particulars	Periods	Date of Rating	Long term	Short term
Entity Rating	January to December 2013	18-Jun-14	AA	ST-2
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

2B Compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The bank has complied the following BASs & BFRSs as adopted by ICAB during the preparation of financial statements as at and for the year ended 31 December 2014.

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	N/A
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	* Applied
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 69 meeting held on 25 February 2015 and was subsequently approved by the Board in its 550 meeting held on the same date.

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
3 Cash					
Cash in hand (including foreign currencies)	3.1	1,707,006,385	1,752,685,015	1,706,937,953	1,752,660,726
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	8,594,833,742	6,428,136,805	8,594,833,742	6,428,136,805
		10,301,840,127	8,180,821,820	10,301,771,695	8,180,797,531
3.1 Cash in hand (including foreign currencies)					
Local currency	3.1.1	1,653,604,957	1,701,142,810	1,653,536,525	1,701,118,521
Foreign currencies		53,401,428	51,542,204	53,401,428	51,542,204
		1,707,006,385	1,752,685,015	1,706,937,953	1,752,660,726
3.1.1 Local currency					
With Bank		1,653,536,525	1,701,118,521	1,653,536,525	1,701,118,521
With Subsidiaries		68,432	24,289	-	-
		1,653,604,957	1,701,142,810	1,653,536,525	1,701,118,521
3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)					
Bangladesh Bank					
Local currency		7,690,737,165	5,974,501,836	7,690,737,165	5,974,501,836
Foreign currencies		380,840,643	98,759,262	380,840,643	98,759,262
		8,071,577,807	6,073,261,099	8,071,577,807	6,073,261,099
Sonali Bank (as an agent of Bangladesh Bank)-local currency		523,255,935	354,875,706	523,255,935	354,875,706
		8,594,833,742	6,428,136,805	8,594,833,742	6,428,136,805
3.a Cash Reserve Ratio (CRR):					
As per section 33 of Bank Company Act -1991 (Amended upto 2013) & MPD circular No- 01 dated 23 June 2014 of Bangladesh bank (effective from 24 June 2014), all scheduled banks have to maintain a CRR of minimum 6.0% on daily basis and 6.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2014 is based on weekly average balance of October 2014).					
Average total demand and time liabilities (ATDTL) of October 2014 (excluding inter-bank deposit)				106,855,055,400	100,201,921,600
Required reserve (6.0% on daily basis & 6.5% on bi weekly basis of ATDTL) (5.5% on daily basis & 6.0% on bi weekly basis in 2013).				6,945,578,601	6,012,115,296
Actual reserve held with Bangladesh Bank (In local currency)*				7,770,374,105	6,110,187,019
Excess cash reserve				824,795,504	98,071,723
*As per Bangladesh Bank statement					
3.b Statutory Liquidity Ratio (SLR):					
As per section 33 of Bank Company Act -1991 (amended upto 2013) & MPD circular No - 02 dated 10 December 2013 of Bangladesh bank (effective from 01 February 2014) all scheduled banks have to maintain SLR of minimum 13% based on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of the reporting month (i.e. SLR of December 2014 is based on weekly average balance of October 2014). EBL maintained the minimum SLR 13% (including excess cash reserve) as per said circular as on the reporting date.					
Average total demand and time liabilities (ATDTL) of October 2014 (excluding inter-bank deposit)				106,855,055,400	100,201,921,600
Required reserve (13% of ATDTL) (19% including cash reserve in 2013)				13,891,157,202	19,038,365,104
Actual reserve held (in 2014 including excess cash reserve and in 2013 including total cash reserve) (Note 3.c)				23,756,183,274	29,943,629,781
Surplus / (shortage)				9,865,026,072	10,905,264,677

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
3.c Actual reserve held					
Excess Cash Reserve (note 3.c.1)				824,795,504	-
Cash held				1,706,937,953	1,796,716,726
Balance with Bangladesh Bank (local currency) * (note 3.c.1)				-	6,110,187,019
Balance with Bangladesh Bank (foreign currency)*				-	-
TT in transit				-	-
Balance with Sonali Bank				523,255,935	354,875,706
Unencumbered approved securities (HFT)				11,174,581,504	11,935,560,500
Unencumbered approved securities (HTM)				9,511,612,378	9,721,289,830
Unencumbered approved securities (other eligible)				15,000,000	25,000,000
				23,756,183,274	29,943,629,781
3.c.1					
Balance with Bangladesh Bank (local currency) *				7,770,374,105	
Less: Required Cash Reserve				(6,945,578,601)	
Excess Cash Reserve				824,795,504	
*As per Bangladesh Bank Statement.					
4 Balances with other banks and financial institutions					
Balance in Bangladesh	4.1	5,811,308,229	8,432,060,955	5,349,573,125	8,012,554,438
Balance outside Bangladesh	4.2	382,916,367	2,121,282,542	1,034,533,216	2,390,509,831
		6,194,224,596	10,553,343,497	6,384,106,341	10,403,064,269
4.1 Balance in Bangladesh					
In Current Deposit Accounts with					
Banks		444,710,368	289,005,206	75,671,043	82,668,584
Non Banking Financial Institutions		-	-	-	-
		444,710,368	289,005,206	75,671,043	82,668,584
Less: Inter company elimination		(6,453,091)	(34,067,605)	-	-
		438,257,277	254,937,601	75,671,043	82,668,584
In Special Notice Deposit Accounts with					
Banks		96,723,433	160,685,304	33,902,082	149,885,897
Non Banking Financial Institutions		-	-	-	-
		96,723,433	160,685,304	33,902,082	149,885,897
Less: Inter company elimination		(62,821,351)	(10,799,407)	-	-
		33,902,082	149,885,897	33,902,082	149,885,897
In Fixed Deposit Accounts with					
Banks		10,661,825,068	5,304,048,730	10,618,339,948	5,036,811,230
Non Banking Financial Institutions		3,115,663,750	7,680,000,000	3,060,000,000	7,680,000,000
		13,777,488,818	12,984,048,730	13,678,339,948	12,716,811,230
Less: Inter unit/company elimination		(8,438,339,948)	(4,956,811,273)	(8,438,339,948)	(4,936,811,273)
		5,339,148,870	8,027,237,457	5,240,000,000	7,779,999,957
		5,811,308,229	8,432,060,955	5,349,573,125	8,012,554,438
4.1.1 Balances of subsidiaries with Banks & NBFI					
With Eastern Bank Limited (eliminated as intra group balance)					
EBL Securities Limited		939,399	1,929,694		
EBL Investments Limited		11,567,717	28,869,714		
EBL Finance (HK) Limited		5,514,243	34,067,605		
EBL Asset Management Limited		51,253,083	-		
		69,274,442	64,867,013		
Balance of subsidiaries with other Banks & NBFI					
Banks		417,639,070	247,269,017		
Non Banking Financial Institutions		55,663,750	172,065,000		
		473,302,820	419,334,017		
		542,577,262	484,201,030		

4.2 Balance outside Bangladesh*In Deposit account (non-interest bearing) with*

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
AB Bank Limited, Mumbai	3,663,085	17,528,763	3,663,085	17,528,763
Al-Rajhi Bank - KSA	311,565	310,967	311,565	310,967
Bank of Bhutan, Bhutan	589,068	751,886	589,068	751,886
Citibank N A, New york	72,894,201	-	72,894,201	-
Citibank NA, Mumbai	-	174,247	-	174,247
Commerz Bank AG, Frankfurt, Germany	21,561,363	48,131	21,561,363	48,131
Habib American Bank, New York	-	18,937,045	-	18,937,045
ICICI Bank Limited, Mumbai	-	34,632,888	-	34,632,888
JP Morgan Chase Bank NA, London	21,360,811	15,338,543	21,360,811	15,338,543
JP Morgan Chase Bank NA, Sydney	4,407,325	7,539,839	4,407,325	7,539,839
JP Morgan Chase Bank, New York	31,345,359	41,899,254	31,345,359	41,899,254
JP Morgan Chase Bank, Germany	1,994,035	18,102,761	1,994,035	18,102,761
Mashreqbank, Newyork	4,202,332	30,350,998	4,202,332	30,350,998
National Commercial Bank, Jeddah, KSA	1,652,151	-	1,652,151	-
Nepal Bngladesh Bank Limited, Kathmandu	5,743,785	1,768,950	5,743,785	1,768,950
NIB Bank Limited-Karachi	21,965,587	32,992,933	21,965,587	32,992,933
Nordea Bank, Norway	1,234,525	825,270	1,234,525	825,270
Standard Chartered Bank , Colombo	2,622,572	5,028,556	2,622,572	5,028,556
Standard Chartered Bank, Frankfurt, Germany	648,379	5,721,847	648,379	5,721,847
Standard Chartered Bank, Kolkata	7,951,569	16,980,944	7,951,569	16,980,944
Standard Chartered Bank, New york	59,282,195	-	59,282,195	-
Standard Chartered Bank, Singapore	4,030,356	1,018,142	4,030,356	1,018,142
The Bank of Nova Scotia, Toronto	3,604,152	464,716	3,604,152	464,716
The Bank of Tokyo Mitshubishi, London	3,077,197	14,814,901	3,077,197	14,814,901
The Bank of Tokyo Mitshubishi, Kolkata	525,145	523,802	525,145	523,802
The Bank Toykyo Mitshubishi, Tokyo	5,196,166	1,711,517,868	5,196,166	1,711,517,868
Wachovia Bank NA	937,983	25,761,727	937,983	25,761,727
Zuercher Kantonal Bank, Zurich, Switzerland	932,573	2,282,041	932,573	2,282,041
Standard Chartered Bank, New york - OBU	3,903,300	49,714,222	3,903,300	49,714,222
Deutsche Bank AG, Frankfurt, Germany-OBU	582,196	20,591,092	582,196	20,591,092
HSBC, Hongkong (EBL Finance HK Limited)	96,697,391	45,660,211	-	-
	382,916,367	2,121,282,542	286,218,976	2,075,622,331
Placement by OBU (interest bearing)				
EBL Finance (HK) Limited	748,314,240	314,887,500	748,314,240	314,887,500
Less: Inter company elimination	(748,314,240)	(314,887,500)	-	-
	382,916,367	2,121,282,542	1,034,533,216	2,390,509,831

(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	115,583,807	304,106,518	75,671,043	302,668,541
In not more than one month	3,511,108,768	2,901,226,768	3,188,435,298	2,730,395,728
In more than one months but not more than three months	1,718,383,151	5,778,010,211	2,370,000,000	5,800,000,000
In more than three months but not more than one year	849,148,870	1,570,000,000	750,000,000	1,570,000,000
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	6,194,224,596	10,553,343,497	6,384,106,341	10,403,064,269

		Note	Consolidated		Bank	
			2014 Taka	2013 Taka	2014 Taka	2013 Taka
5	Money at call and short notice					
	With Bank Companies		-	-	-	-
	With Non Banking Financial Institutions					
	Bay Leasing & Investment Limited		40,000,000	-	40,000,000	-
	Delta Brac Housing Finance Corporation Ltd		50,000,000	-	50,000,000	-
	Investment Corporation of Bangladesh		750,000,000	-	750,000,000	-
	Lanka Bangla Finance Limited		100,000,000	-	100,000,000	-
	Midas Financing Ltd		50,000,000	-	50,000,000	-
	Union Capital Limited		70,000,000	-	70,000,000	-
			1,060,000,000	-	1,060,000,000	-
			1,060,000,000	-	1,060,000,000	-
6	Investments					
	Government	6.1	21,224,314,333	21,659,579,849	21,224,314,333	21,659,579,849
	Others	6.2	3,695,667,824	4,358,216,416	3,430,622,784	4,244,004,844
			24,919,982,157	26,017,796,265	24,654,937,117	25,903,584,693
6.1	Government (Investment in govt. securities)					
	Treasury Bills	6.1.1	659,646,207	3,149,805,825	659,646,207	3,149,805,825
	Treasury Bonds	6.1.2	20,560,845,226	16,511,699,915	20,560,845,226	16,511,699,915
	Bangladesh Bank Bills		-	1,995,344,608	-	1,995,344,608
	Prize Bonds		3,822,900	2,729,500	3,822,900	2,729,500
			21,224,314,333	21,659,579,849	21,224,314,333	21,659,579,849
6.1.1	Treasury Bills					
	Unencumbered					
	91- days treasury bills		-	125,700,979	-	125,700,979
	182- days treasury bills		89,769,904	309,306,247	89,769,904	309,306,247
	364- days treasury bills		184,251,234	2,714,798,599	184,251,234	2,714,798,599
			274,021,138	3,149,805,825	274,021,138	3,149,805,825
	Encumbered (Under Assured Liquidity Support/ALS)					
	91- days treasury bills		94,526,732	-	94,526,732	-
	182- days treasury bills		181,681,713	-	181,681,713	-
	364- days treasury bills		109,416,624	-	109,416,624	-
			385,625,069	-	385,625,069	-
			659,646,207	3,149,805,825	659,646,207	3,149,805,825
6.1.2	Treasury Bonds					
	Unencumbered					
	2- year Treasury bonds		158,293,153	158,169,315	158,293,153	158,169,315
	5- year Treasury bonds		7,649,943,095	8,531,852,595	7,649,943,095	8,531,852,595
	10- year Treasury bonds		10,291,848,210	7,356,337,851	10,291,848,210	7,356,337,851
	15- year Treasury bonds		1,384,699,235	269,646,780	1,384,699,235	269,646,780
	20- year Treasury bonds		927,389,051	195,693,376	927,389,051	195,693,376
			20,412,172,744	16,511,699,915	20,412,172,744	16,511,699,915
	Encumbered (Under Assured Liquidity Support/ALS)					
	2- year Treasury bonds		45,516,426	-	45,516,426	-
	5- year Treasury bonds		37,144,622	-	37,144,622	-

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
10- year Treasury bonds		-	-	-	-
15- year Treasury bonds		36,209,688	-	36,209,688	-
20- year Treasury bonds		29,801,747	-	29,801,747	-
		148,672,482	-	148,672,482	-
		20,560,845,226	16,511,699,915	20,560,845,226	16,511,699,915

Disclosure on REPO and Reverse Repo transactions are in “Annexure- D”.

6.2 Others (Investment in other securities)

Debentures	6.2.1	15,000,000	25,000,000	15,000,000	25,000,000
Corporate bonds	6.2.2	80,000,000	220,000,000	80,000,000	220,000,000
Ordinary Shares (Quoted and Unquoted)	6.2.3	3,399,227,824	3,603,216,416	3,135,622,784	3,489,004,844
Preference Shares	6.2.4	1,440,000	510,000,000	-	510,000,000
Commercial Paper	6.2.5	200,000,000	-	200,000,000	-
		3,695,667,824	4,358,216,416	3,430,622,784	4,244,004,844

6.2.1 Debentures

House Building Finance Corporation (HBFC)		15,000,000	25,000,000	15,000,000	25,000,000
		15,000,000	25,000,000	15,000,000	25,000,000

6.2.2 Corporate bonds

Orascom Bond		-	120,000,000	-	120,000,000
Trust Bank Subordinated Bond		80,000,000	100,000,000	80,000,000	100,000,000
		80,000,000	220,000,000	80,000,000	220,000,000

6.2.3 Ordinary Shares (Quoted and Unquoted)

Quoted shares & Mutual Funds (MF) (sector wise)

Banks		778,934,156	753,228,084	727,710,068	750,638,150
NBFIs		487,070,361	583,388,877	431,250,295	558,756,422
Insurances		50,604,229	43,286,006	42,535,681	38,753,046
Fuel & Power		262,439,903	336,754,338	233,947,689	299,129,058
Chemicals & Pharmaceuticals		303,093,974	63,624,320	260,000,000	52,595,450
Cement & Ceramics		41,362,260	82,730,209	13,233,453	70,323,479
Engineering		20,899,606	174,870,280	19,450,469	171,878,099
Others		123,314,648	232,643,549	104,570,189	214,942,201
		2,067,719,137	2,270,525,663	1,832,697,844	2,157,015,905

Mutual Funds

AB Bank First Mutual Fund		47,530,000	47,530,000	47,530,000	47,530,000
EBL First Mutual Fund		103,185,000	103,881,814	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	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
IFIL Islamic Mutual Fund-1		1,784,356	-	-	-
LR Global BD First Mutual Fund		20,000,000	20,000,000	20,000,000	20,000,000
NCCBL Mutual Fund-1		1,097,071	-	-	-
NLI First Mutual Fund		1,357,439	-	-	-
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

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
Reliance One Mutual Fund	1,772,772	-	-	-
SEBL First Mutual Fund	2,565,109	-	-	-
	1,279,705,217	1,271,825,284	1,271,128,470	1,271,128,470
Total Quoted shares & MFs	3,347,424,354	3,542,350,946	3,103,826,314	3,428,144,374
Unquoted shares & MFs				
Shares	51,803,470	60,865,470	31,796,470	60,860,470
Mutual Fund	-	-	-	-
	51,803,470	60,865,470.0	31,796,470	60,860,470
Total	3,399,227,824	3,603,216,416	3,135,622,784	3,489,004,844

6.2.3.1 Market Value of Shares (as on 31 December)

Quoted shares & Mutual Funds (MF)

Banks	464,719,484	430,499,747	414,426,584	428,136,747
NBFIs	299,641,879	360,699,853	245,355,059	340,397,353
Insurances	28,160,997	30,085,734	22,357,497	26,055,954
Fuel & Power	182,073,932	271,413,249	157,364,239	240,642,449
Chemicals & Pharmaceuticals	349,123,929	59,322,998	306,520,000	48,622,614
Cement & Ceramics	31,806,443	78,135,934	8,581,443	66,516,194
Engineering	17,062,200	101,003,038	15,696,000	98,201,038
Others	108,663,589	150,877,465	92,237,789	134,178,896
	1,481,252,453	1,482,038,019	1,262,538,611	1,382,751,246
Mutual Funds	987,928,916	1,190,262,033	980,634,316	1,189,632,033
Total	2,469,181,369	2,672,300,052	2,243,172,927	2,572,383,279

* Lock in status of Shares & Mutual Funds

	Trading Started	Lock in period	Lock in expiry
Active Fine Chemicals Limited (Placement share)	1/12/2014	3 Years	30/11/2017
EBL First Mutual Fund (Sponsor share)	19/8/2009	10 Years	18/8/2019
EBL NRB Mutual Fund (Sponsor share)	23/5/2011	10 Years	22/5/2021
First Bangladesh Fixed Income Fund (Sponsor share)	19/3/2012	10 Years	18/3/2022

10% of EBL First Mutual Fund, EBL NRB Mutual Fund & First Bangladesh Fixed Income Fund (FBFIF) shall be locked in for 10 years from the date of commencement of trading.

6.2.4 Preference Shares

United Power Generation and Distribution Co. Ltd.	1,440,000	510,000,000	-	510,000,000
	1,440,000	510,000,000	-	510,000,000

6.2.4 Commercial Paper

PRAN Agro Limited	200,000,000	-	200,000,000	-
	200,000,000	-	200,000,000	-

6.a Remaining maturity grouping of investments

On demand	3,822,900	58,688,527	3,822,900	58,688,527
In not more than one month	77,037,451	2,327,106,962	77,037,451	2,212,900,390
In more than one month but not more than three months	135,246,509	1,425,951,855	135,246,509	1,425,951,855
In more than three months but not more than one year	4,236,323,224	6,988,807,025	3,971,278,184	6,988,802,025
In more than one year but not more than five years	13,121,246,696	10,862,014,802	13,121,246,696	10,862,014,802
In more than five years	7,346,305,377	4,355,227,094	7,346,305,377	4,355,227,094
	24,919,982,157	26,017,796,265	24,654,937,117	25,903,584,693

	Note	Consolidated		Bank		
		2014 Taka	2013 Taka	2014 Taka	2013 Taka	
7	Loans and advances					
	Loans, cash credits, overdrafts, etc.	7.1	112,393,132,778	94,617,143,691	111,438,313,688	94,491,939,790
	Bills purchased and discounted	7.2	7,619,210,264	8,713,673,891	6,853,032,495	8,418,279,159
			120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
7.1	Loans, cash credits, overdrafts etc.					
	Inside Bangladesh					
	Loans - general		97,121,407,485	77,758,246,487	95,607,383,585	77,758,246,487
	Cash credit		239,437,092	177,960,444	239,437,092	177,960,444
	Overdraft		15,591,493,011	17,521,264,355	15,591,493,011	16,555,732,858
			112,952,337,588	95,457,471,287	111,438,313,688	94,491,939,790
	Less: Inter Company Elimination		(559,204,810)	(840,327,596)	-	-
			112,393,132,778	94,617,143,691	111,438,313,688	94,491,939,790
7.2	Bills purchased and discounted					
	Inside Bangladesh					
	Local bills /documents		6,760,336,733	8,298,018,874	6,760,336,733	8,298,018,874
	Foreign bills /documents		858,873,530	415,655,017	92,695,762	120,260,285
			7,619,210,264	8,713,673,891	6,853,032,495	8,418,279,159
7.2.1	Bills purchased and discounted (on the basis of the residual maturity grouping)					
	On Demand		178,947,330	222,423,643	178,947,330	222,423,643
	Within one month		1,226,817,075	1,743,627,181	1,226,817,075	1,743,627,181
	In more than one month but less than three months		3,089,088,183	4,199,418,810	2,322,910,414	3,904,024,078
	In more than three months but less than six months		2,668,477,602	2,548,204,256	2,668,477,602	2,548,204,256
	Above six months		455,880,073	-	455,880,073	-
			7,619,210,264	8,713,673,891	6,853,032,495	8,418,279,159
7.a	Residual maturity grouping of loans and advances including bills purchased & discounted					
	Receivable					
	On demand		5,177,277,240	5,680,536,917	5,177,277,240	5,680,536,917
	In not more than one month		9,740,629,486	9,227,143,053	9,740,629,486	9,227,143,053
	In more than one month but not more than three months		24,393,921,552	23,489,055,594	23,439,102,462	23,193,660,862
	In more than three months but not more than one year		46,038,055,893	38,107,724,778	45,271,878,124	37,982,520,877
	In more than one year but not more than five years		30,526,636,388	23,877,560,537	30,526,636,388	23,877,560,537
	In more than five years		4,135,822,483	2,948,796,701	4,135,822,483	2,948,796,701
			120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
7.b	Loans and advances on the basis of significant concentration					
7.b.1	Loans and advances to Directors, executives and others					
	Advance to Directors and their allied concerns		15,511	245,122	15,511	245,122
	Advances to Managing Director & CEO		17,787,004	18,600,727	17,787,004	18,600,727
	Advances to Other executives and staffs		1,531,951,324	1,219,692,890	1,531,951,324	1,219,692,890
	Advances to Customers (Group wise)		101,546,201,320	84,707,930,656	99,825,204,461	84,582,726,754
	Industrial Advances		16,916,387,884	17,384,348,188	16,916,387,884	17,088,953,456
			120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
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)			5,728	4,657	
	Number of Customers			21	19	
	Classified amount thereon			Nil	Nil	

*This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding Tk.181.20 crore which is equivalent to 10% of total capital of the bank (i.e. Tk. 1,812.07 crore) as at 31 December 2014.

