

# annual report 2018



better equipped for tomorrow





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Eastern Bank Ltd.



## Better Equipped for Tomorrow

It is a story of success, it is a story of rebirth and regeneration, it is a story of hope and aspiration, it is a story of tenacity and resolve, and it is a story of passion for performance of Eastern Bank Limited, better known for its acronym EBL. With a humble beginning in 1992, EBL moved forward with a small yet confident stride and a pledge to impacting lives positively. Today EBL stands for service excellence, product innovation and world class banking experience. The most awarded bank in the country, EBL is also the first bank in the country to be rated by the world's top rating agency Moody's and was awarded Ba3. The rating has been reaffirmed for the past three consecutive years. The long-cherished dream of having a permanent address of EBL became a reality after 26 years in 2018 when we moved to Gulshan corporate office. The slick, functional and intelligent fifteen-story head office of EBL is a new landmark of Dhaka. For us, the building is a symbol of pride and smart banking. For our customers, it is an emblem of modern, forward-looking and sustainable bank. The building tells the story of our dream: a dream to excel, a dream to impact lives positively, and a dream to contribute to the growth of Bangladesh. Standing tall, it also tells that we are now better equipped for tomorrow.

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## 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 2018.**

We are pleased to present before you the Bank's (EBL) Annual Report 2018 along with the audited Financial Statements (Consolidated and Separate) for the year ended 31 December 2018 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**  
DMD & Company Secretary

## EBL at a Glance

Figures in BDT million

2018	Growth	2017
282,451	+ 11.6% Balance sheet size	253,068
209,306	+13.7% Loans & advances	184,027
199,629	+ 19.3% Deposits	167,348
7,144	+5.1% Operating profit	6,796
3,081	+28.1% Profit after tax	2,405
24,648	+5.8% Regulatory capital	23,302
26,568	-29.5% Market capitalization	37,712

### Key ratios

 <b>Return on Asset</b> <b>2018</b> 1.15%	<b>2017</b> 1.04%	 <b>NPL</b> <b>2018</b> 2.35%	<b>2017</b> 2.50%
 <b>Return on Equity</b> <b>2018</b> 13.83%	<b>2017</b> 11.41%	 <b>EPS (BDT)</b> <b>2018</b> 4.17	<b>2017</b> 3.26
 <b>Cost to Income ratio</b> <b>2018</b> 45.63%	<b>2017</b> 45.20%	 <b>CRAR</b> <b>2018</b> 12.16%	<b>2017</b> 14.09%
 <b>LCR</b> <b>2018</b> 127.67%	<b>2017</b> 113.35%	 <b>NSFR</b> <b>2018</b> 104.07%	<b>2017</b> 102.82%

## Feathers in the Cap

Every year is unique in its challenges and dividends. The year 2018 unlike any other year, will be remembered or cherished for a very special reason and the reason is the team spirit demonstrated by EBL family.

For the first time in the life of EBL all employees of EBL joined their hands in bringing in deposits for the Bank to contribute positively to the financial health of the Bank. The front and back office people worked hand in hand, shoulder to shoulder. This is unique. The sense of belongingness and camaraderie to work together towards a common goal gave EBL family a new sense of purpose and meaning. There could not have been a better and apt example of the old adage: 'united we stand, divided we fall.'

There are a few other achievements that are noteworthy to mention and they also owe their success to our strong culture of passion for performance. The most important to get mentioned here is our financial performance in profit after tax (PAT). In 2018 we have attained 100 percent of our budget in PAT despite innumerable market challenges originating particularly around national election.

On the recognition of local and international front, we have had a decent year with our hand on the crowns of the Bangladesh's Best Bank Award from Euromoney, The Asian Banker Best Retail Bank of Bangladesh, IFC Awards for the Best Issuing Bank Partner-South Asia and the Best Trade Operations Partner-South Asia and SME Bank of the Year-Asia, and the International Finance Award for Best Credit Card Offering in Bangladesh.

### ICSB National Award for Corporate Governance Excellence

Our system of corporate governance provides the basis for the responsible management, transparency of processes and compliance to regulatory bodies with a focus on sustainable value creation. Our continuous effort to adopt and adapt to international best practices in corporate governance has been recognized by Institute of Chartered Secretaries of Bangladesh (ICSB). Eastern Bank Limited has won the gold award at the ICSB National Award 2017 for Corporate Governance Excellence in banking category. Since inception of the award in 2013, EBL is the most awarded financial institution in the category. This is EBL's third gold award in last five years.

### ISO Certification

Our relentless effort to upgrade and update on every account of standardization is reflected in our Operations department's recent ISO 9001: 2015 certification.

### Moody's Rating

The rating by a top global agency like Moody's in March 2016 was a high point in our journey to excellence. Moody's assigned us Ba3 rating with stable outlook. The rating is equivalent to country's sovereign rating. EBL is the first company in the country to achieve

this commendable feat. Moody's reaffirmed EBL the Ba3 rating in 2017 and 2018.

### PCI DSS Certificate

PCI DSS certificate awarded to EBL in 2016 and reaffirmed in 2017 by global leader in cyber security NCC Group of UK is a testimony to our emphasis on card security.

### Euromoney Award

In 2016 the jury of Euromoney Awards for Excellence conferred the Best Bank in Bangladesh for its professionalism, prudence, and growth. It also referred EBL's depleting NPL ratio as mark of health. In 2017 and 2018 EBL has been adjudged the Best Bank in Bangladesh making the tally to three consecutive years. After the introduction of the coveted Euromoney award for Bangladesh in 2013, EBL is the most successful bank to win maximum number of awards.

### A Leader in Retail Banking

In retail banking EBL has emerged as an undisputed leader. The Asian Banker International Excellence in Retail Financial Services award has adjudged EBL as the Best Retail Bank in Bangladesh for the last six consecutive years from 2013-18.

The London-based International Finance magazine in 2018 awarded EBL for the Best Credit Card Offering in Bangladesh.

### Best Transaction Bank in Bangladesh

EBL has been awarded at the prestigious Asian Banker Business Achievement Awards 2018 held in Beijing. EBL is the only bank from Bangladesh to win Best Transaction Bank in Bangladesh Awards in two categories of Best Cash Management and Best Trade Finance.

### IFC Award

In 2017 IFC of World Bank group recognized us as the Best Issuing Bank Partner and Best Trade Operations Issuing Bank Partner in South Asia.

### FinanceAsia Award

The FinanceAsia magazine awarded the Best Bank in Bangladesh accolade in 2017.

### Asiamoney Award

EBL was awarded the Best Corporate and Investment Bank in Bangladesh 2016, 2017 and 2018 by Asiamoney.

### Superbrands Award

EBL has been recognized as a 'Superbrand' of the country for the year 2018-2020 by the Superbrands Bangladesh.

EBL also received the Superbrands award in 2009 for the period 2009-2011.



ICSB National Award for Corporate Governance Excellence



ISO Certification



Moody's Rating



PCI DSS Certificate



Euromoney Award



Asian Banker Best Retail Bank in Bangladesh



Best Transaction Bank in Bangladesh



IFC Award: Best Issuing Bank Partner in South Asia



IFC Award: Best Trade Operations Issuing Bank Partner in South Asia



FinanceAsia Award



Asiamoney Award



Superbrands Award





## **Organizational overview**

Organizational overview is the portrait of the persona of the bank with all its personality traits which include fundamental values of the bank such as vision, mission and core values. The overview gives a comprehensive picture of who we are what we do and what we would like to achieve for the bank and for the community we operate in.



## 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.



## Core 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



Leveraging technology to improve efficiencies, fight financial crimes and enhance service excellence.



Focusing on emerging corporates and SME clientele to reduce concentration risk, diversify revenue sources and improve profitability.



Building a culture of compliance that effectively mitigates risk and helps comply with all the regulatory ratios including those of ALM and Basel III.



Hiring and retention of quality human resources focusing on reducing gender disparity.



Intensifying ongoing drive to raise awareness and to rationalize costs in line with the spirit of going green.



Offering innovative and customer friendly cash management services to improve deposit mix.

# Corporate Directory

## Name of the Company

Eastern Bank Limited

## Legal Form

A public limited company incorporated in Bangladesh on 08 August 1992 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 its operations on 16 August 1992.

## Composition of the Group EBL

Eastern Bank Limited (Group)	
Bank	Subsidiaries (fully owned)
Eastern Bank Limited	EBL Securities Limited (Stock dealing & brokerage)
Off-Shore Banking Unit (OBU), Bangladesh	EBL Investments Limited (Merchant banking operations)
Yangon Representative Office, Myanmar	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

### Corporate Banking

A wide array of products and customized solutions is offered to corporate clients through relationship units spread out in Dhaka and Chattogram. Our offerings include but not limited to term lending, project financing, working capital financing, trade financing, supply chain, cash management solutions, payroll banking, syndication, advisory services etc.

### Retail Banking

Retail banking offers a wide range of depository, loan and card products to suit dynamic and lifestyle needs of individual customers. It simplifies daily banking needs and satisfies lifestyle aspirations of consumers by extending suitable loan products. We have also a particular focus on small companies that aspire to grow and use our connections.

### Treasury

This business segment predominantly deals with asset-liability management of the Bank and covers fixed income securities, foreign exchange, and currency trade etc. - a complete package of treasury solutions to both internal and external customers.

### Credit Rating

**Moody's:** EBL has been reaffirmed Ba3 rating by world renowned ratings agency Moody's with a stable outlook. This rating is equivalent to that of our sovereign rating (Ba3).

**CRISL:** The Bank has been awarded 'AA+' in the long-term and 'ST-2' in the short-term by Credit Rating Information and Services Limited (CRISL).

**Board of Directors****Chairman**

Md. Showkat Ali Chowdhury

**Directors (Other than chairman)**

Sl.	Name	Position
1.	M. Ghaziul Haque	Director
2.	Mir Nasir Hossain	Director
3.	A. M. Shaukat Ali	Director
4.	Salina Ali	Director
5.	Anis Ahmed	Director
6.	Meah Mohammed Abdur Rahim	Independent Director
7.	Mufakkharul Islam Khasru	Director
8.	Ormaan Rafay Nizam	Independent Director
9.	Gazi Md. Shakhawat Hossain	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.	Anis Ahmed	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	Anis Ahmed	Director	Chairman
2	Mir Nasir Hossain	Director	Member
3	Meah Mohammed Abdur Rahim	Independent Director	Member
4	Gazi Md. Shakhawat Hossain	Director	Member
Secretary: Safiar Rahman, FCS			

**Manpower**

Employees	2018	2017
Permanent	1,715	1,594
Trainee	1,342	938
<b>Total</b>	<b>3,057</b>	<b>2,532</b>

**Ownership Composition**

As on 31 December 2018, shareholding position of EBL by the directors, general public and financial institutions is presented below:

Shareholders' group	No. of shares	% of Share holding
Directors	232,911,064	31.56%
General Public	428,773,387	58.10%
Financial Institutions	76,315,138	10.34%
<b>Total</b>	<b>737,999,589</b>	<b>100.00%</b>

**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 both the Stock Exchanges.

**Listing Year**

Dhaka Stock Exchange Limited	20 March 1993
Chittagong Stock Exchange Limited	11 September 2004

**Capital (31 December 2018)**

Authorized Capital	BDT 12,000,000,000 (Face value per share: BDT 10)
Paid-up Capital	BDT 7,379,995,890 (Face value per share: BDT 10)

**Accounting Year**

1 January to 31 December

**Tax Consultant**

ACNABIN  
Chartered Accountants

**Registered Office & Head Office**

Eastern Bank Limited  
100 Gulshan Avenue  
Dhaka-1212, Bangladesh  
Phone: + 88 09666777325  
Swift: EBLDBDDH  
e-mail: info@ebl-bd.com  
Web: www.ebl.com.bd

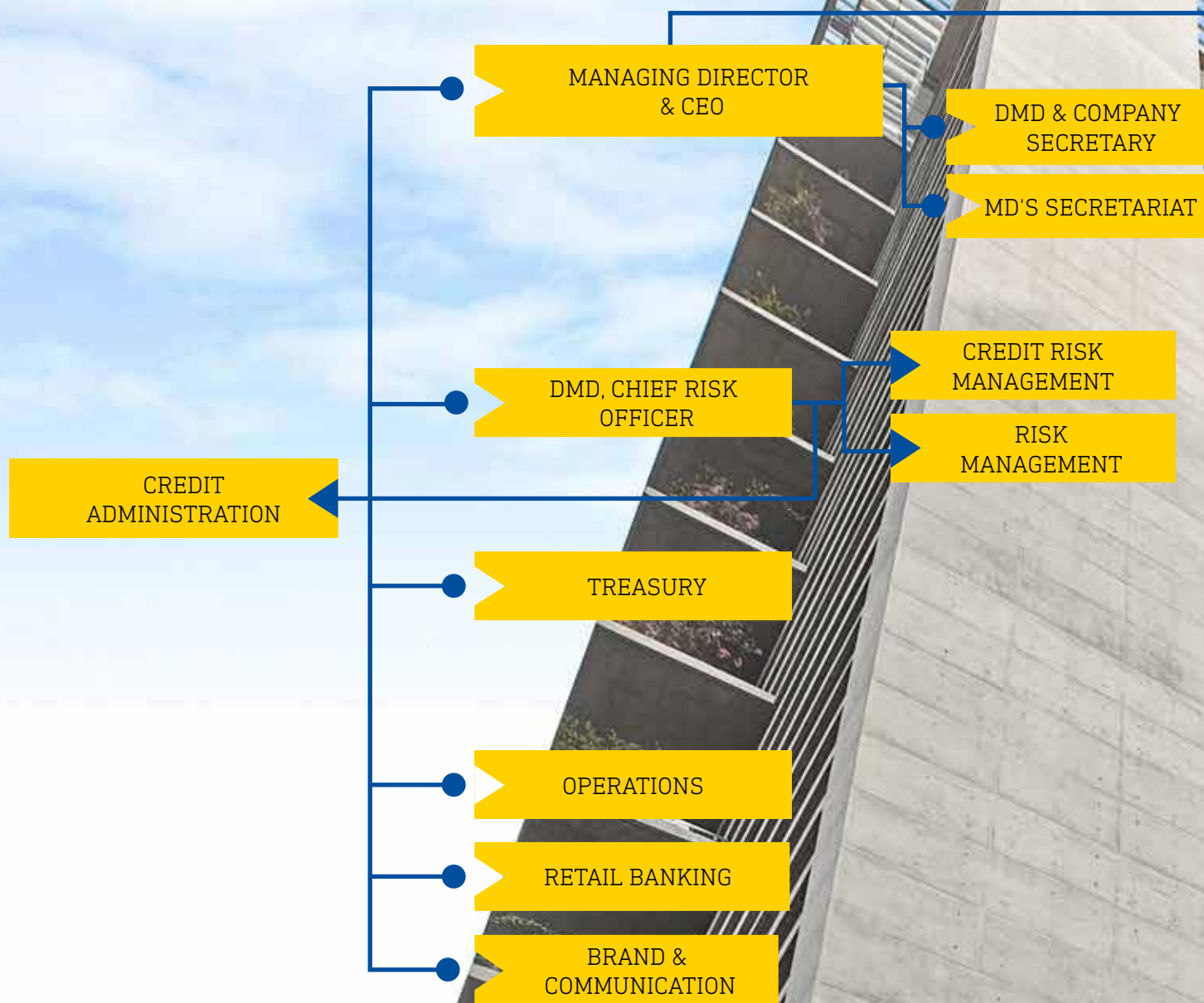
**Auditors**

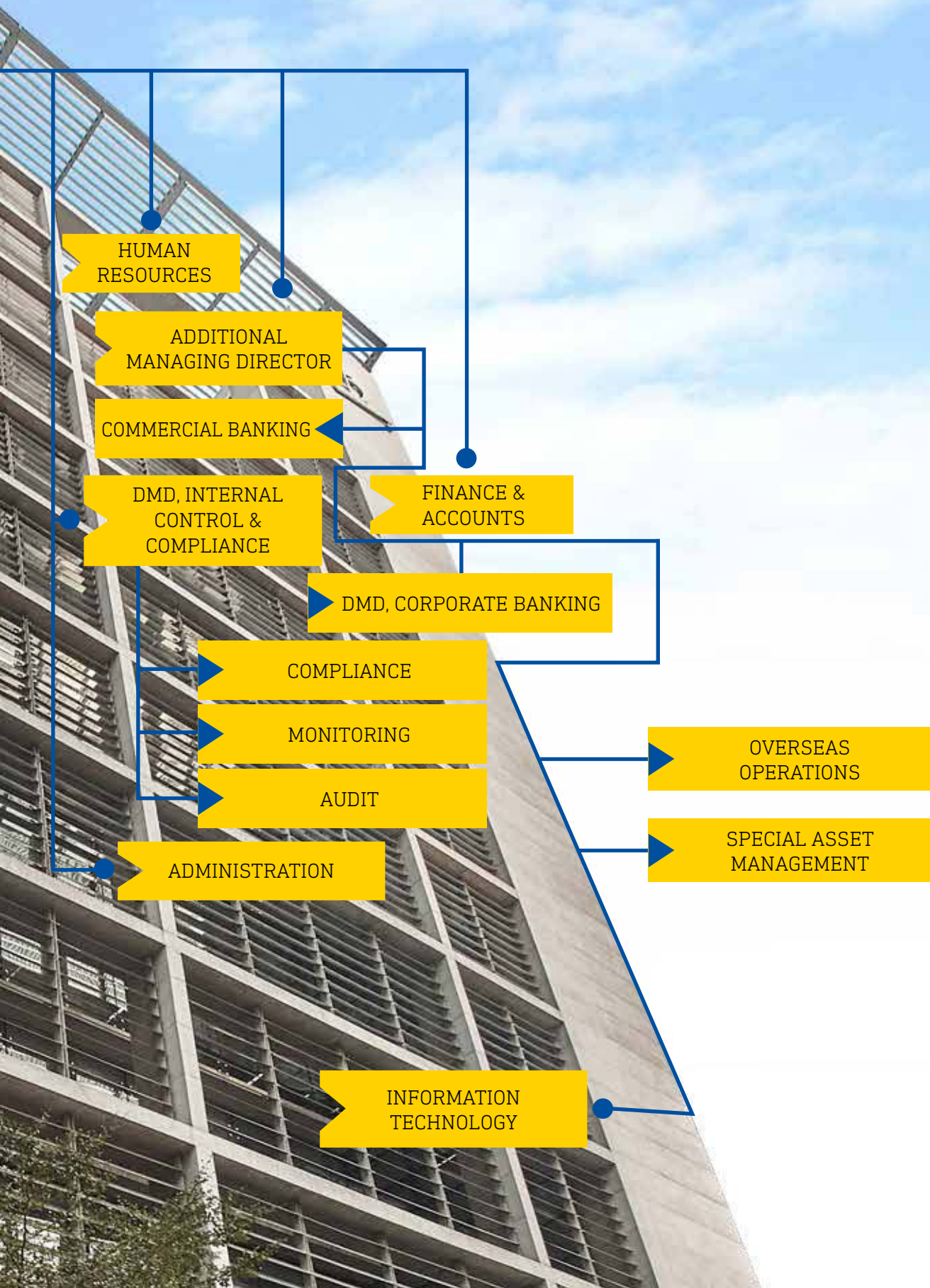
A. Qasem & Co., Chartered Accountants  
(A member firm of Ernst & Young Global Limited)

**Legal Advisors**

Sadat, Sarwat & Associates and  
Sadia Rowshan Jahan

## Organogram





## Board of Directors





## Board of Directors



**Md. Showkat Ali Chowdhury**

Chairman

A renowned business leader of the country, Md. Showkat Ali Chowdhury is successfully running a business conglomerate with diverse interests in ship breaking and recycling, tea plantation and production, RMG industries, real estate, agency business and engineering services, container freight station (CFS) and inland container depot (ICD), commercial banking, insurance and securities.

He joined the Board of Eastern bank Limited in 1993.

He completed his graduation from the University of Chattogram and is associated with many local and international organizations. He is a life member of SAARC Chamber of Commerce & Industry (SAARC CCI), and member of Bhatiary Golf & Country Club Limited, Chattogram Press Club, Chattogram Maa O Shisu General Hospital, Chattogram Club Limited, Chattogram Seniors' Club Limited and Bangladesh Ship Breakers & Recyclers Association (BSBRA). He was first vice president of Chattogram Metropolitan Chamber of Commerce & Industry (CMCCI).

He is involved in many social activities and widely acclaimed for his philanthropic contributions.



**M. Ghaziul Haque**

Director

A respected business leader, M. Ghaziul Haque joined EBL Board in 1993 and is still serving the board with an interval of about five years between 2006 and 2011.

He graduated from Chattogram Government College under University of Dhaka in 1955 and began his career with the reputed British Company Bird & Co. Ltd. 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 Chattogram 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. 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 EBL Asset Management Limited., a fully owned Subsidiary of EBL.

Mir Telecom Ltd., one of the business concerns under his dynamic leadership won the National Export Gold Trophy twice in 2012-13 & 2013-14 in Service Sector. He received the Trophy from the Hon'ble Prime Minister of the People's Republic of Bangladesh. For his significant contributions to industrial growth of the country, he was declared as CIP (Commercially Important Person) by the Ministry of Industry for the years 2012 & 2013.

During the years from 2005 to 2007, he led the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the apex trade body of the country, as its President and served the organization prudently with commitment and dedication. He 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). Currently, he is the President of Faridpur Diabetic Association and Chairman of the Governing Body of Faridpur Diabetic Association Medical College.

He is also the Chairman of the Executive Committee (EC) of the Board of Directors of EBL and a member of the Risk Management Committee (RMC) of the Board of Directors.

He is actively engaged in various social works, most notably life membership of Bangladesh Red Crescent Society and supports a number of hospitals and orphanages.



### **A.M. Shaukat Ali**

Director

A.M. Shaukat Ali did his graduation from the University of Dhaka in Civil Engineering in 1961 and post-graduation in Japan in Construction Engineering in 1977.

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

He takes interest in a great deal of areas including banking and healthcare, where he has significant contributions.

He is a fellow of the Institution of Engineers, Bangladesh (IEB) and a member of Executive Committee of Anjuman Mufidul Islam. A Paul Harris Fellow (PHF) Rotarian, A.M. Shaukat Ali is an eminent member of Rotary Club of Dhaka Buriganga. He is also representing Board of Directors of the Club as the Chair of Rotary Foundation.

He joined the board of EBL in 1993 and is a member of the Audit Committee of the Board of Directors of the Bank.

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



### **Salina Ali**

Director

A renowned business personality of the country, Salina Ali is the chairperson of the Unique Group, a leading business conglomerate in Bangladesh having business interest in real estate, ceramic industry, tourism, manpower export, banking services and human resources development. She is the chairperson of Unique Hotel and Resorts Limited and involved with The Westin Dhaka from the beginning of its commercial operation.

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

She did her Honors and Masters in Sociology from the University of Dhaka.

She is involved in many social and philanthropic works and committed to impact positively in the society.



### **Anis Ahmed**

Director

Anis Ahmed is the Founder and Group CEO of MGH Group, a Singapore-headquartered conglomerate with business interests in regional supply chain services for global fast fashion, discount retailers, automotive brands, airlines GSAs, computer reservation systems, FM-radio stations, ride-sharing, tea and rubber plantations, real estate, food and beverage retail, and commercial Banking. MGH has business operations in two continents and 18 countries including Bangladesh, India, Pakistan, Sri Lanka, Nepal, Myanmar, Thailand, Vietnam, Cambodia, Hong Kong, Singapore, UAE, Qatar, Egypt, Mauritius, and in Nigeria.

He is the chairman of the Risk Management Committee (RMC) and a member of the Executive Committee (EC) of the Board of Directors of EBL. He did his Bachelor of Science (Finance) from the University of Utah and MBA from Arkansas State University. After completion of 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, Co-Chair and a Trustee member of 'Suhana & Anis Ahmed Foundation' and MGH Foundation which manages multiple schools, palliative care units, 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 provides financial support 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 is the Managing Director of Ancient Steamship Company Limited and Hudig & Meah (Bangladesh) Limited.

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

He is the Director of EBL Securities Limited and EBL Investments Limited and also a Director of EBL Finance (HK) Ltd., all are fully owned Subsidiaries of EBL.

He did his Diploma in Banking, Diploma in Shipping from London School of Trade, AICS, B.Sc. in Economics and Finance from Queen Mary University of London, UK.

He has expertise in the areas of business studies, banking, finance, and management. He is involved in many social activities and is a widely travelled person.



**Mufakkharul Islam Khasru**

Director

Born in a respected family of Chattogram, Mufakkharul Islam Khasru did his B.Com from Chattogram Commerce College and MBA from Institute of Business Administration, University of Dhaka. Currently, he is the Managing Director of Finlay Properties Ltd., an affiliate of JF (Bangladesh) Ltd. Before taking up the current responsibilities at Finlay Properties in 2010, he was CEO of SANMAR Properties Ltd., a leading business conglomerate with diversified business interest 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. and a Director of EBL Asset Management Limited, a fully owned Subsidiary of EBL.

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



**Ormaan Rafay Nizam**

Independent Director

Ormaan Rafay Nizam joined the Board of Eastern Bank Limited in 2008 as a director from the depositors and was subsequently appointed as an Independent Director in 2012. He is also a member of the Audit Committee of the Board of Directors of Eastern Bank Ltd and a director of EBL Asset Management Limited, a fully owned Subsidiary of EBL.

He serves as the Director of National Brokers Limited, the oldest Tea Broking Company in Bangladesh since 1948 and a member of Chattogram Club and Bhatiary Golf and Country Club. He is a cricket organizer at national level. He is a director of Chattogram Warehouses Limited.

In December 2015, he was appointed Honorary Consul of France in Chattogram.

A sport enthusiast, he obtained his B.Com from University of Chattogram and completed higher education from London School of Education (LSE). He has expertise in the areas of Business Studies, Finance and Management.



### **Gazi Md. Shakhawat Hossain**

Director

A noted business executive, Gazi Md. Shakhawat Hossain wears multiple hats. He is the Managing Director of Purnima Construction (Pvt.) Limited and a director of Unique Hotel & Resorts Limited, Bay Hill Hotel & Resorts Limited and General Electric Company (BD) Limited.

He is a member of both the Audit Committee (AC) and Risk Management Committee (RMC) of the Board of Directors of Eastern Bank Limited.

Born in 1969 in Noakhali, he obtained his Master's in Accounting from the University of Dhaka. He is well-known for his expertise in the areas of financial reporting and management, insurance, and hospitality industry.



### **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. Under his leadership, the bank has achieved many a laurel including the Best Retail Bank in Bangladesh awarded by The Asian Banker for six consecutive years 2013-18; Euromoney Best Bank in Bangladesh for three consecutive years 2016-18, Asiamoney Best Corporate and Investment Bank of Bangladesh three times 2016-18, FinanceAsia Best Bank of Bangladesh in 2017, the IFC Global Award for the Best Partner for Working Capital Systemic Solution, ICSB National Award 2014-2017 for Corporate Governance Excellence, the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award.

He was the chairman of the Association of Bankers, Bangladesh (ABB), the apex body for banking professionals of the country as its chairman for the term 2014-15.

It is during his tenure that EBL became the first company in the country to achieve Ba3 rating from Moody's. This rating is equivalent to our country sovereign rating. The rating was reaffirmed in 2017 and 2018.

An achiever throughout his banking career spanning 32 years, his achievements include CEO of the Year 2012 by Asian HR Leadership Award held in Dubai, Credit Specialist Certificate by world reputed Omega in UK, certificate of recognition in International Trade Skill Assessment Program jointly conducted by Standard Chartered Group London and ICC.

A 1982 honors 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. 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. In 2015, he participated in the Value Creation in Banking and Strategic Management Program at INSEAD Business School, France. In 2016, he attended the London School of Economics and Political Science (LSE) program on Global Trends, Local Impacts: UK, Brexit and the World.

## Management Committees



### MANCOM

*Standing from left to right*

**Ashraf-Uz-Zaman**

EVP & Head of Special  
Asset Management

**Chowdhury MAQ Sarwar**

DMD, Head of ICC & CAMLCO

**Faisal Rahman**

SEVP & Head of Structured Finance &  
Unit Head, Corporate Banking

**Masudul Hoque Sardar**

EVP & Head of Finance

**Zahidul Haque**

EVP & Head of IT

**Hassan O. Rashid**

Additional Managing Director

*Sitting from left to right*

**Ahmed Shaheen**

DMD & Head of Corporate Banking

**Ali Reza Iftekhhar**

Managing Director & CEO



*Standing from left to right*

**M. Khorshed Anowar**  
SEVP & Head of Retail &  
SME Banking

**Riad Mahmud Chowdhury**  
SEVP & Head of Relationship  
Unit 05, Corporate Banking

**Mehdi Zaman**  
SEVP & Head of Treasury

**Iftekhar Uddin Chowdhury**  
SEVP & Area Head of Corporate  
Banking, Chattogram

*Sitting from left to right*

**Safiar Rahman**  
DMD & Company Secretary

**Abul Moqsud**  
DMD & Chief Risk Officer

**Mahiuddin Ahmed**  
SEVP & Head of Operations

**Monjurul Alam**  
EVP & Head of Human Resources

**MANCOM**

SL NO	Name	Designation
1	Ali Reza Iftekhar	Managing Director & CEO
2	Hassan O. Rashid	Additional Managing Director
3	Safiar Rahman	DMD & Company Secretary
4	Chowdhury MAQ Sarwar	DMD, Head of ICC & CAMLCO
5	Abul Moqsud	DMD & Chief Risk Officer
6	Ahmed Shaheen	DMD & Head of Corporate Banking
7	Faisal Rahman	SEVP & Head of Structured Finance & Unit Head, Corporate Banking
8	Iftekhar Uddin Chowdhury	SEVP & Area Head, Corporate Banking, Chattogram
9	Mehdi Zaman	SEVP & Head of Treasury
10	Mahiuddin Ahmed	SEVP & Head of Operations
11	Riad Mahmud Chowdhury	SEVP & Head of Relationship Unit 05, Corporate Banking
12	M. Khorshed Anwar	SEVP & Head of Retail & SME Banking
13	Masudul Hoque Sardar	EVP & Head of Finance
14	Zahidul Haque	EVP & Head of IT
15	Monjurul Alam	EVP & Head of Human Resources
16	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management

**Expanded Management Team (EMT)**

SL NO	Name	Designation	Status in Committee
1	Faisal Rahman	SEVP & Head of Structured Finance & Unit Head, Corporate Banking	Chairman
2	M Latif Hasan	SEVP & Head of Corporate Risk, CRM	Member
3	Hemanta Theotonius Gomes	EVP & Head of CAD	Member
4	Maj Md. Abdus Salam, psc, (Retd)	EVP & Head of Cash Management	Member
5	Ziaul Karim	EVP & Head of Communications & External Affairs	Member
6	Md. Obaidul Islam	EVP & Head of Financial Institutions, Transaction Banking and Trade Sales	Member
7	Md. Mokaddas	EVP & Head of Trade Operations	Member
8	Syed Zulkar Nayan	EVP & Head of Retail Liability & Wealth Management	Member
9	Ahsan Ullah Chowdhury	EVP & Head of Cards & Digital Banking	Member
10	Mahdiar Rahman	EVP and Head of Relationship Unit 04, Corporate Banking	Member
11	Kamal Mustaba Ali	EVP & Head of Administration & Security	Member
12	Md. Rezaul Karim	SVP & Head, IT Operations	Member
13	Md. Zahid Hossain	SVP & Head of Service Delivery	Member
14	S. K. M. Shariful Alam	SVP & Head, Core Banking, App., Sup. & Project Mgt.	Member
15	Rasheedul Huque	SVP & Branch Area Head, Dhaka-1	Member
16	Tasnim Hussain	SVP & Head of Asset, Retail & Business	Member
17	Farzana Ali	VP & Head of Service & Business Quality	Member
18	Shah Muntasin Muhtaba	VP & Head of Corporate Sales, Treasury	Member
19	Sarmin Atik	VP & Head of Priority Banking	Member
20	Riyadh Ferdous	SAVP & Head of Brand	Member
21	Md. Shahjahan Ali	SAVP & Head of Compliance, ICCD	Member
22	Rishad Hossain	SAVP & Head, Employment & Strategy, HRD	Member Secretary
23	Subrata Kumer Nath	SAVP & Senior Manager, SAM	Member
24	Muyeed Hasnayan	SAVP & Head of Cards Operations	Member
25	Md Saidul Islam	SAVP & Sr. Manager, Cards Operations	Member
26	Muhammad Shahriar Husain	SAVP & Head of Retail Projects and Transformation	Member
27	Nahid Farzana	SAVP & Head of Cards Business	Member
28	Rajan Kumer Saha	FAVP & Head, Financial Planning, Reporting & Analysis	Member

**Asset Liability Committee (ALCO)**

SL NO	Name	Designation	Status in Committee
1	Ali Reza Iftekhhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Risk Management Division	Member
5	Mehdi Zaman	SEVP & Head of Treasury	Member Secretary
6	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
7	Masudul Hoque Sardar	EVP & Head of Finance	Member
8	Mohammad Shahazadul Alam Khan	SPO & Manager, ALM Trading	Member

**Executive Risk Management Committee (ERMC)**

SL NO	Name	Designation	Status in Committee
1	Abul Moqsud	DMD & Chief Risk Officer	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Chowdhury MAQ Sarwar	DMD, Head of ICC & CAMLCO	Member
4	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
5	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Risk Management Division	Member Secretary
6	Mehdi Zaman	SEVP & Head of Treasury	Member
7	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member
8	Mahiuddin Ahmed	SEVP & Head of Operations	Member
9	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
10	Hemanta Theotonius Gomes	EVP & Head of Credit Administration	Member
11	Masudul Hoque Sardar	EVP & Head of Finance	Member
12	Zahidul Haque	EVP & Head of IT	Member
13	Monjurul Alam	EVP & Head of Human Resources	Member
14	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member

**Purchase Committee (PC)**

SL NO	Name	Designation	Status in Committee
1	Safiar Rahman	DMD & Company Secretary	General Secretary
2	Kamal Mustaba Ali	EVP & Head of Administration & Security	Member
3	Masudul Hoque Sardar	EVP & Head of Finance	Member
4	Zahidul Haque	EVP & Head of IT	Member
5	Md. Maskur Reza	SVP & Head of Business Information Systems	Member

**Credit Risk Management Committee**

SL NO	Name	Designation	Status in Committee
1	Abul Moqsud	DMD & Chief Risk Officer	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Risk Management Division	Member
4	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member
5	Mehdi Zaman	SEVP & Head of Treasury	Member
6	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
7	Masudul Hoque Sardar	EVP & Head of Finance	Member
8	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member

**Sustainable Finance Committee (SFC)**

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman
2	Chowdhury MAQ Sarwar	DMD, Head of ICC & CAMLCO	Member
3	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of Risk Management Division	Member
5	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member Secretary
6	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
7	Md. Obaidul Islam	EVP & Head of Financial Institutions	Member
8	Hemanta Theotonius Gomes	EVP & Head of Credit Administration	Member
9	Ziaul Karim	EVP & Head of Communication & External Affairs	Member
10	Kamal Mustaba Ali	EVP & Head of Administration & Security	Member
11	Masudul Hoque Sardar	EVP & Head of Finance	Member
12	Zahidul Haque	EVP & Head of IT	Member
13	Monjurul Alam	EVP & Head of Human Resources	Member
14	Ahsan Ullah Chowdhury	EVP & Head of Cards & Digital Banking	Member
15	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member

**Cost Olympic Committee**

SL NO	Name	Designation	Status in Committee
1	Safiar Rahman	DMD & Company Secretary	Chairman
2	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
3	Kamal Mustaba Ali	EVP & Head of Administration & Security	Member Secretary
4	Masudul Hoque Sardar	EVP & Head of Finance	Member
5	Zahidul Haque	EVP & Head of IT	Member
6	Monjurul Alam	EVP & Head of Human Resources	Member
7	Md. Maskur Reza	SVP & Head of Business Information Systems	Member
8	Riyadh Ferdous	SAVP & Head of Brand	Member

**Central Compliance Committee (CCC)**

SL NO	Name	Designation	Status in Committee
1	Chowdhury MAQ Sarwar	DMD, Head of ICC & CAMLCO	CAMLCO
2	Hassan O. Rashid	Additional Managing Director	Member
3	Abul Moqsud	DMD & Chief Risk Officer	Member
4	Mahiuddin Ahmed	SEVP & Head of Operations	Member
5	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
6	Zahidul Haque	EVP & Head of IT	Member
7	Monjurul Alam	EVP & Head of Human Resources	Member
8	Md. Abdul Awal	SVP and Head of Monitoring, ICCD	Member
9	Md. Shahjahan Ali	SAVP & Head of Compliance & Deputy CAMLCO	DCAMLCO & Member Secretary
10	Muyeed Hasnayen	SAVP & Head of Cards Operations	Member

**Integrity Committee**

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman & Focal Point
2	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
3	Ziaul Karim	EVP & Head of Communications & External Affairs	Member & Deputy Focal Point
4	Masudul Hoque Sardar	EVP & Head of Finance	Member
5	Monjurul Alam	EVP & Head of Human Resources	Member
6	Farzana Ali	VP & Head of Service & Business Quality	Member

# Products & Services



## RETAIL BANKING



### Deposit Products

#### Individual Accounts

##### Savings Account

EBL Classic Savings  
EBL Power Savings  
EBL Max Saver  
EBL Premium Savings  
EBL Platinum Plus Savings  
EBL 50+ Savings  
EBL Smart Women's Savings  
EBL RFCD

##### Current Account

EBL Current Account  
EBL Current Plus

##### DPS Account

EBL Confidence  
EBL Millionaire Scheme  
EBL Millionaire Women DPS  
EBL Kotipoti  
EBL Aspire  
EBL Multiplier

##### EBL Fixed Deposit

EBL Repeat  
EBL 50+ FD  
Fixed Deposit  
Extra Value Fixed Deposit  
EBL Earn First  
EBL Super FD  
EBL Super FD Repeat

#### Non-Individual Accounts

##### Current Account

Current Deposits  
FCY Account  
Export Retention Quota

##### SND Account

Short Notice Deposit  
EBL Shubidha  
EBL Super HPA

##### DPS Account

EBL Equity Builder

#### Fixed Deposit Account

Fixed Deposit  
Extra Value Fixed Deposit  
EBL Alo  
EBL Diamond  
EBL Super FD  
EBL Repeat



### Loan Products

#### Consumer Loan

EBL Executive Loan  
EBL Women's Loan  
EBL Assure  
Fast Cash  
Fast Loan  
EBL Auto Loan  
EBL Home Loan  
EBL Home Credit  
EBL Education Finance Pack

#### Business Loan

EBL Utkorsho  
EBL Mukti  
EBL Uddipon  
EBL Nobodoy  
EBL Uddog  
EBL Uddom  
EBL Unnoti  
EBL Asha  
EBL Udoy  
EBL Utpadon  
EBL Agrim  
EBL CC  
EBL Projukti  
EBL Krishi  
EBL E-Loan/Cash



### Card Products

#### EBL Credit Cards

EBL Visa Classic Credit  
EBL Visa Gold Credit  
EBL Visa Platinum Credit  
EBL Visa Signature Credit  
EBL Visa Infinite Credit  
EBL Visa Women Platinum Credit

EBL Mastercard Titanium Credit  
EBL Mastercard World Credit  
EBL Diners Club International Credit  
Others

#### EBL Corporate Credit Card

Revolving loan facilities for corporate houses to manage Company's local and global travel & entertainment expenses

#### EBL Debit Cards

EBL Visa Classic Debit  
EBL Visa Platinum Debit  
EBL Visa Signature Debit  
EBL Visa Global Debit  
EBL Visa Business Debit  
EBL Visa Women Platinum Debit  
EBL Visa Priority Signature Debit  
EBL Visa Payroll Debit  
EBL Visa Junior Debit  
EBL Mastercard Titanium Debit  
EBL Mastercard World Debit

#### EBL Prepaid Cards

EBL Visa Lifestyle Prepaid  
EBL Visa Payroll Prepaid  
EBL Mastercard Aqua Prepaid  
EBL Diners Club International Global Prepaid

#### Co-branded Cards

EBL Visa ACCA Prepaid  
EBL Visa Grameenphone Express Prepaid  
EBL Visa Robi Platinum Credit  
EBL Visa Bangladesh Army Platinum Credit  
EBL Visa Bangladesh Air Force Platinum Credit  
EBL Visa Bangladesh Navy Credit  
EBL Visa Meena Bazar Platinum Credit  
EBL Visa BAT Co-brand Corporate credit  
EBL Visa BFSI Signature Credit  
EBL Visa AFC Fortis Prepaid  
EBL Visa Unilever Prepaid  
EBL Mastercard Shwapno Titanium Credit  
EBL Mastercard BASIS Titanium Credit  
EBL Mastercard Rotary Titanium Credit  
EBL Mastercard JCI Titanium Credit  
EBL Mastercard Robi Smart Prepaid  
EBL Mastercard Berger Prepaid

EBL Mastercard Novo Air Prepaid  
 EBL Mastercard Rotary Prepaid  
 EBL Banglalink Payroll Prepaid  
 EBL Diners Club International Vroom Credit  
 Others

### Facilities

EBL ZIP (Zero% Installment Plan)  
 EBL HIPO (Half Interest Pay Order)  
 EBL Want2Buy



### NRB Products & Services

Matribhumi is a tailor-made product and service propositions for the NRBs which includes :

### NRB Deposit Products

EBL Global  
 EBL NFCD  
 EBL Shonchey  
 EBL Paribar

### Remittances

Remitted fund can be disbursed through EBL branches, designated mobile outlets of Robi and Banglalink and smart remit card.

### NRB Loan Products

Personal Secured Loan (Fast Loan)  
 Personal Secured Credit (Fast Cash)

### Investment

Wage Earners Development Bond (WEDB)  
 US Dollar Investment Bond (USDIB)  
 US Dollar Premium Bond (USDPB)



### Agent Banking Services

Opening of Customer Account  
 Cash Deposit and Cash Withdrawal  
 Inward Foreign Remittance Disbursement  
 Payment of Bills/Utility Bills  
 Transfer of Funds  
 Collection of Documents in relation to Accounts



### Supply Chain Finance

- A. Supplier Finance (Receivable Finance)
  - a. Factoring
  - b. Reverse Factoring
- B. Dealer/Distributor Finance



### Digital Banking Services

EBL DIA  
 Payment Solution  
 SKYBANKING  
 Internet Banking  
 EBL 365  
 EBL Dropbox

EBL Contact Center with Phone Banking Facility  
 EBL SMS Banking & SMS Alert Service  
 EBL Web Chat



### Retail Propositions

### Payroll Products

EBL Executive Account  
 EBL Visa Payroll Card

### Student Banking Products

EBL Junior  
 EBL Campus  
 EBL Child Future Plan  
 EBL Student File

### Priority Banking Service

EBL Priority offers a wide range of attractive propositions and personalized services, adding value to the premium customer base of the bank.

### EBL Insta Banking

Instant account opening facility from the comfort of customer's home using smart device



## CORPORATE BANKING



### Cash Management Solutions

- Nationwide Collection Services (NCS)
- Payment Transfer Services (PTS)
- EBL Cheq Pro
- Cash Pick-up & Delivery Service
- Mobile Financial Service (MFS)
- EBL Connect
- Commercial Payments and Solutions (CPS)
- Utility Bills Collection
- EBL SPEED



### Working Capital Solutions

#### Funded Facilities

- Import Loan
- Demand Loan
- Manufacturers Demand Loan
- Overdraft
- Time Loan
- Packing Credit
- Local Documentary Bill Purchased (LDBP)
- Foreign Documentary Bill Purchased (FDBP)
- EDF Loan

#### Non-Funded Facilities

##### Letter of Credit (Cash/Back to Back)

- Sight LC
- Usance/ Deferred LC
- Structured LC/OBU

##### Guarantee (Open ended/Close ended)

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

### **Bridge Financing**

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

### **Long Term Financing**

- Term Loan (Normal/ Amortized/ Capitalized)
- Term Loan (IPFF)
- Term Loan (LTFF)

### **Offshore Financing**

Foreign Currency Financing from Offshore Banking Unit:

- Import Loan
- Demand Loan
- Bill Discounting/Financing
- Term Loan
- Guarantee

### **Structured Financing**

- Local and Foreign Currency
- Syndicated Term Financing
- Syndicated Working Capital Financing
- Multilateral Financing
- Advisory Services
- Trustee and Agency Services
- Arranging Debt (Bonds/Commercial Paper)
- Preference Shares
- Export Credit Agency (ECA) Backed Financing



## **TREASURY**

### **Money Market Products**

- Call Money
- Term Money
- Re-Purchase Agreement
- Reverse Repo
- Commercial Paper
- Foreign Exchange Swap
- Foreign Currency Placement

### **Fixed Investment Products**

- Government Securities to Inter-Bank
- Government Securities to Customers
- T-Bond to Foreign Individuals, Investors & Institutions
- Sub-Ordinated Bond

### **Foreign Exchange Products**

- Inter-Bank Spot in Major Currency Pairs
- Customer Spot in Major Currency Pairs
- Foreign Remittance

### **Derivative Products**

- Forward Contract
- Interest Rate Swap (IRS)

## Timeline



### 1992

**08 August 1992:** Incorporated.

**16 August 1992:** Commenced banking operations.

### 1993

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

### 2003

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

### 2004

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

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

### 2005

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



### 2006

**06 June 2006:** Launched SME Banking Division.

**09 November 2006:** Partnered with ADB under Trade Finance Facilitation Program (TFFP) to receive guarantee and revolving credit facility.

### 2009

**30 December 2009:** Established 'EBL Investments Limited', a fully owned subsidiary to do merchant banking operations (License received in January 2013).

### 2010

**01 March 2010:** Acquired 60% shares of a brokerage house 'LRK Securities Limited' renamed afterwards as 'EBL Securities Limited' and was acquired fully in 2012.

**04 April 2010:** Became first bank in Bangladesh to implement 'Universal Banking System (UBS)', world's one of the renowned core banking solutions.



### 2011

**09 January 2011:** Incorporated 'EBL Asset Management Limited', a fully owned subsidiary of the Bank to do asset management especially mutual funds.

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

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

### 2012

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

**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.

### 2014

**20 February 2014:** Adjudged the 'Best Partner for Working Capital Systemic Solutions in 2013' by IFC of World Bank Group.

**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.



**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.

## 2015

**18 January 2015:** A Capacity Enhancement Center named 'EBL Nest' started its journey as an idea generation and innovation center with a vision to 'Imagine without Fear'.

**20 January 2015:** EBL Annual Report won 2nd prize of ICMAB's 'Best Corporate Award 2014' under Traditional Private Commercial Bank Category.

**10 November 2015:** EBL won the first prize in 'ICSB National Award for Corporate Governance Excellence 2014' in the 'Banking Companies' category consecutively for the second time by the Institute of Chartered Secretaries of Bangladesh (ICSB)

## 2016

**21 March 2016:** EBL as a first Bangladeshi Bank was assigned long-term rating Ba3 with a stable outlook by Moody's, one of the top international rating agencies.

**01 October 2016:** EBL achieved PCI DSS certification for implementing global information security standard from world's cybersecurity leader NCC Group, UK.



## 2017

**29 June 2017:** EBL was adjudged as the Best Bank in Bangladesh by FinanceAsia.

**26 September 2017:** EBL received Asiamoney Best Corporate and Investment Bank in Bangladesh Award for 2017.

**28 December 2017:** EBL launched country's first Artificial Intelligence (AI) - based banking chatbot titled 'EBL DIA' (EBL Digital Interactive Agent) - where anyone can interact/chat with an AI-based Chat Robot on social media platform.

## 2018

**22 March 2018:** EBL adjudged the 'Best Retail Bank in Bangladesh' award for 2018 consecutively for the sixth time by The Asian Banker.

**24 May 2018:** EBL is the only bank from Bangladesh to win Best Transaction Bank in Bangladesh Awards in two categories of Best Cash Management and Best Trade Finance at the prestigious Asian Banker Business Achievement Awards 2018.



**24 June 2018:** EBL has moved into its permanent home at 100 Gulshan Avenue, Dhaka. This is a state-of-the-art intelligent building and also an architectural landmark of the city.

**18 July 2018:** EBL repeated the performance in 2018 by winning Euromoney Best Bank in Bangladesh award for the third consecutive year.

**01 September 2018:** EBL has been recognized as a 'Superbrand' of the country for the year 2018-2020 by the Superbrands Bangladesh.

**10 November 2018:** EBL won the gold award at the 'ICSB National Award for Corporate Governance Excellence 2017' in the 'Banking Companies' category by the Institute of Chartered Secretaries of Bangladesh (ICSB). This is EBL's third gold award in last five years.

**08 December 2018:** EBL won 2nd prize of ICMAB's 'Best Corporate Award 2017' under Traditional Private Commercial Bank Category.



A wide-angle photograph of a modern conference room. A long, polished wooden conference table is the central focus, surrounded by black ergonomic chairs. At the far end of the room, a large black screen is mounted on a wooden frame. To the left of the screen, a round analog clock is visible on the wall. The room has a high ceiling with recessed lighting and a large wooden beam. Large windows on the left side provide natural light. The floor is covered with a patterned carpet in shades of blue, green, and yellow.

## Stewardship

Our aspiration has always been to contribute meaningfully to economic growth of the country and to the society we operate in. Generating positive and sustainable impact for our clients and employees is our priority. Our Board and Managing Director and CEO are leading the bank from the front and working passionately to uphold corporate culture and values to establish a bond of trust with the society we serve.

## Chairman's Message



*"We carry out business in such a way that will create long lasting value for our shareholders. This has been reflected once again through our superior performance in 2018. We believe one of the key components of sustainability is diversified business and sources of revenues. Hence, we are expanding our geographical footprint to some strategic locations in Asia."*

## **Dear shareholders,**

Please accept my heartfelt thanks and gratitude for selecting me as the chairman of Board of Directors (BoD) of EBL. On behalf of BoD, I welcome you all to the 27th Annual General meeting of the Bank. It's my privilege to present before you the Annual Report and audited financial statements of the Bank for the year of 2018. While sharing with you the financial performance of 2018, one of the best in recent years, I will touch upon certain economic, business, regulatory and strategic issues that drove the financial performance of the bank last year and the outlook and our aspiration in the year ahead.

## **Economic environment**

Global economy has weakened in 2018. As several emerging markets and developing countries faced economic stress, the overall growth of global economy was somewhat moderate. Among advanced economies, growth disappointed in the euro zone and in the United Kingdom. However, Bangladesh estimated the highest GDP growth of 8.13% in FY 2018-19. Ongoing mega projects and other development activities have fueled the pace of the economic growth. According to Economist Intelligence Unit (EIU), Bangladesh's growth from the fiscal year 2018-19 to 2022-23 will be driven mainly by increase in private consumption and gross fixed investment.

## **Financial performance**

Banking industry has been undergoing through a rough spell of image crisis emanating from certain governance and compliance issues. These caused prolonged liquidity crunch, declining asset quality, dwindling profitability and weaker solvency for many banks. But I am happy to share that, we have established an appropriate governance and compliance framework, taken right strategies to sail through any unwelcome development impacting the industry. We carry out business in such a way that will create long lasting value for our shareholders. This has been reflected once again through our superior performance in 2018.

Our renewed focus on asset quality and proper management of stressed asset has produced a wonderful result; we ended up with an enviable NPL of 2.35%. Efficient asset-liability management has produced satisfactory results in core banking activities. Bank's Profit after Tax (PAT) saw an impressive growth of 28.1% in 2018 (from BDT 2.40 Billion to BDT 3.08 Billion). Bank's sound financial performance has been positively reflected in key profitability ratios. ROA and ROE have improved to 1.15% and 13.83% respectively with improved earnings per share (EPS) of BDT 4.17 in 2018 compared to BDT 3.26 in 2017.