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
7.b.3 Industry-wise concentration of loans and advances including bills purchased and discounted				
Commercial and Trading	19,695,530,379	19,064,267,730	18,929,352,610	18,768,872,998
Construction	1,234,945,175	1,606,803,682	1,234,945,175	1,606,803,682
Sugar & Edible Oil Refinery	4,664,238,680	2,997,693,286	4,664,238,680	2,997,693,286
Crops, fisheries & livestock	3,179,597,468	1,593,561,694	3,179,597,468	1,593,561,694
Electronics Goods	2,119,647,803	2,951,149,902	2,119,647,803	2,951,149,902
Individuals	14,945,858,900	12,470,016,714	13,991,039,809	12,344,812,812
Pharmaceuticals Industries	3,709,258,381	4,034,228,226	3,709,258,381	4,034,228,226
Readymade Garments Industry	13,263,030,040	10,700,662,042	13,263,030,040	10,700,662,042
Ship Breaking Industry	2,994,671,731	3,196,887,627	2,994,671,731	3,196,887,627
Metal & Steel Products	7,155,730,098	7,867,558,592	7,155,730,098	7,867,558,592
Transport & E-communication	7,869,586,932	6,015,253,247	7,869,586,932	6,015,253,247
Textile Mills	11,057,552,914	9,771,752,848	11,057,552,914	9,771,752,848
Power & Fuel	5,199,776,820	2,539,076,319	5,199,776,820	2,539,076,319
Rubber & Plastic Industries	3,005,132,541	2,448,017,141	3,005,132,541	2,448,017,141
Agri & Micro credit through NGO	4,375,674,725	2,734,817,711	4,375,674,725	2,734,817,711
Others	15,542,110,455	13,339,070,822	15,542,110,455	13,339,070,822
	120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
7.b.4 Sector - wise concentration of loans and advances including bills purchased and discounted				
Government sector	-	-	-	-
Public sector	930,772,854	350,854,464	930,772,854	350,854,464
Private sector	119,081,570,188	102,979,963,118	117,360,573,330	102,559,364,485
	120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
7.b.5 Geographical location-wise concentration of loans and advances including bills purchased and discounted				
<i>Inside Bangladesh</i>				
Dhaka Division	84,709,401,728	70,246,443,909	83,754,582,638	70,121,240,004
Chittagong Division	31,369,238,717	29,904,290,132	31,369,238,717	29,904,290,132
Sylhet Division	605,952,681	498,310,254	605,952,681	498,310,254
Rajshahi Division	1,205,833,378	1,091,516,498	1,205,833,378	1,091,516,498
Khulna Division	1,175,909,743	1,160,011,346	1,175,909,743	1,160,011,346
Rangpur Division	169,728,828	134,850,715	169,728,828	134,850,715
Barisal Division	10,100,199	-	10,100,199	-
	119,246,165,273	103,035,422,854	118,291,346,183	102,910,218,949
<i>Outside Bangladesh</i>	766,177,769	295,394,732	-	-
	120,012,343,042	103,330,817,581	118,291,346,183	102,910,218,949
7.b.6 Geographical location and business segment-wise concentration of loans and advances (including bills purchased and discounted)				
	Corporate	SME	Consumer (including staff)	Total
Dhaka Division	61,468,096,312	11,608,877,284	10,677,609,041	83,754,582,638
Chittagong Division	24,313,081,981	4,666,187,303	2,389,969,433	31,369,238,717
Sylhet Division	-	318,934,173	287,018,507	605,952,681
Rajshahi Division	240,027,585	722,916,210	242,889,583	1,205,833,378
Khulna Division	-	832,437,224	343,472,519	1,175,909,743
Rangpur Division	-	125,826,827	43,902,001	169,728,828
Barisal Division	-	4,269,346	5,830,853	10,100,199
	86,021,205,878	18,279,448,367	13,990,691,938	118,291,346,183

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
7.b.7 Business segment - wise concentration of loans and advances including bills purchased and discounted					
Corporate		75,013,087,178	64,709,751,720	74,498,984,103	64,289,153,083
Offshore Banking Unit		11,522,221,774	9,630,175,910	11,522,221,774	9,630,175,910
SME		18,279,448,367	16,640,420,859	18,279,448,367	16,640,420,859
Consumer		13,647,847,396	11,112,175,480	12,440,953,611	11,112,175,480
Executives & Staffs		1,549,738,328	1,238,293,617	1,549,738,328	1,238,293,617
		120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
7.b.8 Loans & advances					
Inside Bangladesh					
Continuous loan (CL-2)					
Consumer Finance		5,484,067,985	4,215,160,531	4,277,174,200	4,215,160,531
Small & Medium Enterprise		5,023,320,705	4,796,949,030	5,023,320,705	4,796,949,030
Loans to BHs/MBs/SDs against Shares		477,910,672	939,401,453	477,910,672	939,401,453
Other Corporate Loans		5,800,445,683	6,907,383,968	6,052,520,378	6,782,180,063
		16,785,745,045	16,858,894,982	15,830,925,955	16,733,691,077
Demand loan (CL-3)					
Small & Medium Enterprise		5,764,112,229	9,210,692,135	5,764,112,229	9,210,692,135
Corporate Loans		58,210,798,612	46,219,257,798	58,210,798,612	46,219,257,798
		63,974,910,841	55,429,949,933	63,974,910,841	55,429,949,933
Term loan (CL-4)					
Consumer Finance (including staff, other than HF)		5,755,821,510	4,388,222,185	5,755,821,510	4,388,222,185
Housing Finance (HF)		922,603,211	943,402,141	922,603,211	943,402,141
Small & Medium Enterprise		9,830,873,950	8,700,197,049	9,830,873,950	8,700,197,049
Corporate Loans		21,961,486,263	16,700,236,128	21,961,486,263	16,700,236,128
		38,470,784,934	30,732,057,503	38,470,784,934	30,732,057,503
Short term agri credit and micro credit (CL-5)					
Short term agri credit		14,724,454	14,520,433	14,724,454	14,520,433
		14,724,454	14,520,433	14,724,454	14,520,433
Outside Bangladesh					
Loans, cash credits, overdrafts etc.		766,177,769	295,394,732	-	-
		120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,945
7.b.9 Security/ Collateral - wise concentration of loans and advances (including bills purchased and discounted)					
Collateral of movable/immovable assets		39,375,487,747	36,364,922,578	39,375,487,747	36,364,922,578
Local banks and financial institutions guarantee		393,898,903	942,221,948	393,898,903	942,221,948
Government guarantee		930,772,854	350,854,463	930,772,854	350,854,463
Foreign bank guarantee		-	-	-	-
Export documents		449,175,272	528,512,087	449,175,272	528,512,087
Fixed deposit receipts (FDR)		5,148,617,565	5,607,455,872	5,148,617,565	5,607,455,872
FDR of other banks		68,615,894	-	68,615,894	-
Government bonds		-	-	-	-
Personal guarantee		8,377,734,280	7,347,225,935	8,377,734,280	7,347,225,935
Other securities (Hypothecation charges)		65,268,040,529	52,189,624,698	63,547,043,669	51,769,026,062
		120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
7.b.10 Classified and unclassified loans & advances				
Unclassified				
Standard (Including Staff Loan)	112,462,781,215	98,732,660,802	110,767,929,209	98,333,008,225
Special Mention Accounts (SMA)	2,366,348,453	879,979,651	2,366,348,453	879,979,651
	114,829,129,668	99,612,640,453	113,134,277,662	99,212,987,876
Classified				
Sub-standard	885,961,479	479,766,825	885,961,479	479,766,825
Doubtful	812,256,126	193,344,322	812,256,126	193,344,322
Bad/Loss	3,484,995,770	3,045,065,982	3,458,850,916	3,024,119,925
7.b.11	5,183,213,375	3,718,177,129	5,157,068,521	3,697,231,072
	120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
Percentage of Classified Loans & Advances (NPL)	4.32%	3.60%	4.36%	3.59%

7.b.10.a The above unclassified loans and advances includes certain customer accounts with an aggregate outstanding amount of Tk 167.90 crore, which have not been reported under classification as at 31 December 2014 on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. An aggregate amount of Tk. 13.19 crore has been kept as excess provision against those customers.

7.b.11 Movements of Classified loans and advances				
Opening balance	3,718,177,129	3,070,774,476	3,697,231,072	3,070,774,476
Additions during the year	3,272,297,230	4,019,530,720	3,267,098,433	3,998,584,663
Reductions during the year	(1,807,260,984)	(3,372,128,067)	(1,807,260,984)	(3,372,128,067)
Closing balance	7.b.11.a 5,183,213,375	3,718,177,129	5,157,068,521	3,697,231,072

Measures taken for recovery of classified loans and advances:

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.

	Bank			
	2014		2013	
	Taka	Mix	Taka	Mix
7.b.11.a Business segment - wise concentration of Classified Loans & Advances (NPL)				
Corporate	3,189,187,472	61.84%	2,422,757,948	65.53%
Offshore Banking Unit	-	-	-	-
SME	1,498,913,069	29.07%	571,891,701	15.47%
Consumer	468,967,980	9.09%	702,581,423	19.00%
	5,157,068,521	100.00%	3,697,231,072	100.00%
7.b.11.b Industry- wise concentration of Classified Loans & Advances (NPL)				
Commercial and Trading	1,875,087,190	36.36%	501,238,429	13.56%
Construction	-	-	6,426,085	0.17%
Sugar & Edible Oil Refinery	718,921,768	13.94%	718,705,099	19.44%

Crops, fisheries & livestock	1,305,154	0.03%	6,901,008	0.19%
Electronics Goods	-	-	4,732,665	0.13%
Individuals	468,932,891	9.09%	702,581,422	19.00%
Readymade Garments Industry	952,420,301	18.47%	233,147,185	6.31%
Ship Breaking Industry	888,969,124	17.24%	768,884,012	20.80%
Metal & Steel Products	-	-	29,623,062	0.80%
Transport & Ecommunication	22,521,777	0.44%	2,598,277	0.07%
Textile Mills	541,029	0.01%	191,953,057	5.19%
Others	228,369,287	4.43%	530,440,771	14.35%
	5,157,068,521	100.00%	3,697,231,072	100.00%

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka

7.b.12 Particulars of loans and advances

i) Debts considered good in respect of which the bank is fully secured	111,658,613,964	96,154,376,140	109,937,617,105	95,733,777,506
ii) Debts considered good for which the bank holds no other security than the debtor's personal security	4,281,080,536	4,237,427,146	4,281,080,536	4,237,427,146
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	4,072,648,543	2,939,014,297	4,072,648,543	2,939,014,297
iv) Debts adversely classified for which no provision is created.	-	-	-	-
	120,012,343,042	103,330,817,582	118,291,346,183	102,910,218,949
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	1,549,738,328	1,238,538,739	1,549,738,328	1,238,538,739
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.	1,549,738,328	1,238,538,739	1,549,738,328	1,238,538,739
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	5,183,213,375	3,718,177,129	5,157,068,521	3,697,231,072
(i) (Decrease)/Increase of provision (specific)	-	-	-	-
(ii) Amount of written off debt against fully provided debts	1,328,982,042	322,366,338	1,328,982,042	322,366,338
(iii) Amount of debt recovered against the debt which was previously written off	105,720,099	110,434,318	105,720,099	110,434,318
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date.	1,969,497,295	1,744,445,238	1,969,497,295	1,744,445,238

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
c) Amount of interest creditable to the interest suspense account		1,028,365,606	672,910,943	1,028,365,606	672,910,943
xi) Cumulative amount of written off loans					
Opening Balance		2,209,119,722	1,886,753,384	2,209,119,722	1,886,753,384
Amount written off during the year		1,328,982,042	322,366,338	1,328,982,042	322,366,338
Balance of written off loans and advances		3,538,101,764	2,209,119,722	3,538,101,764	2,209,119,722
7.b.13 Cumulative amount of written off loans for which law suits have been filed (note 7.b.14)		4,845,715,780	3,354,286,616	4,845,715,780	3,354,286,616
7.b.14 Details of cumulative amount of written off loans including legal and other charges	7.b.14.1				
Opening balance		3,354,286,616	2,961,210,884	3,354,286,616	2,961,210,884
During the year		1,491,429,164	393,075,733	1,491,429,164	393,075,733
Closing balance		4,845,715,780	3,354,286,616	4,845,715,780	3,354,286,616
7.b.14.1 Cumulative number of written off loan accounts against which suits filed					
Opening balance				1,691	1,057
During the year				1,606	634
Closing balance				3,297	1,691
8 Fixed assets including land, building, furniture and fixtures					
Cost					
Freehold Land and Land Development		5,178,917,918	5,177,928,478	5,178,917,918	5,177,928,478
Buildings on Freehold land		730,841,590	730,841,590	730,841,590	730,841,590
Building under construction (Corporate Head Office)*		497,621,423	379,904,613	497,621,423	379,904,613
Machinery and Equipment		651,078,351	552,527,072	646,001,743	547,945,392
Computer and Network equipment		440,135,784	370,737,255	434,842,123	366,150,351
Furniture and fixtures		362,715,810	339,350,436	352,811,163	330,678,401
Vehicles		113,749,726	110,041,599	112,407,421	108,699,294
Leased Assets (finance lease)		90,084,859	90,084,859	90,084,859	90,084,859
Software		326,629,600	220,752,558	323,707,619	217,890,577
Total Cost		8,391,775,061	7,972,168,460	8,367,235,859	7,950,123,555
Accumulated depreciation & amortization		(1,295,142,370)	(1,063,923,631)	(1,280,360,122)	(1,052,729,826)
Written Down Value at 31 December		7,096,632,691	6,908,244,830	7,086,875,736	6,897,393,729
* 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 intended use.					
Details of these are in Annexure-A.					
9 Other assets					
Income generating					
Investment in subsidiary-EBL Securities Limited	9.1	-	-	867,400,000	867,400,000
Investment in subsidiary-EBL Investments Limited	9.2	-	-	299,999,900	299,999,900
Investment in subsidiary-EBL Finance (HK) Limited	9.3	-	-	14,779,352	14,779,352
Investment in subsidiary-EBL Asset Management Limited	9.4	-	-	49,999,900	-
DSE Membership	9.5	553,800,000	553,800,000	-	-
CSE Membership	9.6	201,500,000	201,500,000	-	-
Non-Income generating					
Receivable from subsidiaries	9.7	-	-	50,935,416	5,612,917
Other assets of subsidiaries	9.8	36,503,227	17,300,375	-	-
Stock of stationeries		13,005,088	14,532,435	13,005,088	14,532,435
Stamps on hand		2,912,441	3,820,980	2,912,441	3,820,980
Advance to staff for expenses	9.9	757,052	238,491	757,052	238,491
Security deposits-govt. agencies		3,400,476	2,457,801	2,960,476	2,257,801
Interest and dividend receivables	9.10	873,179,098	755,949,181	871,072,093	758,801,887
Sundry receivables	9.11	447,611,743	230,911,676	447,611,743	230,911,676

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
Advance rent		321,069,492	333,964,153	319,005,678	333,964,153
Prepayments and advance to vendors		386,002,983	167,734,063	385,869,094	164,130,751
Deferred tax assets (net off liabilities)	9.12	827,052,579	698,391,343	827,052,579	698,391,343
		3,666,794,180	2,980,600,498	4,153,360,814	3,394,841,686

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 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 authorized capital of BDT 1,000 million and paid up capital of BDT 300 million. It was awarded merchant banking license by BSEC on January 2013 and ever 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 Investment in subsidiary-EBL Asset Management Limited

This is another fully owned subsidiary of EBL was incorporated on 09 January 2011 with an initial authorized capital of BDT 250 million. Its initial paid up capital of BDT 50 million was fully subscribed in 2014, and is waiting to get required license from BSEC to start full fledged operations.

9.5 Valuation of DSE Membership 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.

9.6 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 numbers 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 fully completed and these shares are also currently not traded. Hence the actual fair value is not readily ascertainable. However management expects the fair value to be similar or higher than the current fair value. Once further clarification about the Scheme and related factors are available a determination of fair value required adjustments including impairment assessment, if any, can be made at that time.

9.7 Receivable from Subsidiaries

EBL Securities Limited	47,347,678	3,312,400
EBL Investments Limited	-	-
EBL Finance (HK) Limited	3,320,809	2,300,517
EBL Asset Management Limited	266,930	-
	50,935,416	5,612,917

9.8 Other assets of subsidiaries

Accounts receivable	41,832,574	17,375,604
Deferred revenue expenses	86,194	242,814
	41,918,768	17,618,418
Less: Inter company elimination	(5,415,541)	(318,043)
	36,503,227	17,300,375

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
9.9 Advance to staff for expenses				
Due for				
Less than three months	534,387	238,491	534,387	238,491
More than three months but less than six months	166,165	-	166,165	-
More than six months but less than nine months	56,500	-	56,500	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
	757,052	238,491	757,052	238,491
9.10 Interest and dividend receivables				
Interest Receivables	873,819,188	750,484,891	870,130,248	750,484,891
Interest Receivable - OBU	12,993,161	5,976,971	12,993,161	5,976,971
Dividend Receivables	1,261,200	8,570,833	-	8,570,833
	888,073,549	765,032,695	883,123,409	765,032,695
Less: Inter unit/company elimination	(14,894,451)	(9,083,513)	(12,051,316)	(6,230,807)
	873,179,098	755,949,181	871,072,093	758,801,887
9.11 Sundry receivables				
Receivable from BB for Sanchaypatra and WEDB	145,781,759	29,545,579	145,781,759	29,545,579
Excise duty receivable from customers	74,676,003	55,902,869	74,676,003	55,902,869
Counter party receivable for REPO	10,309,182	29,243,341	10,309,182	29,243,341
NRB Remittance	-	5,792,923	-	5,792,923
Suspense account	-	5,266,159	-	5,266,159
Recoverable expenses	2,598,501	11,308,604	2,598,501	11,308,604
Other receivables	214,246,298	93,852,202	214,246,298	93,852,202
	447,611,743	230,911,676	447,611,743	230,911,676
9.12 Deferred tax assets (net off liabilities)				
Deferred tax assets	9.12.a 865,763,076	720,872,694	865,763,076	720,872,694
Deferred tax liabilities	9.12.b 38,710,497	22,481,351	38,710,497	22,481,351
	827,052,579	698,391,343	827,052,579	698,391,343
Deferred tax assets/(liabilities) have been recognised and measured as per BAS-12: Income Taxes and BRPD circular # 11 dated 12 December 2011.				
9.12.a Deferred tax assets				
Provision made against Bad/Loss loans (2011-2014)	3,320,524,515	1,916,605,967	3,320,524,515	1,916,605,967
Adjustment of corresponding provision on write off	(1,283,434,923)	(220,434,923)	(1,283,434,923)	(220,434,923)
Deductible temporary difference	2,037,089,592	1,696,171,044	2,037,089,592	1,696,171,044
Tax rate	42.50%	42.50%	42.50%	42.50%
Deferred tax assets	865,763,076	720,872,694	865,763,076	720,872,694
Opening Deferred tax assets	720,872,694	390,778,700	720,872,694	390,778,700
Deferred tax income	144,890,383	330,093,994	144,890,383	330,093,994
9.12.b Deferred tax liabilities				
Carrying amount of fixed assets	1,400,549,316	1,327,666,446	1,400,549,316	1,327,666,446
Tax base of fixed assets	1,309,465,793	1,274,769,150	1,309,465,793	1,274,769,150
Taxable temporary difference	91,083,523	52,897,296	91,083,523	52,897,296
Tax rate	42.50%	42.50%	42.50%	42.50%
Deferred tax liabilities	38,710,497	22,481,351	38,710,497	22,481,351
Opening deferred tax liabilities	22,481,351	14,291,710	22,481,351	14,291,710
Deferred tax expense	16,229,147	8,189,641	16,229,147	8,189,641

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

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
Name of Parties	Assets details	Possession Date		
M/S Safa Garments Ltd *	18 Decimal of Land, Tejgaon, Dhaka	18.01.2005	8,727,000	8,727,000
Arshim & co	12 Katha of Land, Tejgaon, Dhaka	27.03.2007	4,200,000	4,200,000
M/s Innovative Computer Ltd.	11.25 Decimal of Land, Dhaka	07.06.2007	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
M/S Bangla Union Steel Ind. Ltd.	192.96 Decimal of Land, Chittagong	30.07.2007	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
Stec Fashions Ltd.	28.03 Decimal of land, Mirpur, Dhaka	26.01.2009	2,321,000	2,321,000
Royals Paper Store	106.50 Decimal of Land, Dhaka	21.05.2009	7,727,000	7,727,000
Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka	10.05.2007	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
M/S Unicorn Bangladesh Ltd.	16.5 Decimal of Land, Dhaka	22.11.2007	15,000,000	15,000,000
HM Yunus	1.84 Acres of Land, Gazipur	06.02.2008	55,700,000	55,700,000
			191,733,000	191,733,000

*After expiry of initial 7 years period of holding allowed by Bank Company Act 1991 (amended upto 2013) the Bank was allowed for extension of 1 year (till 17.01.2013) by Bangladesh Bank (BB). After expiry of 1 year extended period, the Bank again applied to BB for extension but BB advised the Bank to ensure taking absolute possession and dispose the property as soon as possible (asap). EBL has taken effective measure to dispose the property asap.

** Except the above, time extension has been taken from BB for rest of the properties, whose initial period of holding has exceeded 7 years on 31-12-2014. The Bank has kept full provision in excess of reserve against NBA against the book value of all the properties to avoid any further loss on impairment in future due to complexity in taking absolute possession and/or selling the same.

11 Borrowings from other banks, financial institutions and agents

Borrowing inside Bangladesh	11.1	22,302,653,587	8,420,239,834	21,461,916,145	8,420,239,834
Borrowing outside Bangladesh	11.2	4,558,720,905	5,659,640,566	4,558,720,905	5,659,640,566
		26,861,374,492	14,079,880,398	26,020,637,050	14,079,880,398

11.1 Borrowing inside Bangladesh**Demand Borrowing:**

Banks	11,088,922,061	5,777,138,869	9,658,339,948	4,936,811,273
Non Banking Financial Institutions	-	-	-	-
	11,088,922,061	5,777,138,869	9,658,339,948	4,936,811,273
Less: Inter unit/company elimination	(9,028,184,619)	(5,777,138,869)	(8,438,339,948)	(4,936,811,273)
	2,060,737,442	-	1,220,000,000	-

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
Term Borrowing:				
Banks	10,886,417,240	692,648,143	10,129,241,000	376,343,750
Non Banking Financial Institutions	-	-	-	-
	10,886,417,240	692,648,143	10,129,241,000	376,343,750
Less: Inter unit/company elimination	(757,176,240)	(316,304,393)	-	-
	10,129,241,000	376,343,750	10,129,241,000	376,343,750
Other borrowings				
From Bangladesh Bank & others				
Investment Promotion & Financing Facility (IPFF)	422,888,560	503,906,012	422,888,560	503,906,012
Export Development Fund (EDF)	5,442,977,156	3,856,131,560	5,442,977,156	3,856,131,560
Refinancing for Agrobased Industries	1,035,563,199	1,165,008,600	1,035,563,199	1,165,008,600
Refinancing Agribusiness - Revolving	1,678,127,231	1,993,763,912	1,678,127,231	1,993,763,912
Second Crop Diversification Project	1,019,369,000	515,086,000	1,019,369,000	515,086,000
SME Foundation	30,000,000	10,000,000	30,000,000	10,000,000
Repo with BBK against ALS (Assured Liquidity Support)	483,750,000	-	483,750,000	-
	10,112,675,145	8,043,896,084	10,112,675,145	8,043,896,084
	22,302,653,587	8,420,239,834	21,461,916,145	8,420,239,834
11.2 Borrowing from outside Bangladesh				
In non-interest bearing with				
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	1,219,323	2,948,078	1,219,323	2,948,078
ICICI Bank Ltd, Mumbai	1,210,454	-	1,210,454	-
Habib American Bank, NY	2,341,255	-	2,341,255	-
National Commercial Bank, Jeddah, KSA	-	21,742	-	21,742
Deutsche Trust Company Americas, New York	17,687,070	12,058,160	17,687,070	12,058,160
	22,458,102	139,390,566	22,458,102	139,390,566
Other borrowing by OBU				
In interest bearing with				
Asian Development Bank	41,924,711	-	41,924,711	-
Banca Ubae Spa, Spain	-	388,750,000	-	388,750,000
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	2,494,380,800	1,244,000,000	2,494,380,800	1,244,000,000
International Finance Corporation (IFC)	-	2,332,500,000	-	2,332,500,000
FMO, Netherland	1,247,190,400	1,555,000,000	1,247,190,400	1,555,000,000
United Bank Limited, Dubai	752,766,891	-	752,766,891	-
	4,536,262,803	5,520,250,000	4,536,262,803	5,520,250,000
	4,558,720,905	5,659,640,566	4,558,720,905	5,659,640,566
11.a Remaining maturity grouping of Borrowings - (including OBU)				
Payable				
On demand	2,633,435,000	247,052,275	2,633,435,000	247,052,275
In not more than one month	9,650,596,142	1,153,293,093	9,650,596,142	1,153,293,093
In more than one month but not more than three months	4,021,623,167	4,409,892,760	3,180,885,725	4,409,892,760
In more than three months but not more than one year	8,182,954,972	6,046,957,206	8,182,954,972	6,046,957,206
In more than one year but not more than five years	997,420,485	1,109,192,331	997,420,485	1,109,192,331
In more than five years	1,375,344,726	1,113,492,734	1,375,344,726	1,113,492,734
	26,861,374,492	14,079,880,398	26,020,637,050	14,079,880,398
12 Deposits and other accounts				
Current deposits and other accounts, etc.	12.1	10,307,565,783	9,860,812,866	10,314,018,874
Bills payable	12.2	1,034,027,209	789,543,484	1,034,027,209
Savings bank deposits	12.3	23,982,033,088	16,923,994,211	23,982,033,088
Fixed deposits	12.4	81,398,775,594	89,462,490,607	81,461,596,944
Bearer certificates of deposits	12.5	-	-	-
		116,722,401,675	117,036,841,168	116,791,676,116
				117,101,708,180

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
12.1 Current deposits and other accounts					
Current deposits	12.1.1	4,979,909,704	4,624,020,832	4,986,362,795	4,658,089,533
Deposit margin on facilities (LC, LG, Acceptance etc.)		3,920,186,721	3,640,356,218	3,920,186,721	3,640,356,218
Matured Deposits		-	200,000	-	200,000
Sundry Deposits (Matured BCD, TD Redemption)		493,134	33,038,242	493,134	33,038,242
Interest Accrued on Deposits		1,332,828,949	1,545,840,628	1,332,828,949	1,545,840,628
Current deposit-offshore banking unit		74,147,276	17,356,946	74,147,276	17,356,946
		10,307,565,783	9,860,812,866	10,314,018,874	9,894,881,567
12.1.1 Current deposits					
Local Currency		4,550,245,654	4,088,778,537	4,550,245,654	4,088,778,537
Foreign Currency		436,117,141	569,310,996	436,117,141	569,310,996
		4,986,362,795	4,658,089,533	4,986,362,795	4,658,089,533
Less: Inter unit/company elimination		(6,453,091)	(34,068,701)	-	-
		4,979,909,704	4,624,020,832	4,986,362,795	4,658,089,533
12.2 Bills payable					
Local currency		729,105,102	784,529,183	729,105,102	784,529,183
Foreign currency		304,922,107	5,014,301	304,922,107	5,014,301
		1,034,027,209	789,543,484	1,034,027,209	789,543,484
12.3 Savings bank deposits					
Transactional Deposit Accounts:					
EBL saving deposits account		4,014,615,600	3,969,396,799	4,014,615,600	3,969,396,799
High performance deposit account - retail		5,317,999,386	5,126,404,193	5,317,999,386	5,126,404,193
EBL campus account		55,869,728	43,023,598	55,869,728	43,023,598
EBL interesting account		1,680,971,333	1,649,940,005	1,680,971,333	1,649,940,005
Salary account deposits		550,456,936	309,317,668	550,456,936	309,317,668
EBL Savings Plus account		846,857,824	1,020,913,492	846,857,824	1,020,913,492
EBL Sonchoy account		86,362,337	59,718,753	86,362,337	59,718,753
EBL Paribar account		976,950,219	703,542,939	976,950,219	703,542,939
EBL Global account		104,224,137	90,200,649	104,224,137	90,200,649
EBL Global GBP account		13,544,794	8,686,713	13,544,794	8,686,713
EBL RFCD account		103,446,709	82,569,786	103,446,709	82,569,786
EBL Junior account		406,620,098	212,656,343	406,620,098	212,656,343
EBL Easy account		18,437,424	3,030,125	18,437,424	3,030,125
EBL Agri Saver		359	143	359	143
EBL Smart Womens Savings		481,427,410	83,815,454	481,427,410	83,815,454
EBL Classic Savings		178,122,575	68,433,504	178,122,575	68,433,504
EBL Premium Savings		3,404,253,770	269,505,506	3,404,253,770	269,505,506
EBL 50 Plus Savings		315,772,899	50,647,066	315,772,899	50,647,066
EBL Power Savings		563,678,003	101,202,452	563,678,003	101,202,452
EBL Max Saver		941,655,072	156,745,851	941,655,072	156,745,851
EBL Platinum Plus Savings		17,474,992	-	17,474,992	-
Unclaimed savings deposit		153,485	1,861,586	153,485	1,861,586
		20,078,895,090	14,011,612,625	20,078,895,090	14,011,612,625
Scheme Deposits:					
EBL Confidence account		2,775,544,945	2,262,135,766	2,775,544,945	2,262,135,766
EBL Secure account		192,389,940	353,928,828	192,389,940	353,928,828
EBL Child Future Plan account		195,206,952	94,049,715	195,206,952	94,049,715
EBL Millionaire Scheme		548,912,021	83,162,019	548,912,021	83,162,019
SME Equity Builder account		191,084,142	119,105,258	191,084,142	119,105,258
		3,903,137,998	2,912,381,586	3,903,137,998	2,912,381,586
		23,982,033,088	16,923,994,211	23,982,033,088	16,923,994,211