## **Ethical banking practices**

The BoD gives highest priority in establishing and maintaining good governance and compliance practices for effective functioning

of the bank. To ensure sustainable performance and to protect shareholders' interest, we have established EBL as one of the most compliant bank in the industry. Despite absorbing multiple market shocks, the bank stands tall due to its good governance and ethical banking practice. Our commitment towards good governance practices has been recognized by the Institute of Chartered Secretaries of Bangladesh (ICSB) which awarded EBL the 'ICSB National Award for Corporate Governance Excellence' consecutively for five years.

## **Recognition from international bodies**

Our recognition from different local and international bodies on multiple aspects continue to reassure us that we are on the right track. Euro Money award, Super Brand award and ICMAB Best Corporate award are few of the noteworthy recognitions that we have achieved over the years. EBL's performance in a challenging environment and service excellence with a commitment to innovation has been recognized by International Finance Corporation (IFC) of World Bank Group as the "Best Issuing Partner Bank in South Asia" and "Best Trade Operations Issuing Bank Partner in South Asia".

EBL was the first bank in Bangladesh to achieve Ba3 rating with "stable" outlook from world renowned rating agency Moody's in 2016. In 2018 the rating has been reaffirmed for the consecutive third year. Such international rating helps the bank in doing global transactions and trade businesses.

## **Looking forward**

Being one of the fastest growing economies of the world, Bangladesh economy is expected to expand at a faster pace in 2019. Despite our country's enormous growth potentials, ADB's comment for our country's banking system is negative due to overall deterioration of asset quality. To cater growing demand of exclusive financial management service in the country, we have built a strong financial position in the market, established good governance and developed competent team of professionals. We always remain vigilant to evolve with the changed environment and serve our customers in an integrated manner. We are committed to stay competitive, sustainable and offer solutions that will create value for our stakeholders. Corporate governance, stronger control measures and risk management practices, compliance, and ethical values have always been core components of our corporate values and foundation of our sustainable banking.

## **Aiming to be a regional bank**

We believe one of the key components of sustainability is diversified business and sources of revenues. Hence, we are expanding our geographical footprint to some strategic locations in Asia. Establishment of a foreign subsidiary has not only allowed the Bank to expand its businesses in a global context but also helped in diversifying its revenue base. EBL Finance (HK) Ltd., a fully

owned subsidiary of EBL, continues to facilitate international trade business through advising of letter of credits, handling documentary collections and bill financing/discounting etc. We also have one representative office in Myanmar from where we are getting good response. We have also been planning to establish another one in Guangzhou, China to support more trade, guarantee business and attract foreign investment in the country. There are still some key markets where we have been planning to prove our potentials. We are investing and innovating in the way global trade finance operates to improve our customers' experiences.

### **Corporate social responsibility**

As a responsible corporate citizen, we are committed to create value and generate benefits for the society we operate in. Our philosophy has always been to make a positive impact on the society and on the lives of our employees who are our core brand. We are engaged in CSR programs related to education and healthcare to help building skilled workforce. We acknowledge that today's investment in skill development will help to prepare our future workforce for a fast-changing global marketplace. We strongly feel education, arts, culture, women empowerment and human welfare are the significant components of a healthy and balanced society and hence, we will keep working on development of these areas as part of our commitment towards society.

### **Dividend**

The BoD has decided to propose 20% cash dividend and 10% stock dividend to our shareholders for the year 2018. We always give

utmost importance to maintain a fine balance between consistency of dividend payment and strengthening the organization. On a closer assessment and compliance with various regulatory conditions, organization's earning capacity, growth prospects we take a decision to distribute an appropriate amount of dividend.

### **We remain grateful**

I want to express my sincere gratitude to our previous chairman, my colleague, for leading the bank in right direction. It has been my first year as the chairman of the Bank. I convey my sincere appreciation to my colleagues in the BoD for their supervision, guidance and foresight which showed us right path and helped us in overcoming challenges that the bank faced over the year. I am also grateful to team EBL led by Ali Reza Iftekhar for their dedication, hard work and commitment towards the bank and our customers. We are grateful to regulators especially Bangladesh Bank for their constant support and prudent guidance all the way.



**Md. Showkat Ali Chowdhury**

Chairman of the Board of Directors

# EBL gets its permanent abode

Eastern Bank Limited has moved to its state-of-the art  
and aesthetically pleasing home at

100  
GULSHAN AVENUE



TO VIEW AND CHECK OUR  
NEW LOCATION ON GOOGLE MAPS  
PLEASE SCAN THIS QR CODE



## Managing Director and CEO's Review



**ALI REZA IFTEKHAR**  
MANAGING DIRECTOR & CEO

*"In terms of profitability, risk mitigation, good governance, and liquidity management, 2018 was a significant year for EBL. Our balanced growth generated positive returns for the stakeholders."*

### Global economy going slow

The flagship report of the World Bank *Global Economic Prospects 2018* June issue has its title with a question mark 'The Turning of the Tide?' The foreword of the report portrays the global economic situation with analogy of a sailor's boat stuck on a sandbar but a rising tide has freed the boat. Now the main challenge is that the sailor has to steer his boat towards deeper sea before receding water traps the boat again.

According to the June report global economy seemed to leaving behind the gloom of the global financial crisis and about half of the countries in the world began experiencing an increase in growth. All the forecasts for 2018 and 2019 reflect this optimism. This period also experienced growth in investment and trade shrugging off the declining trend of the financial crisis. The report also suggests that unemployment has declined in the United States, Europe and Japan

while inflation has not picked up much.

Six months later WB *Global Economic Prospects* titled its 2019 January issue 'Darkening Skies' to report that 'growth has weakened, trade tensions remain high, several developing economies have experienced financial stress, and risks to the global outlook for growth and stability have increased.' As a result, global economic growth in 2019 is expected to slow down to 2.9 percent, projected by World Bank.

### A momentum for Bangladesh economy

Though global economy is going to slow down, World Bank has still high hopes on regional growth. South Asia is expected to accelerate at 7.1 percent in 2019, underpinned by strengthening investment and robust consumption. Bangladesh economy is all set to continue expanding at a faster pace above 7% per year, amid strong fixed investment, vigorous private consumption and accommodative

monetary policy. According to a United Nations report, Bangladesh will be the third fastest growing economy in the world in terms of achieving high Gross Domestic Product (GDP) in 2019. This drive has been hugely supported by the strong domestic and external demand, as reflected in buoyant public and private investment and consumption, driven by higher exports, remittances and private credit growth. It is also time to be proactive to address certain situations such as political uncertainties, setbacks in the implementation of reforms, security problems affecting investment prospects, infrastructure bottlenecks upsetting productivity growth, and climate change to continue in the growth trajectory in the coming years.

### **Banking sector going through challenges**

Over the years, banking industry has brought about changes to have positive impact on the economy as well as customers' lifestyle by streamlining banking processes, improved customer service, product innovations in the areas of mobile and agent banking, small and micro enterprise financing, green banking, school banking, and financial inclusion through small deposit mobilization, launching technology-driven payment and financing services, internet banking apps, adapting to new technology and capacity development. But still we have to overcome the challenges of poor corporate governance, unpredictable market behavior, financial crime, and escalation in non-performing loans. But, the sector demonstrated resilience amidst challenges and with effective leadership, good governance, proper risk management, the investment environment will make this sector more vibrant in the coming days.

### **A buoyant performance**

The long-cherished dream of having a permanent address of EBL became a reality after 26 years in 2018 when we moved to Gulshan corporate office. The building tells the story of our dream: a dream to excel, a dream to impact lives positively, and a dream to contribute to the growth of Bangladesh. Standing tall, it also tells that we are now better equipped for tomorrow.

In terms of profitability, risk mitigation, good governance, and liquidity management, 2018 was a significant year for EBL. Our balanced growth generated positive returns for the stakeholders. At the end of the year, total assets grew by 11.6% to BDT 282,451 million with core business activities -loans and deposits increased by 13.7% and 19.3% respectively. Net interest income, our main source of revenue increased by a phenomenal 30.7%, while profit after tax was up by a commendable 28.1 % year-on-year reaching BDT 3,081 million in 2018.

We continue to maximize wealth for our shareholders maintaining ROA of 1.15%, ROE of 13.83%, improving EPS to BDT 4.17 from BDT 3.26 and proposing dividend 30% (cash-20% & stock-10%). Besides, strong focus on quality of asset drove the Bank to achieve an enviably low NPL of 2.35% at the end of 2018; which is far below from the industry average. (For details, please go to the section- Stakeholders' Information, Management Discussion and Analysis, Risk Management Report and Notes to the Financial Statements

of this Annual Report.) All in all, this impressive performance has helped the Bank to retain its rating from international and local rating agencies.

### **A compliant bank**

Our utmost priority is to safeguard the interest of our depositors and shareholders. We continue to work closely with the regulators to ensure compliance in every aspect. Our strong focus was to conduct businesses prudently keeping ourselves within regulatory framework. Accordingly, we complied to all key ratios of the Bank namely AD ratio (83.08%≤ 83.5%), CRAR (12.16%≥ 11.875%), leverage ratio (5.26%≥3%), MCO (15.31%≤18%), capital market exposure (22.10%≤25%), LCR (127.67%≥100%) & NSFR (104.07%>100%) that clearly portrays our position to key stakeholders.

### **Sustainable banking**

We are committed to strengthen our policies to increase our capacity to remain sustainable in the long-term. Our business philosophy is also supported by the belief that conducting our business ethically will enable the bank to bring positive outcomes. We take steps to minimize the adverse impact of its operations on the environment. As a result, we established United Nations' Sustainable Development Goals (SDGs) as a benchmark for our actions, deployment of sustainable energy sources resulting in energy savings, waste disposal systems, reduction of paper use through digitalization of processes, use of solar power, green banking channels, increased financing to green projects, ways to measure and reduce our aggregate carbon footprint including those related to our financing activities. We remain broadly on track to meet our respective committed targets and continue to invest in our communities to promote sustainable economic and social development.

### **Cost effectiveness**

We have increased our digital footprint, efficient use of resources, continuous negotiation with vendors to rationalize expenses, discontinuation of unproductive services that helped the bank to ensure 'value for money'. A special committee Cost Olympic Committee (COC) has been entrusted with responsibility to provide strategic direction and increase awareness level throughout the bank. Besides, we have taken several initiatives to keep operating expenses as minimum as possible. Although, in some areas expenses like depreciation, repair and maintenance, and utilities etc. increased during the year due to the shifting to new Corporate Head Office but the rent payment and other savings balanced out the financial impact. All these helped the Bank to get cost-to-income ratio- 45.63% at the end of the year. This drive was crucial for bank's performance that happened due to continuous surveillance, relentless effort and process reengineering. In the coming days we will be focusing more on cost rationalization , zero compromise for service excellence and eco-friendly operational environment.

### We believe in strong relationship

Our business can only thrive if our customers feel that we are helping them in meaningful ways. We are here to help our clients—whether they are local or international companies fostering trade and investment, or individual customers who seek help in managing their wealth. We have launch many innovative products and services during the year, many of which are customized to meet the requirements of our customers. The Bank has over 553 thousand customers, who recognize the brand as a reliable partner. We continue to improve our services, understand their needs, provide innovative solutions and build long-term relationships based on trust and transparency. We have also plans to invest in system for 360-degree customer relationship management and automated system for managing incidents, claims and complaints.

### Taking care of our employees

EBL has a strong and proud culture to cherish. Our management has helped to create this environment where employees feel strongly connected based on shared values and beliefs. As MD & CEO of the Bank, I have a responsibility to nurture and preserve those aspects of our culture that serve us well. We always concentrate on continuous professional development for all the employees of the Bank to strengthen their skill level so that they can perform assigned job with perfection. We ensure employee engagement in all our activities including decision making and allow flexible hours for a better work-life balance. We have invested good amount of money for the well-being of the employees so that they can feel safe and secure working here. We encourage open conversations on the issues like mental health, physical well-being, bullying and harassment to live with the organization with vigor and positive energy.

### Digitalization

Embracing new technology is the key to stay in competition. We have strong focus to systematically automate and streamline all aspects of the operations and facilitate seamless integration among key business processes. In terms of digitalization, we have had a great year from launching of supply chain finance, agent banking, contactless card to smart banking solutions, enhancement of EBL Sky Banking, just to name a few. For managing and monitoring security incident, we have implemented SIEM (Security Information & Event Management) software in 2018. Our investment in technology is making our business simpler, safer, and easier for our customers to use. And, this facility allows the customer to bank from anywhere, anytime with total security and confidentiality. Besides, we will keep our commitment to combat against financial and cyber-crime and continue to invest heavily in improving our standard to remain one of the leading banks in the industry.

### Feathers in our cap

EBL is the most awarded financial institution of the country. We have obtained recertification of PCI DSS from UK-based NCC group that is a testimony to our emphasis on card security. In terms of international rating, Moody's has reaffirmed their confidence in our creditworthiness for the third consecutive years by awarding Ba3 rating. In retail banking EBL has emerged as an undisputed leader. The Asian Banker International Excellence in Retail Financial Services award has adjudged EBL as the Best Retail Bank in Bangladesh for six consecutive years from 2013-18. EBL is the only Bank from Bangladesh to win Best Transaction Bank in Bangladesh in two categories of Best Cash Management and Best Trade Finance. IFC of World Bank Group recognized us as the Best Issuing Bank Partner and Best Trade Operations Issuing Bank Partner in South Asia. EBL has also been recognized as a "Superbrand" of the country for the year 2018-2020 by the Superbrands Bangladesh. When it comes to corporate governance, EBL's name appears at the top of any scrutiny in last five years. EBL has won three gold awards for its excellence in corporate governance. These recognitions always help us to deliver performance with commitment.

### Looking forward

Despite challenging market conditions, we are committed to our goals. We remain alert to the downside risks of the current economic environment, global trade tensions and the future path of interest rates. We will be proactive in managing costs and investment for revenue growth where necessary, but we will not take short-term decisions over long-term interests of the business. We always have forward-looking perspective to cater to the needs of our customers and actively seek opportunities to achieve competitive advantage.

### A word of appreciation

I extend my sincere gratitude to the chairman of the Board of Directors of EBL Md. Showkat Ali Chowdhury for his constant support and guidance at all times. A note of thanks to past chairman M. Ghaziul Haque for his invaluable contributions in helping the bank to go from strength to strength. We owe a great debt to the officials of the Central Bank for their advice and guidance throughout the year and to our external auditors for their valuable feedback. I also express my sincere gratitude to my colleagues for their commitment and dedication towards achieving a common goal. Last but not the least, my whole-hearted appreciation goes to our shareholders and customers for their continued support and for believing in us.



**Ali Reza Iftekhar**

Managing Director & CEO

# Directors' Report 2018

The Board of Directors welcomes you all to the 27th Annual General Meeting (AGM) of the Bank and present before you the Annual Report along with the Audited Financial Statements for the year 2018. A review of business and financial performance and the underlying forces affecting these have been briefly pointed out.

## Global economy and its outlook

The global expansion has weakened in 2018. In advanced economies, economic activity lost some momentum in the first half of 2018 after peaking in the second half of 2017. Outcomes fell short of projections in the euro area and the United Kingdom; growth in world trade and industrial production declined; and some high-frequency indicators moderated. Across emerging market and developing economies, activity continued to improve gradually in energy exporters but weakened in some importers. Activity slowed more markedly in Argentina, Brazil, and Turkey, where country-specific factors and a souring of investor sentiment were also at play.

As per IMF projections, the global growth has been revised down and is expected to be 3.5% in 2019. The downward revision reflected continued trade tension, tighter financial conditions and higher commodity prices, as well as a weaker outlook for some key market and developing economies arising from country-specific factors.

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

Particulars	2017	2018 e	2019 p
World	3.8	3.7	3.5
Advanced Economies	2.4	2.3	2.0
Other Advanced Economies	2.8	2.8	2.5
USA	2.2	2.9	2.5
Euro Area	2.4	1.8	1.6
Emerging Market and Developing Economies	4.7	4.6	4.5
China	6.9	6.6	6.2
India	6.7	7.3	7.5

Source: IMF World Economic Outlook Update (January 2019); e for estimate and p for projection.

## Bangladesh economy: A brief review

Bangladesh economy continued to maintain healthy growth with the growth momentum supported by strong domestic and external demand, as reflected in buoyant public and private investment and consumption, driven by higher exports, remittances and private credit growth. According to Bangladesh Bureau of Statistics (BBS), GDP growth in FY 2018 is reached at 7.86% (7.28% in FY 2017). This is the highest ever growth achieved considering the new base year of 2005-06 for estimating national accounts. The robust growth has mainly been driven by industry, agriculture and service sectors

activities. The industry sector grew by 12.1% in FY 2018 from 10.2% in FY 2017, led mainly by manufacturing and construction activities. The growth in agriculture sector increased to 4.2% in FY 2018 from 3% in FY 2017, mainly aided by favorable weather, higher crop prices and timely supply of inputs and finance. The service sector registered a modest growth of 6.4% in FY 2018 (in FY 2017 it was 6.7%) and the greater contribution came from the wholesale and retail trade, transport and financial intermediation.

Imports grew much faster than export in FY 2018. Export grew by 6.4% (1.7% in FY 2017) while the growth of import was 25.2% (9% in FY 2017) in FY 2018. Among the major export items, agricultural products, cotton and cotton products, knitwear, home textile, jute goods, chemical products, woven garments and footwear products experienced a higher growth in FY 2018. Import payments for food grains, milk and cream, capital machinery, clinker, fertilizer, textile and textile articles, iron, steel and other base metals etc. rose in FY 2018 compared to FY 2017.

Remittances posted 17.3% increase to reach USD14.9 billion in FY 2018 after declining for two consecutive years. The overall balance of payments, for the first time since FY 2011, turned into a USD 885 million deficit in FY 2018, compared to USD 3,169 million surplus in FY 2017. This resulted from an increase in the current account deficit from USD 1,331 million in FY 2017 to USD 9,780 million in FY 2018.

Gross international foreign exchange reserve stood at USD 32.94 billion at the end of FY 2018, representing around 5 months of prospective imports. Bangladesh Bank increased foreign exchange flexibility in line with the market forces while avoiding excessive volatility in foreign exchange market. Exchange rate depreciated by 3.6% in FY 2018 due to higher demand for dollar following the declining trend of net foreign assets and high import growth. In FY 2018 Bangladesh Bank sold foreign currency amounting to USD 2.31 billion to avoid excessive fluctuations.

## Banking industry in 2018

The banking industry in Bangladesh is highly fragmented into state-owned commercial banks (SCBs) and local and foreign private commercial banks (PCBs) with a marked difference in profitability and other financial soundness indicators (governance, asset quality, capital adequacy etc.). Too many banks chasing too few eligible borrowers resulting highly competitive interest rates and rising Non-performing loan (NPL) have been the major challenges facing the industry. Banking sector indicators reflected a mixed performance in terms of asset growth, profitability and asset quality in 2018.

During July-September 2018, banking sector's indicators showed some mixed performance, as reflected in the non-performing loan (NPL), capital adequacy, provision shortfall position and liquidity conditions. During the said period, overall NPL edged up, driven mainly by the performance in the SCBs. Despite the level of stressed asset during July-September 2018, liquidity conditions of the banking system remained stable, as credit growth recalibrated

in line with deposit growth. The balance sheet size of the banking sector reached at BDT 14,072.2 billion at the end of September 2018, recording an increase of 11.6% from the end of September 2017. Gross NPL for PCBs increased to 6.7% at the end of September 2018 from 6.0% at the end of June 2018 and gross NPL for SCBs widened further from June 2018 to 31.2% at the end of September 2018. However, industry NPL ratio reached at 11.4% at the end of September 2018 which is 100 basis points higher than that of 30 June 2018 (10.4%).

Banking sector capital to risk-weighted assets ratio (CRAR) slightly decreased on 30 September 2018 with respect to that of 30 June 2018. As on 30 September 2018, 48 out of 57 banks maintained CRARs of 10.0% or higher in line with Pillar 1 of the Basel III capital framework. PCBs remained well capitalized with CRAR around 12.23% as on 30 September 2018 whereas capital position of SCBs has fallen from 6.93% as on 30 June 2018 to 6.06% as on 30 September 2018. The banking sector aggregate CRAR stood at 10.89% as on 30 September 2018 which was 4 basis points lower than the ratio recorded at the end of June 2018 and 20 basis points higher than the ratio recorded at the end of September 2017.

The banking sector, as a whole, was able to maintain the required level of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as on 30 September 2018. Advance to Deposit Ratio (ADR) of the overall banking industry was 76.4% as on 30 September 2018 which was 76.7% as 30 June 2018, remaining below the maximum regulatory ceiling.

As on 30 September 2018, banking industry fulfilled the minimum leverage ratio requirement of 3.0%, on both solo and consolidated basis. At the end of September 2018, 49 out of 57 banks have maintained a leverage ratio of 3.0 percent or higher on solo basis and 32 out of 36 banks have been able to fulfill the regulatory requirement on consolidated basis.

In 2018, some of the important initiatives taken by Bangladesh Bank were amendment in loan classification and provisioning regulations, reduction in Advance-Deposit Ratio (ADR) of banks, policy on buyback program for treasury bill/bond, re-fixation of cash reserve ratio (CRR) and repo rate to ease liquidity condition, resetting the tenure of repo instruments, exemption from maintaining general provisions by banks against selected off-balance sheet items, amendment in prudential regulations for consumer financing (credit card), rationalization of deposit and lending rates to reduce interest rate spread, amendment in Guidelines on Risk Based Capital Adequacy (RBCA) for banks, amendment in Asset Liability Management Guidelines, rationalization of schedule of charges and modification in various foreign exchange regulations to smoothen the foreign exchange market in Bangladesh.

### **Economy and business outlook 2019**

Bangladesh Bank's (BB) second half yearly (H2, FY 2019) monetary policy stance has been formulated to accommodate GDP growth target of 7.8% and to fix a monetary growth path aiming at average inflation rate within 5.6%. This would require a monetary program that limits broad money, domestic credit and private sector credit

growth ceilings at 12.0%, 15.9% and 16.5% respectively by June 2019. Balancing inflation and output risks, given the near-term domestic and global inflation and growth outlook and the associated risks, repo and reverse repo rates will be maintained at current levels of 6% and 4.75% respectively.

According to BB projections for FY 2019, robust export growth and moderation of imports are expected to continue, improving the current account dynamics. BB projects export growth at 14%, remittance growth at around 11% and import growth at 7.5% in FY 2019. The projected import growth, favorable global commodity prices and high base, would provide sufficient space to import capital and intermediate goods to support the growth momentum. Current account deficit is expected to moderate to below 2% of GDP, in line with the sustainable norm for an emerging market economy at Bangladesh's current phase of development. Higher exchange rate flexibility could provide additional support to the ongoing moderation of the current account deficit.

Bangladesh Bank has long prioritized various measures, initiatives and programs to nudge finance to address the long-term investment needs of the society and by avoiding short-termism and risks that often jeopardized financial stability across countries. By promoting financial inclusion, creating more and better jobs (including micro, small and medium enterprises, agriculture, and green initiatives) and protecting the environment remain critical for Bangladesh in achieving the Sustainable Development Goals by 2030 and in successfully completing the middle income transitions.

### **Eastern Bank: financial performance highlights**

Banking industry passed a challenging year in terms of governance, profitability and soundness in 2018. Despite intensified challenges, EBL managed its portfolio efficiently closing the year 2018 with an NPL of 2.35% (2.50% in 2017) which is lower than that of industry average (10.30%). The prime focus during the year has been improving asset quality, recovering classified and written off loans, automation and process reengineering, upholding service excellence, and rationalizing costs. A brief review of financial performances are as follows:

- Net interest income (NII) which contributed 57% of total operating income increased by 31% in 2018 compared to last year (interest income increased by 38% and interest expense increased by 42%).
- Non-interest income which contributed rest 43% decreased by 15% as income from investment decreased significantly by 32% in 2018.
- Compared to last year, operating income increased by 6% and operating expense increased by 7%. As a consequence, operating profit of the Bank increased by 5% and reached at BDT 7,144 million in 2018.
- Total provision decreased by 7% in 2018 compared to last year (general provision decreased by 18% due to relaxation of provision requirement on certain off-balance sheet exposure by Bangladesh Bank, specific provision decreased by 22%, and

other provision increased by 1100% mainly due to decrease of market price of quoted securities).

- Total tax provision decreased by 9% in 2018 compared to last year mainly due to reduction of corporate tax rate by 2.5% and increased threshold of allowable excess perquisite from BDT

4.75 lac to BDT 5.5 lac per employee through Finance Act 2018 and increase of deductible expense for write-off loans.

- Finally Bank's profit after tax (PAT) increased by BDT 676 million or 28% in 2018 compared to 2017.

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)
	2018	2017	2018	2017		
Net interest income (NII)	7,611	5,879	7,506	5,745	29%	31%
Non-interest income	6,004	6,985	5,633	6,656	-14%	-15%
Total operating income	13,615	12,863	13,139	12,401	6%	6%
Total operating expense	6,235	5,807	5,995	5,605	7%	7%
<b>Operating profit (Profit before provision and tax)</b>	<b>7,380</b>	<b>7,056</b>	<b>7,144</b>	<b>6,796</b>	<b>5%</b>	<b>5%</b>
Specific provision	1,911	2,395	1,861	2,375	-20%	-22%
General provision	327	401	327	401	-18%	-18%
Other provision [charged/(released)]	415	(7)	370	(37)	6029%	1100%
<b>Total provisions</b>	<b>2,652</b>	<b>2,789</b>	<b>2,558</b>	<b>2,739</b>	<b>-5%</b>	<b>-7%</b>
<b>Profit before tax for the year</b>	<b>4,728</b>	<b>4,267</b>	<b>4,586</b>	<b>4,057</b>	<b>11%</b>	<b>13%</b>
Tax provision for the year	1,617	1,839	1,505	1,652	-12%	-9%
<b>Profit after tax (PAT)</b>	<b>3,111</b>	<b>2,428</b>	<b>3,081</b>	<b>2,405</b>	<b>28%</b>	<b>28%</b>
<b>Earnings per share (EPS)</b>	<b>4.22</b>	<b>3.29</b>	<b>4.17</b>	<b>3.26</b>	<b>28%</b>	<b>28%</b>

ROA and ROE have increased in 2018 due to increase in PAT by 28%. Cost to income ratio has slightly increased due to higher growth of operating expense than that of operating income. The Capital to risk weighted assets ratio (CRAR) has decreased to 12.16% in 2018 from 14.09% in 2017. Following table presents some of the key financial ratios:

Particulars	Bank	
	Year 2018	Year 2017
Return on average equity (PAT/ Average Equity)	13.83%	11.41%
Return on average assets (PAT/ Average Assets)	1.15%	1.04%
Cost to income ratio (Operating expense/Operating income)	45.63%	45.20%
Capital to Risk Weighted Assets Ratio	12.16%	14.09%
NPL ratio	2.35%	2.50%
EPS (BDT)	4.17	3.26
Price to book value ratio	115.68%	174.71%

### Appropriation of profit

Profit after tax (PAT) of the Bank stands at BDT 3,080.78 million during the year including net deferred tax income of BDT 80.42 million out of which BDT 137.76 million arises on specific provision made against Bad/Loss loans and cannot be distributed as dividend as per BRPD Circular No.11 dated 12 December 2011 of BB. As the paid-up capital and statutory reserve of the Bank is equal, no fund is required to transfer to statutory reserve in 2018. Thus, cumulative profit available for distribution stands at BDT 3,351.71 million out of which the Board of Directors recommended 30% dividend (20% cash and 10% stock) amounting BDT 2,214 million for the year 2018.