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
12.4 Fixed deposits				
Special notice deposits (SND) account	20,949,041,369	31,561,726,862	20,949,041,369	31,561,726,862
Term deposits account	60,299,934,604	57,581,111,546	60,299,934,604	57,581,111,546
RFCD account	3,043,795	2,214,528	3,043,795	2,214,528
NFCD account	209,577,176	348,235,982	209,577,176	348,235,982
	81,461,596,944	89,493,288,918	81,461,596,944	89,493,288,918
Less: Inter unit/company elimination	(62,821,350)	(30,798,311)	-	-
	81,398,775,594	89,462,490,607	81,461,596,944	89,493,288,918
12.5	Issuance of Bearer Certificate of Deposits (BCD) was stopped as per BRPD circular No. 09 dated 20 October 2002. Unclaimed balance of BCD over 10 years was surrendered to Bangladesh Bank in the year 2014.			
12.a	Deposits from banks-inside Bangladesh	12.a.1	882,148,921	1,188,456,427
	Other than banks		115,840,252,754	115,848,384,741
			115,909,527,195	115,913,251,753
			116,722,401,675	117,036,841,168
12.a.1	Deposits from banks			
	In current deposit account with			
	NRB Bank Limited		1,313,797	-
	In special notice deposit accounts with			
	Janata Bank Limited		43,411	42,998
	Meghna Bank Limited		1,512,504	6,526,216
	Mercantile Bank Limited		-	21,390
	Midland Bank Limited		12,990,319	-
	Modhumoti Bank Limited		527,951,426	-
	National Bank Limited		154,173	149,785
	NRB Bank Limited		85,718,932	1,173,141,631
	NRB Commercial Bank Limited		940,177	4,294,876
	One Bank Limited		3,973,154	3,828,204
	Southeast Bank Limited		29,730	445,397
	SBAC Bank Limited		247,516,351	-
	Standard Bank Limited		4,946	5,929
			882,148,921	1,188,456,427
12.b	Deposits on the basis of significant concentration			
12.b.1	Sector - wise concentration of Deposits and other accounts			
	Government sector		748,688,134	874,959,460
	Other public sector		7,349,194,115	11,407,834,768
	Private sector		108,624,519,425	104,754,046,940
			116,722,401,675	117,036,841,168
12.b.2	Business segment - wise concentration of Deposits and other accounts			
	Corporate		32,432,290,258	47,675,671,083
	Offshore Banking Unit		74,147,276	17,356,946
	SME		7,955,287,706	6,544,420,656
	Consumer		75,226,649,225	62,009,848,999
	Others- Bills Payables		1,034,027,209	789,543,484
			116,722,401,675	117,036,841,168
12.c	Residual maturity grouping of Deposits			
	From banks			
	On demand		-	-
	Within one month		882,148,921	1,188,456,427
	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		-	-
			882,148,921	1,188,456,427

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
From other than banks					
On demand		793,634,105	920,829,160	793,634,105	920,829,160
Within one month		13,493,589,285	18,121,613,991	13,500,042,376	18,129,486,243
In more than one month but less than six months		21,826,134,512	21,916,380,831	21,888,955,862	21,920,889,761
In more than six months but less than one year		34,792,488,809	31,048,493,222	34,792,488,809	31,061,280,943
In more than one year but within five years		43,127,861,080	41,971,544,262	43,127,861,080	42,011,242,371
In more than five years but within ten years		1,806,544,962	1,869,523,275	1,806,544,962	1,869,523,275
		115,840,252,754	115,848,384,741	115,909,527,194	115,913,251,753
		116,722,401,675	117,036,841,168	116,791,676,116	117,101,708,180
Unclaimed deposit aging 10 years or more		401,379	704,844	401,379	704,844
13 Other liabilities					
Privileged creditors	13.1	286,783,691	326,317,939	286,783,691	326,317,939
Acquirer liabilities	13.2	260,271,782	140,446,893	260,271,782	140,446,893
Sundry creditors		63,096,228	117,905,676	63,096,228	117,905,676
Security deposit		57,290,130	62,609,562	57,290,130	62,609,562
Current tax liability/(assets)	13.3	1,075,823,159	1,480,961,079	1,070,435,914	1,475,061,768
Provision for loans and advances- other than Offshore	13.4	4,226,658,845	3,476,553,016	4,200,513,991	3,476,553,016
Provision for loans and advances - Offshore		124,242,089	97,013,933	124,242,089	97,013,933
Interest suspense account	13.5	1,096,173,580	702,662,220	1,028,365,606	672,910,943
Provision for other assets	13.6	23,579,799	47,853,113	23,579,802	47,856,113
Provision for loss on revaluation of shares (net)	13.7	881,850,659	874,335,895	864,261,060	860,046,096
Advance interest/commission received		13,882,264	20,378,400	11,203,244	20,378,400
Expenses payable		319,283,096	317,020,422	319,283,096	317,020,422
Interest payable on borrowing including Offshore	13.8	172,093,093	105,847,548	161,341,205	105,847,548
Inter branch and inter system accounts		69,199	40,703	69,199	40,703
Advance export proceeds		325,458,711	356,956,828	325,458,711	356,956,828
Miscellaneous payable	13.9	428,770,570	172,581,260	428,770,570	172,581,260
Other liabilities of subsidiaries	13.10	269,898,020	188,330,801	-	-
		9,625,224,915	8,487,815,290	9,224,966,318	8,249,547,102
13.1 Privileged creditors (payable to government)					
Tax deducted at source (TDS)		109,774,008	175,791,724	109,774,008	175,791,724
VAT deducted at source (VDS)		37,478,587	35,016,205	37,478,587	35,016,205
Excise duty deducted from customer accounts		139,531,097	115,510,011	139,531,097	115,510,011
		286,783,691	326,317,939	286,783,691	326,317,939
13.2 Acquirer liabilities					
These liabilities are of temporary nature arisen from debit and credit card transactions. Transactions are settled next day with relevant parties and reconciled monthly. Major balance 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		13,563,274	12,333,364	13,563,274	12,333,364
Travel card liability		22,726,509	17,035,102	22,726,509	17,035,102
Credit card liability		32,139,936	30,824,266	32,139,936	30,824,266
Acquirer cash and other liabilities		191,842,063	80,254,161	191,842,063	80,254,161
		260,271,782	140,446,893	260,271,782	140,446,893
13.3 Current tax liability/(assets)					
Provision for tax					
Opening balance		2,942,064,258	2,589,515,621	2,896,503,576	2,556,953,823
Settlement/adjustments for previous years		(2,528,026,889)	(2,273,937,989)	(2,477,409,255)	(2,250,237,736)
Provision for tax made during the year	13.3.1	2,040,275,595	2,626,486,626	1,995,209,737	2,589,787,489
		2,454,312,964	2,942,064,258	2,414,304,058	2,896,503,576
Balance of income tax paid					
Opening balance		1,461,103,179	1,222,515,168	1,421,441,808	1,207,497,126
Settlement/adjustments for previous years		(2,522,661,625)	(2,259,433,709)	(2,477,409,255)	(2,250,237,736)
Paid during the year	13.3.2	2,440,048,251	2,498,021,720	2,399,835,591	2,464,182,418
		1,378,489,806	1,461,103,179	1,343,868,144	1,421,441,808
		1,075,823,159	1,480,961,079	1,070,435,914	1,475,061,768

	Note	Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
13.3.1 Provision for tax made during the year	13.3.1.a	2,040,275,595	2,626,486,626	1,995,209,737	2,589,787,489
		2,040,275,595	2,626,486,626	1,995,209,737	2,589,787,489
13.3.1.a Income tax expenses/Provision for tax					
Current tax expenses					
Current year		2,040,206,385	2,556,925,675	1,995,209,737	2,525,924,753
Adjustment for prior year		69,210	69,560,951	-	63,862,736
Total income tax expenses		2,040,275,595	2,626,486,626	1,995,209,737	2,589,787,489
13.3.2 Income tax paid during the year					
Withholding tax deducted at source		142,958,887	143,612,157	110,611,014	127,932,097
Advance tax paid in cash		2,297,089,364	2,354,409,563	2,289,224,577	2,336,250,321
Advance income tax paid		2,440,048,251	2,498,021,720	2,399,835,591	2,464,182,418
		2014	2013		
		%	Taka	%	Taka
13.3.3 Reconciliation of effective tax (Bank only)					
Profit before income tax as per profit and loss account			3,973,060,233		4,835,746,967
Income Tax as per applicable tax rate		42.5%	1,688,550,576	42.5%	2,070,540,840
Factors affecting the tax charge for current year					
Non deductible expenses		12.49%	496,038,879	11.02%	533,042,961
Tax exempt income		-3.65%	(145,150,773)	-0.84%	(40,847,278)
Tax savings from reduced tax rates from dividend		-0.68%	(27,058,930)	-0.39%	(18,951,391)
Tax savings from reduced tax rates from capital gain		-0.43%	(17,170,014)	-0.37%	(17,860,362)
Adjustment for previous year		-	-	1.32%	63,862,718
Total income tax expenses		50.22%	1,995,209,737	53.24%	2,589,787,489
13.4 Provision for loans and advances - other than Offshore					
A) Specific provision against loans and advances					
Opening balance		1,950,187,709	1,387,320,825	1,929,241,652	1,387,320,825
Fully provided debt written off during the year		(1,166,090,518)	(274,781,701)	(1,166,090,518)	(274,781,701)
Recovery from loans previously written off		105,720,099	110,434,318	105,720,099	110,434,318
Specific provision for the year	13.4.1	1,545,409,655	727,217,267	1,540,210,858	706,268,210
Provision released or no longer required		-	-	-	-
Provision held at the end of the year		2,435,226,945	1,950,190,709	2,409,082,091	1,929,241,652
Required provision		2,303,326,945	1,932,990,709	2,277,182,091	1,912,041,652
Surplus/ (Shortage)		131,900,000	17,200,000	131,900,000	17,200,000
Provision against margin loan (with negative equity) of EBLSL included in the specific provision of the Group.					
B) General provision against unclassified loans and advances					
Opening balance		998,975,858	982,329,576	998,975,858	982,329,576
Provision made during the year for loans and advances	13.4.1	188,885,578	16,646,282	188,885,578	16,646,282
Provision held at the end of the year		1,187,861,436	998,975,858	1,187,861,436	998,975,858
Required provision		1,187,861,436	998,602,451	1,187,861,436	998,602,451
Surplus/ (Shortage)		-	373,406	-	373,406
C) General provision against contingent assets (1%)					
Opening balance		548,335,507	487,512,168	548,335,507	487,512,168
Provision during the year for contingent assets		55,234,958	60,823,339	55,234,958	60,823,339
Provision held at the end of the year		603,570,465	548,335,507	603,570,465	548,335,507
Required provision		603,570,465	548,335,507	603,570,465	548,335,507
Surplus/ (Shortage)		-	-	-	-
Total (A+B+C)		4,226,658,845	3,497,502,073	4,200,513,991	3,476,553,016

13.4.1 Provision for loans and advances charged during the year

Figures are in Taka

	Bank		2014	2013
	Main Operation	OBU	Total	Total
General Provision for UC loans & advances	188,885,578	18,592,656	207,478,234	23,440,953
General Provision for Contingent liabilities	55,234,958	8,269,969	63,504,927	60,707,633
General Provision charged during the year	244,120,536	26,862,625	270,983,161	84,148,586
Specific Provision	1,645,930,957	-	1,645,930,957	816,702,528
Recovery from loans previously written off	-	-	(105,720,099)	(110,434,318)
Specific Provision (net) charged during the year	1,645,930,957	-	1,540,210,858	706,268,210
Total Provision for loans and advances charged during the year	1,890,051,493	26,862,625	1,811,194,019	790,416,796

13.4.2 Calculation of provision for loans and advances

Figures are in Taka

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision	Surplus / (Shortage)
Standard	109,218,217,423	307,406,954	-	108,747,010,574	1,273,792,959	1,273,792,959	-
SMA	2,366,321,913	119,444,019	-	2,366,321,913	29,290,695	29,290,695	-
SS	885,961,479	143,129,630	184,471,033	616,422,305	123,232,105	153,208,105	29,976,000
DF	812,256,126	77,721,080	219,232,858	572,753,436	286,376,718	286,376,718	-
BL	3,458,850,915	380,663,924	1,426,000,492	1,803,473,268	1,867,573,295	1,969,497,295	101,924,000
Staff loan	1,549,738,328	-	-	-	-	-	-
Total Loans (Bank)	118,291,346,183	1,028,365,608	1,829,704,383	114,105,981,495	3,580,265,771	3,712,165,771	131,900,000
Contingent liabilities	61,259,030,810	-	-	61,259,030,810	612,590,308	612,590,308	-
Total	179,550,376,993	1,028,365,608	1,829,704,383	175,365,012,306	4,192,856,080	4,324,756,080	131,900,000
Less: Provision for unclassified loans and advances - OBU					124,242,089	124,242,089	-
Provision for loans and advances (excluding OBU)					4,068,613,991	4,200,513,991	131,900,000

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka

13.5 Interest suspense account

Opening balance	702,662,220	665,254,434	672,910,943	665,254,434
Amount transferred during the year	1,104,303,343	846,649,435	1,066,246,646	816,898,158
Amount recovered during the year	(551,241,850)	(761,838,170)	(551,241,850)	(761,838,170)
Amount written off during the year	(159,550,132)	(47,403,479)	(159,550,132)	(47,403,479)
Balance at the end of the year	1,096,173,580	702,662,220	1,028,365,606	672,910,943

Interest suspense of EBLSL against margin loan (with negative equity) is included in Interest suspense of the Group.

13.6 Provision for other assets

Opening balance	47,853,113	21,463,790	47,856,113	21,463,790
Provision made/(released) during the year	(7,856,235)	26,389,323	(13,055,032)	26,392,323
Adjustment made during the year	(16,417,079)	-	(11,221,279)	-
	23,579,799	47,853,113	23,579,802	47,856,113

13.7 Provision for revaluation of shares

Opening balance	874,335,895	724,346,229	860,046,096	724,346,229
Provision made/(released) during the year	7,514,765	149,989,666	4,214,965	135,699,867
	881,850,659	874,335,895	864,261,060	860,046,096

Provision has been kept on unrealized loss (gain net off) according to DOS Circular No. 4 dated 24 November 2011.

Note	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
13.8 Interest Payable on Borrowing				
Interest payable on Borrowing	138,912,159	85,898,168	128,160,271	85,898,168
Interest payable on Borrowing-Offshore	48,075,385	29,032,894	45,232,250	26,180,188
	186,987,545	114,931,062	173,392,522	112,078,356
Less: Inter unit/company elimination	(14,894,451)	(9,083,513)	(12,051,316)	(6,230,807)
	172,093,093	105,847,548	161,341,205	105,847,548
13.09 Miscellaneous payable				
Sale of savings certificate and WEDB	41,330,000	22,852,092	41,330,000	22,852,092
Unclaimed instruments	2,229,474	2,279,574	2,229,474	2,279,574
Other liabilities	385,211,096	147,449,594	385,211,096	147,449,594
	428,770,570	172,581,260	428,770,570	172,581,260
13.10 Other liabilities of subsidiaries				
Accounts payable	276,854,873	185,685,814		
Liabilities for expenses	18,754,745	8,575,947		
Bank overdraft	489,844,671	840,327,596		
	785,454,289	1,034,589,357		
Less: Intra group outstanding balances				
Rent & others	(5,724,139)	(5,612,917)		
Share trading account	(50,627,320)	(318,043)		
Bank overdraft (net off cheque in transit)	(459,204,810)	(840,327,596)		
	(515,556,269)	(846,258,556)		
Net other liabilities	269,898,020	188,330,801		
	As per our book (GL)		As per their book (statement)	
	Debit (USD)	Credit (USD)	Debit (USD)	Credit (USD)
13.a Nostro Reconciliation				
Up to three months	1,222,990	2,172,925	959,847	7,066,282
More than three months but less than six months	-	100	-	-
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
Total	1,222,990	2,173,025	959,847	7,066,282
The Bank is not required to keep provision on the unreconciled debit balance as at balance sheet date as there was no debit entry aging more than three months.				
14 Share Capital				
A) Authorized capital				
1,200,000,000 ordinary shares of Tk 10 each	12,000,000,000	12,000,000,000	12,000,000,000	12,000,000,000
B) Issued, subscribed and fully paid up capital				
	2014 (Nos.)	2013 (Nos.)		
Issued against cash	129,345,000	129,345,000	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
	611,179,785	611,179,785	6,111,797,850	6,111,797,850

14.1 Slab wise list as on 31 December 2014

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 2014 is as follows:

Percentage of group wise share holdings:

Shareholders' group	2014			2013		
	No. of shares	(%) of share holding	Taka	No of Shares	(%) of share holding	Taka
Directors	192,923,886	31.57%	1,929,238,860	192,923,886	31.57%	1,929,238,860
General Public	348,032,336	56.94%	3,480,323,360	348,023,246	56.94%	3,480,232,460
Financial Institutions	70,223,563	11.49%	702,235,630	70,232,653	11.49%	702,326,530
Total	611,179,785	100.00%	6,111,797,850	611,179,785	100.00%	6,111,797,850

Status of shareholding (shares of EBL) as on 31 December 2014 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	No. of shares (EBL) held
Ali Reza Iftekhar (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)	DMD - Operations & ICC	24,940
Masudul Hoque Sardar (with his spouse & minor children)	VP & Head of Finance	-

Executives (Top five salaried executives other than CEO, CS, CFO & HoICC)

Hassan O. Rashid	DMD - Corporate & Treasury	200,000
Abul Moqsud	DMD & CRO	-
Sami Karim	SEVP & Head of Special Asset Management	-
S M Akhtaruzzaman Chowdhury	SEVP & Head of Operations	-
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	8,977	1,435,614	0.23%
501-5,000	4,699	7,546,906	1.23%
5,001-10,000	480	3,484,043	0.57%
10,001-20,000	256	2,617,488	0.43%
20,001-30,000	106	3,528,544	0.58%
30,001-40,000	56	1,919,834	0.31%
40,001-50,000	47	2,122,042	0.35%
50,001-100,000	94	6,812,008	1.11%
100,001-1,000,000	203	67,014,542	10.96%
1,000,001 and above	71	514,698,764	84.21%
Total	14,989	611,179,785	100.00%

14.2 Capital adequacy ratio (BASEL II)

Tier – I (Core capital)

	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
Paid up capital	6,111,797,850	6,111,797,850	6,111,797,850	6,111,797,850
Statutory reserve	6,111,797,850	5,362,423,626	6,111,797,850	5,362,423,626
General reserve	130,000,000	130,000,000	130,000,000	130,000,000
Dividend equalization reserve	356,040,000	356,040,000	356,040,000	356,040,000
Retained earnings	1,386,921,555	1,392,342,034	1,248,124,832	1,284,904,684
Non controlling interest	-	-	-	-
	14,096,557,255	13,352,603,509	13,957,760,532	13,245,166,159

Tier –II (Supplementary capital)

General provision against UC loans and contingent assets	1,915,673,962	1,644,325,298	1,915,673,962	1,644,325,298
Revaluation Reserve for Securities up to 50%	402,595,260	29,986,046	402,595,260	29,986,046
Assets Revaluation Reserves up to 50%	1,844,747,775	1,844,747,775	1,844,747,775	1,844,747,775
	4,163,016,997	3,519,059,119	4,163,016,997	3,519,059,119

Tier –III (Additional Supplementary capital)

A. Total capital	18,259,574,252	16,871,662,628	18,120,777,529	16,764,225,278
B. Total risk weighted assets	138,546,528,751	140,480,991,676	137,037,467,258	140,278,788,379
C. Required capital based on risk weighted assets (10% on B)	13,854,652,875	14,048,099,168	13,703,746,726	14,027,878,838
D. Surplus/(deficiency) [A - C]	4,404,921,377	2,823,563,460	4,417,030,803	2,736,346,440

Capital adequacy ratio

	Minimum requirement		Consolidated		Bank (Solo)	
	2014	2013	2014	2013	2014	2013
On core capital	5%	5%	10.17%	9.50%	10.19%	9.44%
On supplementary capital	Not specified	Not specified	3.01%	2.51%	3.03%	2.51%
On additional supplementary capital	Not specified	Not specified	-	-	-	-
On total capital	10%	10%	13.18%	12.01%	13.22%	11.95%

15 Statutory Reserve

	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
Opening balance	5,362,423,625	4,395,274,232	5,362,423,625	4,395,274,232
Transferred from profit during the year	749,374,225	967,149,393	749,374,225	967,149,393
Closing balance	6,111,797,850	5,362,423,626	6,111,797,850	5,362,423,625

16 Dividend equalization reserve

As per BRPD Circular No. 18 dated 20 October 2002, Banks are required to transfer an equal amount of money (the amount that exceeds 20% cash dividend) to Dividend Equalization Account while paying cash dividend in excess of 20% which will be treated as 'Core Capital' of the Bank.

17 Excess of reserve against pre-take over loss-BCCI

Reserve against Pre-takover loss	17.1	1,554,759,750	1,554,759,750	1,554,759,750	1,554,759,750
Pre-takover loss	17.2	(968,228,719)	(973,078,718)	(968,228,719)	(973,078,718)
		586,531,031	581,681,032	586,531,031	581,681,032

17.1 Reserve against Pre-takover loss-BCCI

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 the Bank is no longer required to repay the deposits, it therefore, has been shown as reserve against pre take over loss (Note-17.2).

	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
17.2 Pre-take over loss- BCCI				
It represents the difference between BCCI assets and liabilities (excluding reserve) with assets in the higher side as on the reporting date.				
Opening balance	(973,078,719)	(952,794,813)	(973,078,719)	(952,794,813)
Recovery/(adjustment) during the year	4,850,000	(20,283,906)	4,850,000	(20,283,906)
Closing balance	(968,228,719)	(973,078,719)	(968,228,719)	(973,078,719)
18 Assets revaluation reserve				
Opening balance	3,689,495,550	3,689,495,550	3,689,495,550	3,689,495,550
Addition during the year	-	-	-	-
Closing balance	3,689,495,550	3,689,495,550	3,689,495,550	3,689,495,550
This revaluation reserve is related to lands only. Hence, no deferred tax has been recognized due to the fact that taxes paid at the time of land registration are final discharge of related tax liability.				
19 Reserve for amortization of treasury securities (HTM)				
Opening balance	827,635	98,740	827,635	98,740
Addition during the year	1,249,187	728,895	1,249,187	728,895
Adjustment made during the year	-	-	-	-
Closing balance	2,076,822	827,635	2,076,822	827,635
As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
20 Reserve for revaluation of treasury securities (HFT)				
Opening balance	59,972,091	13,754,631	59,972,091	13,754,631
Addition during the year	1,046,158,347	219,437,165	1,046,158,347	219,437,165
Adjustment made during the year	(300,939,917)	(173,219,705)	(300,939,917)	(173,219,705)
Closing balance	805,190,521	59,972,091	805,190,521	59,972,091
As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
21 General Reserve				
Opening balance	130,000,000	160,000,000	130,000,000	160,000,000
Transferred to Retained Earnings	-	(30,000,000)	-	(30,000,000)
Closing balance	130,000,000	130,000,000	130,000,000	130,000,000
22 Reserve against Non-banking assets				
Opening balance	178,971,165	204,427,796	178,971,165	204,427,796
Adjustment made during the year	-	(25,456,631)	-	(25,456,631)
Closing balance	178,971,165	178,971,165	178,971,165	178,971,165
23 Foreign currency translation difference: [gain/(loss)]				
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 77.9494 and HKD 1= BDT 10.1771. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1= BDT 77.6120 & HKD 1 =BDT 10.0679). The net cumulative result of the exchange differences has been presented separately as equity component as per BAS 21 (para 39).				
24 Retained Earnings				
Opening balance	2,087,507,793	1,722,111,302	1,980,070,442	1,581,904,575
Profit for the year	2,137,871,102	2,535,094,458	2,041,511,733	2,528,863,832
Transfer to statutory reserve	(749,374,225)	(967,149,393)	(749,374,225)	(967,149,393)
Transfer from General Reserve	-	30,000,000	-	30,000,000
Cash Dividend	(1,222,359,570)	(1,222,359,570)	(1,222,359,570)	(1,222,359,570)
FX adjustment for transferring OBU Profit	(960,471)	(10,189,003)	(960,471)	(10,189,003)
Dividend received from subsidiaries	-	-	65,000,000	39,000,000
Closing balance	2,252,684,630	2,087,507,793	2,113,887,906	1,980,070,442

		Consolidated		Bank		
		2014 Taka	2013 Taka	2014 Taka	2013 Taka	
25	Contingent liabilities					
	Acceptance and endorsements	25.1	29,802,563,348	26,827,594,612	29,802,563,348	26,827,594,612
	Letters of guarantee	25.2	9,974,191,339	12,515,097,423	9,974,191,339	12,515,097,423
	Irrevocable letters of credit	25.3	16,329,554,466	15,562,071,032	16,329,554,466	15,562,071,032
	Bills for collection	25.4	5,152,721,657	5,110,318,372	5,152,721,657	5,110,318,372
			61,259,030,810	60,015,081,437	61,259,030,810	60,015,081,437
25.1	Acceptance and endorsements					
	Acceptances		7,130,279,410	8,513,585,832	7,130,279,410	8,513,585,832
	Acceptances-(ULC-Cash)		22,147,877,530	18,297,887,144	22,147,877,530	18,297,887,144
			29,278,156,940	26,811,472,976	29,278,156,940	26,811,472,976
	Acceptances-Offshore Banking Unit		524,406,408	16,121,636	524,406,408	16,121,636
			29,802,563,348	26,827,594,612	29,802,563,348	26,827,594,612
25.2	Letters of guarantees					
	Directors		192,900	192,900	192,900	192,900
	Government		472,692,727	471,496,327	472,692,727	471,496,327
	Banks and other financial institutions		3,514,552,822	4,180,310,717	3,514,552,822	4,180,310,717
	Others (Customers etc.)		5,986,752,891	7,863,097,479	5,986,752,891	7,863,097,479
			9,974,191,339	12,515,097,423	9,974,191,339	12,515,097,423
	Letter of guarantee-Offshore Banking Unit		-	-	-	-
			9,974,191,339	12,515,097,423	9,974,191,339	12,515,097,423
25.2.1	A case was filed by Eastern Bank Limited, successor of BCCI Overseas Limited against National Bank Ltd (NBL) for issuing guarantee at Artha Rin Adalat - 3, Dhaka, which has been decreed against NBL on 04 January 2004 for Tk 27,366,450 plus interest @ 18% p.a. amounting to Tk 45,565,139 from 01 October 1994 to 31 December 2003 making an aggregate amount of Tk 72,931,589. Against the decreed amount, NBL has made an appeal against the order which has been dismissed on 14 July 2014 in favor of EBL by 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.					
25.3	Irrevocable letters of credit					
	Letters of credit (LC)- Cash sight		2,892,539,053	3,524,404,110	2,892,539,053	3,524,404,110
	Letters of credit (LC)- Cash Usance		7,939,978,572	7,035,251,168	7,939,978,572	7,035,251,168
	Letters of credit (LC)- Back to Back		5,121,404,889	4,947,325,031	5,121,404,889	4,947,325,031
			15,953,922,513	15,506,980,309	15,953,922,513	15,506,980,309
	Letter of credit-Offshore Banking Unit		375,631,952	55,090,723	375,631,952	55,090,723
			16,329,554,466	15,562,071,032	16,329,554,466	15,562,071,032
25.4	Bills for collection					
	Local Documentary Bills Purchased (LDBC)		2,648,439,318	2,525,412,218	2,648,439,318	2,525,412,218
	Foreign Documentary Bills Purchased (FDBC)		2,214,424,334	2,140,536,966	2,214,424,334	2,140,536,966
	Margin on Bills Purchase		287,912,037	444,369,188	287,912,037	444,369,188
			5,150,775,689	5,110,318,372	5,150,775,689	5,110,318,372
	Bills for collection- Offshore Banking Unit		1,945,968	-	1,945,968	-
			5,152,721,657	5,110,318,372	5,152,721,657	5,110,318,372
26	Interest income					
	Interest on advances		12,077,925,838	13,405,739,995	11,904,127,714	13,245,321,775
	Interest on money at call and short notice		67,818,078	91,782,626	67,818,078	91,782,626
	Interest on placement with other banks and Financial Institutions		608,461,123	992,502,514	577,696,375	992,502,514
	Interest on foreign currency balances		162,527,038	77,393,390	162,527,038	77,393,390
	Interest income-offshore		668,833,923	486,172,006	648,375,658	479,764,766
			13,585,566,000	15,053,590,531	13,360,544,863	14,886,765,071
	Less: Elimination of inter unit/company transactions		(299,532,073)	(194,134,663)	(200,575,227)	(79,608,182)
			13,286,033,926	14,859,455,868	13,159,969,636	14,807,156,889

		Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
27	Interest paid on deposits and borrowings				
	Interest on deposits 27.01	7,823,081,339	8,601,567,611	7,823,081,339	8,601,567,611
	Interest on borrowings from Banks & FIs 27.02	689,104,720	726,860,264	555,703,428	627,584,341
	Interest on borrowings from BB 27.03	561,852,792	466,181,326	561,852,792	466,181,326
	Interest on Margin	505,803	3,301,360	505,803	3,301,360
	Interest paid on deposits and borrowings-offshore	423,107,578	299,435,586	410,243,916	296,571,556
		9,497,652,233	10,097,346,147	9,351,387,279	9,995,206,194
	Less: Elimination of inter unit/company transactions	(299,532,073)	(194,134,663)	(200,575,227)	(79,608,182)
		9,198,120,160	9,903,211,484	9,150,812,052	9,915,598,012
27.01	Interest on deposits				
	Interest on Savings Deposits	1,183,322,195	844,041,627	1,183,322,195	844,041,627
	Interest on Short Notice Deposits	1,086,450,905	2,010,637,822	1,086,450,905	2,010,637,822
	Interest on Term Deposits	5,553,308,238	5,746,888,162	5,553,308,238	5,746,888,162
		7,823,081,339	8,601,567,611	7,823,081,339	8,601,567,611
27.02	Interest on borrowings from Banks & FIs				
	Interest on demand borrowing	340,992,019	499,744,474	207,590,727	400,468,551
	Interest on term borrowing	348,112,701	227,115,790	348,112,701	227,115,790
		689,104,720	726,860,264	555,703,428	627,584,341
27.03	Interest on borrowings from BB & others				
	Repo with BB & others	310,574,216	86,118,397	310,574,216	86,118,397
	Repo with BB against ALS	4,963,201	88,193,630	4,963,201	88,193,630
	Borrowings under IPFF	36,754,959	66,960,459	36,754,959	66,960,459
	Borrowings under EDF	56,976,003	74,276,472	56,976,003	74,276,472
	Refinancing for Agrobased Industries	38,182,797	42,764,222	38,182,797	42,764,222
	Refinancing Agribusiness - Revolving	90,924,308	97,976,544	90,924,308	97,976,544
	Second Crop Diversification Project	23,021,750	9,458,270	23,021,750	9,458,270
	SME Foundation	455,558	433,332	455,558	433,332
		561,852,792	466,181,326	561,852,792	466,181,326
28	Income from Investments				
	Dividend on shares				
	Ordinary shares	46,099,130	38,555,570	42,161,240	36,657,570
	Preference shares	13,100,674	8,570,833	13,100,674	8,570,833
		59,199,803	47,126,403	55,261,913	45,228,403
	Interim dividend from Subsidiaries	-	-	65,000,000	39,000,000
	Interest on reverse REPO	19,840,893	50,720,176	19,840,893	50,720,176
	Interest on debentures & commercial paper	4,277,778	188,973	4,277,778	188,973
	Interest on corporate bonds	18,128,177	30,977,600	18,128,177	30,977,600
	Interest on treasury bonds	2,854,106,816	1,672,908,556	2,854,106,816	1,672,908,556
	Interest on treasury/bangladesh bank bills	113,161,535	440,317,062	113,161,535	440,317,062
	Gain from trading in govt. securities	341,531,231	96,111,242	341,531,231	96,111,242
	(Loss) on revaluation of treasury securities (HFT)*	(180,845,369)	(359,558,704)	(180,845,369)	(359,558,704)
	Gain (net off loss) on quoted shares	78,462,541	65,161,062	52,830,813	54,954,959
		3,307,863,405	2,043,952,370	3,343,293,787	2,070,848,267

*As per instruction/circular of Bangladesh Bank Bide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
29 Commission, exchange and brokerage				
Fees, commission and charges	1,853,188,576	1,790,422,931	1,846,801,132	1,787,160,193
Exchange gain net off exchange losses	737,238,462	558,301,841	736,314,481	557,867,362
Brokerage	94,352,739	64,510,586	-	-
Commission, exchange and brokerage-offshore	85,676,775	18,448,007	48,638,393	12,289,760
	2,770,456,552	2,431,683,365	2,631,754,006	2,357,317,315
30 Other operating income				
Rebate earnings	50,354,632	54,618,412	50,354,632	54,618,412
Postage charges recovered	12,563,167	14,848,291	12,563,167	14,848,291
Swift & Telex charges	45,063,780	49,637,473	45,063,780	49,637,473
Service charges related to trade operations	4,554,196	7,026,274	4,554,196	7,026,274
Locker rent	12,522,075	11,377,105	12,522,075	11,377,105
Gain on sale of fixed assets	2,124,570	388,082	2,124,570	388,082
Other earnings	19,038,811	10,915,811	18,816,367	10,572,002
Other operating income-offshore	3,983,104	1,181,101	3,983,104	1,181,101
	150,204,334	149,992,549	149,981,889	149,648,740

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.

31 Salary and allowances				
Basic salary	713,339,652	619,418,136	697,892,826	603,657,903
Other salary & allowances	1,204,321,318	961,863,321	1,175,258,655	947,622,332
Festival bonus	121,058,614	97,975,100	121,058,614	97,975,100
Performance bonus	185,835,846	143,106,206	179,000,000	139,000,000
Bank's contribution to provident fund	65,738,794	56,454,832	65,738,794	56,454,832
Contribution to gratuity fund 31.1	121,745,137	105,313,974	121,745,137	105,313,974
Contribution to superannuation fund 31.2	13,484,800	13,484,798	13,484,800	13,484,798
	2,425,524,161	1,997,616,366	2,374,178,826	1,963,508,938

31.1 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).

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

Basic payroll for the full year 2014	707,820,568
Required contribution during the year (17.20% on basic payroll)	121,745,137
Maintained during the year	121,745,137
Surplus/(Deficit)	-

31.2 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).

Consolidated		Bank	
2014 Taka	2013 Taka	2014 Taka	2013 Taka

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.

31.2.a Contribution to Superannuation fund during the year

Total Admissible benefits as per actuarial valuation	963,200,000
Required contribution during the year (1.40% on admissible benefits)	13,484,800
Maintained during the year	13,484,800
Surplus/(Deficit)	-

32 Rent, taxes, insurance, utilities etc.

Rents, rates and taxes - Premises & Equipment	374,991,222	288,907,747	361,961,246	275,918,280
Insurance premium	83,468,470	79,925,202	83,443,732	79,888,924
Utilities (except telecommunication)	92,242,616	68,863,942	90,586,005	67,430,744
	550,702,308	437,696,891	535,990,983	423,237,948

33 Legal & professional expenses

Legal & professional expenses	30,052,524	31,651,385	29,786,585	31,533,885
Other legal expenses	27,072,616	19,307,546	27,072,616	19,307,546
	57,125,140	50,958,931	56,859,201	50,841,431

34 Postage, stamp, telecommunication etc.

Telephone - office	33,380,562	25,940,927	33,203,396	25,786,450
Network link, Internet, DR and swift charges	61,643,714	54,793,984	59,429,553	52,506,732
Postage & courier charges	24,415,395	25,267,597	20,211,977	23,944,223
Stamp & court fees	10,814,293	556,090	10,810,609	547,445
	130,253,964	106,558,597	123,655,535	102,784,849

35 Stationery, printing, advertisement, etc.

Printing and stationery	86,998,710	77,981,156	85,884,751	77,369,319
Publicity and advertisement	163,044,128	156,279,089	162,754,196	155,975,026
	250,042,837	234,260,245	248,638,946	233,344,345

36 Managing Director's salary and allowances

Basic salary	9,927,742	8,632,645	9,927,742	8,632,645
Allowances	4,380,000	4,182,420	4,380,000	4,182,420
Bonus	2,680,000	2,477,600	2,680,000	2,477,600
Bank's contribution to provident fund	992,774	863,265	992,774	863,265
	17,980,516	16,155,930	17,980,516	16,155,930

37 Directors' fees & expenses

Meeting attendance fees	1,391,000	1,211,000	1,313,000	1,130,000
Other expenses	2,319,300	1,872,587	2,319,300	1,872,587
	3,710,300	3,083,587	3,632,300	3,002,587

Each director of bank is paid for Tk. 5,000/- per board meeting and per committee meeting.

38 Audit Fees

Statutory audit fees for the year	1,241,377	873,609	400,000	400,000
VAT on audit fees (15%)	90,310	78,000	60,000	60,000
	1,331,687	951,609	460,000	460,000

		Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
39	Repairs, maintenance and depreciation				
	Depreciation: (Annexure 'A')				
	Buildings	18,271,044	15,478,968	18,271,044	15,478,968
	Machinery and equipment	95,189,151	96,808,758	94,542,357	96,205,726
	Computer and network equipment	50,077,153	49,108,037	49,006,923	48,292,175
	Vehicles	12,355,989	14,362,338	12,154,644	14,160,992
	Furniture and fixtures & leased assets	34,783,277	32,471,739	33,096,940	30,966,395
	Software	30,553,343	25,961,840	30,119,547	25,598,419
		241,229,956	234,191,680	237,191,454	230,702,675
	Repairs, maintenance & spare parts				
	Machinery & equipments	50,136,730	60,970,081	49,904,639	59,756,192
	Vehicles	6,109,971	5,014,032	6,109,971	5,014,032
	Furniture and fixtures	10,384,842	19,056,494	10,384,842	19,056,494
	Rented premises- general	45,590,555	38,774,670	43,925,208	38,378,211
	Rented premises-electricity & lighting	16,370,378	16,826,691	16,370,378	16,826,691
	Software maintenance	60,795,929	66,720,176	60,314,016	66,504,298
		189,388,405	207,362,144	187,009,054	205,535,918
		430,618,361	441,553,824	424,200,508	436,238,593
40	Other expenses				
	Card expenses	172,588,250	107,815,950	172,588,250	107,815,950
	Business travelling & conveyance	62,319,361	51,670,451	61,808,547	51,375,019
	Bank charges	9,463,786	13,988,670	9,107,304	13,857,547
	Donation	24,442,210	6,147,525	24,412,006	6,147,525
	Fees and subscriptions	3,761,594	3,973,241	3,622,899	3,589,344
	Recruitment and training expenses	20,872,147	17,588,935	20,532,328	17,525,935
	Entertainment & recreation	76,736,777	65,094,976	75,518,503	64,436,345
	Office securities	116,390,447	106,906,035	115,810,847	106,324,373
	Sales & collection commision (DST, Agency, Dealers)	45,121,308	42,161,667	43,571,214	42,161,667
	Collection and contact point verification expense	9,274,960	10,487,769	9,274,960	10,487,769
	Expense for EBL Subordinated Bond	2,960,000	-	2,960,000	-
	AGM expenses	4,723,567	4,798,594	4,723,567	4,798,594
	Miscellaneous w/off & Loss on sale of FA	242,580	-	-	-
	Other operating expenses (uniform, freight, periodicals etc.)	29,297,599	23,033,009	29,245,841	23,022,469
	Other expenses of subsidiaries 40.1	10,616,187	11,948,206	-	-
		588,810,773	465,615,029	573,176,266	451,542,538
40.1	Other expenses of subsidiaries				
	Petty expenses	18,937	265,546		
	CDBL Charges	489,707	42,310		
	Registration & renewal	370,982	217,131		
	Guarantee premium	1,725,000	1,725,000		
	Laga & Howla Charge	7,124,648	5,042,710		
	Deferred revenue expenses (written off)	156,620	206,620		
	Bad Debts	-	2,438,477		
	Preliminary expenses	137,705	1,438,379		
	Other adminastration expenses	592,588	572,033		
		10,616,187	11,948,206		
41	Other provision				
	Provision against other assets 13.6	(7,856,235)	47,338,380	(13,055,032)	26,392,323
	Loss on revaluation of shares 13.7	7,514,765	149,989,751	4,214,965	135,699,952
		(341,470)	197,328,131	(8,840,067)	162,092,275

		Consolidated		Bank	
		2014 Taka	2013 Taka	2014 Taka	2013 Taka
42	Deferred tax income (net)				
	Deferred tax income	9.12.a	144,890,383	330,093,994	144,890,383
	Deferred tax expense	9.12.b	16,229,147	8,189,641	16,229,147
			128,661,236	321,904,353	128,661,236
43	Earnings per share				
	Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2014 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.				
	Net profit attributable to the shareholders of EBL		2,137,871,104	2,535,094,458	2,106,511,733
	Weighted average number of shares		611,179,785	611,179,785	611,179,785
	Earnings per share (EPS)		3.50	4.15	3.45
44	Changes in other assets				
	Opening Balance:				
	DSE Membership		553,800,000	553,800,000	-
	CSE Membership		201,500,000	201,500,000	-
	Receivable from subsidiaries		-	-	5,612,917
	Other assets of subsidiaries		17,300,375	34,299,423	-
	Stock of stationeries		14,532,435	16,148,228	14,532,435
	Stamps on hand		3,820,980	1,734,226	3,820,980
	Advance to staff for expenses		238,491	489,000	238,491
	Suspense account		5,266,159	5,120,648	5,266,159
	Security deposits-govt. agencies		2,457,801	2,257,801	2,257,801
	Interest and dividend receivables		755,949,181	473,930,637	758,801,887
	Sundry receivables		225,645,517	108,604,461	225,645,517
	Advance rent		333,964,153	300,001,498	333,964,153
	Prepayments and advance to vendors		167,734,063	269,946,879	164,130,751
	Deferred tax assets		698,391,343	376,486,990	698,391,343
	Bangladesh Bank clearing account		-	22,788,981	-
	Prepaid expenses- OBU		-	10,990,449	-
			2,980,600,498	2,378,099,221	2,212,662,434
	Closing Balance:				
	DSE Membership		553,800,000	553,800,000	-
	CSE Membership		201,500,000	201,500,000	-
	Receivable from subsidiaries		-	-	50,935,416
	Other assets of subsidiaries		36,503,227	17,300,375	-
	Stock of stationeries		13,005,088	14,532,435	13,005,088
	Stamps on hand		2,912,441	3,820,980	2,912,441
	Advance to staff for expenses		757,052	238,491	757,052
	Suspense account		-	5,266,159	-
	Security deposits-govt. agencies		3,400,476	2,457,801	2,960,476
	Interest and dividend receivables		873,179,098	755,949,181	871,072,093
	Sundry receivables		447,611,743	225,645,517	447,611,743
	Advance rent		321,069,492	333,964,153	319,005,678
	Prepayments and advance to vendors		386,002,983	167,734,063	385,869,094
	Deferred tax assets		827,052,579	698,391,343	827,052,579
			3,666,794,180	2,980,600,498	2,921,181,662
	Adjustment for other non cash items		112,270,206	245,125,087	112,270,206
	Net cash changes in other assets		(573,923,476)	(357,376,190)	(596,249,022)

45 Changes in other liabilities

Opening balances

	Consolidated		Bank	
	2014 Taka	2013 Taka	2014 Taka	2013 Taka
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	117,905,676	158,912,998	117,905,676	158,912,998
Security deposit	62,609,562	18,256,912	62,609,562	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 (except OBU)	3,476,553,016	2,857,162,569	3,476,553,016	2,857,162,569
Provision for loans and advances (OBU)	97,013,933	92,805,394	97,013,933	92,805,394
Interest suspense account	702,662,220	665,254,434	672,910,943	665,254,434
Provision for other assets	47,853,113	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	317,020,422	223,545,831	317,020,422	223,545,831
Interest payable on borrowing including Offshore	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	356,956,829	235,510,785	356,956,829	235,510,785
Miscellaneous payable	172,581,260	166,100,345	172,581,260	166,100,345
Other liabilities of subsidiaries	188,330,801	84,431,504	-	-
	8,487,815,290	7,201,928,608	8,249,547,103	7,099,953,348

Closing balances

Privileged creditors	286,783,691	326,317,939	286,783,691	326,317,939
Acquirer liabilities	260,271,782	140,446,893	260,271,782	140,446,893
Sundry creditors	63,096,228	117,905,676	63,096,228	117,905,676
Security deposit	57,290,130	62,609,562	57,290,130	62,609,562
Current tax liability/(assets)	1,075,823,159	1,480,961,079	1,070,435,914	1,475,061,768
Provision for loans and advances (except OBU)	4,226,658,845	3,476,553,016	4,200,513,991	3,476,553,016
Provision for loans and advances (OBU)	124,242,089	97,013,933	124,242,089	97,013,933
Interest suspense account	1,096,173,580	702,662,220	1,028,365,606	672,910,943
Provision for other assets	23,579,799	47,853,113	23,579,802	47,856,113
Provision for loss on revaluation of shares (net)	881,850,659	874,335,895	864,261,060	860,046,096
Advance interest/commission received	13,882,264	20,378,400	11,203,244	20,378,400
Expenses payable	319,283,096	317,020,422	319,283,096	317,020,422
Interest payable on borrowing including Offshore	172,093,093	105,847,548	161,341,205	105,847,548
Inter branch and inter system accounts	69,199	40,703	69,199	40,703
Advance export proceeds	325,458,711	356,956,829	325,458,711	356,956,829
Miscellaneous payable	428,770,570	172,581,260	428,770,570	172,581,260
Other liabilities of subsidiaries	269,898,020	188,330,801	-	-
	9,625,224,914	8,487,815,290	9,224,966,318	8,249,547,103
Adjustment for other non cash items	(98,093,156)	(40,557,073)	(84,675,487)	(40,065,463)
Net cash changes in other liabilities	1,039,316,468	1,245,329,609	890,743,728	1,109,528,292

46 Events after the reporting period

The Board of Directors of Eastern Bank Limited in 550 th Board Meeting held on 25 February 2015 recommended Cash Dividend @ 20% on the holding of shares i.e. (Tk. 2 against each shares of Tk. 10) on the record date (11 March 2015) for the year 2014. The amount of recommended cash dividend is Tk. 1,222,359,570.

Eastern Bank Limited

Schedule of Fixed Assets

Annexure-A

As at 31 December 2014

Figures are in Taka

Particulars	Cost					Accumulated Depreciation & Amortization				Net book value at 31 December 2014
	Balance on 01 January 2014	Revaluation Reserve	Additions during the year	Disposals during the year	Balance at 31 December 2014	Balance on 01 January 2014	Charge for the year	On disposals during the year	Balance at 31 December 2014	
Tangible assets:										
Land	5,177,928,478	-	989,440	-	5,178,917,918	-	-	-	-	5,178,917,918
Building	730,841,590	-	-	-	730,841,590	32,420,970	18,271,044	-	50,692,014	680,149,576
Building under construction	379,904,613	-	117,716,810	-	497,621,423	-	-	-	-	497,621,423
Machinery and Equipment	547,945,392	-	101,949,138	(3,892,787)	646,001,743	388,021,990	94,542,357	(3,892,737)	478,671,610	167,330,133
Computer and Network Equipment	366,150,351	-	68,841,142	(149,370)	434,842,123	255,416,522	49,006,923	(27,717)	304,395,727	130,446,395
Vehicles	108,699,294	-	7,782,062	(4,073,935)	112,407,421	73,281,348	12,154,644	(4,073,933)	81,362,059	31,045,362
Furniture and fixtures & Leased Assets under Finance Lease	420,763,260	-	23,699,572	(1,566,810)	442,896,022	245,192,657	33,096,940	(1,566,771)	276,722,826	166,173,196
Intangible assets:										
Software	217,890,577	-	105,817,042	-	323,707,619	58,396,339	30,119,547	-	88,515,886	235,191,733
At 31 December 2014	7,950,123,554	-	426,795,206	(9,682,902)	8,367,235,859	1,052,729,826	237,191,454	(9,561,158)	1,280,360,122	7,086,875,736

As at 31 December 2013

Particulars	Cost				Balance at 31 December 2013	Accumulated Depreciation & Amortization			Net book value at 31 December 2013
	Balance on 01 January 2013	Revaluation Reserve	Additions during the year	Disposals during the year		Balance on 01 January 2013	Charge for the year	On disposals during the year	Balance at 31 December 2013
Tangible assets:									
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)	388,021,990
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)	255,416,522
Vehicles	105,243,946	-	3,513,848	(58,500)	108,699,294	59,178,855	14,160,992	(58,499)	73,281,348
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)	245,192,657
Intangible assets:									
Software	198,441,734	-	19,448,843	-	217,890,577	32,797,920	25,598,419	-	58,396,339
At 31 December 2013	6,801,726,734	-	1,158,522,672	(10,125,851)	7,950,123,555	832,139,986	230,702,675	(10,112,835)	1,052,729,826

Eastern Bank Limited

Schedule of Fixed Assets Disposals

Annexure-A1

As at 31 December 2014

Figures are in Taka

Date	Particulars	Cost	Accumulated depreciation	Net book value	Sales Value/ Insurance claim	Tax & VAT	Gain/ (Loss)	Mode of Disposal	Buyer/ Highest bidder
6/5/2014	Toyota Estima Microbus DM-CHA-54-0428	973,935	973,934	1	604,950	49,950	554,999	Open Tender	Kabir Ahmed Barbhuiya
19/6/2014	Computer (HP Compaq)	107,870	10,427	97,443	112,000	-	14,557	-	Lost (Insurance covered)
24/8/2014	Machinery & Equipment	2,760,387	2,760,352	35	289,786	26,080	263,671	Open Tender	M/S Farid Enterprise
24/8/2014	Furniture & Equipment	2,699,210	2,699,156	54	253,196	22,788	230,354	Open Tender	M/S Brother Enterprise
21/10/2014	Hyundai Santa Fe Jeep DM-GHA-11-9442	3,100,000	3,099,999	1	1,146,680	94,680	1,051,999	Open Tender	Md. Nurul Islam
21/10/2014	Notebook: Toshiba (Model: C840)	41,500	17,290	24,210	33,200	-	8,990	-	Lost (Insurance covered)
Total		9,682,902	9,561,158	121,744	2,439,812	193,498	2,124,570		

Eastern Bank Limited and its subsidiaries

Annexure-B

Balance with other Banks and Financial Institutions (Consolidated)

As at 31 December 2014

Outside Bangladesh - (note-4.2)

Name of Banks and FIs	Currency Name	2014			2013		
		Amount in Foreign Currency	Conversion rate	Amount in BDT	Amount in Foreign Currency	Conversion rate	Amount in BDT
<i>In demand deposit account (non interest bearing) with :</i>							
AB Bank Limited, Mumbai	USD	46,993	77.95	3,663,085	225,450	77.75	17,528,763
Al-Rajhi Bank, KSA	SAR	15,000	20.77	311,565	15,000	20.73	310,967
Bank of Bhutan, Bhutan	USD	7,557	77.95	589,068	9,671	77.75	751,886
Citibank N. A., Mumbai	USD	-	-	-	115,657	1.51	174,247
Citibank N. A., Newyork	USD	935,148	77.95	72,894,201	-	-	-
Commerz Bank AG, Frankfurt, Germany	EURO	227,604	94.73	21,561,363	451	106.83	48,131
Deutsche Bank AG, Frankfurt, Germany-OBU	EURO	6,146	94.73	582,196	264,837	77.75	20,591,092
Habib American Bank, Newyork	USD	-	-	-	243,563	77.75	18,937,045
HSBC, Hongkong-HKD (EBL Finance HK Limited)	HKD	2,325,093	10.18	23,662,700	298,200	10.08	3,005,081
HSBC, Hongkong-USD (EBL Finance HK Limited)	USD	936,950	77.95	73,034,691	548,619	77.75	42,655,130
ICICI Bank Mumbai	USD		-	-	445,439	77.75	34,632,888
JP Morgan Chase Bank, Germany	EUR	21,049	94.73	1,994,035	169,456	106.83	18,102,761
JP Morgan Chase Bank N.A., London	GBP	176,637	120.93	21,360,811	119,745	128.09	15,338,543
JP Morgan Chase Bank N.A., NY	USD	402,124	77.95	31,345,359	538,897	77.75	41,899,254

Name of Banks and FIs	Currency Name	2014			2013		
		Amount in Foreign Currency	Conversion rate	Amount in BDT	Amount in Foreign Currency	Conversion rate	Amount in BDT
JP Morgan Chase Bank NA, Sydney	AUD	69,503	63.41	4,407,325	109,391	68.93	7,539,839
Mashreqbank, Newyork	USD	53,911	77.95	4,202,332	390,367	77.75	30,350,998
National Commercial Bank, KSA	SAR	79,541	20.77	1,652,151	-	-	-
Nepal Bangladesh Bank Ltd., Kathmandu	USD	73,686	77.95	5,743,785	22,752	77.75	1,768,950
NIB Bank Limited, Karachi	USD	281,793	77.95	21,965,587	424,346	77.75	32,992,933
Nordea Bank, Norway	NOK	118,227	10.44	1,234,525	65,226	12.65	825,270
Standard Chartered Bank, Newyork - OBU	USD	50,075	77.95	3,903,300	639,411	77.75	49,714,222
Standard Chartered Bank, Colombo	USD	33,645	77.95	2,622,572	64,676	77.75	5,028,556
Standard Chartered Bank, Frankfurt	EURO	6,844	94.73	648,379	53,561	106.83	5,721,847
Standard Chartered Bank, Kolkata	USD	102,009	77.95	7,951,569	218,404	77.75	16,980,944
Standard Chartered Bank, Newyork	USD	760,522	77.95	59,282,195	-	-	-
Standard Chartered Bank, Singapore	SGD	68,395	58.93	4,030,356	16,615	61.28	1,018,142
The Bank of Nova Scotia, Toronto	CAD	53,838	66.94	3,604,152	6,401	72.60	464,716
The Bank of Tokyo Mitshubishi, Kolkata	USD	6,737	77.95	525,145	6,737	77.75	523,802
The Bank of Tokyo Mitshubishi, London	GBP	25,446	120.93	3,077,197	115,657	128.09	14,814,901
The Bank Tokyo Mitshubishi, Tokyo	JPY	8,043,600	0.65	5,196,166	2,315,051,898	0.74	1,711,517,868
Wachovia Bank NA	USD	12,033	77.95	937,983	331,341	77.75	25,761,727
Zurcher Kantonal Bank, Zurich, Switzerland	CHF	11,843	78.74	932,573	26,169	87.20	2,282,041
Total				382,916,367			2,121,282,542