### Capital adequacy status under Basel III

Bank's Capital to Risk Weighted Asset Ratio (CRAR) remains consistently within the comfort zone during 2018 (12% plus) against the requirement of 11.875% (Minimum total capital ratio plus capital conservation buffer) throughout all four quarters of 2018. However, to keep pace with the growth of risk weighted assets and increased CRAR requirement in 2019 under Basel III, the Bank is in a process of enhancing capital base by issuing 2nd 7-year Non-convertible Subordinated Bond of BDT 5,000 million tentatively by the first quarter end 2019. For details please see Market Discipline (Basel III) section of this annual report.

### Status of asset quality

As on 31 December 2018, NPL ratio of the banking industry stood at 10.30% which was 9.31% one year back. The NPL ratio of EBL was 2.35% at the end of 2018 which was 2.50% at the end of 2017. The status of unclassified and classified loan of the Bank is as follows:

(Figures are in million BDT)

Particulars	31-12-18	31-12-17	% Change
<b>Unclassified loans:</b>	<b>204,380</b>	<b>179,427</b>	<b>13.91%</b>
Standard (Including staff loan)	199,999	174,470	14.63%
Special Mention Accounts (SMA)	4,381	4,957	-11.63%
<b>Classified loans:</b>	<b>4,926</b>	<b>4,600</b>	<b>7.08%</b>
Sub-standard (SS)	1,071	1,101	-2.75%
Doubtful (DF)	633	260	143.71%
Bad/loss (BL)	3,223	3,240	-0.53%
<b>Total loans</b>	<b>209,306</b>	<b>184,027</b>	<b>13.74%</b>
<b>NPL %</b>	<b>2.35%</b>	<b>2.50%</b>	

### Management discussion and analysis

A separate section titled 'Management discussion and analysis' has been presented in page no. 134. Under this section, a comparative analysis of financial performance (2014-2018) of the Bank has been presented with analytics. A brief highlight of EBL business units namely Corporate Banking, Retail Banking and Treasury has been presented along with strategic outlook. 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 2018. A brief review of subsidiaries business during 2018 also has been presented under this section.

### Internal control system

EBL has a sound system of internal control 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 control. The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

- Various committees have been formed to assist the Board in ensuring that the Bank's operations are in line with the corporate objectives, policies, strategies, instructions and the annual budget that have been approved.
- The internal audit unit of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control system on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all units/departments and branches, in accordance with the annual audit plan approved by the Audit Committee of the Board.

- The Audit Committee of the Board reviews internal control findings identified by the Internal Audit of the Bank, Inspection Team of Bangladesh Bank, External Auditors and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems.
- The Board of Directors hold meetings at suitable intervals with senior management, internal auditors, external auditors and the Audit Committee for evaluating the effectiveness of internal control system.
- Internal audit reports are submitted to the Audit Committee without management filtering and the internal auditors have direct access to the Audit Committee as and when required.
- Self-Assessment of Anti-Fraud Internal Controls is carried out on semi-annual basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10 dated 09 May 2017 issued by BB.

### Risk management

The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. Risk management functions are subject to continuous scrutiny of ICCD and supervision of RMD to ensure appropriateness and integrity of the risk management mechanism.

The risk management system of EBL has been described in "Risk Management Report" section of this annual report. Also the major areas focused by RMC in 2018 have been presented in "Report of the Risk Management Committee of the Board" section of this annual report.

### Financial reporting

- Proper books of account as required by law have been maintained by EBL.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements.
- Accounting estimates and underlying assumptions are made on reasonable ground and prudent judgment and are reviewed on an ongoing basis.
- The Financial Statements (FS) of the Bank are prepared in accordance with applicable International Financial Reporting Standards (IFRSs) and relevant circulars/instructions issued by Bangladesh Bank and any departure therefrom has been adequately disclosed.
- Being responsible for preparation and fair presentation of the FS, the management of the Bank asserts that the FS prepared by the management as at and for the year ended 31 December 2018 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity.
- There is no significant doubt upon the Bank's ability to continue as a going concern. EBL has neither intention nor the need to liquidate or curtail materially the scale of its operations. Hence, the financial statements of the Bank have been prepared on

the assumption that EBL is a going concern and will continue in operation for the foreseeable future.

### **Compliance with corporate governance guidelines**

As a responsible corporate citizen, EBL duly complied with the provisions of corporate governance guidelines issued by Bangladesh Securities and Exchange Commission (BSEC). The compliance status of EBL on the said guidelines has been presented in the section of 'Corporate Governance Report'. Also, Ayub & Mahmood, Chartered Accountants, has certified the compliance status of EBL on the BSEC's corporate governance guidelines during 2018 which is mentioned in page 95 of this annual report.

### **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.

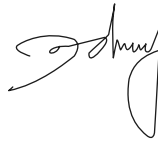
- We donated BDT 50 million to Prime Minister's Relief and Welfare Fund through Bangladesh Association of Banks (BAB).
- Donated 50,000 pieces (costing BDT 17.43 million) of blankets to Prime Minister's Relief & Welfare Fund through BAB for distribution among cold-hit people.
- Donated BDT 5.36 million to Ministry of Cultural Affairs through BAB.
- Donated BDT 3.75 million to BIBM for construction of proposed 15 storied RCC building of BIBM.

- Donated 7,000 pieces of Blankets (costing BDT 2.45 million) to distribute among cold-hit people of North Bengal areas.
- To fulfill a continued commitment for ten years effective from March 2009, EBL contributed BDT 4.8 lac to Prime Minister's Relief & Welfare Fund in 2018 for one family of a martyred army officer killed in BDR carnage in February 2009.

### **Contribution to national exchequer**

EBL regularly pays corporate tax on time, sometime even before it falls due if demanded by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from customers, employees' salary as well as on bills from third parties including vendors. During the calendar year 2018 we contributed BDT 4,725.13 million to national exchequer as tax, VAT and excise duty. We paid advance corporate tax of BDT 1,521.84 million while deposited withheld tax of BDT 2,375.78 million, VAT of BDT 549.54 million and Excise Duty of BDT 277.97 million during the year 2018.


On behalf of the Board of Directors



**Md. Showkat Ali Chowdhury**

Chairman of the Board of Directors  
Dhaka, 10 April 2019











## Stakeholders' Information

As a values-driven financial brand of the country, we give highest priority in our strategy on issues of transparency in our accounting process and are committed to provide balanced and comprehensive review of financial and non-financial performance of the bank.

## Our Engagement with Stakeholders

Stakeholders	Key concerns	Engagement mode	Frequency
 <b>Shareholders/ Investors</b>	Sustainable growth	Company website, annual report	Continuous process, annually
	Financial performance	Annual reports, quarterly financial statements	Quarterly, semi-annually, yearly
	Corporate governance	Annual report	Annually
	Risk management	Annual report	Annually
	Business expansion plan	Board meeting	As required
	Relationship	Meetings, periodic visits, mails/ telephone conversation	As necessary
	Company information	Website of EBL, annual report	Continuous process, annually
 <b>Employees</b>	Work life balance	Mails, cultural programs	As necessary
	Diversity and career progression	Different engagement programs	As required
	Performance evaluation and rewards	Letters , arranging programs for outstanding performers	Semiannually, annually
	Recruitment and retention	Exams, interview, training programs, financial and non-financial benefits	As required
	HR information	HR links (Intranet)	Continuous
 <b>Customers</b>	Quality service	Relationship managers	As required
	Privacy and information security	Mails, SMS, newsletter	As required
	Dispute resolution	Direct customer feedback	On a regular basis
	Product information	Website information updates, call center	Continuous
	Affordability and convenience	Different channels- Branches, call center, priority center, ATM Booth, Internet Banking, Skybanking and others	Continuous
	Relationship with customers	Mails, meet up, arranging different programs for customers	On a regular basis
 <b>Regulatory Bodies and Government</b>	Compliance with regulations	Submission of returns and status reports	Within the reporting date
	Awareness and knowledge	Training and workshops	As required
	Communication	Telephone conversations, emails, visits	On a regular basis
	Addressing of key issues	Meetings and discussion with board and senior management	As necessary
 <b>Business partners</b>	Relationship with suppliers	Meetings, telephone/mails/letters conversation, periodic visits	On a regular basis
	Performance of a contract	One to one meeting	As required
	Networking	Regular communication, periodic visits	Continuous
	Future business opportunities	Meetings, on site visits	As required
 <b>Society</b>	Financial inclusion	Interact through branches, social media, mail	As required
	Ethics and code of conduct	EBL website, annual report	Continuous process, annually
	Sustainability initiatives	EBL website, social media, annual report	On a regular basis, annually
	Community investment	Annual report, media advertisement	Annually, on demand

# Financial Highlights

BDT in million

Particulars	Group			Bank		
	2018	2017	Change (%)	2018	2017	Change (%)
<b>Performance During the Year</b>						
Net interest income	7,611	5,879	29.47%	7,506	5,745	30.66%
Non interest income	6,004	6,985	-14.05%	5,633	6,656	-15.37%
Operating income	13,615	12,863	5.84%	13,139	12,401	5.96%
Operating profit	7,380	7,056	4.59%	7,144	6,796	5.13%
Profit after tax	3,111	2,428	28.11%	3,081	2,405	28.11%
Net operating cash flow	11,903	(6,797)	-275.12%	12,933	(3,076)	-520.47%
Net operating cash flow per share	16.13	(9.21)	-275.12%	17.52	(4.17)	-520.47%
<b>Year End Financial Position</b>						
Loans and advances	217,380	191,685	13.41%	209,306	184,027	13.74%
Investment	29,888	26,106	14.49%	27,720	24,361	13.79%
Deposits	199,156	166,959	19.28%	199,629	167,348	19.29%
Shareholders' equity	23,375	21,876	6.85%	22,966	21,586	6.40%
Total assets	285,500	256,002	11.52%	282,451	253,068	11.61%
<b>Information Per Ordinary Share</b>						
Earnings per share (BDT)	4.22	3.29	28.11%	4.17	3.26	28.11%
Price earning ratio (times)	8.54	15.53	-45.01%	8.62	15.68	-45.01%
Net asset value per share (BDT)	31.67	29.64	6.85%	31.12	29.25	6.40%
Market price per share (BDT)	36.00	51.10	-29.55%	36.00	51.10	-29.55%
<b>Ratios(%)</b>						
Capital to RWA ratio (CRAR) (as per Basel III)	12.02%	13.82%	-13.00%	12.16%	14.09%	-13.65%
Non performing loans	2.30%	2.41%	-4.66%	2.35%	2.50%	-5.85%
Cost to income ratio	45.80%	45.15%	1.43%	45.63%	45.20%	0.95%

# Five-Year Financial Progression

BDT in million

Particulars	2018	2017	2016	2015	2014
<b>Balance Sheet Metrics</b>					
Authorised capital	12,000	12,000	12,000	12,000	12,000
Paid up capital	7,380	7,380	7,029	6,112	6,112
Shareholders' equity	22,966	21,586	20,572	20,496	20,087
Loans and advances	209,306	184,027	152,084	130,226	118,291
Deposits	199,629	167,348	140,284	127,990	116,792
Borrowing	46,732	50,998	39,061	30,543	26,021
Statutory liquidity ratio (SLR) (at close of the year)	13.79%	14.83%	14.81%	16.71%	22.23%
Cash reserve ratio (CRR) (at close of the year)	5.69%	7.33%	6.70%	6.42%	7.27%
Liabilities to shareholders' equity (times)	11.30	10.72	9.27	8.25	7.57
Investment	27,720	24,361	21,449	23,398	24,655

Particulars	2018	2017	2016	2015	2014
Fixed assets	6,637	5,923	5,940	5,943	7,087
Interest bearing assets	247,935	221,798	183,761	163,993	146,689
Total assets	282,451	253,068	211,185	189,563	172,124
<b>Income Statement Metrics</b>					
Net interest income (excluding investment income)	7,506	5,745	5,529	3,545	4,009
Non-interest income	5,633	6,656	5,952	6,351	5,980
Investment income	2,318	3,415	3,315	3,576	3,343
Non investment income (exchange, fees & charges)	3,315	3,241	2,636	2,774	2,637
Operating income	13,139	12,401	11,481	9,896	9,989
Operating expense	5,995	5,605	5,063	4,691	4,214
Operating profit (profit before provision and tax)	7,144	6,796	6,418	5,204	5,775
Provision for loans, investment and other assets	2,558	2,739	2,019	1,788	1,802
Profit before tax (PBT)	4,586	4,057	4,400	3,417	3,973
Profit after tax (PAT)	3,081	2,405	2,656	2,221	2,107
<b>Capital Metrics</b>					
Total risk weighted assets (RWA)	202,655	165,435	148,811	143,707	137,037
Common equity tier-1 capital	18,908	16,943	16,078	14,688	13,958
Tier-2 capital	5,740	6,358	6,394	5,776	4,163
Total regulatory capital (tier 1 and tier 2)	24,648	23,302	22,472	20,463	18,121
Capital to risk weighted assets ratio (CRAR)	12.16%	14.09%	15.10%	14.24%	13.22%
Common equity tier - 1 capital to RWA	9.33%	10.24%	10.80%	10.22%	10.19%
RWA to total assets	71.75%	65.37%	70.46%	75.81%	79.62%
<b>Credit Quality</b>					
Non performing /classified loans (NPLs)	4,926	4,600	4,096	4,263	5,157
Specific provision (cumulative)	4,118	4,379	3,475	2,821	2,409
General provision (cumulative)	3,290	2,960	2,546	2,160	1,916
NPL Ratio	2.35%	2.50%	2.69%	3.27%	4.36%
NPL coverage ratio (Specific provision + General Provision)/ Gross NPL	150.39%	159.52%	146.99%	116.84%	83.86%
<b>Trade Business Metrics</b>					
Export	128,235	98,493	91,834	84,302	77,452
Import (LC)	167,218	156,994	121,421	113,770	104,939
Guarantee	17,664	12,609	8,508	8,534	5,573
<b>Efficiency / Productivity Ratios</b>					
Return on average equity (ROE)	13.83%	11.41%	12.94%	10.95%	10.93%
Return on average assets (ROA)	1.15%	1.04%	1.33%	1.23%	1.28%
Cost to income ratio	45.63%	45.20%	44.10%	47.41%	42.18%
Weighted average interest rate of loan (year-end) (A)	10.44%	9.47%	9.98%	11.29%	12.43%
Weighted average interest rate of deposits (year-end) (B)	5.54%	5.06%	4.87%	6.12%	7.26%
Spread (C = A - B)	4.90%	4.41%	5.11%	5.17%	5.17%
Operating profit per employee	4.17	4.26	4.05	3.30	3.70
Operating profit per branch	84.05	80.90	78.27	65.06	75.99

Particulars	2018	2017	2016	2015	2014
<b>Share Based Metrics</b>					
Earnings per share (EPS) in BDT (not restated)	4.17	3.26	3.78	3.63	3.45
Operating profit per share in BDT (not restated)	9.68	9.21	9.13	8.52	9.45
Price earning ratio (times)	8.62	15.68	7.67	7.87	7.89
Market price per share (BDT) as on close of the year at DSE	36.00	51.10	29.00	28.60	27.20
NAV (book value) per share in BDT (not restated)	31.12	29.25	29.27	33.54	32.87
Dividend cover ratio: (EPS/DPS)	1.39	1.63	1.51	1.04	1.72
Dividend (%)	30	20	25	35	20
Cash (%)	20	20	20	20	20
Stock (%)	10	-	5	15	-
Market capitalization (at close of year)	26,568	37,712	20,383	17,480	16,624
Market price to NAV per share (times)	1.16	1.75	0.99	0.85	0.83
<b>Other Information (actual figure)</b>					
Number of branches	85	84	82	80	76
Number of permanent employees	1,715	1,594	1,584	1,577	1,559
Number of deposit accounts	569,552	532,208	426,685	367,487	380,156
Number of loan accounts	180,548	222,986	305,611	234,185	179,328
Number of foreign correspondents	592	522	727	713	697
Number of ATM	200	200	202	197	191
Number of priority centers	19	14	13	15	14

## Financial Goals and Performance (Bank)

Parameters	Goals 2019	Actual 2018	Actual 2017
Capital to risk weighted assets ratio (CRAR)	13% Plus	12.16%	14.09%
Return on average equity (ROE)	13% Plus	13.83%	11.41%
Return on average assets (ROA)	1.20% Plus	1.15%	1.04%
Cost to income ratio	Less than 45%	45.63%	45.20%
NPL (%)	Less than 2.3%	2.35%	2.50%
Year-end deposits (BDT million)	235,763	199,629	167,348
Year-end loans and advances (BDT million)	239,386	209,306	184,027

## Market Value Added (MVA) Statement

**As at 31 December**

Particulars	2018	2017
Face value per share (BDT)	10.00	10.00
Market value per share (BDT)	36.00	51.10
Number of shares outstanding	737,999,589	737,999,589
Total market capitalization (BDT million)	26,568	37,712
Book value of paid up capital (BDT million)	7,380	7,380
Market value added (BDT million)	19,188	30,332

## Stock Performance

### Market price information of EBL share

Month	DSE			CSE			BDT in million	
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	Total on DSE & CSE	Volume
Jan-18	51.50	43.00	6,197,861	53.00	43.10	1,913,685	8,111,546	
Feb-18	46.00	38.50	5,393,462	45.40	40.00	95,028	5,488,490	
Mar-18	44.00	36.10	2,349,915	44.00	36.00	30,588	2,380,503	
Apr-18	43.80	31.00	6,291,103	43.60	37.20	2,439,322	8,730,425	
May-18	38.50	33.10	9,601,520	37.50	33.50	1,119,577	10,721,097	
Jun-18	38.00	33.30	3,620,038	36.00	33.10	1,082,094	4,702,132	
Jul-18	34.00	30.50	5,793,549	34.00	29.70	44,192	5,837,741	
Aug-18	38.20	32.00	4,494,022	38.80	31.50	46,775	4,540,797	
Sep-18	37.10	33.20	1,612,765	37.50	29.70	3,190,464	4,803,229	
Oct-18	37.40	33.10	3,562,137	35.00	33.00	179,100	3,741,237	
Nov-18	35.70	30.70	2,254,332	35.20	33.50	58,950	2,313,282	
Dec-18	36.30	34.10	2,717,623	36.40	34.00	36,588	2,754,211	

### DSE Price-Volume Movement of EBL Share

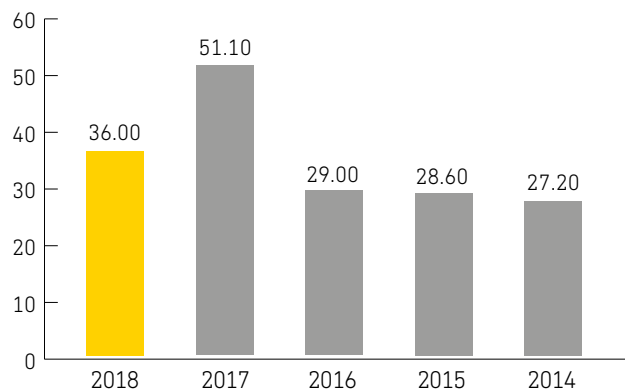


# Graphical Presentation

## Key Performance Indicators

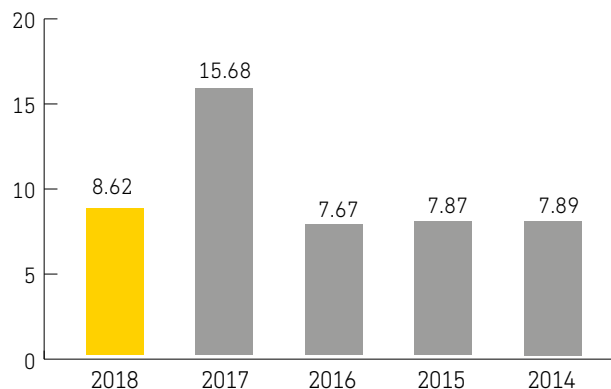
**Market price per share**

(BDT)



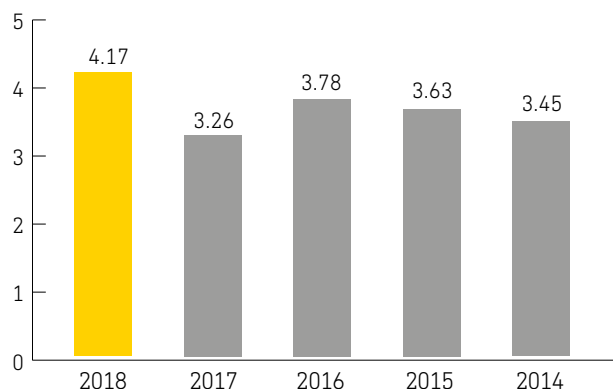
**Price earning ratio**

(TIMES)



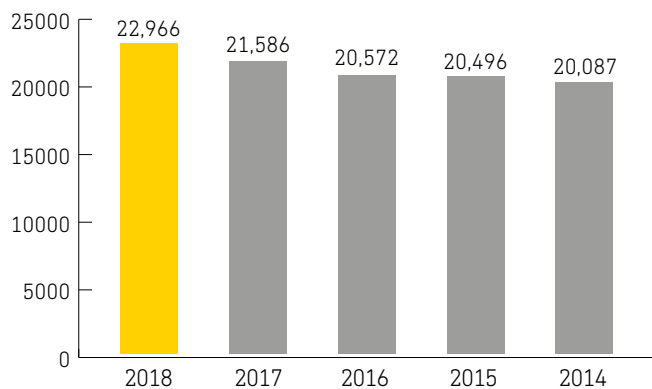
**Earnings per share (not restated)**

(BDT)



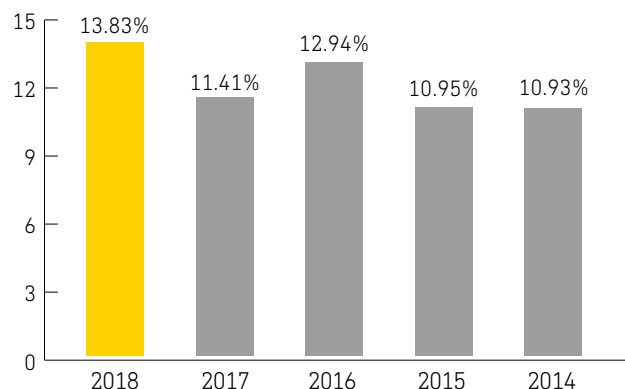
**Shareholders' equity**

(BDT million)



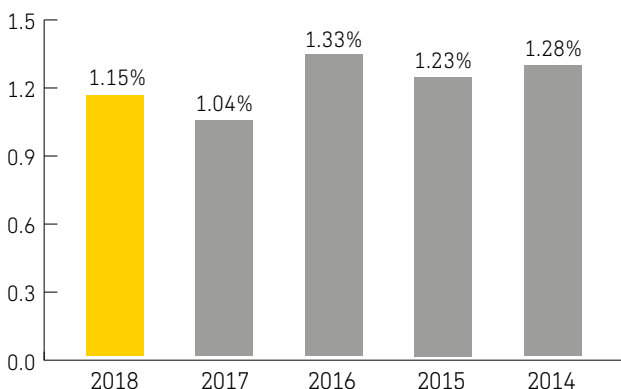
**Return on average equity**

(Percentage)



**Return on average assets**

(Percentage)

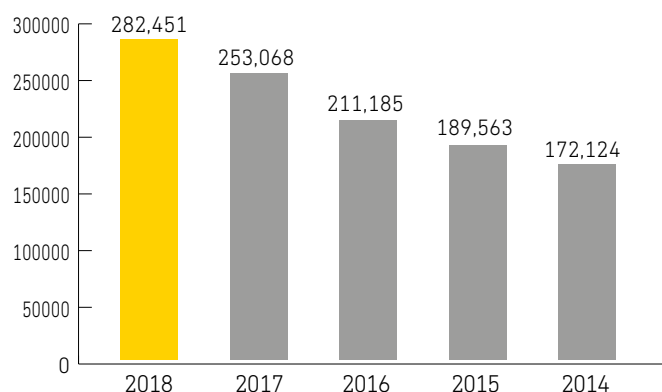


# Graphical Presentation

## Key Performance Indicators

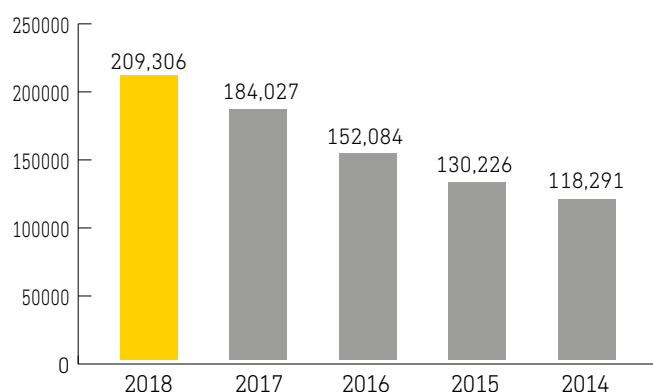
### Total assets

(BDT in million)