Eastern Bank Limited and its subsidiaries

Annexure-B1

Borrowing from Banks and Financial Institutions (Consolidated)

As at 31 December 2014

Outside Bangladesh - (note-11.2)

Name of Banks and FIs	Currency Name	2014			2013		
		Amount in Foreign Currency	Conversion rate	Amount in BDT	Amount in Foreign Currency	Conversion rate	Amount in BDT
Asian Development Bank	USD	537,845	77.95	41,924,711	-	-	-
Banca Ubae Spa, Spain	USD	-	-	-	5,000,000	77.75	388,750,000
Citibank N A, Newyork	USD	-	-	-	1,229,485	77.75	95,592,430
Deutsche Trust Company Americas, Newyork	USD	226,905	77.95	17,687,070	155,089	77.75	12,058,160
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	32,000,000	77.95	2,494,380,800	16,000,000	77.75	1,244,000,000
FMO Netherland	USD	16,000,000	77.95	247,190,400	20,000,000	77.75	1,555,000,000
HSBC, Newyork	USD	15,643	77.95	1,219,323	37,917	77.75	2,948,078
Habib American Bank, NY	USD	30,036	77.95	2,341,255	-	-	-
ICICI Bank Ltd., Mumbai	USD	15,529	77.95	1,210,454	-	-	-
International Finance Corporation (IFC)	USD	-	-	-	30,000,000	77.75	2,332,500,000
National Commercial Bank, Jeddah, KSA	SAR	-	-	-	1,049	20.73	21,742
Standard Chartered Bank, Newyork	USD	-	-	-	370,034	77.75	28,770,154
United Bank Limited, Dubai	USD	9,657,122	77.95	752,766,891	-	-	-
Total				4,558,720,905			28,791,896

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 directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	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 Ltd.	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. Shaukat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
		Samorita Hospital Limited	Director	3.10%

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	Need Fashion Wear & Textile Ltd.	Chairman	35.00%
		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%
		Finlay Properties Ltd.	Chairman	55.00%
		Legend Properties Development Ltd.	MD	50.00%
		Z.N. Enterprise Ltd.	MD	50.00%
		Namreen Enterprise Ltd.	MD	50.00%
		ABC Steel Enterprise Ltd.	MD	80.00%
		S.L. Steels Ltd.	MD	50.00%
		Port Link Logistics Centre Ltd.	Director	25.00%
		South Asia Securities Ltd.	Director	7.10%
		Peninsula Housing & Development Ltd.	Director	36.00%
		Consolidated Tea & Plantation Ltd.	Director	6.25%
		Consolidated Tea & Lands Co. (BD) Ltd.	Director	6.25%
		Baraoora (Sylhet) Tea Co.(BD) Ltd.	Director	6.25%
		Eastern Industries Ltd.	Director	25.00%
		Bay Hill Hotel and Ressorts Ltd.	Director	40.00%
Salina Ali (Representing Borak Real Estate Pvt. Ltd.)	Director	M/S Chittagong Properties	Managing Partner	50.00%
		S.N. Corporation	Partner	50.00%
		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.	Chairperson	12.00%
		Unique Share Management Ltd.	MD	20.00%
Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	Unique Shakti Ltd.	MD	20.00%
		Crescent Commercial Centre Ltd.	MD	20.00%
		MGH Logistics Pvt. Ltd.	MD	95.00%
		MGH Holdings Ltd.	MD	80.00%
		MGH Global Airlines Ltd. (BD Port management ser. Ltd.)	MD	2.08%
		Peninsular Shipping Services Ltd.	MD	79.98%
		MGH Restaurants Pvt. Ltd.	MD	95.00%
		Aquamarine Distributions Ltd.	MD	99.00%
		Galileo Bangladesh Ltd.	MD	80.00%
		Renaissance Aviation Services Ltd.	MD	60.00%
		One World Aviation Ltd.	MD	66.67%
		RAS Holidays Ltd.	MD	95.00%
		ITSA-Total Logistics Ltd.	MD	96.66%
		Transmarine Logistics Ltd.	MD	74.99%
		Total Transportation Ltd.	MD	99.98%
		Tricon Global Logistics Ltd.	MD	79.98%

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
		Global Freight Ltd.	MD	96.86%
		International Brands Ltd.	MD	99.53%
		Integrated Transportation Services Ltd.	MD	99.50%
		Emirates Shipping Lines Bangladesh Ltd.	MD	78.05%
		Radio Foorti Ltd.	MD	95.00%
		Portlink Housing Ltd.	MD	50.00%
		Portlink Logistics Centre Ltd.	MD	49.98%
		Anglo MGH Energy (BD) Ltd.	MD	95.00%
		DC Bypass Ltd.	MD	90.00%
Meah Mohammed Abdur Rahim (Independent Director)	Director	Ancient Steamship Company Ltd.	MD	78.00%
		Hudig and Meah (BD) Ltd.	MD	51.00%
Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	Finlay Properties Ltd.	MD	15.00%
Ormaan Rafay Nizam (Independent Director)	Director	National Brokers Ltd.	Shareholder	15.37%
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%
		General Electric Company (BD) Ltd.	Director	0.00%
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 Companies Act 1991:** Nil
- vii) **Investments in the Securities of Directors and their related concern :** Nil.

Annexure-C1

Related Party Transactions

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS 24. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS)-24 (Related party disclosures) and as defined in the BRPD circular #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 01-01-2014	Transactions		Outstanding as at 31-12-2014	Amount Overdue
						Debit	Credit		
Z. N. Enterprise Ltd. Customer ID-100397	Md. Showkat Ali Chowdhury Representing Director Eastern Bank Ltd.	MD	LG-Performance Bond-SME	193,100	192,900	-	-	192,900	
Tech Valley Solutions Limited Customer ID-1111077	Asif Mahmood Ex Director, Represented Acquamarine Distributions Ltd 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:

Figures are in Taka

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 01-01-2014	Outstanding as at 31-12-2014
A.M. Shaikat Ali	Director	500,000	-	15,511
Mir Nasir Hossain	Representing Director	500,000	-	(105)
Md. Showkat Ali Chowdhury	Representing Director	250,000	-	-
Mohd. Noor Ali	Ex Chairman	500,000	-	130,397

2) Transactions relating to procurement of goods and services:

Figures are in Taka

Name of the Company/ Person	Related Directors of EBL	Nature of transactions	Amount of transaction made during 2014	Outstanding as at 31-12-2014
Techvalley Solutions Limited	Asif Mahmood*	Maintenance cost of UPS	276,700	-
Techvalley Networks Limited	Asif Mahmood*	Purchase of network equipments & oracle licensing for CMS project for cards	47,728,427	-
Tech Valley Distributions Limited	Asif Mahmood*	TQR code machine supply for Branches	1,450,000	-
ADN Telecom Limited	Asif Mahmood*	Monthly internet connectivity bills	851,506	-
ADN Technologies Limited	Asif Mahmood*	Purchase of POS machine, software license and AMC for contact center solution (AVAYA)	27,207,301	-

Name of the Company/ Person	Related Directors of EBL	Nature of transactions	Amount of transaction made during 2014	Outstanding as at 31-12-2014
Advanced Technology Computers Limited	Asif Mahmood*	Project license & system implementation of Card Management System (CMS)	32,179,376	-
Coloasia Ltd.	Mir Nasir Hossain	Monthly recurring charge for EBL Data Center at Jessore	1,700,800	-
BTS Communications (BD) Ltd.	Mir Nasir Hossain	Monthly internet connectivity bills	3,304,240	-
Unique Hotel and Resorts Ltd.	Salina Ali	Security Deposit against lease rent agreement for ATM booth at The Westin, Gulshan, Dhaka.	-	438,900
Unique Hotel and Resorts Ltd.	Salina Ali	Lease rent agreement for ATM booth at The Westin, Gulshan, Dhaka.	225,000	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office at Dhanmondi, Dhaka	-	1,620,000
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office at Dhanmondi, Dhaka	2,400,000	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL Station Road Branch, Chittagong	-	4,989,600
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL Station Road Branch, Chittagong	4,158,000	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL Godown at Station Road, Chittagong	554,400	-

* Mr. Asif Mahmood resigned from the office of the Director of EBL Board with effect from 22 September 2014.

3 Transaction with subsidiaries:

3.a Balance of subsidiaries with Eastern Bank Limited:

Figures are in Taka

Name of Subsidiaries	Nature of Account	Balance as at 31-12-2014
EBL Securities Limited	Special Notice Deposit (SND)	939,399
	Overdraft Account	(459,204,810)
EBL Investments Limited	Special Notice Deposit (SND)	11,567,717
EBL Finance (HK) Limited	Nostro Account	5,514,243
EBL Asset Management Limited	Special Notice Deposit (SND)	51,253,083

3.b Others with subsidiaries :

Figures are in Taka

Name of Subsidiaries	Nature of transaction	Balance as at 31-12-2014
EBL Securities Limited	Advance rent receivable	2,136,400
	In share trading account	45,211,278
EBL Finance (HK) Limited	Receivable against expense	3,320,809
	Short Term Finance	748,314,240
EBL Asset Management Limited	Receivable against expense	266,930

4 Compensation of key management personnel: Refer to note no. 36

Annexure-D

a. Disclosure regarding outstanding REPO as on 31 December 2014

Figures are in Taka

SI	Counterparty name	Agreement date	Reversal Date	Amount (Cash Con 1st Leg cash consideration)
1	Agrani Bank Limited	30/12/2014	1/1/2015	2,151,106,536
2	Sonali Bank Limited	30/12/2014	1/1/2015	1,244,815,489
3	Rupali Bank Limited	30/12/2014	1/1/2015	2,850,809,086
4	Janata Bank Limited	30/12/2014	1/1/2015	757,238,126
5	IFIC Bank Limited	30/12/2014	1/1/2015	452,452,090
6	The City Bank Limited	29/12/2014	5/1/2015	1,087,118,300
				8,543,539,626

Disclosure regarding outstanding Reverse REPO as on 31 December 2014

SI	Counterparty name	Agreement date	Reversal Date	Amount (Cash Con 1st Leg cash consideration)
1	International Leasing & Financial Services Ltd (ILFSL)	29/12/2014	1/1/2015	174,902,213
2	Midland Bank Limited	30/12/2014	1/1/2015	200,388,326
				375,290,540

b. Disclosure regarding overall transaction of REPO and reverse REPO.

Particulars	Min Outstanding during the year	Max Outstanding during the year	Daily average outstanding during the year
Securities sold under REPO			
With Bangladesh Bank	79,900,000	525,240,000	70,457,945
With other Banks & Financial Institutions	253,534,444	14,824,158,232	4,272,864,768
Securities purchased under Reverse REPO			
With Bangladesh Bank	500,000,000	1,700,000,000	15,342,466
With other Banks & Financial Institutions	128,727,979	1,821,122,284	224,950,653

Eastern Bank Limited and its subsidiaries

Business segmental profit and loss account

For the period ended 31 December 2014

Figures are in Million Taka

Particulars	Eastern Bank Limited						Subsidiaries						Consolidated
	Corporate	Consumer	SME	Treasury	Common	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	Elimination	
Interest income	7,305	1,903	2,650	808	46	448	13,160	170	33	20	1	(99)	13,286
Interest expense	1,846	5,706	518	561	-	210	8,840	133	-	13	-	(99)	8,888
NII before FTP	5,459	(3,803)	2,132	247	46	238	4,320	36	33	8	1	-	4,398
FTP on deposits, liability & equity	1,886	6,274	1,749	(11,245)	1,337	-	-	-	-	-	-	-	-
FTP on loans	(6,049)	(734)	(2,640)	9,468	(46)	-	-	-	-	-	-	-	-
Net FTP	(4,163)	5,541	(891)	(1,777)	1,291	-	-	-	-	-	-	-	-
NII After FTP	1,297	1,738	1,241	(1,529)	1,337	238	4,320	36	33	8	1	-	4,399
Investment income before FTP	276	-	-	2,744	-	-	3,020	11	-	-	-	(65)	2,966
FTP on investments	(11)	-	-	24	-	-	13	-	-	-	-	-	13
Investment income after FTP	265	-	-	2,768	-	-	3,033	11	-	-	-	-	2,979
Fees, commission and brokerage	913	809	125	-	-	49	1,896	98	19	38	-	-	2,050
FX Income	331	18	18	368	-	-	736	-	-	-	-	-	736
Other operating income	-	144	-	-	2	4	150	-	3	-	-	-	153
Total operating income	2,806	2,709	1,384	1,607	1,339	291	10,135	145	55	45	1	-	10,316
Allocated Expenses	1,123	2,437	527	52	201	19	4,361	55	14	28	0.31	-	4,456
Profit before provisions	1,682	272	857	1,555	1,138	271	5,774	90	41	17	1	(65)	5,860

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

Sl No	Particulars		2014	2013
1	Paid up capital	Taka	6,111,797,850	6,111,797,850
2	Total capital (Tier-I & II)	Taka	18,120,777,529	16,764,225,278
3	Surplus/(shortage) capital	Taka	4,417,030,803	2,736,346,440
4	Total assets	Taka	172,124,130,886	157,881,633,857
5	Total deposits	Taka	116,791,676,116	117,101,708,180
6	Total loans and advances	Taka	118,291,346,183	102,910,218,949
7	Total contingent liabilities	Taka	61,259,030,810	60,015,081,438
8	Loans to deposits ratio (total loans/total deposits)	%	101.28	87.88
9	% of classified loans against total loans and advances	%	4.36	3.59
10	Profit after tax and provisions	Taka	2,106,511,733	2,567,863,832
11	Loans classified during the year (Gross)	Taka	3,267,098,433	3,998,584,663
12	Provision held against classified loans	Taka	2,409,082,091	1,929,241,652
13	Surplus of provision	Taka	131,900,001	17,573,406
14	Cost of fund (interest expense/average borrowing and deposits)	%	6.68	8.67
15	Interest bearing assets	Taka	146,689,053,938	133,056,842,652
16	Non-interest bearing assets	Taka	25,435,076,948	24,824,791,205
17	Return on assets (PAT/average assets)	%	1.28	1.68
18	Income from investments	Taka	3,343,293,787	2,070,848,267
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	2.34	3.27
20	Earnings per share (PAT/weighted average number of shares)	Taka	3.45	4.20
21	Operating profit per share (Operating profit/ weighted average number of shares)	Taka	9.45	9.47
22	Price earning ratio	Times	7.89	6.93

Independent Auditor's Report to the shareholders of Eastern Bank Limited

**Hoda Vasi
Chowdhury & Co**

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 2014, profit and loss accounts 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 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 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 2014, 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 Bank'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, 25 February 2015

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Balance Sheet

As at 31 December 2014

Notes	2014		2013	
	USD	Taka	USD	Taka
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)	-	-	-	-
With Bangladesh Bank (including foreign currencies)	-	-	-	-
	-	-	-	-
Balance with other Banks and FIs (on current and other accounts)				
3				
In Bangladesh	14,983,707	1,167,970,970	5,638,649	438,404,960
Outside Bangladesh	9,657,544	752,799,736	4,954,248	385,192,814
	24,641,251	1,920,770,706	10,592,897	823,597,774
Money at call and short notice				
	-	-	-	-
Investment				
	-	-	-	-
Loans and Advances:				
4				
Loans, cash credits, overdrafts etc.	4.1 81,252,718	6,333,600,585	34,930,869	2,715,875,055
Bills discounted and purchased	4.2 66,563,966	5,188,621,190	88,929,915	6,914,300,855
	147,816,683	11,522,221,774	123,860,783	9,630,175,910
Fixed Assets				
	-	-	-	-
Other Assets				
5	284,187	22,152,225	76,874	5,976,971
Non Banking Assets				
	-	-	-	-
TOTAL ASSETS				
	172,742,121	13,465,144,705	134,530,555	10,459,750,654
CAPITAL AND LIABILITIES				
Borrowing from other banks, financial institutions and agents				
6				
Bangladesh Bank	-	-	-	-
Other Banks and FIs				
6.1	93,270,365	7,270,368,977	57,857,316	4,498,406,313
Term Borrowing	6.2 73,194,968	5,705,503,803	72,625,000	5,646,593,750
	166,465,332	12,975,872,780	130,482,316	10,145,000,064
	166,465,332	12,975,872,780	130,482,316	10,145,000,064
Deposits and other accounts				
7				
Current deposits and other accounts	7.1 951,223	74,147,276	223,240	17,356,946
Term deposits	7.2 -	-	-	-
	951,223	74,147,276	223,240	17,356,946
Other Liabilities				
8	2,175,908	169,610,723	1,584,638	123,205,628
TOTAL LIABILITIES				
	169,592,464	13,219,630,779	132,290,195	10,285,562,638

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Balance Sheet

As at 31 December 2014

Notes	2014		2013	
	USD	Taka	USD	Taka
CAPITAL/SHAREHOLDERS' EQUITY				
Share capital- Paid up capital	-	-	-	-
Foreign currency translation difference	9	1,062,706	-	(781,213)
Profit and loss account- retained earnings	15	244,451,219	2,240,360	174,969,231
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	172,742,121	13,465,144,705	134,530,555	10,459,750,655
OFF BALANCE SHEET ITEMS:				
Contingent liabilities:				
Acceptance and endorsements	6,727,523	524,406,408	207,352	16,121,636
Letter of guarantee - Banks	-	-	-	-
Letter of guarantee - Others	-	-	-	-
Bills for collection	24,965	1,945,968	-	-
Irrevocable letters of credit	4,818,920	375,631,952	708,562	55,090,723
Other Commitments	-	-	-	-
	11,571,407	901,984,328	915,915	71,212,358

The annexed notes 1 to 20 form an integral part of these financial statements.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.
Chartered Accountants

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Profit and Loss Account

For the year ended 31 December 2014

	Notes	2014		2013	
		USD	Taka	USD	Taka
Interest income	10	8,354,065	648,375,658	6,143,057	479,764,766
Interest paid on deposits and borrowings	11	5,285,831	410,243,916	3,797,394	296,571,556
Net interest income		3,068,234	238,131,742	2,345,663	183,193,210
Commission, exchange and brokerage	12	626,687	48,638,393	157,362	12,289,760
Other operating Income	13	51,321	3,983,104	15,123	1,181,101
Total operating income		3,746,241	290,753,238	2,518,148	196,664,071
Operating expenses	14	250,469	19,439,388	192,268	15,015,875
Profit before provision		3,495,772	271,313,849	2,325,880	181,648,196
Less : Provision for unclassified Loans and Advances (Including provision for off Balance Sheet items)	15	346,114	26,862,630	85,520	6,678,965
Profit before income tax		3,149,658	244,451,219	2,240,360	174,969,231
Less: Provision for income tax		-	-	-	-
Net Profit/(loss) after tax		3,149,658	244,451,219	2,240,360	174,969,231
Balance of Profit brought forward from previous year		-	-	-	-
Retained Earnings carried forward	16	3,149,658	244,451,219	2,240,360	174,969,231

The annexed notes 1 to 20 form an integral part of these financial statements.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.
Chartered Accountants

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Cash Flow Statement

For the year ended 31 December 2014

	Notes	2014		2013	
		USD	Taka	USD	Taka
A) Cash flow from operating activities					
Interest received		8,686,631	674,009,919	6,794,106	534,795,110
Interest paid		(5,042,277)	(391,191,854)	(3,914,581)	(306,636,023)
Commission, exchange and brokerage	17	626,687	48,638,393	157,362	12,289,760
Received from other operating activities	18	51,321	3,983,104	15,123	1,181,101
Paid for operating expenses	19	(250,469)	(19,439,388)	(192,268)	(15,015,875)
Operating profit before changes in operating assets and liabilities		4,071,892	316,000,173	2,859,742	226,614,073
(Increase)/decrease in operating assets:					
Loan and advances to customers		(24,288,466)	(1,917,680,125)	(9,323,757)	(487,449,900)
Other Assets		(207,313)	(16,175,254)	60,765	5,013,479
Increase/(decrease) in operating liabilities:					
Foreign currency translation difference		-	-	-	-
Deposits from Banks		-	-	-	-
Customers' deposits and other accounts		484,428	37,738,268	329,292	26,532,228
Other liabilities		245,155	19,542,465	(118,260)	(12,620,854)
		(23,766,195)	(1,876,574,646)	(9,051,960)	(468,525,047)
Net cash flow from operating activities		(19,694,303)	(1,560,574,473)	(6,192,218)	(241,910,974)
B) Cash flow from investing activities		-	-	-	-
C) Cash flow from financing activities					
Borrowing from other banks, financial institutions and agents		35,983,016	2,830,872,717	3,094,048	(26,940,365)
Net profit transferred to main operations	16	(2,240,360)	(174,969,231)	(2,695,138)	(220,625,304)
Net cash from financing activities		33,742,656	2,655,903,486	398,910	(247,565,669)
D) Net (decrease) / increase in cash (A+B+C)		14,048,353	1,095,329,013	(5,793,307)	(489,476,643)
E) Effects of exchange rate changes on cash and cash equivalents		-	1,843,920	-	4,637,630
F) Opening cash and cash-equivalents		10,592,897	823,597,774	16,386,204	1,308,436,787
G) Closing cash and cash equivalent (D+E+F)		24,641,251	1,920,770,706	10,592,897	823,597,774
Closing cash and cash equivalents	20				
Cash in hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)		-	-	-	-
Balances with other Banks and Financial Institutions (Annexure A)		24,641,251	1,920,770,706	10,592,897	823,597,774
Money at call and short notice		-	-	-	-
Prize bonds		-	-	-	-
		24,641,251	1,920,770,706	10,592,897	823,597,774

The annexed notes 1 to 20 form an integral part of these financial statements.



Chairman



Director



Director



Managing Director & CEO

Dhaka, 25 February 2015

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Statement of Liquidity in USD & BDT

(Maturity analysis of assets and liabilities)

As at 31 December 2014

Particulars	Maturity within 1 month		Maturity within 1 to 3 months		Maturity within 3 to 12 months		Maturity over 5 years		Total Amount	
	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT
ASSETS										
Cash in hand	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	24,641,251	1,920,770,706	-	-	-	-	-	-	24,641,251	1,920,770,706
Money at call and short notice	-	-	-	-	-	-	-	-	-	-
Investment in Treasury Bills & others	-	-	-	-	-	-	-	-	-	-
Loans & advances to customers	9,121,289	710,998,972	22,974,463	1,790,845,623	45,650,687	3,558,443,693	60,198,751	4,692,456,499	9,871,493	769,476,988
Fixed assets	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	166,687	12,993,161	117,500	9,159,064	-	-	284,187	22,152,225
Non-banking assets	-	-	-	-	-	-	-	-	-	-
Total Assets	33,762,539	2,631,769,678	23,141,149	1,803,838,784	45,768,188	3,567,602,757	60,198,751	4,692,456,499	9,871,493	769,476,988
LIABILITIES										
Borrowings from other banks & financial institutions	103,808,210	8,091,787,689	5,000,000	389,747,000	57,657,122	4,494,338,091	-	-	166,465,332	12,975,872,780
Deposits & other accounts	212,829	16,589,873	215,591	16,805,172	453,686	35,364,539	69,118	5,387,692	951,223	74,147,276
Other liabilities	1,644	128,122	580,383	45,240,513	-	-	-	-	1,593,881	124,242,089
Total Liabilities	104,022,682	8,108,505,684	5,795,974	451,792,685	58,110,808	4,529,702,631	69,118	5,387,692	1,593,881	124,242,089
Net liquidity gap	(70,260,143)	(5,476,736,006)	17,345,175	1,352,046,099	(12,342,621)	(962,099,874)	60,129,633	4,687,068,808	8,277,612	645,234,899
Cumulative liquidity gap	(70,260,143)	(5,476,736,006)	(52,914,968)	(4,124,689,906)	(65,257,588)	(5,086,789,780)	(5,127,955)	(399,720,973)	3,149,657	245,513,926

Eastern Bank Limited

Offshore Banking Unit

Notes to the Financial Statements

As at and for the year ended 31 December 2014

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 2014 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 should be shown in investments.

vi) Cash flow statement

BFRSs: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14 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, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014.

2.4 Revenue recognition**2.4.1 Interest income:**

Interest on unclassified (including 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 as 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 Account of the Main Operation of the Bank.

2.6 General

2.6.1 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.

2.6.2 Assets and liabilities have been translated into Taka currency @ USD 1 = BDT 77.9494 (2013: BDT 77.75) 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 77.6120). The cumulative amount of the exchange differences has been presented separately in equity until the disposal of foreign operations.

2.6.3 Certain corresponding figures in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

2.6.4 These financial statements of the unit cover one calendar year from 1 January 2014 to 31 December 2014.

	Notes	2014		2013	
		USD	BDT	USD	BDT
3 Balance with other Banks and Financial Institutions					
Inside Bangladesh		-	-	-	-
<i>In interest bearing account</i>					
Term Placement					
Eastern Bank Limited		14,983,707	1,167,970,970	5,638,649	438,404,960
		14,983,707	1,167,970,970	5,638,649	438,404,960
Outside Bangladesh					
<i>In interest bearing account</i>					
EBL Finance (HK) Limited		9,600,000	748,314,240	4,050,000	314,887,500
		9,600,000	748,314,240	4,050,000	314,887,500
<i>In-non interest bearing account</i>					
Standard Chartered Bank Newyork- (Annexure A)		50,075	3,903,300	639,411	49,714,222
Deutsche Bank AG, Frankfurt, Germany- (Annexure A)		7,469	582,196	264,837	20,591,092
		57,544	4,485,496	904,248	70,305,314
		9,657,544	752,799,736	4,954,248	385,192,814
		24,641,251	1,920,770,706	10,592,897	823,597,774
3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)					
<i>Receivable</i>					
On demand		15,041,251	1,172,456,466	6,542,897	508,710,274
In not more than one month		9,600,000	748,314,240	4,050,000	314,887,500
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		-	-	-	-
		24,641,251	1,920,770,706	10,592,897	823,597,774
4 Loans and advances					
i) Loans, cash credits, overdrafts, etc.	4.1	81,252,718	6,333,600,585	34,930,869	2,715,875,055
ii) Bills discounted and purchased	4.2	66,563,966	5,188,621,190	88,929,915	6,914,300,855
		147,816,683	11,522,221,774	123,860,783	9,630,175,910
4.1 Loans, Cash Credit, Overdraft etc.					
<i>Inside Bangladesh :</i>					
Loans		77,084,948	6,008,725,432	33,675,217	2,618,248,095
Cash Credit		-	-	-	-
Overdraft		4,167,770	324,875,153	1,255,652	97,626,961
		81,252,718	6,333,600,585	34,930,869	2,715,875,055
<i>Outside Bangladesh :</i>					
Loans		-	-	-	-
Cash Credit		-	-	-	-
Overdraft		-	-	-	-
		81,252,718	6,333,600,585	34,930,869	2,715,875,055

Notes	2014		2013	
	USD	BDT	USD	BDT
4.2 Bills Discounted and Purchased				
Inside Bangladesh:				
Bills Discounted /Financed	66,563,966	5,188,621,190	88,929,915	6,914,300,855
LDBP/FDBP	-	-	-	-
	66,563,966	5,188,621,190	88,929,915	6,914,300,855
Outside Bangladesh:				
Bills Discounted /Financed	-	-	-	-
LDBP/FDBP	-	-	-	-
	-	-	-	-
	66,563,966	5,188,621,190	88,929,915	6,914,300,855
4.a Maturity grouping of loans and advances including bills discounted and purchased				
Payable on demand	161,191	12,564,773	947,526	73,670,143
Less than three months	31,934,560	2,489,279,821	60,912,131	4,735,918,222
More than three months but less than one year	45,650,687	3,558,443,693	32,868,210	2,555,503,366
More than one year but less than five years	60,198,751	4,692,456,499	28,885,036	2,245,811,562
More than five years	9,871,493	769,476,988	247,879	19,272,617
	147,816,683	11,522,221,774	123,860,783	9,630,175,910
4.b Maturity analysis of bills purchased and discounted				
Payable on demand	149,259	11,634,653	916,090	71,225,963
Less than three months	28,635,193	2,232,096,085	59,135,086	4,597,752,938
More than three months but less than one year	37,779,514	2,944,890,451	28,878,739	2,245,321,954
More than one year but less than five years	-	-	-	-
	66,563,966	5,188,621,190	88,929,915	6,914,300,855
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	147,816,683	11,522,221,774	123,860,783	9,630,175,910
	147,816,683	11,522,221,774	123,860,783	9,630,175,910
4.a.2 Industry-wise Concentration of loans and advances				
Crops, fisheries and livestock	6,110,078	476,276,921	2,762,675	214,797,948
Edible oil refinery	-	-	3,274,802	254,615,866
Electronics goods	10,142,041	790,565,989	6,560,060	510,044,671
Power, Gas & Oil	1,304,975	101,722,028	299,812	23,310,413
Transport & E-communication	18,662,564	1,454,735,672	13,385,562	1,040,727,434
Readymade garments	35,480,300	2,765,668,079	16,068,621	1,249,335,321
Commerce and Trading	6,459,655	503,526,201	718,594	55,870,720
Sugar Industry	-	-	108,578	8,441,947
Cement Industry	17,869,716	1,392,933,618	3,306,878	257,109,735
Foods & Beverage	7,102,978	553,672,898	21,335,951	1,658,870,170
Polymer	12,283,360	957,480,563	14,138,495	1,099,267,974
Textile & Spinning mills	17,003,118	1,325,382,855	29,341,297	2,281,285,841
Ship Breaking Industry	-	-	-	-
Industries for Steel products	703,666	54,850,332	3,378,129	262,649,559
Pharmaceutical Industries	4,613,557	359,624,035	5,377,527	418,102,748
Others	10,080,675	785,782,583	3,803,801	295,745,564
	147,816,683	11,522,221,774	123,860,783	9,630,175,910

Notes	2014		2013	
	USD	BDT	USD	BDT

4.a.3 Geographical location-wise concentration of Loans and advances

Inside Bangladesh:

Dhaka Division	127,159,950	9,912,041,793	121,388,186	9,437,931,446
Chittagong Division	20,656,733	1,610,179,981	2,472,598	192,244,464
Khulna Division	-	-	-	-
Rajshahi Division	-	-	-	-
Barishal Division	-	-	-	-
Sylhet Division	-	-	-	-
Rangpur Division	-	-	-	-

Outside Bangladesh:

147,816,683	11,522,221,774	123,860,783	9,630,175,910
--------------------	-----------------------	--------------------	----------------------

4.c Classified, unclassified, doubtful and bad loans and advances

Unclassified:

Standard	147,816,683	11,522,221,774	123,860,783	9,630,175,910
Special mention account	-	-	-	-

Classified:

Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-

147,816,683	11,522,221,774	123,860,783	9,630,175,910
--------------------	-----------------------	--------------------	----------------------

4.d	i) Debt considered good in respect of which the bank is fully secured	147,816,683	11,522,221,774	123,860,783	9,630,175,910
	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	-	-	-	-
		147,816,683	11,522,221,774	123,860,783	9,630,175,910
	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	-	-	-	-

	Notes	2014		2013	
		USD	BDT	USD	BDT
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons		-	-	-	-
viii) Maximum total amount of advances, including temporary advance granted during the period to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies as members		-	-	-	-
ix) Due from other banking companies		-	-	-	-
x) Classified loans and advances on which no interest is credited to income		-	-	-	-
5 Other Assets					
Prepayments		117,500	9,159,064	-	-
Interest Receivable on Term Placement		166,687	12,993,161	76,874	5,976,971
		284,187	22,152,225	76,874	5,976,971
6 Borrowings from other banks, financial institutions and agents					
Demand Borrowings	6.1	93,270,365	7,270,368,977	57,857,316	4,498,406,313
Term Borrowings	6.2	73,194,968	5,705,503,803	72,625,000	5,646,593,750
		166,465,332	12,975,872,780	130,482,316	10,145,000,063
6.1 Demand Borrowings					
In non interest bearing account with Standard Chartered Bank, Newyork		-	-	-	-
In interest bearing account with Eastern Bank Limited (DBU)		93,270,365	7,270,368,977	57,857,316	4,498,406,313
		93,270,365	7,270,368,977	57,857,316	4,498,406,313
6.2 Term Borrowings					
Borrowing inside Bangladesh					
Basic Bank Limited		10,000,000	779,494,000	625,000	48,593,750
The City Bank Ltd.		-	-	1,000,000	77,750,000
Dutch Bangla Bank Ltd		5,000,000	389,747,000	-	-
		15,000,000	1,169,241,000	1,625,000	126,343,750
Borrowing outside Bangladesh					
Asian Development Bank		537,845	41,924,711	-	-
Banca Ubae Spa		-	-	5,000,000	388,750,000
Deutsche Investitions-Und Entwicklungsgesellschaft Mbh		-	-	-	-
FMO Nederland		32,000,000	2,494,380,800	16,000,000	1,244,000,000
International Finance Corporation		16,000,000	1,247,190,400	20,000,000	1,555,000,000
United Bank Limited, Dubai		-	-	30,000,000	2,332,500,000
		9,657,122	752,766,891	-	-
		58,194,968	4,536,262,803	71,000,000	5,520,250,000
		73,194,968	5,705,503,803	72,625,000	5,646,593,750

	Notes	2014		2013	
		USD	BDT	USD	BDT
6.1.a Classification based on type of security					
Secured		-	-	-	-
Unsecured		166,465,332	12,975,872,780	130,482,316	10,145,000,063
		166,465,332	12,975,872,780	130,482,316	10,145,000,063
6.a Maturity grouping of borrowings from other banks, financial institutions and agents					
Payable within one month		103,808,210	8,091,787,689	59,307,316	4,611,143,813
More than one month but less than three months		5,000,000	389,747,000	30,000,000	2,332,500,000
More than three months but less than one year		57,657,122	4,494,338,091	41,175,000	3,201,356,250
More than one year but less than five years		-	-	-	-
		166,465,332	12,975,872,780	130,482,316	10,145,000,063
7 Deposits and other accounts					
Current deposits and other accounts	7.1	951,223	74,147,276	223,240	17,356,946
Term deposits	7.2	-	-	-	-
		951,223	74,147,276	223,240	17,356,946
7.1 Current deposits and other accounts					
Current account		96,627	7,532,011	49,836	3,874,785
Other Accounts	7.1.a	854,596	66,615,265	173,404	13,482,161
		951,223	74,147,276	223,240	17,356,946
7.1.a Other Accounts					
Interest Payable on deposit		-	-	-	-
Margin on Facility		854,596	66,615,265	173,404	13,482,161
		854,596	66,615,265	173,404	13,482,161
7.2 Term deposits					
Special notice deposit- SND		-	-	-	-
Term deposit - BB		-	-	-	-
		-	-	-	-
7.a Maturity grouping of deposits and other accounts					
Payable on demand		1,507	117,499	777	60,447
Payable within one month		211,321	16,472,373	89,177	6,933,478
More than one month but less than three months		215,591	16,805,172	97,638	7,591,365
More than three months but less than one year		453,686	35,364,539	35,648	2,771,656
More than one year but less than five years		69,118	5,387,692	-	-
		951,223	74,147,276	223,240	17,356,946
8 Other liabilities					
Provision for taxation	8.1	-	-	-	-
Provision for unclassified Loans and advances (Including provision for off Balance Sheet items)		1,593,631	124,242,089	1,247,768	97,013,933
Interest payable on Borrowing		580,277	45,232,250	336,723	26,180,188
Privileged Creditors		1,644	128,122	-	-
Sundry Creditors		106	8,263	148	11,507
		2,175,658	169,610,723	1,584,638	123,205,628
8.1 Provision for tax of the unit is accounted for in the book of Eastern Bank Limited.					
8.a Maturity grouping of other liabilities					
Payable on demand		1,644	128,122	336,723	26,180,188
More than one month but less than three months		580,383	45,240,513	148	11,507
More than three months but less than one year		-	-	-	-

Notes	2014		2013	
	USD	BDT	USD	BDT
More than one year but less than five years	-	-	-	-
More than five years	1,593,881	124,242,089	1,247,768	97,013,933
	2,175,908	169,610,723	1,584,638	123,205,628
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 of OBU 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 77.9494 (2013: BDT 77.75) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= BDT 77.6120).				
10 Interest income				
Interest on Advances	7,675,486	595,709,806	5,996,376	468,309,155
Interest on Money at Call and Short Notice	-	-	-	-
Interest on Placement with other Banks	678,579	52,665,852	146,681	11,455,611
	8,354,065	648,375,658	6,143,057	479,764,766
11 Interest paid on deposits and borrowings				
Interest on Deposits	-	-	-	-
Interest on Borrowings	5,285,831	410,243,916	3,797,394	296,571,556
Interest on Margin	-	-	-	-
	5,285,831	410,243,916	3,797,394	296,571,556
12 Commission, exchange and brokerage				
Fees & Commission	636,155	49,373,290	144,903	11,316,743
Exchange gain/(loss) net off exchange gains*	(9,469)	(734,897)	12,459	973,017
Brokerage	-	-	-	-
	626,687	48,638,393	157,362	12,289,760
*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.	51,321	3,983,104	15,123	1,181,101
	51,321	3,983,104	15,123	1,181,101
14 Operating Expenses				
Account Maintenance & Processing fees	249,610	19,372,701	191,717	14,972,885
Other charges	859	66,687	550	42,990
	250,469	19,439,388	192,268	15,015,875
15 Provision for Loans and Advances				
General Provision	346,115	26,862,630	85,520	6,678,965
Specific Provision	-	-	-	-
	346,115	26,862,630	85,520	6,678,965
16 Profit and loss account - retained earnings				
Opening balance	2,240,360	174,969,231	2,695,138	220,625,304
Add: Profit during the year	3,149,658	244,451,219	2,240,360	174,969,231
	5,390,017	419,420,450	4,935,498	395,594,535
Less: Transferred to Main ops during the year	(2,240,360)	(174,969,231)	(2,695,138)	(220,625,304)
Closing balance	3,149,657	244,451,219	2,240,360	174,969,231
17 Cash received from commission, exchange and brokerage				
Commission, exchange and brokerage	626,687	48,638,393	157,362	12,289,760
	626,687	48,638,393	157,362	12,289,760

	Notes	2014		2013	
		USD	BDT	USD	BDT
18 Cash received from other operating activities					
Service charges, SWIFT charges etc.		51,321	3,983,104	15,123	1,181,101
		51,321	3,983,104	15,123	1,181,101
19 Paid for operating expenses					
Operating expenses		(250,469)	(19,439,388)	(192,268)	(15,015,875)
		(250,469)	(19,439,388)	(192,268)	(15,015,875)
20 Cash and cash equivalent					
Balance with other banks & FIs		24,641,251	1,920,770,706	10,592,897	823,597,774
Money at call and short notice		-	-	-	-
		24,641,251	1,920,770,706	10,592,897	823,597,774

FINANCIAL REPORTS OF THE SUBSIDIARIES

Auditor's Report

to the shareholders of EBL Securities Limited

We have audited the accompanying Financial Statements of EBL Securities Ltd. which comprise the Statement of Financial Position as at 31st December 2014 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and a summary of significant accounting policies and other explanatory information on that date.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that gives a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company Act 1994, the Securities and Exchange Commission (Amendment) Act, 2012 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 independent 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 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risk 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.

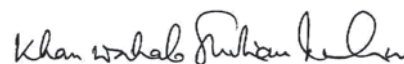
Opinion:

In our opinion, the financial statements present fairly in all material respect, the financial position of EBL Securities Ltd. as at 31st December 2014 and of its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Company Act 1994, the Securities and Exchange Commission (Amendment) Act, 2012 and other applicable rules and regulations.

We also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- iii. the statement of financial position and statement of comprehensive income dealt with the report are in agreement with the books of accounts and returns.

Dhaka, 29 January, 2015



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Securities Limited

Statement of Financial Position

As at 31st December 2014

	Notes	31.12.2014 Taka	31.12.2013 Taka
ASSETS			
A. Non-Current Assets:			
Fixed Assets less Accumulated Depreciation	04	7,427,003	7,926,011
Deferred Revenue Expenses less Written off	05	86,194	242,814
Membership of DSE & CSE at Cost	06	201,506,000	201,506,000
		209,019,197	209,674,825
B. Current Assets:			
Advances, Deposits & Prepayments	07	1,547,889	2,189,553
Advance Income Tax	08	28,315,602	23,754,859
Accounts Receivable	09	1,403,064,979	972,621,104
Investments	10	194,651,274	68,803,199
Cash & Cash Equivalent	11	363,526,535	174,209,614
		1,991,106,279	1,241,578,329
Total Assets (A+B)		2,200,125,476	1,451,253,154
EQUITY & LIABILITIES			
C. Share Holders Equity:			
Share Capital	12	400,000,000	400,000,000
Retained Earnings	13	29,984,277	11,660,842
		429,984,277	411,660,842
D. Non-Current Liabilities		-	-
E. Current Liabilities:			
Accounts Payable	14	192,709,853	103,051,343
Borrowings from Bank & others	15	1,430,582,113	840,327,596
Liabilities for Expenses	16	11,352,764	5,505,685
Other Liabilities	17	105,553,369	64,481,284
Provision for Tax	18	29,943,099	26,226,403
		1,770,141,199	1,039,592,312
Total Liabilities (C+D+E)		2,200,125,476	1,451,253,154

The annexed notes form an integral part of the financial statements



Managing Director

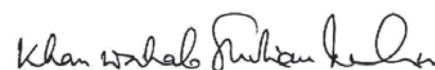


Director



Chairman

Signed in terms of our annexed report of even date



Khan Wahab Shafique Rahman & Co.

Chartered Accountants

Dhaka, January 29, 2015

EBL Securities Limited

Statement of Comprehensive Income

For the year ended 31st December 2014

	Notes	2014 Taka	2013 Taka
A. Revenue:			
Commission Earning	19	98,092,749	67,155,825
Income from Investment	20	10,861,930	6,866,080
Other Operating Income	21	169,944,943	127,166,756
		278,899,622	201,188,661
B. Expenses:			
Direct Expenses	22	7,124,648	5,042,064
Office & Administrative Expenses	23	46,148,338	37,573,757
Financial Expenses	24	135,260,252	101,030,642
		188,533,238	143,646,463
C. Operating Profit Before Tax (A-B)		90,366,384	57,542,198
Provision for (loss)/released on margin		(5,198,797)	(20,946,057)
Provision released/(made) on revaluation of shares	25	1,007,409	(10,471,550)
Profit Before Tax		86,174,996	26,124,591
Income Tax Expenses	26	32,851,561	26,109,819
Net Profit After Tax		53,323,435	14,772

The attached notes form an integral part of the financial statements.



Managing Director

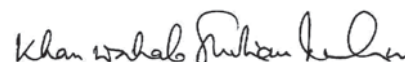


Director



Chairman

Signed in terms of our annexed report of even date.



Khan Wahab Shafique Rahman & Co.

Chartered Accountants

Dhaka, January 29, 2015

EBL Securities Limited

Statement of Cash Flows

For the year ended 31 December 2014

	2014 Taka	2013 Taka
Cash Flows from Operating Activities:		
Net Profit/(Loss) after Provision for Tax	53,323,435	14,772
Depreciation	2,687,758	2,750,176
Amortization	306,296	-
Written off- Deferred Revenue Expenses	156,620	156,620
loss on sales of assets	242,580	-
Net Profit/(Loss) after Depreciation	56,716,689	2,921,568
Changes in Working Capital:		
(Increase)/Decrease in Advances, Deposits & Pre-payments	641,664	1,902,865
(Increase)/Decrease in Advance Income Tax	(4,560,743)	(14,373,092)
(Increase)/Decrease in Receivable	(430,443,875)	(193,492,431)
(Increase)/Decrease in Investment & Securities	(125,848,075)	(68,781,276)
Increase/(Decrease) in Payable	89,658,510	26,187,306
Increase/(Decrease) in Bank Overdraft	590,254,517	185,441,113
Increase/(Decrease) in Liabilities for Expenses	5,847,079	(2,421,922)
Increase/(Decrease) in Other Liabilities	41,072,085	19,992,883
Increase/(Decrease) Interim Dividend Paid	(35,000,000)	-
Increase/(Decrease) in Provision for Tax	3,716,696	3,018,828
	135,337,858	(42,525,726)
A. Net Cash provided from/ (used in) Operating Activities:	192,054,547	(39,604,158)
Cash Flows from Investing Activities:		
Sale/Disposal of assets	215,600	-
Fixed Assets Purchased	(2,953,224)	(1,130,604)
B. Net Cash provided from/ (used in) Investing Activities	(2,737,624)	(1,130,604)
Cash Flows from Financing Activities:		
Increase/(Decrease) in Paid-up Capital	-	100,000,000
C. Net Cash provided from/ (used in) Financing Activities	-	100,000,000
Net increase / (decrease) in Cash during the Year (A+B+C)	189,316,923	59,265,238
Add: Opening Cash & Cash Equivalent	174,209,614	114,944,377
Closing Cash & Cash Equivalent*	363,526,535	174,209,614
Closing Cash & Cash Equivalent*		
Cash in Hand	902	10,903
Cash with other Banks	363,525,633	174,198,711
	363,526,535	174,209,614

The annexed notes form an integral part of the financial statements



Managing Director



Director



Chairman

EBL Securities Limited

Changes In Shareholders Equity

For the year ended 31 December 2014

Figures are in Taka

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on January 01, 2014	400,000,000	11,660,842	411,660,842
Add: Net Surplus/ (Deficit) for the year	-	53,323,435	53,323,435
Interim Dividend	-	(35,000,000)	(35,000,000)
Balance as on December 31, 2014	400,000,000	29,984,277	429,984,277

For the year ended December 31 2013

Figures are in Taka

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on January 01, 2013	300,000,000	11,646,071	311,646,071
Add: Net Surplus/ (Deficit) for the year	100,000,000	14,772	100,014,772
Balance as on December 31, 2013	400,000,000	11,660,842	411,660,842



Managing Director



Director



Chairman

EBL Securities Limited

Notes to the Financial Statements

As at and for the year ended 31 December, 2014

01.00 Reporting Entity:

01.01 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 incorporation no. C-32161 (1282)/97.

EBL Securities Limited is the TREC holder (Trading Right Entitlement Certificate) of both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) bearing certificate no. 026 and 021 dated 03 November 2013 and 28 October 2013 respectively (Previous membership no. 026 and 021 of DSE and CSE respectively).

01.02 Nature of business activities:

The principal activities of the company during the year were to buy, sell, deal and invest 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.

02.00 Basis of Preparation:

02.01 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.

02.02 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).

02.03 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

02.04 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 contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the following situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

02.05 Consistency:

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, EBL Securities applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and retrospectively accordance with the requirement of BAS 8. We however, have applied the same accounting principles in 2014 as in financial statements for 2013.

03.00 Significant Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

03.01 Fixed assets and depreciation:

These are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the following rates on straight-line basis in accordance with BAS 16 over the periods appropriate to the estimated useful lives of the different types of assets:

Furniture & Fixture	15.00%
Television & Multimedia	20.00%
Computer & Accessories	20.00%
Generator	15.00%
Office Equipment	15.00%
Office Decoration	15.00%
Car Vehicles	15.00%

03.02 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.

03.03 Impairment:

Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective once that it is impaired. A financial asset is considered to be impaired if objective once 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.

03.04 Cash and cash equivalents:

Considering the provisions of BAS-1 and BAS-7, cash on hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined by adjusting profit for the period under indirect method as per BAS-7 "Cash Flow Statement".

03.05 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.

03.06 Margin loan:

EBL Securities Ltd. 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.

03.07 Investment in securities:

Investments in listed securities are 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.

03.08 Payables:

Trade and other payables are stated at their nominal values.

03.09 Due from/to related party:

Due from/to related party is stated at their nominal values.

03.10 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.

03.11 Bank overdraft:

Eastern Bank Limited has sanctioned EBL Securities Ltd. credit facilities of BDT 650.00 million out of which BDT 500.00 million and 150.00 million is against overdraft and letter of guarantee respectively letter reference No # MS/1314/2014 dated June 30, 2014.

NRB Bank Ltd. has sanctioned credit facilities of BDT 250.00 million as overdraft vide letter reference # NRBBL/CRM/ESL/SA (C) 2014/020 dated June 05, 2014.

The Farmers Bank Ltd. has sanctioned credit facilities of BDT 200.00 million as overdraft vide letter reference # FBL/MTJ/2014/1074 dated June 03, 2014.

Midland Bank Ltd. has sanctioned credit facilities of BDT 300.00 million as overdraft vide letter reference # MDBL/PB/CREDIT/2014/2098 dated August 03, 2014.

SIBL Bank Ltd. has sanctioned credit facilities of BDT 50.00 & 30.00 million as overdraft vide letter reference # SIBL/FEB/INV/2014/6022 dated September 8, 2014 & letter reference # SIBL/FEB/INV/2014/6333 dated September 17, 2014 respectively.

Loan has been taken from EBL Investments Ltd. amounting to BDT 100.00 million through an agreement dated November 13, 2014 at an interest rate of 13.00% p.a.

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.

03.12 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.

03.13 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.

03.14 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.

03.15 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.

03.16 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.

03.17 Suspense interest 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 2014 have been transferred into the suspense interest account.

03.18 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.

03.19 Particulars of employees:

The number of employees engaged by the company during the year and part thereof was 52 (42 in 2013) and all the staffs of the company are drawing salary and allowances above Tk 60,000 per annum.

03.20 Events after the Reporting Period:

There are no such events after the reporting period existed at the end of the reporting period.

03.21 Currency:

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

03.22 General:

Previous year's figures have been re-arranged/re-classified, where consider necessary to conform to current year's presentation.

Auditor's Report

to the shareholders of EBL Investments Limited

**Hoda Vasi
Chowdhury & Co**

We have audited the accompanying financial statements of EBL Investments Limited (the "Company"), which comprise the Statement of Financial Position (Balance Sheet) as at 31 December 2014, related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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 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 Accounting Reporting Standards (BFRS), give a true and fair view of the state of the companies affairs as at 31 December 2014 and of the results of its operations for the year ended and comply with the companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appeared from our examination of those books;
- (iii) the Company's 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
- (iv) the expenditure incurred was for the purposes of the Company's business.



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 16th February 2015

EBL Investments Limited

Statement of Financial Position

As at 31st December 2014

	Notes	2014 Taka	2013 Taka
PROPERTY AND ASSETS			
Non Current Assets:			
Property, Plant & Equipment	3	340,625	319,687
Intangible Assets	4	660,875	788,375
Furniture & Fixtures	5	31,360	-
Advances, Deposit & Prepayments	6	148,822,016	770,903
		149,854,876	1,878,965
Current Assets:			
Accounts Receivable	7	9,120,320	7,276,618
Advance Income tax	8	6,165,589	15,906,512
Investments	9	69,673,766	45,408,373
Cash & Cash Equivalent	10	110,717,971	276,107,447
		195,677,645	344,698,950
TOTAL ASSETS		345,532,521	346,577,915
EQUITY AND LIABILITIES			
Shareholders' Equity			
Paid up capital	11	300,000,000	300,000,000
Retained earnings	12	15,276,518	19,105,122
Total Shareholders' Equity		315,276,518	319,105,122
Non Current Liabilities			
	13	-	-
Current Liabilities			
Accounts Payable	14	12,818,703	3,752,772
Provision for tax	15	8,309,654	19,334,278
Provision for diminution in value of investments	16	8,125,458	3,818,249
Provision for Expenses	17	191,015	58,150
Other liabilities	18	811,174	509,345
		30,256,003	27,472,793
TOTAL EQUITY AND LIABILITIES		345,532,521	346,577,915

The annexed notes 1 to 28 form an integral part of these financial statements.



Chairman



Director



Managing Director

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.

Chartered Accountants

Dhaka, 16th February 2015

EBL Investments Limited

Statement of Comprehensive Income

For the year ended 31st December 2014

Particulars	Notes	2014 Taka	2013 Taka
Operating Income			
Fees & commission	19	2,686,894	617,499
Income from Investment	20	18,701,915	5,238,023
Interest income	21	33,441,442	33,595,272
Total operating income		54,830,251	39,450,794
Operating Expense			
Administrative Expenses	22	13,672,962	9,038,947
Financial Expenses	23	205,797	65,812
Total operating expense		13,878,760	9,104,759
Profit/(Loss) before Provision		40,951,492	30,346,035
Expenses/Provision for diminution in value of investments	24	4,307,209	3,818,249
Profit/(Loss) before Provision for tax		36,644,283	26,527,786
Provision for income tax	25	10,472,887	10,589,318
Net profit after tax		26,171,396	15,938,468
Earning per share	26	8.72	5.31

The annexed notes 1 to 28 form an integral part of these financial statements.



Chairman



Director



Managing Director

Signed as per our annexed report of same date



Hoda Vasi Chowdhury and Co.

Chartered Accountants

Dhaka, 16th February 2015

EBL Investments Limited

Cash Flow Statement

For the year ended 31st December 2014

Particulars	2014 Taka	2013 Taka
A. Cash flows from operating activities		
Interest income	33,441,442	33,595,272
Other income	21,388,809	5,855,522
Paid for operating expenses	(13,878,760)	(9,104,759)
Income tax paid	-	(609,261)
Depreciation and Amortization	204,842	90,687
Audit fees paid	-	(57,500)
Operating cash flows before changing in operating assets/liabilities	41,156,334	29,769,961
Increase/ Decrease in operating Assets/ Liabilities		
Accounts receivable	(1,843,702)	(7,276,618)
Advance Income Tax	(11,756,588)	(10,270,238)
Investment in Securities	(23,543,393)	(45,403,373)
Investment in IPO	(2,000)	(5,000)
Investment in Placement of share	(720,000)	-
Margin Loan	(48,051,113)	(570,903)
Loan to EBLSL	(100,000,000)	-
Other liabilities	434,694	567,495
Accounts payable	9,065,931	3,752,772
Net cash flow from operating activities	(135,259,836)	(29,435,904)
B. Cash flows from investing activities		
Fixed Assets	(129,640)	(1,398,750)
Net cash flow from investing activities	(129,640)	(1,398,750)
C. Cash flows from financing activities		
Cash Dividend	(30,000,000)	(39,000,000)
Net cash flow from financing activities	(30,000,000)	(39,000,000)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(165,389,476)	(69,834,654)
E. Opening cash and cash equivalents	276,107,447	345,942,101
F. Closing cash and cash equivalents	110,717,971	276,107,447
Closing cash and cash equivalents represents		
Cash in hand	1,385	233
Balances with other banks and financial institutions	110,716,586	276,107,214
	110,717,971	276,107,447

The annexed notes 1 to 28 form an integral part of these financial statements.