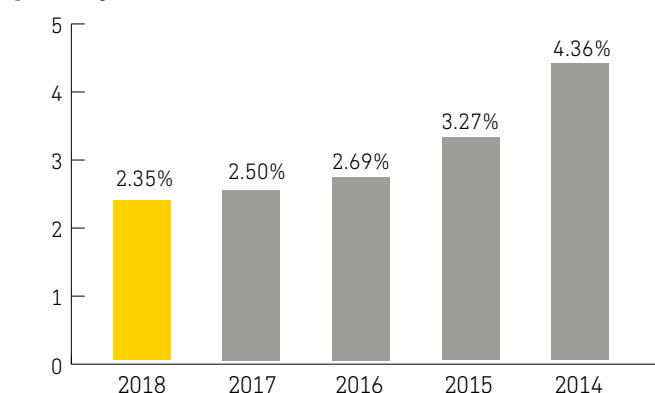
### Loans and advances

(BDT in million)



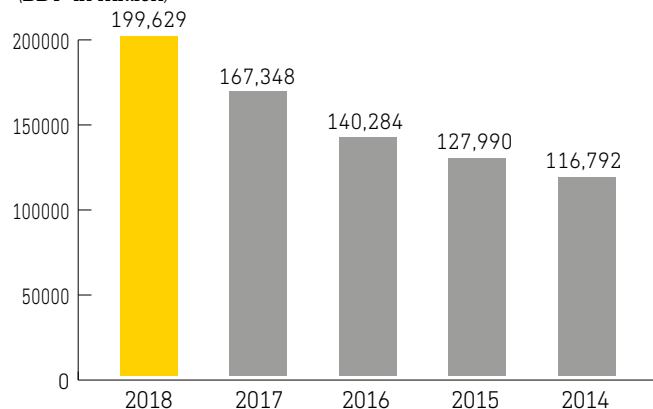
### Non Performing Loan

(percentage)



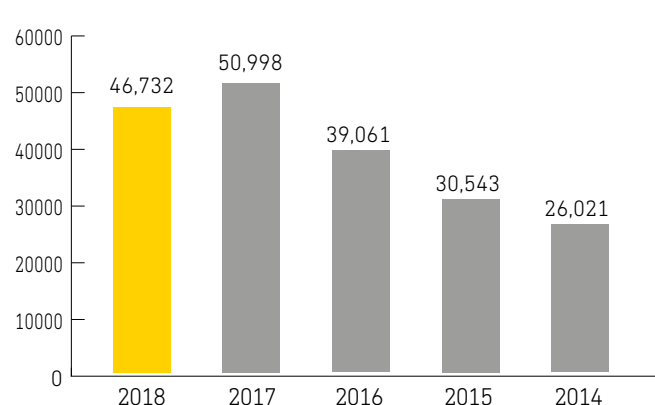
### Deposits

(BDT in million)



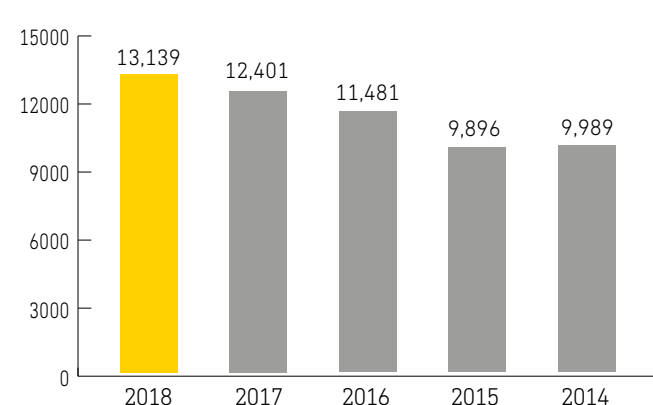
### Borrowing

(BDT in million)



### Operating income

(BDT in million)

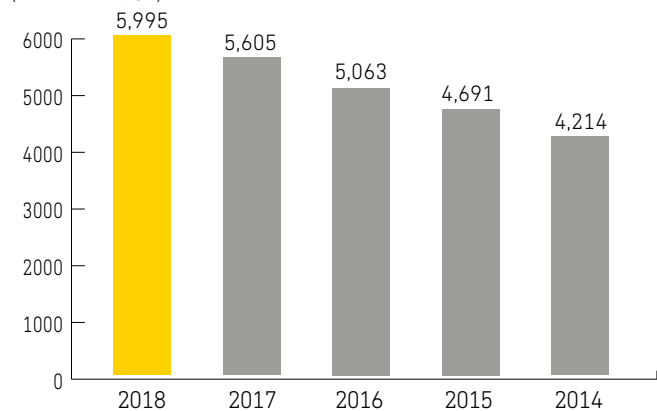


# Graphical Presentation

## Key Performance Indicators

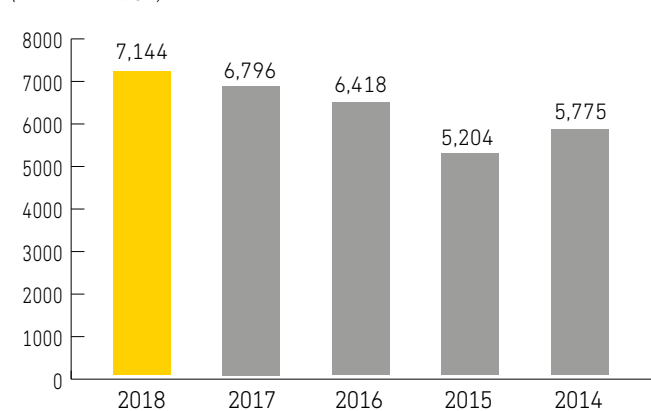
### Operating expense

(BDT in million)



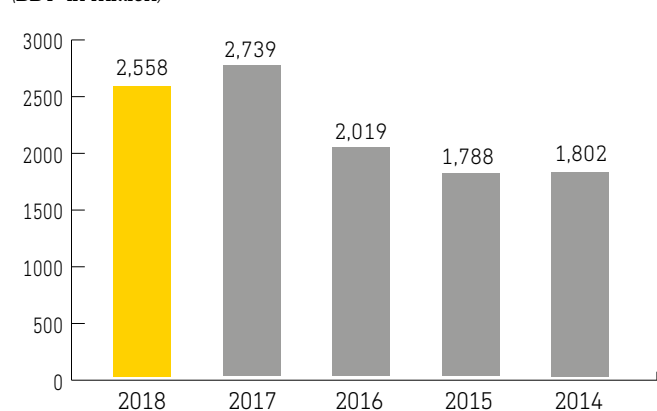
### Operating profit

(BDT in million)



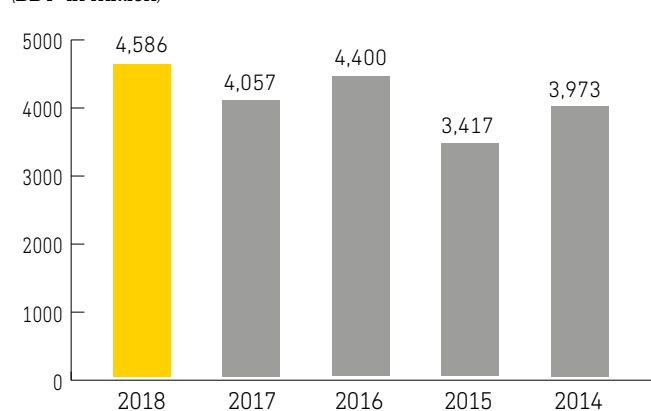
### Total provision charged

(BDT in million)



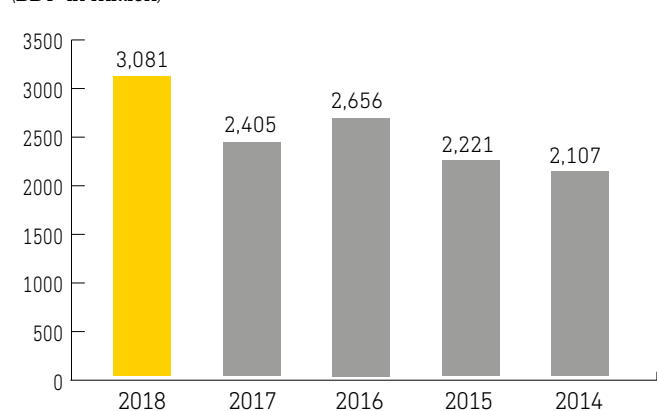
### Profit before tax

(BDT in million)



### Profit after Tax

(BDT in million)



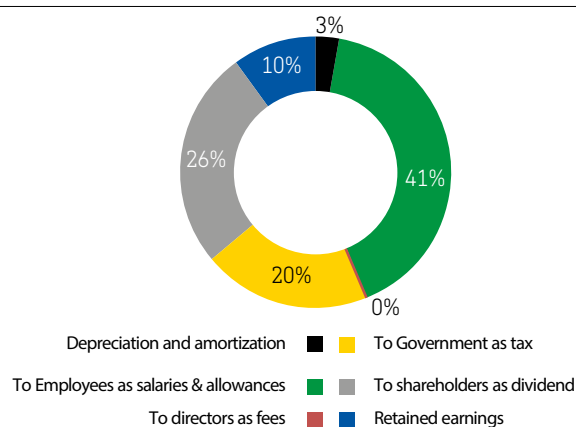
## Statement of wealth creation & its distribution

Value added is the wealth accretion made by Eastern Bank Limited through providing banking and other financial services in 2018 for its employees, directors, government and shareholders in the form of salaries & allowances, remuneration, duties & taxes, net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

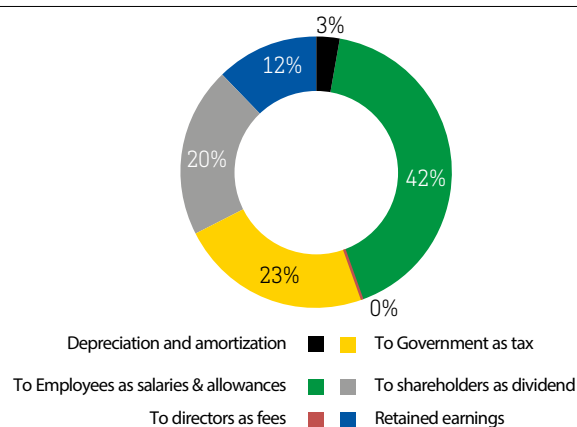
### Value added for the year ended 31 December

Particulars	Figures in BDT	
	2018	2017
<b>Wealth creation</b>		
Revenue from banking services	19,821,280,127	14,399,103,828
Less: Cost of services & supplies	(14,428,775,835)	(10,789,006,402)
	5,392,504,292	3,610,097,426
Non-banking income	5,633,009,341	6,655,947,827
Provision for loans & other assets	(2,558,057,206)	(2,738,984,634)
<b>Total wealth creation</b>	<b>8,467,456,427</b>	<b>7,527,060,619</b>
<b>Wealth distribution</b>		
<b>Employees &amp; Directors</b>		
Employees as salaries & allowances	3,466,200,108	3,119,165,228
Directors as fees	4,730,221	4,122,333
<b>Government</b>	<b>1,654,484,819</b>	<b>1,745,023,836</b>
Coporate tax	1,505,076,261	1,651,807,667
Service tax/ Value added tax	137,745,141	87,699,565
Municipalities/ local taxes	8,252,597	2,999,604
Excise duties	3,410,820	2,517,000
<b>Shareholders</b>		
Dividend to shareholders	2,213,998,767	1,475,999,178
<b>Retention for future business growth</b>		
Retained earnings	866,778,153	928,824,114
Depreciation and amortization	261,264,360	253,925,930
<b>Total wealth distribution</b>	<b>8,467,456,427</b>	<b>7,527,060,619</b>

Wealth distribution (%): 2018



Wealth distribution (%): 2017



# Credit Rating

## International (by Moody's)

As per Moody's Report 'EBL's long-term foreign currency deposit rating of B1 and long-term local currency deposit rating of Ba3 reflect the Bank's Baseline Credit Assessment (BCA) of b1 and our assumption of a moderate level of systemic support from the Government of Bangladesh (Ba3 stable). The support assumption is based on the Bank's relatively low market share, balanced against the government's track record of supporting the banking system.

EBL's BCA reflects the bank's (1) track record of strong asset quality, reflecting its prudent lending standards (2) moderate capitalization as a result of an aggressive growth strategy (3) modest profitability because of its concentration in low-yield corporate loans (4) relatively tight funding and liquidity, with refinancing risks mitigated because of the less-confidence sensitive funding from the local central bank - Bangladesh Bank, and multilateral institutions.'

## Local (by CRISL)

Date of Rating : 28 June 2018	Valid up to: 27 June 2019	
	Long Term	Short Term
Surveillance Rating	AA+	ST-2
Outlook	Stable	

As per CRISL Report 'CRISL has reaffirmed the long term rating "AA+" and the short-term rating "ST-2" to EBL. The above ratings have been arrived at after an in-depth analysis of the operational and financial performance of the Bank along with all its relevant quantitative and qualitative information.

During the year, the Bank's financial performance, capital adequacy, non-funded business, operational network were sound reflecting strong position of the Bank. However, although the Bank is operating with comfortable adequacy at present, it needs to take care of increasing requirement of capital adequacy maintenance under Basel-III regime. At the same time, appropriate attention and regular monitoring is also needed to keep the asset quality under control which may have positive impact on keeping desired profitability.

Banks rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a banking entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. Short-term rating indicates high certainty of timely repayment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

CRISL also viewed the Bank with "Stable Outlook" and believes that Bank will be able to maintain its good fundamentals in the future.'

## Financial Calendar

### Quarterly results

Particulars	Submission date to BSEC
Un-audited consolidated results for the 1st Quarter ended 31 March 2018	10 May 2018
Un-audited consolidated results for the 2nd Quarter ended 30 June 2018	26 July 2018
Un-audited consolidated results for the 3rd Quarter ended 30 September 2018	28 October 2018

### Dividend

26th Annual General Meeting	Notice Date	26 April 2018
Declared 20% Cash Dividend for the year ended 31 December 2017	Record Date	20 May 2018
26th Annual General Meeting	Held On	5 June 2018
Disbursement of Cash Dividend	Date of Disbursement	12 June 2018

### Taxation on dividend income

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

- If the shareholder is a company, either resident or non-resident Bangladeshi, 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% where the person receiving such dividend furnishes his 12 digit e-TIN to the payer or 15% the person receiving such dividend fails to furnish his 12 digit e-TIN to the payer.
- If the shareholder is a non-resident (other than Bangladeshi) person, other than company, at the rate of 30%.

### 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 securities 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 (number)	1	1
Face value (taka)	10	10
Total number of securities (numbers)	737,999,589	737,999,589

### Information sensitive to share price

Particulars	Date of disclosure
Corporate disclosure upon approval of financial statements 2017, recommendation of dividend, record date for dividend entitlement of the 26th AGM (05.06.2018).	24 April 2018
Corporate disclosure of first quarter (Jan to Mar 2018) financial information (un-audited).	9 May 2018
Corporate Disclosure for approval of US\$ 25.00 million required as regulatory capital and allocation of additional US\$10.00 million on need basis for establishing full-fledged branches in India subject to clearance from respective regulatory authorities.	12 July 2018
Corporate disclosure for second quarterly financial information (Un-Audited) of EBL ended on 30 June 2018.	25 July 2018

Particulars	Date of disclosure
Corporate disclosure for issuance of 2 <sup>nd</sup> Sub-ordinated Bond of EBL' up to BDT 500.00 Crore for 7 Years to enhance capital base of the Bank subject to compliance of regulatory authorities.	12 August 2018
Corporate disclosure of third quarter financial information (Un-audited) of EBL ended on 30 September 2018.	27 October 2018
Disclosure for appointment of a professionally qualified valuation firm to determine the current market value of all the plots of land owned by EBL	28 November 2018
Corporate disclosure: Consent from Bangladesh Securities & Exchange Commission for issuance of '2nd Sub-ordinated Bond of EBL' for raising 'Tier-II Capital' amounting to BDT 500.00 (Five hundred) crore.	12 December 2018
Corporate disclosure of results of revaluation of all the plots of land of EBL.	24 December 2018

### Accessibility of annual report 2018

Annual Report 2018 and other information about EBL is available on EBL's website [www.ebl.com.bd](http://www.ebl.com.bd). EBL provides copies of Annual Reports to the Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange and Chittagong Stock Exchange for their reference.

### Officials at investors' relation department

Shareholders of EBL may contact/communicate to the Head of Share Department for share related issues. The address of the Investors' Relation Department is as follows:

**Mr. Md. Joynal Abedin**

Share Department

Eastern Bank Limited (EBL)

Uday Tower (Level-1)

57-57A Gulshan Avenue

Gulshan, Dhaka-1212.

Fax: 880-2-9892353

E-mail: [joynal.abedin@ebl-bd.com](mailto:joynal.abedin@ebl-bd.com)

Telephone: 9892260 (Direct)

PABX NO : 8834328 Ext-208

## Glimpses from the 26th AGM



Directors and MD and CEO of EBL are seen on the dais at the 26th AGM



Safiar Rahman, DMD and Company Secretary gives his welcome speech at the 26th AGM



A moment during the 26th AGM of EBL



EBL officials at the 26th AGM



Registration for the AGM in progress



Shareholders offering munajat in memory of the deceased shareholders during the 26th AGM of EBL



Shareholders responding to the 26th AGM proceedings



# PROMISE DELIVERED

For the past 26 years Eastern Bank Limited has been the bank of choice for discerning customers for the delivery of its promise for service excellence and product innovation.

Internationally recognised Superbrands Award has once again recognized Eastern Bank Limited as one of the most valuable and trusted financial brands in Bangladesh.





LIFT  
Branch Office L-3  
Branch L-2

<

LIFT  
Priority Banking L-3  
Branch L-2

>



## Governance Reports

Corporate governance report is the cornerstone of everything that we do. Our corporate governance report is a reflection of our strong adherence to good corporate governance practices and our full compliance of the rules and regulations of various regulatory bodies including central bank and Bangladesh Securities and Exchange Commission.

## Directors' Responsibility Statement

Among other oversight responsibilities, Board of Directors (BoD) has to ensure that the Financial Statements of the Bank and its subsidiaries are prepared in accordance with applicable International Financial Reporting Standards (including International Accounting Standards), relevant provisions of the Companies Act 1994, Bank Company Act 1991, rules and regulations of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), listing rules of relevant stock exchanges 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 2018' that contains, among others, a review of the following issues:

- **State of the Bank's affairs:** A review of financial performance and position has been presented in the Directors' Report 2018 and Management Discussion and Analysis (MD&A) section with relevant analytics.
- **Any recommended reserve in the balance sheet:** As the 'Statutory Reserve' has already equated with paid up capital of the Bank, no amount was required to transfer to 'Statutory Reserve' as per Section 24 of Bank Company Act 1991.
- **Recommended dividend:** The Board has recommended 20% cash dividend and 10% stock dividend for the completed year 2018.
- **Any event after balance sheet date which may affect company's financial condition:** None.
- **Any change in Bank's activities, subsidiaries' activities etc.:** No major change in strategy and actions in the Bank and Subsidiaries experienced in 2018.

In compliance with BSEC Corporate Governance Code dated 03 June 2018 the Directors of the Bank hereby highlights following issues, among others, in their report as prescribed:

- **Industry outlook and possible future developments in the industry:** A brief review in this regard has been presented in the Directors' Report 2018.
- **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 Report.
- **Discussion on Operating Performance:** A brief description has been presented in "Eastern Bank: Financial Performance Highlights" part of the Directors' Report 2018.
- **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 to support 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 2018.
- **Utilization of proceeds from public issues, rights issues and/or through any other instruments:** Since taking over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited, Eastern Bank did not raise any capital through public issues except a Right Issue in 2009. However, the Bank raised BDT 2,500 million through issuance of 7-year non-convertible subordinated bonds in the first quarter 2015. The proceeds were utilized to generate liquidity and provide additional capital cushion in light of Capital to Risk Weighted Asset Ratio of the Bank.
- **Deterioration of financial results after the company goes for IPO, RPO, 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:** No major variances have been occurred between quarterly and annual performance.
- **Remuneration to directors including independent directors:** Remuneration provided to directors has been presented in the Corporate Governance Report and Note 33 and Note 34 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:** The financial statements prepared by the management as at and for the year ended 31 December 2018 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. A. Qasem & Co., Chartered Accountants also provided their opinion on the same by issuing an unqualified audit report.
- **Maintenance of proper books of account:** Proper books of account as required by law have been kept by EBL. The external auditors i.e. A. Qasem & 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.
- **Consistent application of appropriate accounting policies and estimates in preparation of financial statements:** Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank

and the accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on an ongoing basis and any revision to these are recognized in the period in which the estimate is revised and in any future period affected.


- **Following International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS), 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 2.1 to the Financial Statements 2018.
- **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 'Internal control system' paragraph under Directors' Report 2018.
- **Protection of interest of minority shareholders and effective means of redress:** The Bank is operated in accordance with the Articles of Association and all applicable laws and regulations of the land to ensure the greater interest of all kinds shareholders of the Bank. The Bank is committed to sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders. However, any complaint, received at AGM or throughout the year, from any shareholders, is resolved lawfully in time.
- **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:** Significant deviations of operating results in 2018 have been adequately discussed in the Directors' Report 2018 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 and 10% stock dividend for the year 2018.
- **Declaration of bonus share or stock dividend as interim dividend:** No bonus share or stock dividend was declared as interim dividend in 2018.
- **No. of Board meetings and directors' attendance in 2018:** Please see 'Board meeting and attendance' section under Corporate Governance Report.

- **The pattern of shareholdings:** Please see Corporate Governance Report and note 14.1 of the Notes to the Financial Statements 2018.
- **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 'Board of Directors' section of this report and Annexure C of the Financial Statements 2018.
- **Management's discussion and analysis signed by CEO/ MD:** Please see 'Managing Director & CEO's Review' and 'Management Discussion and Analysis' section of this annual report.
- **Certification by the CEO and CFO:** The certification of MD & CEO and Head of Finance (HoF) has been presented at the beginning of Financial Reports section of this annual report.
- **Certificate on compliance of corporate governance code:** The certificate issued by Ayub & Mahmood, Chartered Accountants, has been presented at the end Corporate Governance Report.

To adhere to good corporate governance practices, the Bank has been complying with the corporate governance code issued by BSEC (Notification No. BSEC/CMRRCD/2006 -158/207/Admin/80 dated 03 June 2018). EBL's compliance status to the said prescribed practices is presented in Corporate Governance Report.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2018 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



**Md. Showkat Ali Chowdhury**  
Chairman

# Report of the Audit Committee

## Audit Committee of the Board

An Audit Committee (AC) of the Board was formed and its roles and responsibilities were defined in line with the Corporate Governance Circulars of Bangladesh Bank (BB) and the Notifications of Bangladesh Securities and Exchange Commission (BSEC). Main objectives of AC are:

- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board.
- To review the financial reporting process and the system and effectiveness of internal control process.
- To assess effectiveness of overall processes and procedures for monitoring compliance with laws and regulations and own code of business conduct and to check compliance status of inspection report of Bangladesh Bank.

## Composition and Qualifications

The AC was last re-constituted on 05 June 2018 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, B.Sc. in Economics & Finance	10/10
02.	A.M. Shaukat Ali	Director	Member	B. Sc (Engg.), Civil	08/10
03.	Mufakkarul Islam Khasru	Director	Member	MBA (IBA)	08/10
04.	Gazi Md. Shakhawat Hossain	Director	Member	M.com (Accounting)	09/10
05.	Ormaan Rafay Nizam	Independent Director	Member	Commerce Graduate	08/10

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 have been defined in line with the relevant provisions of Corporate Governance Guidelines/Notification issued by BB and BSEC, two paramount regulators for the Bank, and other best practices of governance. Some important roles and responsibilities are highlighted below:

### Internal Control

- Evaluate whether management is adhering to appropriate risk management, compliance and governance practices and have clear understanding of their respective roles and responsibilities.
- Review whether arrangements made by the management for developing and maintaining a suitable Management Information System (MIS) are adequate.
- Monitor whether suitable suggestions made by internal and external auditors to improve internal control practices have been duly implemented by the management.
- Review the existing risk management policy and procedures to improve health and efficiency of loan portfolio.
- 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, before submission to the Board for approval, periodic financial statements to determine whether they are complete and consistent with applicable accounting and reporting standards

set by respective governing bodies and regulatory authorities.

- Consult with management and external/statutory auditors to review annual financial statements or any other ad-hoc financial reports before their finalization.

### Internal Audit

- Monitor/evaluate whether internal audit functions are truly independent.
- Review the activities, structure and style of conduct of internal audit functions to ensure that no unjustified restrictions or limitations are imposed.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of internal audit function.
- Review and ensure that appropriate recommendations made by internal auditors to remove irregularities, if any, are duly acted upon by concerned personnel in running the affairs of the Bank.
- Meet the Head of ICC (Internal Control & Compliance) 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 internal audits carried out. Both of them shall be given the right of direct access to the Chairman of the Audit Committee.

### External Audit

- Make recommendations to the Board, to be put to shareholders for approval in the AGM, in relation to 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.
  - 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 removal of irregularities, if any, detected are duly acted upon by the management.

### Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, Securities Regulators and other bodies) and internal circular/instructions/policy/regulations approved by the Board and management have been duly 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 10 (Ten) meetings in 2018 and had detailed discussions and review sessions with the Head of Audit, Head of Internal Control & Compliance, External Auditors regarding their findings and remedial suggestions on various issues 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	102 Audit Committee Meeting	22 January 2018
02	103 Audit Committee Meeting	28 March 2018
03	104 Audit Committee Meeting	24 April 2018
04	105 Audit Committee Meeting	9 May 2018
05	106 Audit Committee Meeting	27 June 2018
06	107 Audit Committee Meeting	25 July 2018
07	108 Audit Committee Meeting	19 September 2018

SL No.	Meetings	Date of Meeting
08	109 Audit Committee Meeting	27 October 2018
09	110 Audit Committee Meeting	28 November 2018
10	111 Audit Committee Meeting	24 December 2018

### Major areas dealt with by Audit Committee in 2018

- Reviewed quarterly financial statements of the Bank for the year 2018 as well as annual financial statements of the Bank for the year 2017 before submission to the Board for approval.
- Reviewed Management Report on the Bank for the year ended 31 December 2017 submitted by the External Auditors, Rahman Rahman Huq, Chartered Accountants, and its subsequent compliance by management thereof.
- Reviewed the Comprehensive Inspection Report (based on year-end 2017 position) on overall Bank and other reports on various branches and departments issued by Bangladesh Bank and its subsequent compliance by the management thereof.
- Reviewed the Corporate Governance Compliance Report for the year ended 31 December 2017 as submitted by Ayub & Mahmood, Chartered Accountants.
- Reviewed compliance status of core risks of EBL and risk-based audit of branches, departments, and subsidiaries of EBL.
- Reviewed the Internal Audit Rating on Anti-Money Laundering for the year 2017 and 2018.
- Reviewed and approved the 'Annual Audit Plan 2019' and 'Risk Based Audit Plan 2019'.
- Reviewed the process of strengthening the internal control systems and procedures of the Bank.
- Reviewed the Notification of BSEC on Corporate Governance Code-2018.
- Discussed and reviewed the Notification of BSEC dated 20 June 2018 on 'Financial Reporting and Disclosure' in order to enhance disclosure and transparency in the interest of investors and the capital market.
- Reviewed the Agent Banking Operations Policy of EBL.
- Reviewed quarterly budget variances with actual performances in 2018.
- Made thorough and item-wise review of Budget of the Bank for 2019 for onward submission to the Board for approval.

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 (RMC) of the Board

In compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors (BoD) formed a three-member Risk Management Committee (RMC) of the BoD on 07 November 2013 which was reconstituted in 625-Board Meeting held on 5 June 2018. The objective of the committee is to ensure governance of risk, overseeing, directing and setting policies and reduce probable risks arising during implementation of Board approved policies, procedures and strategies.

### Composition and Qualifications

All 4 (four) members of RMC are Non-Executive Directors. The qualification of members, their status in RMC and attendance in the meetings are noted below:

SL No.	Name	Status with the Bank	Status with the Committee	Educational Qualification	Meeting Attendance
1	Anis Ahmed	Director	Chairman	B.Sc. (Finance), MBA	4/4*
2	Mir Nasir Hossain	Director	Member	M.Com (Accounting)	4/6
3	Meah Mohammed Abdur Rahim	Independent Director	Member	Bachelor of Commerce/ A.I.C.S., B.Sc. in Economics & Finance	4/6
4	Gazi Md. Shakhawat Hossain	Director	Member	M.Com (Accounting)	6/6

\* Mr Anis Ahmed joined in RMC as Chairman from 22 July 2018.

The Company Secretary acts as the Secretary of RMC of the BoD.

### Roles and Responsibilities of RMC

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

- It is the responsibility of RMC to identify and assess risks of the Bank and guide management to formulate strategies for minimizing/controlling risks. The committee (RMC) reviews the risk management policy of the Bank and modifies the same as per requirement from time to time.
- In order to mitigate risks, RMC ensures that a suitable risk governance structure is in place. Separate management committees have been formed and monitored by RMC to ensure compliance with risk management guidelines related to credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk and information and communication technology risk.
- RMC has to review the risk management policy and guidelines of the Bank at least once a year, make necessary modifications as per requirement and submit the same to the BoD for approval. Besides, the committee reviews the approval limits of loan and others and takes necessary initiatives to modify the same as per requirement.
- The committee monitors implementation status of risk management policy of the Bank and examines whether

remedial measures have been taken to minimize credit risk, market risk and operation risk of the Bank.

- The committee reviews various decisions and recommendations made by different risk committees of management for onward submission to BoD on regular basis.
- The committee complies with different directives/guidelines as issued by Regulators from time to time.

### Meetings of the RMC

Bangladesh Bank advised RMC to hold at least 4 meetings in a year. In line with the same, RMC held 6 (Six) meetings during 2018 and had detailed discussions and review sessions with the management regarding their findings, observations and recommendations on various issues of interest and concern. Meeting dates were as follows:

SL	Meetings	Date of Meeting
01.	RMC Meeting 01	28 March 2018
02.	RMC Meeting 02	23 May 2018
03.	RMC Meeting 03	22 July 2018
04.	RMC Meeting 04	18 October 2018
05.	RMC Meeting 05	18 November 2018
06.	RMC Meeting 06	24 December 2018

## Major areas focused by RMC in 2018

Major issues and areas of interest dealt with by RMC during 2018 are noted below:

- Reviewed and approved revised Enterprise Risk Management (ERM) Guideline in line with DOS Circular No. 04: Risk Management Guidelines for banks dated 8 October 2018.
- Reviewed monthly Risk Management Reports, half yearly Comprehensive Risk Management Report (CRMR) and recommendations of ERM (Executive Risk Management Committee) made during December 2017 to November 2018 and with certain directions endorsed the same for onward submission to Bangladesh Bank.
- Reviewed Stress Test Reports from quarter ending December 2017 to quarter ending September 2018 and endorsed the same for onward submission to BB. Also reviewed Bangladesh Bank's report on EBL's Comprehensive Risk Management Ratings and Stress Test Report.
- Reviewed and approved ICAAP (Internal Capital Adequacy Assessment Process) and SRP (Supervisory Review Process) return of the Bank for the year 2017 for onward submission to BB.
- Reviewed Bangladesh Bank's recommendations as put forward in SRP-SREP dialogue on ICAAP Return for the year 2016 and advised Management for proper implementation/compliance of the same.
- Reviewed risk performance against approved Risk Matrix (Key Risk Indicators) for the year ending December 2017, half year ending June 2018 and month ending from July till November 2018.

- Monitored outstanding balances regularly in relation to classified, special mentions, written-off and compromised settlement accounts and recovery status therefrom.
- Reviewed and approved Bank's risk appetite/internal limits on major risk areas.
- Reviewed and approved Bank's Risk Matrix for the year 2018 and 2019 with appropriate Management Action Triggers (MAT).
- Monitored closely the implementation status of new capital accord 'BASEL III' by the Bank which is under phase-wise implementation by 2019 as per guidance of BB.
- Advised management to raise capital base by issuing Subordinated Debt.
- Reviewed Top 50 credit exposure (Group) of EBL and advised management to closely monitor the account performance and to pay special attention to the vulnerable accounts.
- Reviewed key ALM ratios exceeding Board prescribed limit during 2018 and endorsed for obtaining approval from Board.

The Minutes of RMC Meetings containing various suggestions and recommendations to the management were placed to the BoD subsequently for ratification.

On behalf of RMC,



**Anis Ahmed**

Chairman of the Risk Management Committee (RMC)

# Corporate Governance Report

## Corporate governance

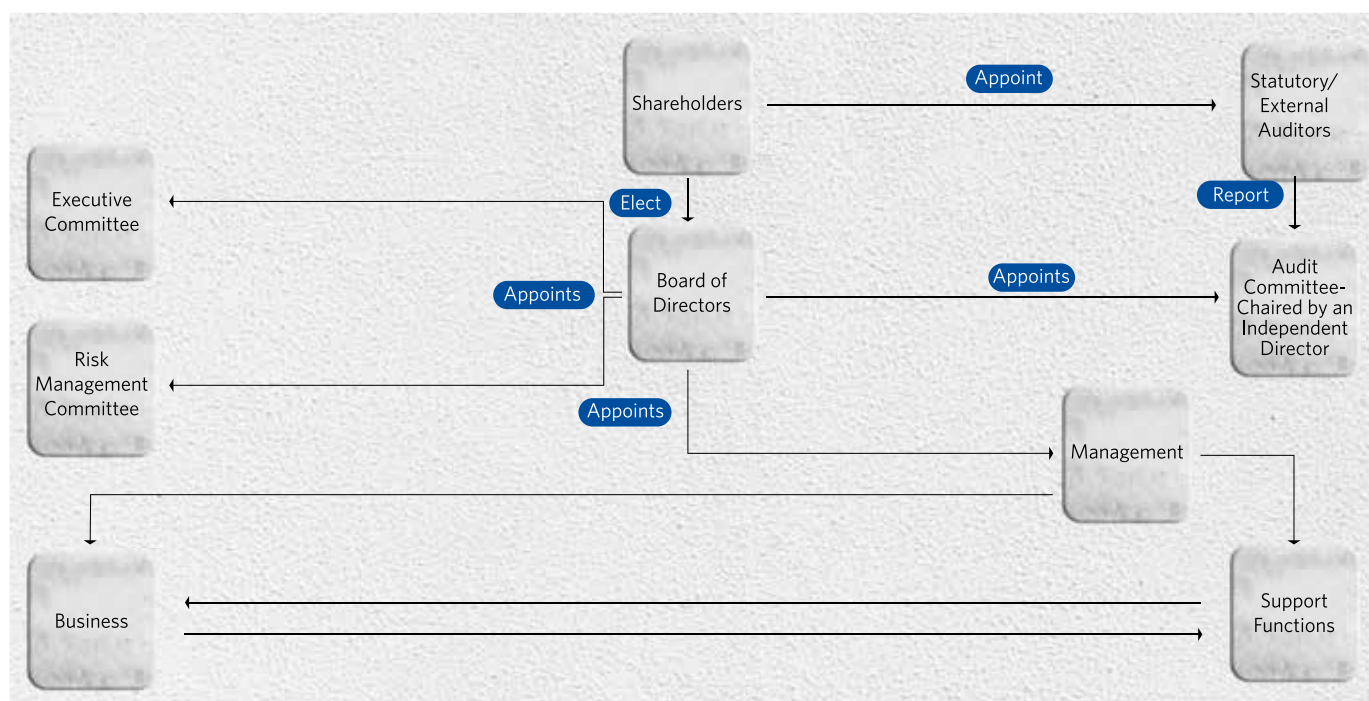
Weak governance has been blamed as one of the important catalysts behind recent financial crisis marked by shocking failures of many renowned financial institutions across globe. On the contrary, good governance waters sustainable growth by way of maintaining an equitable balance while meeting varied expectations from diverse stakeholders. The primary objective of corporate governance, therefore, is to safeguard stakeholders' interest on a sustainable basis. Good governance is manifested through adherence to ethical business norms, a firm commitment to values and compliance with applicable laws and regulations, while enhancing shareholders value.

## Governance structure of the Bank

Board of Directors occupies the center stage of overall governance practice of an organization and is responsible for establishing

an appropriate governance structure in the company while the shareholders' role is to appoint the suitable directors and the auditors.

The Board of Directors plays a pivotal role in shaping governance structure and practices through their choice of strategy and leadership to drive the Bank to growth path. Design and implementation of governance mechanism including selection and appointment of members of sub-committees of Board and senior management rests primarily on the Board. The onus of setting strategic pursuits 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 the Bank 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 governance practices

Principles of good governance are embedded in the core values of EBL, a Bank that strongly believes in inclusive and sustainable growth. As a locally incorporated bank, two key regulators-Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities and Exchange Commission (BSEC) played a major role in shaping governance structure and practices of the Bank.

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and best practices of local and global banks. As a responsible corporate citizen, the Bank is committed to

sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders.

The corporate governance philosophy of the Bank is based on the following principles:

- Creating value for all stakeholders without compromising ethical principles.
- Ensuring fairness and equitable treatment of all stakeholders, including employees and shareholders.
- Compliance with all applicable laws, rules and regulations, not only in letter but also in their spirit.

- Ensuring transparency and accountability, and maintaining a high degree of disclosure levels with the motto 'when in doubt, disclose'.
- Embracing a trusteeship model in which management is the trustee of the shareholders' wealth and not the owner.
- Establishing a sound system of risk management and internal controls with adequate safeguards and early warning systems.

### Structure of the Board

According to Clauses 94 of the Articles of Association of EBL, 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.

### Policy on appointment of Directors

Directors are appointed following relevant provision/clause of Companies Act 1994, Bank Company Act 1991, Corporate Governance Guidelines of BSEC and Bangladesh Bank, and Articles of Association of the Bank.

The BoD consists 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 26th Annual General Meeting (AGM) held on 05 June 2018.

SL. No.	Name of Director	Mode of Change
1.	A. M. Shaukat Ali	Re-elected
2.	Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Re-elected
3.	Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Re-elected

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 27th AGM. All the retiring Directors are eligible for re-election in the ensuing 27th AGM.

### 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 Board to infuse diverse knowledge and core competencies relevant to banking business. In compliance with relevant Corporate Governance Guidelines, the BoD has appointed 02 (two) independent

directors, subsequently approved by shareholders. 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 10 years of corporate management/ professional experiences to the BoD.

### Board meeting and attendance

The Board of Directors holds meetings on a regular basis: usually twice in a month but emergency meetings are called as and 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 2018, a total 23 Board Meetings were held; the attendance records are as follows:

SL.	Name	Position	No. of Meetings attended
1.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Chairman	21/23
2.	M. Ghaziul Haque	Director	21/23
3.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	21/23
4.	A. M. Shaukat Ali	Director	17/23
5.	Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	17/23
6.	Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	10/23
7.	Meah Mohammed Abdur Rahim	Independent Director	17/23
8.	Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	21/23
9.	Ormaan Rafay Nizam	Independent Director	17/23
10.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Director	18/23
11.	Ali Reza Iftekhar	Managing Director & CEO	23/23

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

### Attendance of HoF, Head of ICC and CS in Board Meeting

The Head of Finance (HoF), Head of Internal Control & Compliance (ICC) and the Company Secretary (CS) of the Bank attend the meetings of the Board of Directors, provided that the Head of Finance, Head of Internal Audit & Compliance 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 2018 the Directors of EBL held 31.56% of total shares whereas Financial Institutions and General Public held 10.34% and 58.10% respectively:

Sl.	Composition	31-12-2018		31-12-2017	
		No of Shares Held	% of total shares	No of Shares Held	% of total shares
1	Directors	232,911,064	31.56%	232,911,064	31.56%
2	General Public	428,773,387	58.10%	428,156,163	58.03%
3	Financial Institutions	76,315,138	10.34%	76,932,362	10.41%
<b>Total</b>		<b>737,999,589</b>	<b>100.00%</b>	<b>737,999,589</b>	<b>100.00%</b>

### Directors' shareholding status

In compliance with SEC (changed to BSEC later) Notifications dated 22 November 2011 and dated 07 December 2011, all the eligible directors (other than independent directors) of EBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%).

Shareholding structure of directors is as follows:

Sl.	Name	Position	31-12-2018	
			No of Shares Held	% of total shares
1.	Namreen Enterprise Ltd. (Represented by Md. Showkat Ali Chowdhury)	Chairman	73,546,748	9.97%
2.	M. Ghaziul Haque	Director	23,697,909	3.21%
3.	Mir Holdings Ltd. (Represented by Mir Nasir Hossain)	Director	36,800,054	4.99%
4.	A. M. Shaukat Ali	Director	15,116,077	2.05%
5.	Borak Real Estate (Pvt.) Ltd. (Represented by Salina Ali)	Director	35,398,978	4.79%
6.	Aquamarine Distributions Ltd. (Represented by Anis Ahmed)	Director	15,053,655	2.04%
7.	Meah Mohammed Abdur Rahim	Independent Director	-	-
8.	Namreen Enterprise Ltd. (Represented by Mufakkharul Islam Khasru)	Director	Mentioned in Sl. No. 1	-
9.	Ormaan Rafay Nizam	Independent Director	-	-
10.	Purnima Construction (Pvt.) Ltd. (Represented by Gazi Md. Shakhawat Hossain)	Director	33,297,643	4.51%
11.	Ali Reza Iftekhar	Managing Director & CEO	-	-
<b>Total</b>			<b>232,911,064</b>	<b>31.56%</b>

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

Please refer to Note 14.1 to the Financial Statements of 2018

### 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 Corporate Governance (CG) Code dated 03 June 2018, we report that the Chairman of the Board has been elected from among the non-executive Directors and there are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer.

The Chairman of the Board approves the agenda of 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, 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 interest 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 Code issued by BSEC on 03 June 2018 has been taken into consideration.

#### **The overall responsibilities of the Chairman are 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,
  - quality of 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 that 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 defines and approves 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 Code issued by BSEC on 03 June 2018 has been taken into consideration.

- In terms of 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 business targets by means of business plan, efficient implementation 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 'people management manual'.
- The authority relating to transfer and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him. Besides, under the purview of the 'people management manual' 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 get actively involved in setting strategic direction but 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 and evaluate financial position and performance of the Bank, its adequacy and effectiveness of internal control system and overall governance mechanism. 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 each year and monitors the variance quarterly 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 performance of the Board members are regularly assessed.

### **Annual evaluation of MD & CEO by the Board**

The Board of Directors of EBL clearly defines and approves 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 featuring financial position and performance and:

- Compliance status of various assignments given by the Board to CEO and his team from time to time.
- Variance analysis of Budget vs. 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 to Risk Weighted Asset Adequacy Ratio, Credit to Deposit Ratio etc. are the common ones.

### **Training of Directors**

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. Sometimes special discussion sessions are arranged with the experts on 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 obtained post-graduation major in Accounting from the University of Dhaka having requisite 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.

### **Compliance with corporate governance guidelines**

The status of compliance of Corporate Governance Code issued by BSEC have been presented in page no. 84-94. Ayub & Mahmood, Chartered Accountants, duly certified the compliance status of corporate governance code and issued a report which is presented in page no. 95.

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

### **Board Committees and their Responsibilities**

To ensure good governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No. 11 dated 27 October 2013) allowing banks to form maximum three committees or sub-committees of the Board.

To ensure proper accountability and transparency, EBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee 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. 16-17.

### **Executive Committee (EC)**

- **Appointment and composition:** In Compliance with Section 15B (2) of Bank Company Act 1991 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 2018

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. 16.

- **Meeting and responsibilities of EC:** The EC of a larger sized BoD usually acts as a proxy for full BoD; attends a meeting with short notice and takes 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 2018. Hence, no EC meeting was held in 2018.

### Audit Committee (AC)

The Audit Committee of the Board 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 Code dated 03 June 2018, 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. 16.
- **Chairman of the AC:** 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 Code issued by BSEC on 03 June 2018, 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 report.

- **Internal Control & Compliance Division's Access to AC:** Heads of Internal Control & Compliance (ICC) and 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 10 (ten) meetings in 2018 and had detailed discussions and review session with the Head of ICC, Head of Internal Audit, External Auditors 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 2018 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 formed a three-member Risk Management Committee (RMC) of the BoD on 07 November 2013 and was last reconstituted with four-member in June 2018 (maximum limit is five members). The RMC has been formed to minimize probable risks 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 four members of this RMC are Non-Executive Directors of the Board and details of RMC members are stated in page no. 17.

- **Roles and responsibilities of RMC:** It is the responsibility of RMC to identify and assess risk of the Bank and guide management to formulate action plans for minimizing/controlling of risk. The committee shall review the risk management policy 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 report.

- **Activities of RMC:** Major activities of RMC in 2018 have been described in “**Report of the Risk Management Committee of the Board**” section of this report.
- **Meeting of the RMC:** The committee is required to conduct at least four meetings in a year although it can be more as per requirement. The committee may call the CEO, Chief Risk Officer (CRO) or any executive to attend the committee meeting. The RMC held 6 (Six) meetings during 2018 and had 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 2018 have been presented in “**Report of the Risk Management Committee of the Board**” section of this report.

### 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, a private secretary, an office assistant, a telephone in office, a full time car and a mobile phone to be used within country. The Chairman of EBL 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 34 to the Financial Statements).
- **Managing Director & CEO:** Managing Director is paid salary, allowances and other facilities according to his service contract approved by the Board and Bangladesh Bank. (The benefits provided to MD & CEO of EBL have been mentioned in Note 33 to the Financial Statements).

EBL has fully complied with Bangladesh Bank Circulars and Guidelines.

### Establishment and review of Internal Control System

EBL has a sound system of internal control to safeguard stakeholders' interest. The Board of Directors having ultimate responsibility of its operations has delegated to the Audit Committee for review of the adequacy and effectiveness of the system of internal control.

A review of internal control system has been presented in “**Directors' Report**” of this annual report.

### Risk management

The Risk Management Division (RMD) of EBL is responsible to oversee, monitor and report all risks in line with the risk appetite set by the Risk Management Committee (RMC) of the Board. The 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 practices.

The risk management system of EBL has been described in “**Risk Management**” section of this report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2018 have been presented in “**Report of the Risk Management Committee of the Board**” section of this report.

### Appointment of External Auditors

The shareholders of EBL in the 26th AGM held on 5 June 2018 appointed that A. Qasem & Co., Chartered Accountants, as the statutory auditors for the year 2018.

### Services not provided by External Auditors

In compliance with the provision 7 of BSEC Corporate Governance Code, we declare that A. Qasem & Co., Chartered Accountants, was not engaged in any of the following services during 2018 while conducting statutory audit:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Book-keeping or other services related to accounting records or financial statements.
- Broker-dealer services.
- Actuarial services.
- Internal audit services or special audit services.
- Audit/certification services on compliance of corporate governance code issued by BSEC.
- Any other service that the Audit Committee determines.

No partner or employee of A. Qasem & Co., Chartered Accountants, possesses any share of EBL during the tenure of their audit assignment at EBL. Also their family members do not hold any shares of EBL.

### Highlights on Central Bank Inspections

Like every year, a comprehensive inspection was carried out by Bangladesh Bank in 2018 covering Head Office and some branches and departments of EBL. Bangladesh Bank had 17 Inspection reports during 2018. Major Findings of the inspection were discussed in a meeting participated by Bangladesh Bank representatives, the Board and related management personnel of the Bank. The Board took the observations with upmost importance and instructed management to comply with Bangladesh Bank suggestions for further improvement.

### 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 IAS 24 (Related

Party Disclosures) and relevant provisions of Bank Company Act 1991 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 2018. Please refer to Annexure C1 of financial statements for details of related party transactions.

## Code of Conduct and Ethical Guidelines

EBL has separate Code of Conduct and Ethical Guidelines for the Board 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. Highlights of our Code of Conduct and Ethical Guidelines are as follows:

- **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:** No employee shall convert any funds and properties 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 or members of their families or friends. Employees who are members of different school boards, society, and recreational clubs should be aware of conflicts of interest and should 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 are 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 highly discouraged to accept gifts, benefits (cash or kind) or facilities from customers or persons having business interest with the Bank. If an employee has to receive any such thing for the sake of mutually beneficial relationship, he or she must disclose it with his/her line manager.

## 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 Association of the Bank and the policies of the Bank adopted by the Board from time to time.

All the employees are committed to adhere to the Code of Conduct and are expected to demonstrate highest level of ethical standards. They are also expected to undertake at all times to comply with or adhere to all applicable laws and regulations of the country, policies and instructions of the Bank, wherever they operate.

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

In compliance with BFIU Circular 19 dated 17 September 2017, EBL has formed a high level Central Compliance Committee (Triple C) comprised of the CAMLCO, Heads of Corporate & Retail Banking, Operations, CRO, HR, IT, Monitoring and Deputy CAMLCO to emphasize that prevention of money laundering and terrorist financing is not the responsibility of a single department of the Bank rather it is a collective responsibility of every employee for ensuring the same in his/her domain of work.

The roles of Central Compliance Committee (Triple C) are defining and developing AML /CFT compliance policies, strategies & programs aligned with international and national standards and regulations and evaluate the same from time to time, supervising the effective implementation of AML/CFT annual program of AMLD jointly with CAMLCO, meeting at least quarterly to review policies, assessing overall compliance status of the Bank and issue directives in this regard, submitting half yearly Reports to MD & CEO on progress of implementation of AML/CFT related measures with recommendations, directing AMLD to issue instructions for adherence by branches and departments relating to policy and procedures on KYC/CDD/EDD, Transaction Monitoring/Screening, etc. and nominating BAMLCOs/DAMLCOs having requisite skill sets, experience and rank.

Pursuant to section 1.3-KHA of BFIU Circular -19 dated 17 September 2017, the management has approved the reformation of "Anti-Money Laundering Department [AMLD]" on 12 September 2018. In order to ensuring effective implementation of the responsibilities assigned by Triple C, AMLD would accomplish and process required actions in respective areas. Head of AMLD shall directly report to the CAMLCO and implement actions directed by Triple C in order to ensure AML & CFT compliance throughout the Bank. AMLD arranged Training for 760 front office employees to raise their AML/CFT awareness in 2018.

## 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 detect throughout their audit to the Audit Committee at a regular interval.

### Compliance with Secretarial Standards

The Institute of Chartered Secretaries of Bangladesh (ICSB) has framed and issued Secretarial standards to streamline and standardize the diverse secretarial standards currently in uprising. ICSB recognizing the need for integration, harmonization and standardization of diverse secretarial practices, has constituted the Secretarial Standard on Board (SSB) for implementation of Secretarial Standards of Board of Directors (BSS-1), Secretarial Standards on General Meeting (BSS-2), Secretarial Standard on Minutes (BSS-3) and Secretarial Standard on Dividend (BSS-4) with the objective of formulating Bangladesh Secretarial Standards.

The Board of Directors of EBL in the Board Meeting held on 27 December 2017 discussed and accorded approval to the Management's proposal for adopting the Bangladesh Secretarial Standards (BSS) of ICSB.

### Human capital

Employee first is the bracing motto of EBL. Our core brand has always been our employees, appreciated for their passion to perform. For us employees are the best brand. Our Human Resources Department 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 Capital has been presented in "Human Capital" section under "Management Discussion & Analysis" of this report.

### Communication with stakeholders

- **Communication with shareholders:** The assigned desk under Board Secretariat plays an important 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 participation of shareholders in AGM, EBL publishes notice of AGM in daily newspapers with necessary

details within reasonable time-frame. The 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 26th 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. 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.

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

A sound control environment and suitable mechanism greatly assist an organization to identify, measure, monitor and mitigate any material risk. Internal control system in EBL is comprised of all of the financial, operational and other control systems which are carried out by the different departments and units of the Bank and which involve monitoring, independent evaluation and timely reporting to management levels systematically in order to ensure that all the bank activities are performed in accordance with current policies, methods, instructions and limits. Generally, employees at the department-level are primarily responsible for internal control in their departments.

The Internal Control and Compliance Department (ICCD) monitors, examines and reviews the control activities of the various departments of the Bank on an on-going basis to assess the effectiveness of the controls and recommend corrective actions where required.

Control activities include the policies and procedures established to manage risks and ensure pre-defined control objectives are met. Preventative controls are designed to deter the occurrence of an undesirable event. Detective controls are designed to identify operational weaknesses and help effect corrective actions. Control activities normally cover all key areas of the Bank and address items such as organizational structures, committee compositions and

authority levels, officer approval levels, access controls (physical and electronic), audit programs, monitoring procedures, remedial actions, and reporting mechanisms.

Internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations. Internal control also ensures the reliability of financial reporting.

ICCD keeps the Bank on course toward its objectives and the achievement of its mission, and minimizes surprises along the way. It can provide only reasonable assurance - not absolute assurance regarding the achievement of objectives. There are several reasons why ICCD cannot provide absolute assurance that objectives will be achieved: cost/benefit realities, collusion among employees, and external events beyond their control.

As per the 'Guidelines on Internal Control & Compliance in Banks' issued by Bangladesh Bank vide BRPD Circular No. 06 dated 04 September 2016, the Head of ICCD is reporting his/her activities and findings to the Senior Management. However, the Head of Audit, although being a part of ICCD administratively, is reporting directly to the Audit Committee of the Board and will be responsible to the Audit Committee of the Board.

Depending on the size and complexity of operations of the Bank, ICCD of EBL comprises of four units namely: Audit Unit, Monitoring Unit, Compliance Unit, and Legal Unit.



**Audit Unit:** The key role of Internal Audit is to independently and objectively evaluate and report on the effectiveness of an institution's risk management, control, and governance processes. Internal Audit of EBL is conducted based on Annual Audit Plan structured on

a risk based approach and approved by the Audit Committee of the Board to provide vital information about risks and controls to assist the management in the following ways:

- Identification of gap in policy and procedures with the business and its operation.
- Identification of breach in policy and procedures against internal and regulatory policies & procedures.
- Assessment of qualitative and quantitative risk of the business.
- Recommending remedial course of actions, where necessary.

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

- Off-site Supervision (System based supervision and BOs)
- Prime Risk Indicator (PR)
- Quarterly Operation Report (QO)
- Regular Monitoring / Spot check/ Surprise Check
- Branch/Departmental Control Function Checklist (DCFC)
- Counterparty Limit Monitoring (Bank and NBFIs); Dealers FX and MM Limits Monitoring
- Monitoring Value at Risk (VaR), Exchange position limit, Forward SWAP Gap limit, CRR & SLR.
- Calculating Equity VaR to submit to the ALCO, yield for pricing of Reverse Repo.

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

- Ensure compliance of inspection report of Bangladesh Bank.
- Ensure compliance of Internal & External Audit Report.
- Ensure compliance of various queries of regulatory body's like-tax authority, Ministry of Finance, Law enforcing agencies and other regulators.
- Ensure smooth resolving of various complaints of branches and departments under legal framework.
- Checking whether the appropriate policies include (a) top level review, (b) appropriate activity controls for different departments and divisions, (c) system of approval and authorizations, (d) appropriate segregation of duties and personnel are not assigned with conflicting responsibilities.

**Legal Unit:** Legal Unit of ICCD ensures the legal compliance of the Bank ensuring legal support to all branches and departments of EBL. It performs vetting and streamlining of various agreements and contracts for all Business and Support Functions of the Bank. Legal unit supervises and monitors the legal issues against the Bank.

**Some General Functions of ICCD:**

- Arrange at least 04 meetings with Audit Committee of the Board in a year and submit audit summary.
- Annual Health Report of the Bank to be prepared as per ICC guidelines and submit to Board and Banking and Regulation Policy Department (BRPD), Bangladesh Bank.
- Maintain a continuous liaison with the regulators at all levels to obtain regular information on regulatory changes and work as a "Contact Point" of Regulators.
- Establish an effective communication process to distribute smoothly the relevant regulations among the officials of the concerned departments and Branches.
- Arrange quarterly meetings of Central Compliance Committee (Triple C) to review AML/CFT policies, assess overall compliance status of the Bank and issue directives in this regard.
- Submit half yearly Reports to MD & CEO on progress of implementation of AML/CFT related measures with recommendations of Triple C.

**BSEC Code for Corporate Governance: Our Compliance Status**

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's (BSEC) through Notification No. BSEC/CMRRCD/2006-158/ 207/Admin/80 dated 03 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969 is as follows (as per Annexure-C):

**Report under Condition No. 9.00:**

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
<b>1.</b>	<b>Board of Directors</b>			
<b>1(1)</b>	<b>Size of the Board of Directors</b> The total number of members of the Company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty).	✓		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2) (a)	At least one-fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors.	✓		
1(2) (b)	Independent Director means a Director-			
1(2)(b)(i)	Who does not hold any Share in the Company or holds less than One Percent (1%) Shares of the total Paid-Up Shares of the Company;	✓		
1(2)(b)(ii)	Who is not a Sponsor of the Company or is not connected with the Company's any Sponsor or Director or Nominated Director or Shareholder of the Company or any of its Associates, Sister Concerns, Subsidiaries and Parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company:  Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2)(b)(iii)	Who has not been an executive of the Company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its Subsidiary or Associated Companies.	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) Holder, Director or Officer of any Stock Exchange;	✓		
1(2)(b)(vi)	Who is not a Shareholder, Director excepting Independent Director or officer of any member or TREC Holder of Stock Exchange or an Intermediary of the Capital Market;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's Statutory Audit firm or Audit Firm engaged in Internal Audit Services or audit firm conducting special Audit or Professional certifying compliance of this Code.	✓		
1(2)(b)(viii)	Who is not Independent Director in more than 5 (five) listed Companies.	✓		
1(2)(b)(ix)	Who has not been convicted by a Court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI).	✓		
1(2) (b) (x)	Who has not been convicted for a Criminal Offence involving moral turpitude.	✓		
1(2) (c)	The Independent Director (s) shall be appointed by the Board and approved by the Shareholders in the Annual General Meeting (AGM);	✓		
1(2) (d)	The post of Independent Director (s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	✓		
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		
1(3)(b)	Independent Director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a Promoter or Director of an unlisted Company having minimum paid-up capital of Tk.100.00 million or any listed Company or a member of any national or international chamber of commerce or business association; or	-		As the Independent Directors were continuing, the compliance of this new code could not be complied for them.
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of Tk.100.00 million or of a listed Company; or			N/A
1(3)(b)(iii)	Former official of the Government or Statutory or Autonomous or Regulatory Body in the position not below 5th Grade of the National Pay Scale, who has at least educational background of Bachelor Degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The Independent Director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the Company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive Directors of the Company;	✓		
1(4)(d)	The Board shall clearly define respective Roles and Responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining Members may elect one of themselves from non-executive Directors as Chairperson for that particular Board's Meeting; the reason of absence of the regular Chairperson shall be duly recorded in the Minutes of the Board Meeting.	✓		
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		Please refer to MD&A Section
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		Discussion on interest income, expense, operating and net profit provided.
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			N/A
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		Please refer to Annexure C & C1
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5)(viii)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the Directors including Independent Directors;	✓		Please refer to Note 34 of FS.
1(5)(xi)	A statement that the financial statements prepared by the Management of the issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer Company have been maintained;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(5)(xiii)	A statement that 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)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), 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)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority Shareholders have been protected from abusive actions by, or in the interest of, controlling Shareholders acting either directly or indirectly and have effective means of redress;	✓		Please refer to Directors' Responsibility Statement
1(5)(xvii)	A statement that there is no significant doubt 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 there of shall be disclosed;	✓		No doubts upon EBL's ability to continue as a going concern.
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer Company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each Director;	✓		
1(5)(xxiii)	A Report on the pattern of Shareholding disclosing the aggregate number of Shares (along with name-wise details where stated below) held by:			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		Please refer to Note 14.1 of the FS.
1(5)(xxiii)(c)	Executives; and	✓		Please refer to Note 14.1 of the FS.
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details);	✓		Please refer to Note 14.1 of the FS.
1(5)(xxiv)(a)	A brief Resume of the Director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	✓		
1(5)(xxiv)(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.
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	✓		Please refer to Managing Director & CEO's Review and MD & A Section

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(5)(xxv)(a)	Accounting Policies and estimation for preparation of Financial Statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the Company; and	✓		
1(5)(xxv)(g)	Future Plan or Projection or forecast for Company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the Shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or Certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ;	✓		
1(5)(xxvii)	The Report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per <b>Annexure-B and Annexure-C</b> .	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
1(6)	The Company shall conduct the Board Meetings and record the Minutes of the Meetings as well as keep required Books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a Code of Conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other Board Members and Chief Executive Officer of the Company;	-		Please refer to the Condition No. 6
1(7)(b)	The Code of Conduct as determined by the NRC shall be posted on the website of the Company.	-		
<b>2.</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company;	✓		EBL Finance (HK) Limited [Reg: Hong Kong] complied with the same as per their respective Rules & Regulations.
2(b)	At least 1 (one) Independent Director on the Board of the holding Company shall be a Director on the Board of the subsidiary Company;	✓		
2(c)	The Minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the Holding Company;	✓		
2(d)	The Minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
2(e)	The Audit Committee of the holding Company shall also review the Financial Statements, in particular the investments made by the subsidiary Company.	✓		
<b>3.</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3(1)</b>	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		Head of Finance in place of CFO
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed Company shall not hold any executive position in any other Company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective Roles, Responsibilities and Duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange (s).	✓		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
3(2)	The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed Financial Statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		Please refer to the Statement on Integrity of FS by MD & CEO and Head of Finance
3(3)(a)(ii)	Financial Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4.</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	-		Please refer to the Condition No. 6
<b>5.</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The Company shall have an Audit Committee as a Sub-Committee of the Board;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
5(1)(b)	The Audit Committee shall assist the Board 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;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non- executive Directors of the Company excepting Chairperson of the Board and shall include at least 1 (one) Independent Director;	✓		
5(2)(c)	All members of the Audit Committee should be 'Financially Literate' and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		No such instance as yet
5(2)(e)	The Company Secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The Quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director.	✓		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent Director ;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the Minutes.	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	✓		
5(4)(b)	The Quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an Independent Director is a must.	✓		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	✓		
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall Report on its activities to the Board.	✓		
5 (6)(a) (ii)	The Audit Committee shall immediately Report to the Board on the following findings, if any:	-		No such instance as yet
5(6)(a)(ii)(a)	Report on Conflicts of Interests;	-		Do
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the Internal Audit and compliance process or in the Financial Statements;	-		Do
5(6)(a)(ii)(c)	Suspected infringement of Laws, Regulatory compliances including Securities related Laws, Rules and Regulations; and	-		Do
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-		Do
<b>5(6)(b)</b>	<b>Reporting to the Authorities</b>  If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the Management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall Report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-		No such instance as yet

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors</b> Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer Company.	✓		
<b>6.</b>	<b>Nomination and Remuneration Committee (NRC)</b>	Unresolved issue. [Could not be complied due to BRPD Circular Letter No.11, dated 27 October 2013 of Bangladesh Bank]		
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub- committee of the Board;	-		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and top level executive as well as a policy for formal process of considering remuneration of Directors, top level executive;	-		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the Condition No. 6(5) (b).	-		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	-		
6(2)(b)	All members of the Committee shall be non-executive Directors;	-		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	-		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	-		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-		
6(2)(g)	The Company secretary shall act as the secretary of the Committee;	-		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	-		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.	-		
<b>6(3)</b>	<b>Chairperson of the NRC</b>	-		
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	-		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the Shareholders;	-		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	-		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	-		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	-		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the Shareholders	-		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the Company successfully;	-		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	-		
6(5)(b)(i)(c)	Remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;	-		
6(5)(b)(ii)	Devising a Policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-		
6(5)(b)(iii)	identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	-		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of Independent Directors and the Board;	-		
6(5)(b)(v)	Identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	-		
6(5)(b)(vi)	Developing, recommending and reviewing annually the Company's human resources and training policies;	-		
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	-		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
<b>7.</b>	<b>External or Statutory Auditors</b>			
7 (1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial Information Systems design and implementation;	✓		
7(1)(iii)	Book-Keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker-Dealer Services;	✓		
7(1)(v)	Actuarial Services;	✓		
7(1)(vi)	Internal Audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	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; his or her family members also shall not hold any shares in the said Company.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the Shareholders.	✓		
<b>8.</b>	<b>Maintaining website by the Company</b>			
8(1)	The Company shall have an Official Website linked with the website of the Stock Exchanges.	✓		
8(2)	The Company shall keep the website functional from the date of listing.	✓		
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	The Company shall obtain a Certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9 (2)	The Professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the Annual General Meeting.	✓		To be appointed in the upcoming AGM.
9 (3)	The Directors of the Company shall state, in accordance with the Annexure-C attached, in the Directors' report whether the Company has complied with these conditions or not.	✓		

## Report to the Shareholders of Eastern Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Eastern Bank Limited for the year ended on December 31, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

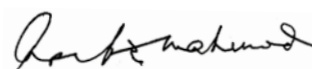
This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission (excepting the condition No. 1(7) & condition No. 6 which could not be complied due to Primary Regulator's circular as referred to and explained by the company in Annexure-C).
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

For AYUB & MAHMOOD,

Chartered Accountants



**Md. Ayub Chowdhury, FCA**

Proprietor

Place: Dhaka

Date: April 26, 2019

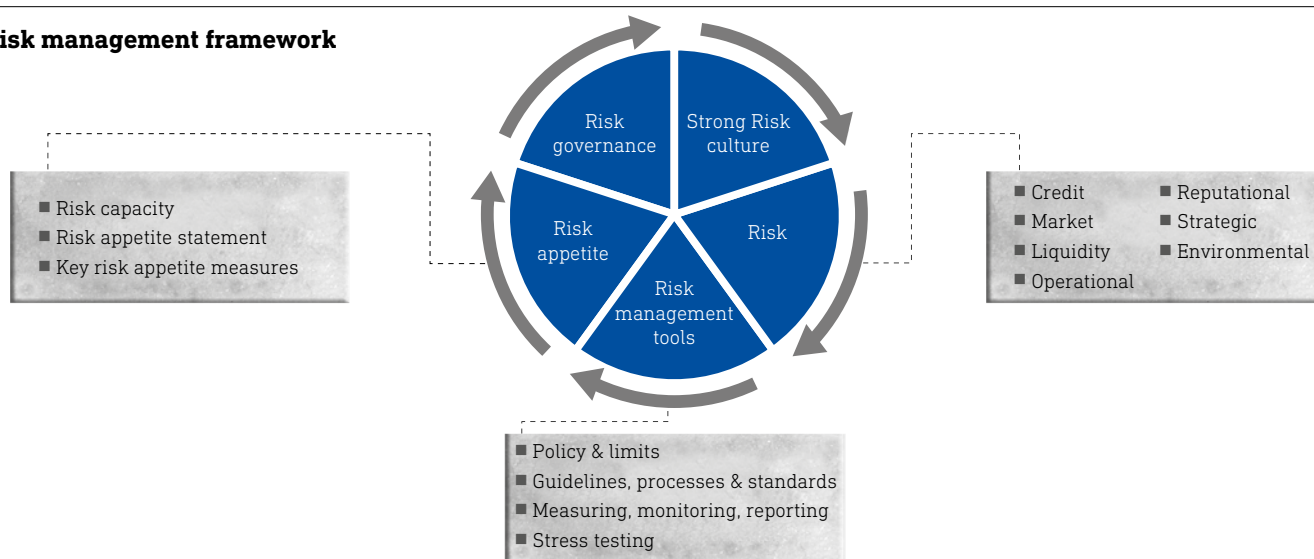
## Risk Management Report

The changing nature of today's business environment is increasing scope and potential impact of the risks we face in our day-to-day operations. Managing risk therefore constantly requires innovation and reinvention. Effective risk management is one of the most crucial success factors for sustenance of a Bank. Hence, we have developed a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all the employees of the Bank.

### Performance highlights in 2018

- Included new parameters related to operational risks while reviewing key risk indicators with appropriate Management Action Trigger (MAT).
- Incorporation of changes proposed in Core Risk Guideline on credit risk management issued by the Central Bank while reviewing Credit Policy Manual of EBL.
- Incorporation of changes proposed in Environmental & Social Risk Management Guideline issued by the Central Bank while reviewing Credit Policy Manual of EBL.
- Reviewed risk appetite statement and internal limit for different credit, market and operation related indicators.
- Initiated process of developing automated resources for calculating different risk indicators.

### Risk management framework



The Bank's risk management framework is predicated on the three-lines-of-defense model. Within this model, functional business lines (the first line) incur the risks, while Risk Management Division and other control functions (the second line) provide independent

oversight and objective challenge to the first line of defense, as well as monitoring and control of risk. Internal Audit Department (the third line) provides assurance that control objectives are achieved by the first and second lines of defense.



Bank's risk management framework is applied on an enterprise-wide basis and consists of three key elements:



## Risk governance



## 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 appetite set by the Board of Directors.	Anis Ahmed, Director and Chairman of the committee Meah Mohammed Abdur Rahim-Independent Director and Member of the committee Mir Nasir Hossain and Gazi Md. Shakhawat Hossain, Directors and Members of the committee
Executive Risk Management Committee (ERMC)	Monitoring of High Risk issues across the bank and propose appropriate mitigation thereof.	Risk Management, Treasury, Business Heads, Operations, CRM, HR, IT, Finance, Internal Control & Compliance, DMD & CRO and Additional Managing Director.
ICT Steering Committee	Provides guidance related to risks, funding or sourcing to achieve ICT strategic goals, monitor and evaluate ICT projects implementation and achievements against ICT strategic plan.	Additional Managing Director, Deputy Managing Director and departments like- Risk Management, HR, Credit Administration, Operations, IT, Finance 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 Heads, Risk Management, Treasury, Finance, Additional Managing Director, Deputy Managing Director and Managing Director.
BASEL III Committee	Implementation of BASEL guidelines as per requirement 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 Risk Management Committee	Review of Bank's credit risk appetite, tolerance and strategy considering current and prospective macroeconomic and financial environment.	Business Heads, Risk Management, Finance, Credit Risk Management and Deputy Managing Director & CRO
Sustainable Finance Committee	Formulate, review and update all policies and guidelines relating to sustainable finance.	Additional Managing Director, Business Heads, Risk Management, Finance and Credit Risk Management.

### Risk culture

The Bank's risk governance structure, risk appetite, and risk management tools are influenced by risk culture of the Bank. The risk culture is built upon:

- **Tone from the top:** Clear and consistent communication from leaders on risk behavior expectations and the importance of EBL's values.
- **Accountability:** All EBL employees in every business function are held accountable for risk ownership and their actions in accordance with the three lines of defense model.
- **Compensation:** Programs are structured to discourage behavior not aligned with the Bank's values or EBL's GAP Policy (Code of Conduct) and ensure that such behaviors will not be rewarded.

- **Reporting:** Reputational & operational risk dashboards and other key metrics are monitored and reported. The Bank also seeks out employee feedback through a variety of surveys.
- **Training:** EBL continually reinforces risk culture by providing effective and informative mandatory and non-mandatory training modules for all employees, as well as presentations and other training media on a variety of risk management topics.
- **Decision-making on risk issues highly centralized:** The membership of senior and executive management committees responsible for the review, approval and monitoring of transactions and the related risk exposures (whether global or local) include business line heads and senior risk officers.

### Risk appetite

EBL's Risk Appetite Framework consists of a risk capacity, risk appetite statement and key risk appetite measures. Application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stay within appropriate risk boundaries. Bank's Credit Risk Appetite further defines the Bank's risk appetite with respect to lending, counterparty credit risk, and other credit risks (such as investments).

Risk appetite criteria	Appetite	EBL's position	
		2018	2017
Credit risk			
Non-Performing Loans (NPL)	Less than 3%	2.35%	2.50%
Aggregate on and off balance sheet exposure on customers internally rated (CRGM) between 1-5	More than 50%	86.17%	87.35%
Maximum exposure to any single obligor	Less than 15%	0.00%	0.00%
Large loan concentration	Less than 56%	49.26%	47.45%
Loan concentration on top 20 borrowers	Less than 25%	17.55%	20.25%
Off Balance Sheet Exposure as percentage of Total Asset	Less than 45%	40.75%	38.80%
Percentage of portfolio with credit rating	More than 65%	86.14%	89.01%
Market risk			
Impact on Net Interest Income (NII) due to change in interest rate	Less than 10%	5.56%	5.45%
Value at Risk (VAR)	Less than Tk. 10 million	0.8	2.5
Concentration on top 10 depositors	Less than 25%	11.71%	13.06%
Capital Market exposure	Less than 25%	22.10%	23.15%
Liquidity risk			
Advance to Deposit Ratio (AD)	Less than 83.5%	83.08%	83.06%
Liquidity Coverage Ratio (LCR)	100% or more	127.67%	113.35%
Net Stable Funding Ratio (NSFR)	More than 100%	104.07%	102.82%
Maximum Cumulative Outflow (MCO)	Less than 18%	15.31%	15.64%
Operational risk			
Internal Fraud	0.20% of last 3 years' avg. operating profit	0.00%	0.00%
External Fraud	0.80% of last 3 years' avg. operating profit	0.22%	0.00%
Employment practice and workplace safety	0.10% of last 3 years' avg. operating profit	0.00%	0.00%
Clients, products, and business practice	0.10% of last 3 years' avg. operating profit	0.00%	0.00%
Damage to physical assets	0.20% of last 3 years' avg. operating profit	0.00%	0.00%
Business disruption and system failure	0.15% of last 3 years' avg. operating profit	0.00%	0.00%
Execution, delivery and process management	0.45% of last 3 years' avg. operating profit	0.00%	0.00%
Overall operational risk	2% of last 3 years' avg. operating profit	0.00%	0.00%
Capital management			
Capital to risk weighted asset (RWA) ratio (CRAR)	More than 11.875%	12.16%	14.09%
Leverage ratio	More than 3%	5.26%	5.59%
Common equity tier 1 (CET I) ratio	More than 4.5%	9.33%	10.24%
Stress Test (Impact on capital under combined minor shock)	More than 11.875%	9.18%	11.03%

## Risk management tools

Effective risk management includes tools that are guided by the Bank's Risk Appetite Framework and integrated with the Bank's strategies and business planning processes.



## Policies and limits

### Policies

Industry best practices and regulatory requirements are also factored into the policies. Policies are guided by the Bank's risk appetite, and set the limits and controls within which the Bank and its subsidiaries can operate.

- Key risk policies are approved by the Board of Directors.
- Management level risk policies/ instructions manuals associated with processes such as Credit Instruction Manual and new products initiation are approved by senior executive management and/or key risk committees.

### Limits

Control risk-taking activities within the tolerances established by the Board and senior executive management. Limits also establish accountability for key tasks in the risk-taking process and establish the level or conditions under which transactions may be approved or executed.

### Stress testing

Stress testing programs at enterprise level allow the Bank to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, credit

environment, liquidity demands, or other risk factors. The development, approval and on-going review of the Bank's stress testing programs are subject to Bangladesh Bank's updated guidelines and instructions. Stress testing report is prepared on quarterly basis and presented to the Risk Management Committee of the Board.

## Guidelines, processes and standards

### Guidelines

Guidelines ensure the Bank has the appropriate knowledge of clients, products, and markets and that it fully understands the risks associated with the business it underwrites. Guidelines may change from time to time, due to market or other circumstances. Risk taking outside of guidelines usually requires approval of the Bank's Managing Director & CEO.

### Processes

The activities are associated with identifying, evaluating, documenting, reporting and controlling risk.

### Standards

Standards are developed on an enterprise-wide basis, and documented in a series of policies, manuals and handbooks under the purview of Risk Management Division.

## Measurement, monitoring and reporting

### Risk measurement

The Bank uses models for different purposes including estimating the value of transactions, measuring risk exposures, determining credit risk ratings and parameters, and calculating economic and regulatory capital. The use of quantitative risk methodologies and models is balanced by a strong governance framework and includes the application of sound and experienced judgment.

### Regular monitoring

Ensures that business activities are within approved limits or guidelines, and are aligned with the Bank's strategies and risk appetite. Breaches, if any, of these limits or guidelines are reported to senior management, risk committees, and/or the Board depending on the limit or guideline.

### Risk reports

Aggregate measures of risk across products and businesses are used in compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types, and sensitivities of the various risks in the Bank's portfolios. Senior management and the Board use this information to understand the Bank's risk profile and the performance of the portfolios.