Chairman

Dhaka, 16th February 2015



Director



Managing Director

EBL Investments Limited

Statement of Changes in Equity

For the year ended 31st December 2014

	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance as at 1st January 2014	300,000,000	19,105,122	319,105,122
Net profit during the period	-	26,171,396	26,171,396
Interim dividend paid	-	(30,000,000)	(30,000,000)
	-	-	-
Balance as at 31st December 2014	300,000,000	15,276,518	315,276,518
Balance as at 31st December 2013	300,000,000	19,105,122	319,105,122

The annexed notes 1 to 28 form an integral part of these financial statements.



Chairman

Dhaka, 16th February 2015



Director



Managing Director

EBL Investments Limited

Notes to the Financial Statements

As at and for the year ended 31st December 2014

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 2014 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 statements of the Company covers a period from 1st January 2014 to 31st December 2014 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 year ended 31 December 2014.

Principal activities

The principal activity of the Company is engaged in money lending business.

Results

The results of the Company for the year ended 31 December 2014 and the state of affairs of the Company at that date are set out on pages 5 and 6.

The directors do not recommend the payment of a dividend.

Property, plant and equipment

Movements in property, plant and equipment during the year are set out in note 8 to the financial statements.

Directors

The directors during the year and up to the date of this report were:-

Eastern Bank Limited

IFTEKHAR Ali Reza Md

(Appointed on 3 September 2014)

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 13 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 year or at any time during the year.

Directors' rights to acquire shares and debentures

At no time during the year 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 year.

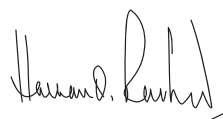
Other matters

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



Chairman/Director

Hong Kong, 30 January 2015

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) which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and cash flow statement for the year 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 2014, and of its profit and cash flows for the year 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
30 January 2015

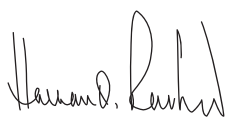
EBL Finance (HK) Limited

Balance Sheet 31 December 2014

	Notes	31.12.2014 HK\$	31.12.2013 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	127,451	180,307
Current assets			
Bills financed	9	74,936,546	28,840,895
Other receivables		347,943	471,699
Deposits and prepayments		158,180	140,300
Cash and bank balances		10,049,796	7,912,851
		85,492,465	37,365,745
Current liabilities			
Accrual and other payables		925,448	555,733
Temporary receipts		7,481,907	4,892,901
Receipt in advance		263,240	-
Amounts due to a holding company	10	360,730	260,898
Loan from a holding company	11	74,400,000	31,387,500
Provision for taxation		135,000	-
		83,566,325	37,097,032
Net current assets		1,926,140	268,713
Net assets		2,053,591	449,020
EQUITY			
Capital and reserves			
Share capital			
Issued and fully paid - 1,410,000 ordinary shares		1,410,000	1,410,000
Retained profits/(accumulated losses)		643,591	(960,980)
Total equity		2,053,591	449,020

Approved and authorised for issue by the board of directors on 30 January 2015

On behalf of the Board



Director



Director

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

EBL Finance (HK) Limited

Income Statement

Year ended 31 December 2014

Particulars	Notes	Year ended 31.12.2014 HK\$	Period from 28.11.2011 to 31.12.2013
Turnover	4	5,710,888	1,241,968
Cost of sales		(1,277,691)	(283,080)
Gross profit		4,433,197	958,888
Other revenues and net gains or losses	4	91,775	42,944
Operating expenses		(2,785,401)	(1,962,812)
Operating profit/(loss)	5	1,739,571	(960,980)
Finance costs		-	-
Profit/(loss) before taxation		1,739,571	(960,980)
Income tax			
Provision for the year	6	(135,000)	-
Profit/(loss) for the year/period		1,604,571	(960,980)
Accumulated losses brought forward		(960,980)	-
Retained profits/(accumulated losses) carried forward		643,591	(960,980)

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

EBL Finance (HK) Limited

Statement of Changes In Equity

Year ended 31 December 2014

	Share capital HK\$	Retained profits/ (accumulated losses) HK\$	Total HK\$
Issuance of share capital	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
Net profit for the year	-	1,604,571	1,604,571
Balance at 31 December 2014	1,410,000	643,591	2,053,591

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

EBL Finance (HK) Limited

Cash Flow Statement

Year ended 31 December 2014

Particulars	Year ended 31.12.2014 HK\$	Period from 28.11.2011 to 31.12.2013 HK\$
Operating activities		
Profit/(loss) before taxation	1,739,571	(960,980)
Adjustment for:		
Interest expense	1,277,691	283,080
Depreciation	83,395	64,062
Operating cash flows before working capital changes	3,100,657	(613,838)
Increase in bills financed	(46,095,651)	(28,840,895)
Decrease/(increase) in other receivables	123,756	(471,699)
Increase in deposits and prepayments	(17,880)	(140,300)
Increase in accruals and other payables	369,715	555,733
Increase in temporary receipts	2,589,006	4,892,901
Increase in amounts due to a holding company	99,832	260,898
Increase in receipts in advance	263,240	-
Increase in loan from a holding company	43,012,500	31,387,500
Cash generated from operations	3,445,175	7,030,300
Interest paid	(1,277,691)	(283,080)
Net cash generated from operating activities	2,167,484	6,747,220
Net cash used in from investing activities		
Payments to acquire property, plant and equipment	(30,539)	(244,369)
Net cash generated from financing activities		
Proceeds from issue of share capital	-	1,410,000
Net increase in cash and cash equivalents	2,136,945	7,912,851
Cash and cash equivalents at beginning of year/period	7,912,851	-
Cash and cash equivalents at end of year/period	10,049,796	7,912,851
Analysis of cash and cash equivalents at end of year/period		
Cash and bank balances	10,049,796	7,912,851

EBL Finance (HK) Limited

Notes to the Financial Statements 31 December 2014

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 year, 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 mandatory 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.

HKAS 19 (2011)(Amendment)	Defined Benefits Plans: Employee Contributions 1
Annual Improvements Project	Annual Improvements to HKFRSs 2010 - 2012 Cycle 1
Annual Improvements Project	Annual Improvements to HKFRSs 2011 - 2013 Cycle 1
HKFRS 9	Financial Instruments 3
HKFRS 15	Revenue from Contracts with Customers 2

1 Effective for annual periods beginning on or after 1 July 2014.

2 Effective for annual periods beginning on or after 1 January 2017.

3 No mandatory effective date has been decided yet but entities may choose to apply HKFRS 9 immediately.

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.

Principal Accounting Policies (Cont'd)

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.

(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) Bills financed and other receivables

Bills financed and 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 bills financed and 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) Employee retirement benefits

Costs of employee retirement benefits are recognised as an expense in the year in which they are incurred.

(k) 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.

(l) 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 year/period are as follows:-

	Year ended 31.12.2014 HK\$	Period from 28.11.2011 to 31.12.2013 HK\$
Turnover		
Interest income on bills financed	2,032,029	633,289
Fees, commission and charges on letter of credit	3,678,859	608,679
	5,710,888	1,241,968
Other revenues and net gains or losses		
Net exchange gain	91,775	42,944
Total revenues	5,802,663	1,284,912

5. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging:-

Auditor's remuneration	63,500	35,000
Depreciation	83,395	64,062
Operating lease charges	448,320	640,084
Preliminary expenses	-	9,130
Retirement benefit costs	21,750	8,250
Salaries and wages	1,506,902	718,443

6. Taxation

(a) Hong Kong taxation represents the amount provided at the rate of 16.5% (2013: Nil) on the estimated assessable profits for the year after application of available tax losses brought forward.

(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 year.

7. Directors' Emoluments

During the year ended 31 December 2014 and 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

COST

At 1 January 2014

Additions

At 31 December 2014

ACCUMULATED DEPRECIATION

At 1 January 2014

Provided for the year

At 31 December 2014

CARRYING AMOUNTS

At 31 December 2014

At 31 December 2013

Machineries and equipments HK\$	Furniture and fixtures HK\$	Total HK\$
63,730	180,639	244,369
16,039	14,500	30,539
79,769	195,139	274,908
11,276	52,786	64,062
26,102	57,293	83,395
37,378	110,079	147,457
42,391	85,060	127,451
52,454	127,853	180,307

9. Bills Financed

The following is the aging analysis of bills financed at the balance sheet date:-

	31. 12. 2014 HK\$	31. 12. 2013 HK\$
0-3 months	67,983,975	23,133,001
4-6 months	6,952,571	5,707,894
7-9 months	-	-
10-12 months	-	-
Over 12 months	-	-
	74,936,546	28,840,895

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 2% interest rate per annum and repayable within one year.

12. Commitments under Operating Lease

At 31 December 2014, total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	Land and building	
	31.12.2014 HK\$	31.12.2013 HK\$
Within 1 year	472,800	174,930
After 1 year but within 5 years	200,940	-
Over 5 years	-	-
	673,740	174,930

13. Related party transactions

During the year, the Company had the following transaction with a related party in the normal course of business:-

Type of transaction	Related party	Year ended 31.12.2014 HK\$	Period from 28.11.2011 to 31.12.2013 HK\$
Interest expense	Holding company	1,277,691	283,080

14. 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, other receivables, 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:-

	31.12.2014	31.12.2013
	HK\$	HK\$
Due and payable		
0-3 months	14,203,825	10,359,532
4-6 months	55,025,000	3,487,500
7-9 months	-	8,525,000
10-12 months	14,337,500	14,725,000
Over 12 months	-	-
Total current liabilities	83,566,325	37,097,032

(d) Fair value

The Company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014.

15. Immediate And Ultimate Holding Company

The directors regard Eastern Bank Limited, a company incorporated in Bangladesh, as being the immediate and ultimate holding company.

16. Comparative Figures

Last period's figures in the income statement cover a period more than one year and are therefore not directly comparable to the current year's figures.

Auditors' Report

to the shareholders of EBL Asset Management Limited

We have audited the accompanying financial statements of EBL Asset Management Limited which comprise the Statement of Financial Position as at 31st December 2014, and the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

Auditors' Responsibility:

Our responsibility is to express an independent 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 are free from material misstatement.

Scope:

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

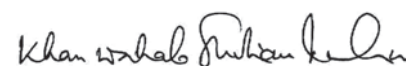
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the annexed financial statements present fairly, in all material respect, the financial position of EBL Asset Management Limited as at 31st December 2014, and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and complied with the Companies Act 1994 and other applicable rules and regulations.

We also report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- iii) The statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, February 04, 2015


EBL Asset Management Limited

Statement of Financial Position

As at 31st December 2014

	Notes	Amount (In Taka)
PROPERTY AND ASSETS:		
Non-Current Asstes:		
Preliminary Expenses		-
Current Assets:		51,393,553
Advance Income tax (withholding tax)	3.00	140,470
Cash & Cash Equivalent	4.00	51,253,083
TOTAL ASSETS		51,393,553
EQUITY AND LIABILITIES:		
Shareholders' Equity:		
Paid up capital	5.00	50,000,000
Retained earnings	6.00	709,880
Total Shareholders' Equity		50,709,880
Current Liabilities:		683,673
Accounts Payable	7.00	266,930
Provision for Audit Fee	8.00	34,500
Provision for tax	9.00	382,243
TOTAL EQUITY AND LIABILITIES		51,393,553

The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman


Managing Director


Director

Subject to our separate report of even date

Dhaka, February 04, 2015


Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Asset Management Limited

Statement of Comprehensive Income

For the period from 9 January 2011 to 31 December 2014

Particulars	Notes	Amount (In Taka) 09.01.11 to 31.12.14
Non Operating Income		
Interest income	10.00	1,404,703
Total non operating income		1,404,703
Non Operating Expense		
BSEC Approval Fee		10,000
Trade License renewal fee		58,850
Priliminary Expenses (written off)	11.00	137,705
Financial Expenses	12.00	11,150
Audit fee expenses	13.00	94,875
Total Non operating expense		312,580
Profit/(Loss) before Provision for tax		1,092,123
Less: Provision for tax for the period		382,243
Net profit after tax		709,880
Earning per share	14.00	1.42

The annexed notes 1 to 16 form an integral part of these financial statements.



Chairman

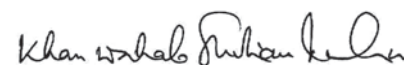


Managing Director



Director

Subject to our separate report of even date



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, February 04, 2015

EBL Asset Management Limited

Statement of Changes in Equity

For the period from 09 January 2011 to 31 December 2014

	Share capital	Retained earnings	Closing Balance
	Taka	Taka	Taka
Balance as at 9 January 2011	-	-	-
Share Money Deposit	50,000,000	-	50,000,000
Net profit during the period	-	709,880	709,880
Balance as at 31 December 2014	50,000,000	709,880	50,709,880


Chairman


Managing Director


Director

EBL Asset Management Limited

Cash Flow Statement

For the period from 09 January 2011 to 31 December 2014

Particulars	Amount in Taka
A. Cash flows from operating activities:	
Paid for operating expenses	(11,150)
Income tax paid	(140,470)
Net cash flow from operating activities	(151,620)
B. Cash flows from investing activities:	-
C. Cash flows from financing activities:	
Interest income	1,404,703
Increase/(decrease) in share capital	50,000,000
	51,404,703
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	51,253,083
E. Opening cash and cash equivalents	-
F. Closing cash and cash equivalents	51,253,083
Closing cash and cash equivalents represents	
Cash in hand	-
Balances with other banks and financial institutions	51,253,083
Closing balance	51,253,083



Chairman



Managing Director



Director

EBL Asset Management Limited

Notes to the Financial Statements

As at and for the period from 09 January 2011 to 31 December 2014

1.00 Background Information:

1.01 Establishment and Status of EBL Asset Management Limited:

EBL Asset Management Limited was incorporated in Bangladesh with the Registrar of Joint Stock Companies (RJSC) vide registration No. C-89481/11 dated 9th January, 2011 under the Companies Act, 1994 as a Private Company limited by shares and is under process to get license from Bangladesh Securities and Exchange Commission (BSEC) for full fledged asset management operation. It is a subsidiary company of Eastern Bank Limited. EBL holds all the shares of the company except 1 share which is held by one individual. The registered office of the company is situated in Bangladesh.

1.02 Objective:

The main objectives of the company is to carry on the business of Asset Management, Portfolio Management, Capital Market Operation, other financial services including Corporate Advisory Services, Mergers & Acquisition, Equity Investment, Corporate Restructuring, Financial & Socio-Economic Consultancy, Corporate Research & Project Studies, Privatization and other related services in Bangladesh and overseas.

2.00 Significant Accounting Policies:

2.01 Basis of Presentation of Financial Statements:

The financial statements of the company have been prepared applying accrual basis of accounting under historical cost convention.

2.02 Commercial Operation:

Commercial operation of the Company has not been started during the period under audit. The company earned non operating income from bank interest, therefore comprehensive income statement has been prepared.

2.03 Component of Financial Statements:

According to International Accounting Standard (IAS-1), as adopted by ICAB as BAS-1 'presentation of financial statements' the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flow
- v) Notes comprising a summary of significant accounting policies and other explanatory information.

2.04 Statement of Cash Flows:

Cash Flows Statement is prepared in accordance with BAS-7.

2.05 Cash & Cash Equivalent:

Cash and cash equivalent includes cash at bank which is held and is available for use by the company without any restriction.

2.06 Provision for Tax:

Provision for income tax has been calculated @ 35% on Profit Before Tax (PBT).

2.07 Preliminary Expenses:

Preliminary expenses represent the expenses relating to company formation and initial legal expenses and has been amortized during this period.

2.08 Revenue Recognition:

As per BAS-18, "Revenue" is recognized 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 on to be incurred in respect of the transaction can be measured reliably.

2.09 Reporting Period:

The financial statements of the company cover from 9th January 2011 to 31st December 2014.

2.10 General

The figures appearing in these Financial Statements have been rounded off to the nearest taka.

BRANCH NETWORK

Dhaka

Principal Branch

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9558392, 9565696, 9571262
Fax: 02 7160747. Email: principal@ebl-bd.com

Motijheel Branch

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

Gulshan North Branch

Kalpana House, 169, Gulshan Avenue,
Gulshan-2, Dhaka
Tel: 9896073, 9896038, 9896316, 9896316
Fax: 02 9896316

Bashundhara Branch

Plot-15, Block-A, Bashundhara R/A,
Badda, Dhaka-1219
Tel: 8845391, 8845392, Fax: 8845390
Email: bashundhara@ebl-bd.com

Banani Branch

"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

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

House # 17, Main Road # 3, Block-A,
Section-11, Mirpur, Dhaka-1216
Tel: 02 -9008115, 9010478
Email: mirpur@ebl-bd.com

Shyamoli Branch

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

House 21, Road 8, Dhanmondi R/A,
Dhaka-1205
Tel: 02 9126141, 9114145, 9146235
Email: dhanmondi@ebl-bd.com

Sonargaon Road Branch

'A H N Tower (1st Floor), 13 & 15 Bir Uttam C
R Datta Road
(Sonargaon Road), Banglamotor, Dhaka
Tel: 02 8613225, 8619866
Email: sonargaonroad@ebl-bd.com

Shantinagar Branch

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

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

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

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

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 C-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,
281 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

Jashimuddin 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 ponchoboti more (1st floor),
Fatullah, Narayanganj
Tel: +88-02-7672837, 7672853,

Mograpara, Narayanganj Branch

Bhuiyan Plaza, Mograpara, Sonargaon
Narayanganj
Tel: 7656031, 7656036, 7656064

Chittagong**Agrabad Branch/SME Center**

33 Agrabad C/A, Chittagong
Tel: 031-720755-9 Fax: 031 710262
Email: agrabad@ebl-bd.com

New Market Branch

904/731, H S S Road (New Market More),
Alkaran, Kotwali, Chittagong-4000
Tel: 031-621898, 620519, 636986
Email: newmarket@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

Bharetoshwari 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, Choumuhani,
Begumgonj, Noakhali Phone: 0321 56497,
0321 56495, 0321 56496

Cox's Bazar Branch

10 Hotel Motel Zone, Kolatali Road,
Cox's Bazar
Tel: 0341-51295-7 Email: coxsbar@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 Sirajuddowla Road, Dewan Bazar,
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: bhatiari@ebl-bd.com

Mehdibagh Branch

Epic Emdad Heights, 38 Chatteshwari Circle,
Mehdibagh, Chittagong
Tel: 031 2869451 - 2, Fax 031 2869453
Email: mehdibagh@ebl-bd.com

Maijdee Branch

Alif Plaza, Main Road, Maijdee, Noakhali
Tel: 0321 71115, 0321 71116,
Fax 880 0321 71137
Email: maijdee@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 (1st 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

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

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

Fenchuganj Branch

Tuta Mia Mansion, Fenchuganj Bazar
Fenchuganj, Sylhet
Tel: 08226-56411, 08226-56412, 08226-56413
Email: fenchuganj@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

Fulbarigate Branch

Altaf Plaza, Jogipole, Khan Jahan Ali, Khulna
Tel: 041-775080, 775082
Email: fulbarigate@ebl-bd.com

Jessore Branch

25/A R.N. Road (1st Floor), Jessore
Tel: 0421-68842-3, 0421-64533
Email: jessore@ebl-bd.com

Rajshahi**Rajshahi Branch**

Doinik Barta Complex (Ground Floor)
Alupotti, Natore Road, Rajshahi-6000
Tel: 0721 772372, 772356 Fax 9721 772356
Email: rajshahi@ebl-bd.com

Bogra Branch

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

Barisal**Barisal Branch**

Bishnu Priya Bhaban, Holding No- 0451-000,
Road-69, Barisal Sadar Road, Barisal
Tel: 0431-2177644, 0431-2177643
Email: barisal@ebl-bd.com

CORRESPONDENT BANK NETWORK

ALGERIA

ALGIERS

Citibank NA Algeria

ARGENTINA

BUENOS AIRES

Deutsche Bank SA

AUSTRALIA

MELBOURNE

Citibank Na

SYDNEY

JP Morgan Chase Bank N.A.

HSBC Bank Australia

The Bank of Tokyo Mitsubishi Ufj Ltd

Commonwealth Bank of Australia Sydney

Citibank NA

AUSTRIA

VIENNA

Kathrein Und Co Privatgeschaefsbank

Aktiengesellschaft

The Bank of Tokyo Mitsubishi Ufj Ltd.

Citibank International Plc

Deutsche Bank Aktiengesellschaft

Raiffeisen Landesbank Neideroesterreich-Wien Ag

Raiffeisen Zentralbank Oesterreich Ag

Bank Austria Creditanstalt Ag,

BREGENZ

Raiffeisen Landesbank Vorarlberg

EISENSTADT

Raiffeisen Landesbank Burgenland Rgmbh

GRAZ

Raiffeisenlandesbank Steiermark

INNSBRUCK

Raiffeisen-Landesbank Tirol Aktiengesellschaft

KLAGENFURT

Raiffeisenlandesbank Kaernten, Reg.

Gen.M.B.H.

LINZ

Raiffeisenlandesbank Oberoesterreich Reg.

Gen.M.B.H.

BAHRAIN

MANAMA

ALUBAF Arab International Bank B.S.C. (C),

Manama, Bahrain

Citibank NA Bahrain

Standard Chartered Bank

Arab Investment Company

The Bank of Tokyo Mitsubishi UFJ Ltd

BMI Bank BSC (C)

United Bank Ltd

ICICI Bank Limited

BELGIUM

BRUSSELS

ABN AMRO Bank NV

Citibank International PLC

The Bank of Tokyo Mitsubishi UFJ Ltd

ING Bank Belgium

Commerzbank AG, Belgium

BNP Paribas S.A. Belgium

Deutsche Bank AG

ICICI Bank UK PLC

KBC Bank NV

State Bank of India

BHUTAN

PHUNTSHOLING

Bank of Bhutan

THIMPU

Bhutan National Bank Ltd.

BRAZIL

BRUSSELS

Banco Citibank SA

SAO PAULO

Deutsche Bank SA

Citibank N.A.

PORTO ALEGRE

Banco Do Estado Do Rio Grande Do Sul S/A

CAMEROON

DOUALA

Citibank N.A.

Standard Chartered Bank Cameroon S.A.

CANADA

TORONTO

Bank of Nova Scotia

Citibank NA, HSBC Bank Canada

ICICI Bank Canada

Bank of Montreal NA

CHINA

BEIJING

Bank of China

Bank of Montreal (China) co. Ltd. Beijing, China

Bank of Tokyo-Mitsubishi Ufj (China), Ltd

Deutsche Bank AG

Woori Bank (China) Limited

JP Morgan Chase Bank NA, Beijing, China

China Construction Bank Corporation Beijing, China

Industrial and Commercial Bank of China Limited, China

Commerzbank AG Beijing China

GUANGZHOU

Bank of China

JP Morgan Chase Bank (China)

Bank of Nova Scotia

SHANGHAI

Bank of Montreal (china) co. Ltd. Shanghai, China

Axis Bank Ltd., Shanghai, China

Industrial and Commercial Bank of China Limited, China

Australia & New Zealand Banking Group Ltd.

Bank of Tokyo-Mitsubishi ufj (china), ltd. (Shanghai Branch)

JP Morgan 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

Jiangsu Jiangyin Rural Commercial Bank

Mizuho Corporate Bank (China),Ltd

Standard Chartered Bank.

Zhejiang Pinghu Rural Cooperative Bank Shanghai, China

Bank Of Communications

SHENZHEN

Bank of Tokyo-Mitsubishi Ufj (China), Ltd.

TIANJIN

Bank of Tokyo-Mitsubishi Ufj (China), Ltd.

Sumitomo Mitsui Banking Corporation

DALIAN

Bank of Tokyo Mitsubishi Ltd.

JINING

Bank Of Jining Co Ltd Jining China

NANHAI

Nanhai Rural Credit Union

ZHEJIANG

Zhejiang Shaoxing Country Rural Cooperative Bank

CAYMAN ISLANDS

Commerzbank AG

CONGO

Citibank Congo

CYPRUS

NICOSIA (LEFKOSIA)

Bank of Cyprus Ltd.

CZECH REPUBLIC

PRAGUE

Ceskoslovenskaobchodni Banka AS

Citibank AS

Unicredit Bank

COTE D'IVOIRE

Citibank N.A.

Standard Chartered Bank

DENMARK

COPENHAGEN

Citibank International Plc

Danske Bank As

Sydbank A/S

Nordea Bank

Handelsbanken Midtbank

DUBAI

Emirates National Bank of Dubai Sae

EGYPT

CAIRO

Citibank Cairo

Housing And Development Bank

Mashreq Bank

FINLAND

HELSINKI

Citibank International Plc

Nordea Bank Plc

Svenskafhandelsbanken

Pohjola Bank Plc

Skandinaviskaenskildabanken

FRANCE

PARIS

Attijariwafa Bank Europe, Paris, France

BNP Paribas S.A.

The Bank Of Tokyo-Mitsubishi Limited

HSBC. Ccf

Citibank International Plc

Credit Mutuel (Holding Bfcm)

Credit Industriel Et Commercial

Banque Federative Du Credit Mutuel

Commerzbank AG

Deutsche Bank AG

ING Bank (France) S.A.

National Bank of Pakistan

Union De Banques Arabes Et Francaises

GABON

LIBREVILLE

Citibank N.A.

GAMBIA

BANJUL

Standard Chartered Bank

GERMANY

FRANKFURT AM MAIN

Raiffeisenlandesbank Oberoesterreich Akteingesellschaft

American Express Bank Gmbh

J.P.Morgan AG

Citigroup Global Markets Deutschland AG Und Co Kga

Commerzbank AG

Deutsche Bank AG

SEB Ag Seb Merchant Banking

ING Bank

SCB, Germany

MUENCHEN

Deutsche Bank AG

Bayerische Hypo-und Vereins Bank AG.- Hypovereinsbank

MAINZ

Deutsche Bank AG

BERLIN

Berliner Volksbank AG

Commerzbank AG

Deutsche Bank AG

CHEMNITZ

Deutsche Bank AG

DRESDEN

Deutsche Bank AG

DUESSELDORF

Bank of Tokyo-Mitsubishi UFJ, Ltd.

HSBC

WGZ Bank AG
Deutsche Bank AG
Landesbank Hessen-Thüringen Girozentrale

HUMBURG

Joh. Berenberg, Gossler Und Co. Kg
Commerz Bank, Humbrüg, Germany
Deutsche Bank AG

HANNOVER

Deutsche Bank AG

STUTTGART

Landesbank Baden-Württemberg

GREECE

ATHENS

Citibank International PLC

GHANA

Standard Chartered Bank

HONG KONG

HONG KONG

Banca Intesa S.P.A.
Bank Of America, N.A. Hong Kong
Bank Of Tokyo-Mitsubishi Ufj, Ltd.,
JP Morgan Chase Bank
Citibank (Hong Kong) Limited
Commerzbank AG
Bank One NA
Svenska Handelsbanken AB
HBZ Finance Limited
Hongkong And Shanghai Banking Corp Ltd.
ICICI Bank Limited
Bank Of New York
Mizuho Corporate Bank Ltd.
Mashreqbank Psc., Hong Kong Branch
Bank of Nova Scotia
Wells Fargo Bank N.A.
Standard Chartered Bank
Sumitomo Mitsui Banking Corp
UBAF (Hong Kong) Limited
Industrial And Commercial Bank Of China (Asia) Ltd.
Wing Hang Bank Ltd.
Axis Bank Ltd.
Sumitomo Mitsui Banking Corp. Hong Kong
Deutsche Bank AG. Hong Kong
Westpac Banking Corporation, Hong Kong
Toronto Dominion Hong Kong
Habib Finance Intl. Limited, Hong Kong
Australia & New Zealand Banking Group Ltd.
Unicredit Bank AG, Hong Kong
EBL Finance (HK) Limited
Commonwealth Bank Of Australia, Hong Kong
AB International Finance Ltd. Hkg
ICICI Bank Limited, Hong Kong

HUNGARY

BUDAPEST

CIB Bank Ltd
Citibank Europe PLC
Deutsche Bank AG

INDIA

MUMBAI

Arab Banglaesh Bank Limited
Axis Bank Ltd. (Former Uti Bank Ltd), Mumbai, India
Bank Of America N.A.
Bank Of Tokyo Mitsubishi Ltd.
Citibank NA
Deutsche Bank AG
Federal Bank Limited
Hongkong And Shanghai Banking Corp. Ltd.
ICICI Bank Limited
Mashreq Bank
Bank Of Nova Scotia
Punjab National Bank
Standard Chartered Bank
Syndicate Bank
Tamilnad Mercantile Bank Ltd.
Union Bank Of India
United Bank Of India
JP Morgan Chase Bank N.A. Mumbai, India
HDFC Bank Limited, India
Indusind Bank Ltd. India
Yes Bank Ltd., Mumbai, India

IDBI Bank Ltd., India
Societe Generale India Branch
Kotak Mahindra Bank Limited Mumbai India

DELHI

Bank Of Tokyo-Mitsubishi Ufj (China), Ltd
Standard Chartered Bank

CALCUTTA

Sonali Bank
Standard Chartered Bank
Chennai (Madras)
Bank Of Tokyo Mitsubishi Ltd.
Standard Chartered Bank

INDONESIA

JAKARTA

Bank Mandiri (Persero), Pt.
Bank Central Asia
Citibank NA
Hongkong And Shanghai Banking Corp Ltd.
Standard Chartered Bank
Bank Negara Indonesia-Pt(Persero) Jakarta, Indonesia
JP Morgan Chase Bank N.A. Jakarta, Indonesia
Deutsche Bank A.G., Jakarta, Indonesia
Bank Mega Pt, Indonesia
Bank of Tokyo Mitsubishi Ltd.

IRELAND

DUBLIN

Citibank N.A. Ireland
Bank of America, N.A.

ITALY

MILAN

Banca Intesa Spa
Intesa Bci S.P.A.
Bank of Tokyo Mitsubishi Ltd.
Banca Popolare Di Milano S.C.A.R.L.
Banca Popolare Friuladria Spa
Citibank NA
Commerzbank AG
ING Bank N.V.
Banca Popolare Di Marostica
Unicredit Italiano Spa
Unicredit Italiano, Italy
Credito Emiliano S.P.A. Reggio Nell Emilia, Italy
Banca Delle Marche Spa, Marche, Italy
Banca Antonveneta Spa Padova, Italy
Banca Popolare Di Sondrio, Italy
Unione Di Banche Italiane Scpa (Ubi Banca), Italy
Deutsche Bank S.P.A.
Cassa Di Risparmio Di Ravenna S.P.A. Italy
Banca Monte Dei Paschi Di Siena Spa, Italy
Cassa Di Risparmio Di Carrara Spa, Italy
Credito Valtellinese Soc Coop. Italy
Banca Passadore Ec, Italy
Cassa Di Risparmio Delta Spezia Spa, Italy
Cassa Di Risparmio Di Parma E Piacenza Spa, Italy

PADOVA

Banca Antonveneta Spa

PORDENONE

Banca Popolare Friuladria Spa

VERONA

Banco Popolare Soc Coop. Italy
Banco Popolare Di Verona E Novara Scrl

ROME

Banca Nazionale Del Lavoro S.P.A.
Banca Ubae Spa Roma Italy
TERAMO
Tercas-Cassa Di Risparmio Della Provincia Di
Teramo S.P.A.

Ivory Coast

ABIDJAN

Citibank N.A.
Addis Ababa
Standard Chartered Bank

JAPAN

TOKYO

Bank Of Tokyo Mitsubishi Ltd.
Bayerische Hypo-Und Vereinsbank AG
Chiba Kogyo Bank Ltd.
Citibank NA

Commerzbank AG
Hongkong And Shanghai Banking Corp. Ltd.
Mizuho Corporate Bank Ltd.
Wells Fargo Bank N.A.
Standard Chartered Bank
Sumitomo Mitsui Banking Corp.
UBAF-Union De Banques Arabes Et Francaises
The Bank Of Nova Scotia, Tokyo Branch
Australia & New Zealand Banking Group Ltd.
JP Morgan Chase Bank
Deutsche Bank Ag, (Tokyo Branch) Tokyo, Japan

KENYA

NAIROBI

Citibank NA,
Dubai Bank Kenya Ltd

KOREA

SEOUL

Bank of Tokyo Mitsubishi Ltdjp Morgan Chase Bank N.A.
JP Morgan Chase Bank N.A. Kookmin Bank
Citibank NA
Kookmin Bank
Hongkong & Shanghai Banking Corp. Ltd.
Woori Bank
Industrial Bank of Korea
Bank of New York
Korea Exchange Bank
Wells Fargo Bank N.A.
Standard Chartered Bank
UBAF-Union De Banques Arabes Et Francaises
Deutsche Bank Ag, Korea

PUSAN

Pusan Bank

KUWAIT

KUWAIT CITY

Citibank NA Kuwait
Commercial Bank of Kuwait

LEBANON

BEIRUT

Citibank NA Beirut

LATVIA

Nordea Bank Finland Plc Latvia Branch

MACAU

MACAU

Hong Kong and Shanghai Banking Corp

MALAYSIA

KUALA LAMPUR

JP Morgan Chase Bank Berhad
ABN AMRO Bank Berhad
CIMB Bank Berhad
Citi Bank Na Kualalumpur, Malaysia
Deutsche Bank (Malaysia) Berhad
HSBC, Kualalumpur
May Bank
RHB Bank Berhad
Standard Chartered Bank
Bank Of Tokyo Mitsubishi UFJ
Malayan Banking Berhad (May Bank)
Sumitomo Mitsui Banking Corp. Malaysia
Berhad

MALDIVES

MALI

Hongkong and Shanghai Banking Corporation Limited,

MALTA

ST. JULIAN'S

FIMBANK PLC

MAURITIUS

PORT LOUIS

Deutsche Bank (Mauritius) Ltd

MAURITIUS

Mauritius Commercial Bank Ltd.

MOROCCO

CASABLANCA

Citibank Maghreb

MONACO

Citibank International Plc

NEPAL

KATHMANDU

Nepal Bangladesh Bank Ltd
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

BREDA

ING Bank NV

ROTTERDAM

ABN AMRO Bank NV

UTRECHT

RABO Bank Nederland

NEW ZEALAND**AUCKLAND**

Citibank NA

NIGERIA**LAGOS**

Citibank NA

NORWAY**OSLO**

SWED Bank, Norway
 Nordea Bank NorgeaSA
 Skandinaviska Enskilda Banken
 Handelsbanken
 DNB Nor Bank ASA
 Citibank International PLC

OMAN**MUSCAT**

HSBC Bank Middle East Ltd
 Bank Muscat

PAKISTAN**KARACHI**

Bank Of Tokyo Mitsubishi Ltd.
 Citibank NA
 NDLC LIFC Bank Ltd
 Standard Chartered Bank
 Habib Metropolitan Bank Limited
 Arif Habib Rupali Bank Ltd
 United Bank Ltd
 Deutsche Bank AG
 Bank Alfalah Limited
 Habib Bank Ltd
 Bank Al Habib Ltd
 Meezan Bank Limited
 Bankislami Pakistan Limited

PHILIPPINES**MANILA**

Asian Development Bank
 Citibank NA
 Standard Chartered Bank
 Deutsche Bank AG
 Bank of Tokyo-Mitsubishi UFJ, Ltd

POLAND**WARSZAWA**

Raiffeisen Bank Polska S.A.

PORTUGAL**LISBON**

Banco Atlantico, S.A.
 Banco BPI SA
 Citibank International PLC
 Deutsche Bank
 Banif-Banco Internacional
 Banco Espirito Santo SA

QATAR**DOHA**

Mashreq Bank
 HSBC Bank Middle East Limited
 United Bank Limited

ROMANIA**BUCHAREST**

Citibank Europe PLC

RUSSIA**MOSCOW**

Banca Intesa Zao Moscow
 Citibank NA
 Commerzbank Eurasija Sao
 Sao Westdeutsche Landesbank Vostok

Deutsche Bank

SAUDI ARABIA**JEDDAH**

National Commercial Bank, H.O.Jeddah,
 S.Arabia
 State Bank of India, Jeddah

RIYADH

SAMBA Financial Group
 Bank Muscat
 Deutsche Bank Ag
 Saudi Hollandi Bank
 National Bank Of Pakistan
 Emirates NBD PJSC

SAN MARINO**DOGNA**

Banca Agricola CommercialeIstituto Bancario
 Sammarinese Spa

SENEGAL**DAKAR**

Citibank NA
 SIERRA LEONE
 FREETOWN
 Standard Chartered Bank

SINGAPORE**SINGAPORE CITY**

ABN AMRO Bank N.V.
 American Express Bank Ltd.
 Australia & New Zealand Banking Group Ltd.
 Intesa Bci S.P.A.
 Bank of America N.A.
 Bank of Tokyo Mitsubishi Ltd.
 Bayerische Hypo-Und Vereinsbank Ag (Bhv)
 Jpmorgan Chase Bank N.A.
 Citibank NA

Commerzbank AG

Credit Lyonnais

Deutsche Bank AG

DNB Nor Bank Asa

Skandinaviska Enskilda Banken AB

Meespierson Asia Ltd.

Fortis Bank S.A. / N.V.

Svenska Handelsbanken

Hongkong And Shanghai Banking Corp. Ltd.

Woori Bank

ICICI Bank Limited

ING Bank N.V.

Bank of New York

Malayan Banking Berhad

Mizuho Corporate Bank Ltd.

Nordea Bank Finland PLC

Bank Of Nova Scotia

Rabobank, Singapore Branch

RZB-Austria Singapore Branch

Standard Chartered Bank

Sumitomo Mitsui Banking Corp.

UBAF-Union De Banques Arabes Et Francaises

Axis Bank Ltd (Former Uti Bank Ltd), Singapore

ICICI Bank Limited, Singapore

State Bank Of India, Singapore

ABN AMRO Bank N.V. Singapore

Oversea-Chinese Banking Corp.Ltd

United Overseas Bank Limited, Singapore

Banco Santander Sa, Singapore

Standard Chartered Bank (Singapore) Limited

Habib Bank, Singapore

Emirates NBD Pjsc, Singapore

DBS Bank Ltd. Singapore

SLOVAKIA**BRATISLAVA**

Citibank Europe Plc,

SOLOMON ISLAND**HONIARA**

Australia & New Zealand Banking Group Ltd.

SOUTH AFRICA**JOHANNESBURG**

Citibank NA
 Commerzbank AG
 First National Bank

SPAIN**MADRID**

Intesa BCI S.P.A.

Intesa BCI S.P.A.

Bank Of America N.A.

Bank Of Tokyo Mitsubishi Ltd.

Banco De Sabadell S.A.

Confederacion Espanola De Cajas De Ahorros

Citibank International PLC

Caja Laboral Popular, Coop. De Credito (Caja Laboral)

Afina Gestion Sgiic SA

Commerzbank AG

Fortis Bank, S.A., Sucursal En Espana

Lloyds Tsb Bank PLC

Westlb AG Madrid Branch

Deutsche Bank Sociedad Anonima

Espanola, Barcelona

Caixa D'estalvis De Catalunya Tarragona I

Manresa, Spain

SRILANKA**COLOMBO**

Citibank NA

ICICI Bank Limited

Mashreq Bank

Standard Chartered Bank

Deutsche Bank A.G.,

Commercial Bank of Ceylon Plc, Sri Lanka

People's Bank, Sri Lanka

SWEDEN**STOCKHOLM**

Citibank International PLC

DNB Nor Bank

Skandinaviska Enskilda Banken

Svenska Handelsbanken

Nordea Bank Sweden AB

Swedbank

HSBC Bank PLC

MALMO

Skandinaviska Enskilda Banken

Svenska Handelsbanken

Nordea Bank AB

GOTEBORG

Skandinaviska Enskilda Banken

Svenska Handelsbanken

Nordea Bank AB

Swedbank (Foreningssparbanken AB

SWITZERLAND**GENEVA**

ABN AMRO Bank

American Express Bank (Switzerland) S.A.

Credit Agricole (Suisse) Sa

ING Bank (Switzerland) Ltd.

Banque Cantonale De Geneve

Banque De Commerce Et De Placements S.A.

BNP Paribas (Suisse) SA

BSI SA

ZURICH

ABN AMRO Bank

ABN AMRO Bank

ABN AMRO Bank

INTESABCI Bank (SUISSE)

Citibank NA

Credit Suisse

Habib Bank AG Zurich

Zuercher Kantonakbank

United Bank AG, Zurich, Switzerland

Deutsche Bank AG Zurich Branch Zurich

Switzerland

LAUSANNE

Banque Cantonale Vaudoise

YVERDON-LES-BAINS

UBS AG

BASLE

ABN AMRO Bank

BERNE

ABN AMRO Bank

LUGANO

ABN AMRO Bank

PRAGUE

Deutsche Bank AG

TAIWAN**TAIPEI**

Bank of America N.A.
 Bank of Tokyo Mitsubishi Ltd.
 JP Morgan Chase Bank N.A.
 Citibank NA
 Chinatrust Commercial Bank
 Far Eastern International Bank
 Hongkong And Shanghai Banking Corp. Ltd.
 Bank of New York
 Bank of Nova Scotia
 Wells Fargo Bank N.A.
 Standard Chartered Bank
 Citibank Taiwan Limited Taipei, Taiwan
 Deutsche Bank A.G. Taipei Branch
 Taichung Commercial Bank Limited, Taiwan
 Australia & New Zealand Banking Group Ltd.

TANZANIA**DARES SALAM**

Citibank Tanzania Ltd

THAILAND**BANGKOK**

Bank of Ayudhya Public Company Limited
 Bharat Overseas Bank Ltd.
 Bangkok Bank Public Company Ltd.
 Bank of America N.A.
 Bank of Tokyo Mitsubishi Ltd.
 Citibank NA
 Export Import Bank Of Thailand
 Hongkong & Shanghai Banking Corp Ltd.
 Kasikornbank Public Company Limited
 Mizuho Corporate Bank Ltd.
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corpn.
 JP Morgan Chase Bank N.A. Bangkok, Thailand
 Deutsche Bank A.G. Bangkok Branch
 Thai Bank Public Company Limited

TUNISIA**TUNIS**

Citibank NA

TURKEY**ISTANBUL**

Albaraka Turk Participation Bank
 Citibank NATürkiye Merkez Subesi
 HSBC Bank A.S.
 Fortis Bank A.S. Istanbul Turkey
 Türkiye Garanti Bankası As Istanbul, Turkey
 ING Bank A.S. Istanbul, Turkey
 Deutsche Bank Istanbul Istanbul, Turkey
 Ak Bank Tas, Turkey
 Kuveyt Turk Katılım Bankası A.S. Turkey
 Aktif Yatırım Bankası A.S. Turkey
 Denizbank A.S. Istanbul, Turkey
 Sekerbank Turk A.S. Turkey
 Finansbank As, Turkey
 Citibank International Plc. Madrid
 Banco Espirito Santo SA

UAE**DUBAI**

ABU Dhabi Commercial Bank
 Intesabci S.P.A.
 HSBC Bank Middle East
 Mashreqbank PSC
 Citibank NA
 Emirates Bank International PJSC
 Habib Bank AG Zurich
 Emirates Islamic Bank
 Standard Chartered Bank
 Dubai Islamic Bank, Dubai City, UAE
 Habib Bank Limited
 Axis Bank Ltd
 United Bank Limited, Dubai, UAE.
 Deutsche Bank Ag, Abu Dhabi, UAE
 ICICI Bank Limited, Dubai
 Noor Islami Bank (Noor Bank) UAE

ABU DHABI

Deutsche Bank AG, Abu Dhabi, UAE
 Noor Islami Bank (Noor Bank) UAE

FUJAIRAH

National Bank of Fujairah

UGANDA

Citibank Uganda Limited

UKRAINE**KIEV**

Credit Dnepr Bank, Dnipropetrovsk, Ukraine
 Deutsche Bank AG
 Citibank NA

UK**LONDON**

Banca Intesa S.P.A.
 Bank Mandiri (Europe) Ltd
 Bank of America N.A.
 Bank of Tokyo Mitsubishi Ltd.
 Banco De Sabadell S.A.
 Sonali Bank (Uk)
 Confederacion Espanola De Cajas De Ahorros
 JP Morgan Chase Bank N.A.
 Citibank NA
 Commerzbank AG
 Deutsche Bank AG
 DNB Nor Bank Asa
 Habib Bank AG Zurich
 Woori Bank
 ICICI Bank Uk Limited
 ING Bank N.V.
 Bank of New York
 Lloyds TSB Bank Plc
 Mizuho Corporate Bank Ltd.
 Mashreq Bank Psc
 Nordea Bank Finland Plc London Branch
 NEDbank Ltd
 National Westminster Bank Plc
 Wells Fargo Bank N.A.
 Raiffeisen Zentralbank Ag London Branch
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corporation Europe Ltd.
 Banco Popolare Di Verona E Novara Srl
 Westlb AG London Branch
 ABN AMRO Bank N.V.
 American Express Bank Ltd.
 Habib-Uk Plc. London
 Unicredit Bank Ag (Hypoundvereinsbank) London
 HSBC Bank Plc., London, Uk
 Bank Of Beirut (Uk) Limited, Uk
 Intesa Sanpaolo Spa, London, Uk
 ANZ Bank, Uk
 Crown Agents Bank Limited London, U.K.
 Exim Exchange Company (Uk) Limited
 Emirates Nbd Pjsc, U.K.
 Habib-Uk Plc. London

URUGUAY**MONTEVIDEO**

Citibank NA

Banco Itau

USA**NEW YORK, NY**

ABN AMRO Bank N.V.
 Australia & New Zealand Banking Group Ltd.
 Intesabci S.P.A.
 Deutsche Bank Trust Company Americas
 Bank of America N.A.
 Union Bank Of California, N.A.
 Bank of Tokyo Mitsubishi Ltd.
 JP Morgan Chase Bank
 Citibank NA
 Commerzbank AG
 Credit Lyonnais
 Deutsche Bank AG
 DNB Nor Bank ASA
 Habib American Bank
 Woori Bank
 Bank of New York
 Bank Leumi Usa
 Mizuho Corporate Bank Ltd.
 HSBC Bank Usa
 Mashreqbank Psc., New York Branch
 Nordea Bank Finland Plc, New York Branch

Standard Chartered Bank
 Sumitomo Mitsui Banking Corporation
 Westlb AG
 Wells Fargo Bank N.A.
 ICICI Bank Limited, New York, Usa
 National Bank of Pakistan, Ny, U.S.A.
 Bank of Oklahoma N.A.
 City National Bank USA
 United Bank Limited
 Amsouth Bank
 Keybank National Association
 National City Bank Cleveland
 National City Bank
 Union Planters Bank N.A. Usa
 Banco De Sabadell, Miami Agency
 Bank Boston International
 U.S. Bank
 U.S. Bank Trust
 Bank of The West
 Sovereign Bank

LOS ANGELES, CA

Intesabci S.P.A.

Bank of Tokyo Mitsubishi Ltd.

Cathay Bank

Woori Bank

Mizuho Corporate Bank Ltd.

Wells Fargo Bank N.A.

Standard Chartered Bank Los Angeles

TULSA, OK

Bank of Oklahoma NA

SAN FRANCISCO

Bank of America, N.A

Bank of Tokyo-Mitsubishi Ufj, Ltd

Wells Fargo Bank, N.A.

MINNEAPOLIS, MN

U.S. Bank

WASHINGTON

International Bank for Reconstruction & Development (IBRD)
 International Finance Corporation

BOSTON

Fleet National Bank

CALIFORNIA

Silicon Valley Bank, California, USA

CHARLOTTE, NC

Wells Fargo Bank N.A.

CHICAGO, IL

ABN AMRO Bank N.V.

Bank of America N.A.

Lasalle National Bank

Bank of Montreal, Chicago,

UZBEKISTAN**TASHKENT**

National Bank for Foreign Economic Activity of the Republic of Uzbekistan

VIETNAM**HANOI**

Australia & New Zealand Banking Group Ltd.

Bank of Tokyo Mitsubishi Ltd.

Citibank NA

Woori Bank

Standard Chartered Bank

Mizuho Corporate Bank Ltd.

Australia & New Zealand Banking Group Ltd.

Joint Stock Commercial Bank for Investment & Dev

HO CHI MINH CITY

The Bank of Tokyo-Mitsubishi UFJ, Ltd. Hanoi Branch (Hanoi Branch)

Hongkong & Shanghai Banking

MINH CITY

JP Morgan Chase Bank N.A. Minh City, Vietnam
 Deutsche Bank, Ho Chi Minh City

ZAMBIA

Citibank Zambia Ltd.

Standard Chartered Bank Zambia Ltd

ZIMBABWE

Standard Chartered Bank Zimbabwe Limited

ABBREVIATIONS

ABB	Association of Bankers, Bangladesh
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 Resources Division
ICAB	Institute of Chartered Accountants of Bangladesh.

ICAAP	Internal Capital Adequacy Assessment Process
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
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
TREC	Trading Right Entitlement Certificate
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 23RD ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 23rd Annual General Meeting (AGM) of the Company will be held on Tuesday 31 March 2015 at 10.30 A.M. at Unique Trade Centre (UTC), Convention Hall (Level-5), 8 Panthapath, Kawran Bazar, Dhaka-1215 to transact the following Agenda:

AGENDA

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31 December 2014 and the Balance Sheet as at that date together with the Reports of the Auditors and the Directors thereon.
2. To declare the Dividend for the year ended 31 December 2014 as recommended by the Board of Directors.
3. To elect Directors.
4. To appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Dated, Dhaka
1 March 2015

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 2014.
- The '**Record Date**' in lieu of Book Closure will be on **Wednesday, 11 March 2015**. 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 2015) will be eligible to attend the 23rd 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 Post/ Courier Service. The Members may also collect the Proxy Form from the Registered Office of the Company.
- **No Gift/Gift Coupon/Food Box** etc. to be distributed at the 23rd AGM, in compliance with the Bangladesh Securities and Exchange Commission's (BSEC) Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013.
- Hon'ble Members are requested to update their respective BO Accounts with 12 Digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) latest by 10 March 2015, failing which Income Tax at Source will be deducted from payable Dividend @ **15% (Fifteen Percent)** instead of @ **10% (Ten Percent)** as per amended section 54 of IT Ordinance 1984.
- Hon'ble Members are also requested to update their respective Bank Account Number, Address, Cell No. and e-mail Address through Depository Participant (DP) latest by 10 March 2015.



ইস্টার্ন ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০, দিলকুশা বাণিজ্যিক এলাকা
ঢাকা-১০০০

প্রস্তুতি ফরম

আমি/আমরা-----ঠিকানা-----

-----ইস্টার্ন ব্যাংক লিমিটেড এর
শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব/বেগম -----কে
ঠিকানা-----অথবা
তার অপারগতায় জনাব/বেগম -----কে
ঠিকানা-----আমার/আমাদের প্রস্তুতি হিসাবে
আমার/আমাদের পক্ষে ২০১৫ ইং সালের ৩১ মার্চ রোজ মঙ্গলবার ইউনিক ট্রেড সেন্টার, পাছপথ ঢাকায় অনুষ্ঠিতব্য কোম্পানীর ২৩তম বার্ষিক সাধারণ
সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিতি থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

অদ্য ২০১৫ ইং সালের -----মাসের -----তারিখে আমার/আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

শেয়ারহোল্ডারের স্বাক্ষর-----
প্রস্তুতির স্বাক্ষর-----
ফোলিও/বিও নং-----

রাজস্ব টিকেট
বিশ টাকা

লক্ষ্যনীয়ঃ

যথাযথভাবে পূরণ করে এই প্রস্তুতি ফরম সভার আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে। স্ট্যাম্প ও স্বাক্ষরবিহীন প্রস্তুতি
বৈধ বলে বিবেচিত হবে না। শেয়ারহোল্ডার ও প্রস্তুতির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রস্তুতির নাম সম্বলিত প্রস্তুতি
নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা 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 প্রস্তুতি হিসাবে
কাজ করতে পারবেন না।



ইস্টার্ন ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০, দিলকুশা বাণিজ্যিক এলাকা
ঢাকা-১০০০

শেয়ারহোল্ডার / প্রস্তুতির হাজিরা পত্র

আমি/আমরা ৩১ মার্চ ২০১৫ ইং রোজ মঙ্গলবার বেলা ১০.৩০ ঘটিকায় ইউনিক ট্রেড সেন্টার, পাছপথ ঢাকায় অনুষ্ঠিতব্য ইস্টার্ন ব্যাংক লিমিটেড এর
২৩তম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম-----স্বাক্ষর-----
শেয়ার সংখ্যা-----ফোলিও/বিও নং-----
প্রস্তুতির নাম-----স্বাক্ষর-----

লক্ষ্যনীয়ঃ

যে সকল শেয়ারহোল্ডারগন নিজে অথবা প্রতিনিধির মাধ্যমে সভায় উপস্থিত থাকতে চান, সভাস্থলে প্রবেশের পূর্বে এই হাজিরা পত্র যথাযথভাবে পূরণ
করে নির্ধারিত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রক্ষিত স্বাক্ষরের সাথে এই স্বাক্ষরের মিল থাকতে হবে।

Registered Office

Eastern Bank Limited

Jiban Bima Bhaban

10 Dilkusha Commercial Area, Dhaka-1000

PABX: +880 2 9556360

 ebl.com.bd

 info@ebl.com.bd

 [myebl](https://twitter.com/myebl)

 [myebl](https://facebook.com/myebl)