## Risk mitigation methodologies

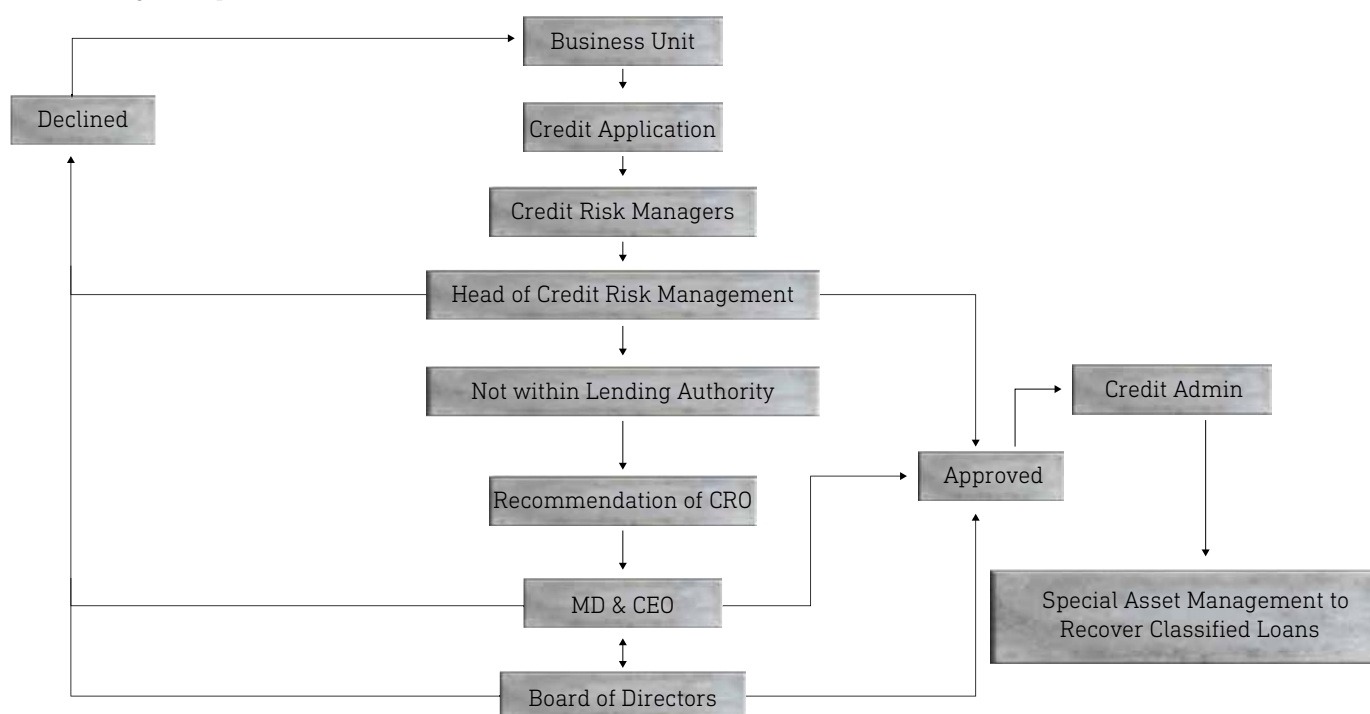
### Principal risk types at a glance

Risk types	Governing documentation	Application to risk appetite limits/ tolerances
Credit risk	Credit policy manual, credit instruction manual, risk appetite	<ul style="list-style-type: none"> <li>Exposure to a single customer or group of related parties.</li> <li>Industry concentrations (exposure and risk adjusted concentration limits).</li> </ul>
Market risk	Asset liability management policy, Foreign exchange risk management policy	<ul style="list-style-type: none"> <li>Various VaR limits, stress test results, equity and debt investment exposures, and</li> <li>Structural interest rate and foreign exchange exposures.</li> <li>Duration Analysis.</li> </ul>
Liquidity and funding risk	Asset liability management policy, Fund transfer pricing policy	<ul style="list-style-type: none"> <li>Appropriate hold levels of unencumbered high quality liquid assets that can be readily sold or pledged;</li> <li>Limits to control the maximum net cash outflow over specified short-term horizon; and</li> <li>Diversification of funding by source, type of depositor, instrument, term.</li> </ul>
Operational risk	Internal control & compliance policy, fraud & theft risk prevention & management policy, information technology policy, outsourcing policy	<ul style="list-style-type: none"> <li>Systematic identification, measurement, mitigation and monitoring of operational risk,</li> <li>Minimization of residual operational risk; and</li> <li>Expressed quantitatively by an aggregate loss limit.</li> </ul>
Reputational risk	Customer service & compliant management policy	<ul style="list-style-type: none"> <li>Low tolerance for reputational, legal, or taxation risk arising from business activities, initiatives, products, services, transactions or processes, or from a lack of suitability of products for clients.</li> </ul>
Environmental & social risk	Credit policy manual Credit instruction manual	<ul style="list-style-type: none"> <li>Ensuring that projects are developed in a socially responsible manner</li> </ul>
Strategic risk	Risk appetite, annual budget, strategic planning	<ul style="list-style-type: none"> <li>It links the Bank's risk appetite framework with the enterprise strategy, business line strategies and corporate function strategies;</li> </ul>

### Credit risk

Credit risk arises from the Bank's direct lending operations, and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Bank. Credit risk includes settlement risk, suitability risk and wrong way risk.

### Credit management process



## Credit risk management

Effective management of credit risk requires the establishment of an appropriate credit risk culture. Board of Directors, either directly or through the Risk Committee (the Board), reviews and approves the Bank's credit risk appetite annually and credit policy manual triennially.

The objectives of the Credit Risk Appetite are to ensure that:



Target markets and product offerings are well defined at both the enterprise-wide and business line levels;



Risk parameters for new underwritings and for the portfolios as a whole are clearly specified;

Credit Risk Policy articulates the credit risk management framework, including:



Key credit risk management principles;



Delegation of authority;



Counterparty risk management for trading and investment activities;



Aggregate limits, beyond which credit applications must be escalated to the Board for approval; and

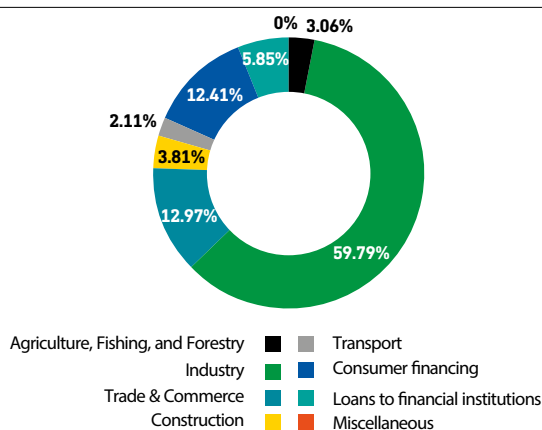


Single borrower/aggregation exposures, beyond which a summary of exposures must be reported to the Board.

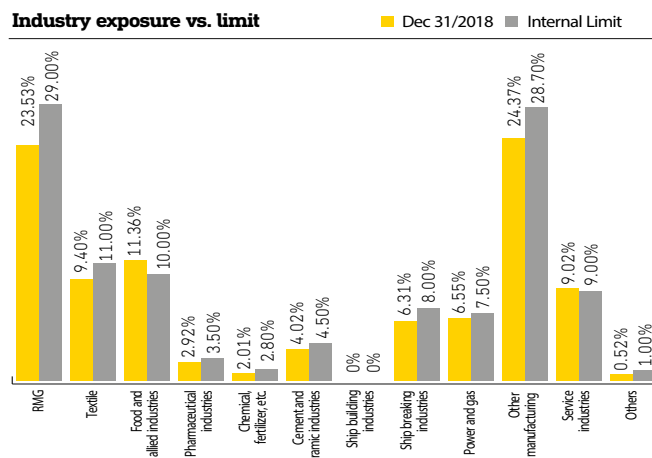
## Industry and sector concentration scenario of the loan portfolio:

Industrial sector concentration is moderate and sectors remained within the set limit approved by the board of directors.

### Portfolio concentration



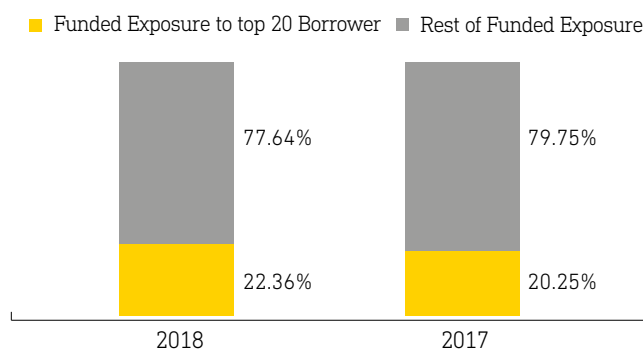
### Industry exposure vs. limit



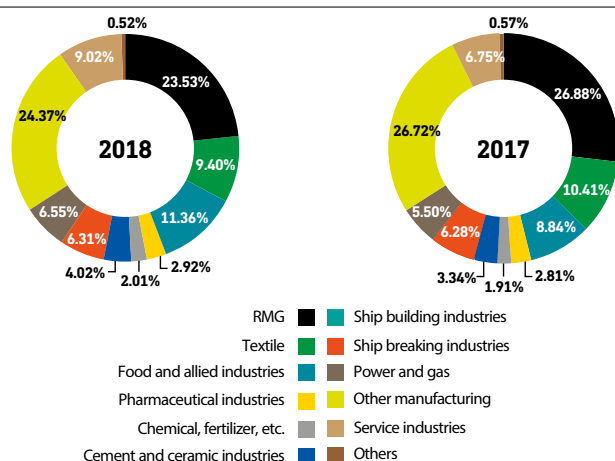
### Concentration among top borrowers:

The Bank is pursuing its business in SME sector since last seven years to reduce concentration on large borrower Bank shall continue its priority in SME sector to reduce concentration risk on large borrowers.

### Top 20 customer exposure

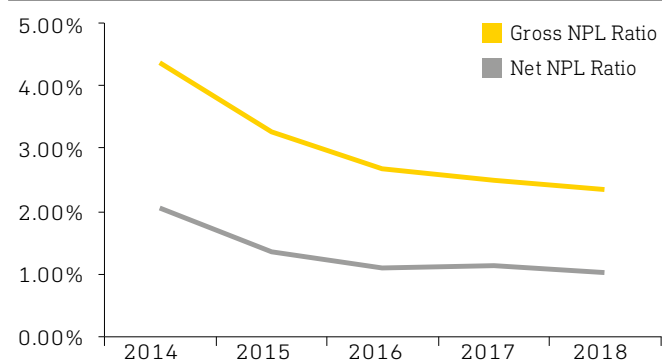


### Industry concentration



### NPL

Both gross NPL and Net NPL shows downward trend which depicts a positive picture of the loan portfolio. NPL is at its lowest point if we consider last 5 years data.

**Non performing loans****Internal risk rating & credit rating status:**

Percentage of rated loans to total eligible loans for rating is showing downward trend which is due to new portfolio growth in unrated sector.

**Loan portfolio under stressed scenario**

Particulars	2018			2017		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock applied by the Bank	3%	9%	15%	3%	9%	15%
Increase in NPL	10.08%	5.52%	0.05%	11.84%	6.94%	1.07%
Shock applied by the Bank	10%	20%	40%	10%	20%	40%
Decrease in value of collateral taken against loans and advances	12.04%	11.91%	11.66%	13.94%	13.79%	13.50%
Shock applied by the Bank	5%	10%	15%	5%	10%	15%
Negative Shifting of NPL	11.86%	11.50%	11.23%	13.80%	13.35%	13.05%
Shock applied by the Bank	3%	9%	15%	3%	9%	15%
If some sectors become classified	11.54%	10.27%	8.98%	13.48%	12.24%	10.98%
Shock applied by the Bank	3	7	10	3	7	10
If some large borrowers become classified	8.40%	4.89%	2.71%	9.56%	4.63%	1.57%
<b>Combined credit risk result (after shock)</b>						
CRAR after combined credit shock	9.18%	3.66%	(3.02%)	11.03%	5.15%	(1.94%)

**Credit risk mitigation – collateral/security**

Collateral values are accurately identified at the outset and throughout the tenure of a transaction by using standard evaluation methodologies. The frequency of collateral valuations is also increased when early warning signals of a borrower's deteriorating financial condition are identified.

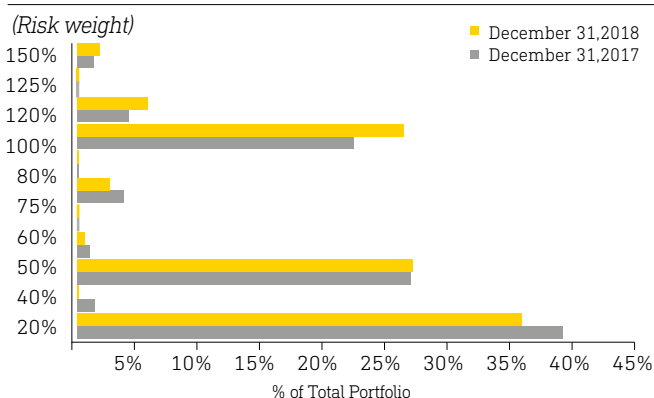
Bank procedures require verification including certification by Bank officials during initial, annual, and periodic reviews that collateral values/ margins/etc. have been assessed and, where necessary, steps have been taken to mitigate any decreased collateral values.

**Liquidity risk**

Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations as they fall due or to fund growth of assets without incurring unacceptable cost or losses.

**Liquidity risk measurement**

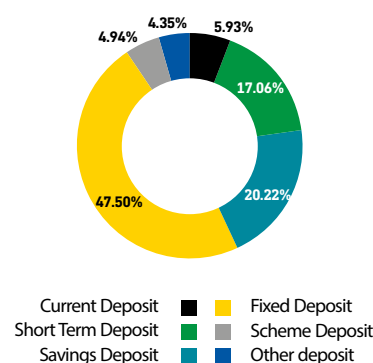
An important aspect of measuring liquidity is making assumptions about future funding needs. One important factor to consider is

**Composition of RWA of loan portfolio**

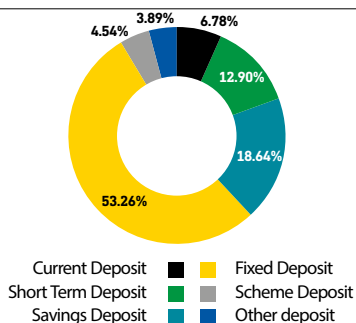
Particulars	2018	2017	2016
Percentage of rated loans to total eligible loans for rating	86.14%	89.01%	76.65%

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.

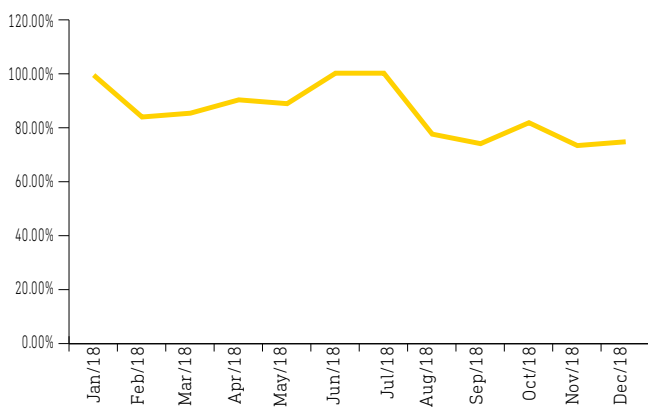
**Deposit mix****Category of deposits (2017)**

### Category of deposits (2018)



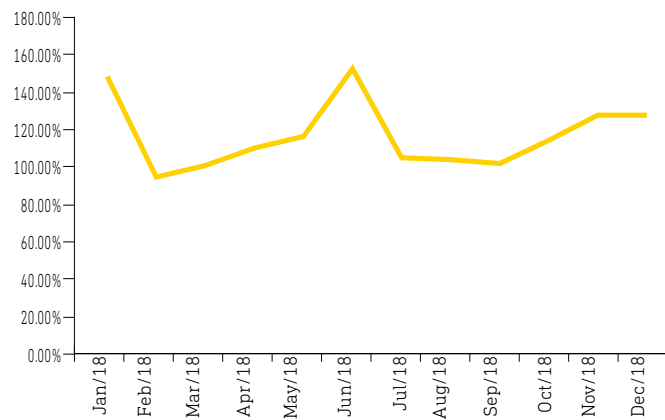
Total deposit increased by 19.34% year on year in 2018 keeping overall deposit mix almost unchanged. The existing deposit mix is keeping other major liquidity indicators stable and above regulatory requirement.

### Liquid assets to short term liabilities



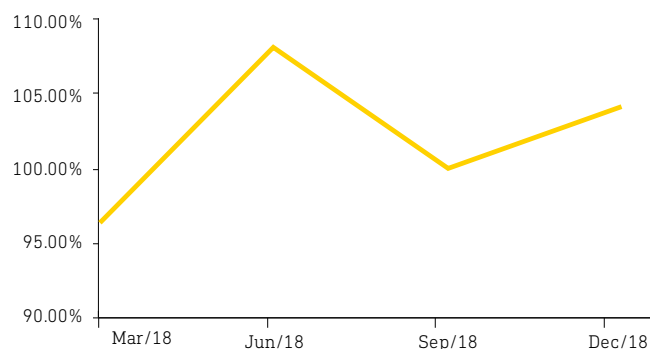
To calculate liquid asset to short term deposit cash in hand, balance with Bangladesh Bank, other banks & financial institutions, money on call and investment (Government) are considered as liquid asset. To calculate short term liabilities those which will be maturing within 3 months are considered.

### Liquidity Coverage Ratio (LCR)



LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. Average LCR for 2018 was 116.53 percent. Though the ratio took a downfall below regulatory requirement of 100 percent in 1st quarter of 2018, but EBL managed to improve liquidity situation.

### Net Stable Funding Ratio (NSFR)



NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. This ratio is part of BASEL III liquidity parameters and calculated on central bank's guidelines and methodologies. Average NSFR for 2018 is 102.14 percent.

### 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 serve as a blueprint for the Bank to meet its funding needs in a timely manner and at a reasonable cost.

CFP is an extension of ongoing liquidity management that formalizes the objectives of liquidity management by ensuring:

- A reasonable amount of liquid assets is maintained;
- Measurement and projection of funding requirements during various scenarios; and
- Management of access to funding sources.

### Market risk

Market risk is the risk of loss from changes in market prices and rates (including interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices), the correlations between them, and their levels of volatility.

### Market risk governance

Risk Management Division (RMD) and the Bank's Treasury Department are responsible for risk identification, measurement, monitoring, control, and management reporting in relation to market risk. Treasury Middle Office is an integral part of market risk management and independently evaluates and monitors Treasury Department's transaction from risk perspective. Overall risk parameters and exposures of the Bank are monitored by RMD and reports to Executive Risk Management Committee (ERMC).

**Market risk factors****Interest rate risk**

Interest rate risk of the Bank arises from adverse and unanticipated movements in future interest rates that could impact core business activities; granting of credit facilities, accepting deposits and issuing debt instruments, leading to fluctuations in earnings.

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).

**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:

- 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.
- 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.

**Investment portfolio risk**

Bank holds investment portfolios to meet liquidity and statutory reserve requirements and for investment purposes. These portfolios expose the Bank to interest rate, foreign currency, credit spread and equity risks. These portfolios are controlled by a Board-approved policy and limits.

VAR on equity portfolio to measure equity price risk is well within board approved limit. As on 31 December 2018, total exposure to capital market was 22.10% against regulatory limit of 25% of Bank's designated capital i.e. the sum of Paid up Capital, Share premium, Retained Earnings and Statutory Reserve.

Marking to Market is the tool Bank applies offsetting losses arisen from changes in market price of securities. As of 31 December 2018, bank set aside Tk. 36.17 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.

**Other risks****Operational risk**

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. Operational risks not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. In this regard, EBL is very successful at mitigating operational risk safeguarding client assets and preserving shareholder value.

**Reputational risk**

Reputational risk is the risk that negative publicity regarding organization's conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures. However, EBL takes every step to safeguard its core values/purpose.

**Environmental risk**

Environmental risk refers to the possibility that environmental concerns might affect financial performance of the Bank. How EBL addresses this issue is more elaborately highlighted in sustainability report.

**Strategic risk**

Strategic risk is the risk that the Bank's business strategies are ineffective, being poorly executed, or insufficiently resilient to changes in the business environment. EBL believes that prudent and proactive approach in managing strategic risks would deliver results and outperform its peers in many aspects including profitability, customer loyalty and market share.

**Money laundering & terrorist financing risk**

Combating money laundering and terrorist financing is one of the most key strategies in promoting a strong, sound and stable financial regime. Since AML/CFT violations continue to attract stiff regulatory fines /penalties, and reputational risks, banks and Financial Institutions (FIs) of all sizes are now more concerned than ever about ML/CF risks and compliance management.

The Role of Central Compliance Committee (Triple C):

- Defining and developing AML /CFT compliance policies, strategies & programs aligned with international and national standards and regulations and evaluate the same from time to time.
- Supervising the effective implementation of AML/CFT annual program of AMLD (Anti-Money Laundering Department) jointly with CAMLCO.
- Meeting at least quarterly to review policies, assess overall compliance status of the Bank and issue directives in this regard.
- Submit half yearly Reports to MD & CEO on progress of implementation of AML/CFT related measures with recommendations.
- Directing AMLD to issue instructions for adherence by branches and departments relating to policy & procedures on KYC /CDD/EDD, Transaction Monitoring/Screening, etc.
- Nominating BAMLCOs (Branch Anti Money Laundering

Compliance Officer)/DAMLCOs (Department Anti Money Laundering Compliance Officer having requisite skill sets, experience & rank.

EBL's anti-money laundering (AML) program is a set of policy and procedures designed to guard against any attempt of using the Bank to facilitate money laundering (ML) or terrorist financing (TF). AML/CFT Policy sets risk assessment process which is grounded on risk-based approach.

Risk assessment provides the foundation for--

- The categorization of customers into different due diligence levels within the KYC process, and
- The identification of situations and cases where monitoring and/or other additional risk mitigation measures will be required.

Pursuant to section 1.3-KHA of BFIU Circular -19 dated: 17 September, 2017, the management has approved the reformation of "Anti-Money Laundering Department [AMLD]" on September 12, 2018. In order to ensure effective implementation of the responsibilities assigned by Triple C, AMLD would accomplish and process required actions in respective areas. Head of AMLD shall directly report to the CAMLCO and implement actions directed by Triple C in order to ensure AML & CFT compliance throughout the Bank.

### Information and communication technology (ICT) risk

The purpose of managing ICT risk is to provide continuous assurance on EBL's information system security specifically on integrity, confidentiality and availability of information by ensuring appropriate security controls. Unlike other organizations ICT risk management is rapidly developing into a more forward looking, enterprise-wide approach. To ensure effective ICT risk management, EBL focuses on being proactive, rather than reactive, and use risk management to both drive competitive advantage and sustain profitability and growth. The main objective of a proactive approach is to limit the damage that can be done by the intruder and make sure that the system remains secure and operational.

Following tasks are carried out to manage ICT risk of the Bank:

- PCI-DSS reassessment is successfully performed;
- Business Impact Analysis (BIA), Key Risk Indicators (KRIs), Risk Tolerances, Risk Appetite for IT Services is successfully defined;
- ICT Risk Management Policy is successfully reviewed with updated information
- Design, plan/schedule and coordinate IT Disaster Recovery Plan (DRP) tests (primarily focused on testing correct operation of the DR technologies) and exercises (primarily focused on training people in IT DR-related procedures and activities), evaluating their effectiveness and promoting any improvement activities that are considered necessary to meet the business objectives.
- IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster.
- Monitor access to all systems and maintain access control profiles on computer network and systems. Track documentations of access authorizations to all resources.

- IT Assets inventory is adequately maintained and reviewed periodically.
- Work on determining acceptable risk levels for the Bank and ensuring IT environments are adequately protected from potential risks and threats.
- Participate in development and implementation of the appropriate and effective controls to mitigate identified threats and risks.
- Continue to enhance the Information/Cyber security awareness programs for employees and customers.
- Review system logs for the Bank's infrastructure to identify trends. Investigate abnormalities and exceptions to the Bank's Information Security Program.
- Review system vulnerability and penetration testing and IT audits to ensure findings are sufficiently addressed.

### Risk measurement

#### Value at risk (VaR)

VaR is a statistical method of measuring potential loss due to market risk based upon a common confidence interval and time horizon. The Bank calculates VaR daily using a 99% confidence level, and a one-day holding period for its trading portfolios. This means that once in every 100 days, the trading positions are expected to lose more than the VaR estimate. The Bank calculates general market risk VaR using historical simulation based on 6 months market data.

BDT in million

Particulars	2018	2017	2016
Approved VaR limit	10	10	10
Actual VaR	0.8	2.5	0.3

### Gap analysis

Through Gap analysis, we assess the interest rate sensitivity of re-pricing mismatches in the Bank's non-trading operations. Interest rate sensitive assets, liabilities and off-balance sheet instruments of the Bank are assigned to defined time periods based on expected re-pricing dates.

### Duration analysis

With that analysis, we measure the relative sensitivity of the value of these instruments to changing interest rates (the average term to re pricing), and it reflects how changes in interest rates will affect the Bank's economic value, that is, the present value of equity.

### Control of foreign exchange activities

- (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.
- (b) Procedural controls to ensure that:
  - i. Transactions are fully recorded in the records and accounts of the Bank;
  - ii. Transactions are promptly and correctly settled; and
  - iii. Unauthorized dealing is promptly identified and reported to management;

**Stress testing results**

Particulars	2018			2017		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock applied by the bank	1%	2%	3%	1%	2%	3%
Interest rate	(0.26)	(0.52)	(0.77)	(0.13)	(0.27)	(0.40)
CAR after interest rate shock	11.90%	11.65%	11.39%	13.95%	13.82%	13.69%
Shock applied by the bank	5%	10%	15%	5%	10%	15%
Currency depreciation	(0.01)	(0.01)	(0.02)	(0.02)	(0.03)	(0.05)
CAR after exchange rate shock	12.16%	12.15%	12.14%	14.07%	14.05%	14.04%
Shock applied by the bank	10%	20%	40%	10%	20%	40%
Equity shock	(0.21)	(0.42)	(0.84)	(0.23)	(0.47)	(0.94)
CAR after equity shock	11.95%	11.75%	11.32%	13.85%	13.62%	13.15%

**Comprehensive risk management report**

Risk Management Report is prepared on monthly interval to record 81 risks related issues of credit, market and operational risk across the Bank during the month and submitted towards Bangladesh Bank for all months other than June and December within 30 days following the month end. In addition, Comprehensive Risk Management Report (CRMR) is submitted to Bangladesh Bank

by July 31 (based on June 30 data) and January 31 (based on December 31 data). Executive Risk Management Committee (ERMC) review these paper on monthly interval; recommend action plans to concern department for mitigating identified risk areas and follow-up the implementation of previous recommendations. 12 ERMC meetings were held during 2018.

# Disclosures on Risk Based Capital (Basel III)

## Background

Use of excessive leverage, gradual erosion of level and quality of capital base, insufficient liquidity buffer, pro-cyclicality and excessive interconnectedness among systematically important banks are identified as reasons of bank failures. Bank for International Settlements (BIS) came up, in response, with a new set of capital and liquidity standards in the name of Basel III. In compliance with the 'Revised Guidelines on Risk Based Capital Adequacy (RBCA)' issued by Bangladesh Bank in December 2014, banks in Bangladesh have formally entered into Basel III regime from 1 January 2015. The new capital and liquidity standards have greater business implications for banks.

Eastern Bank Limited (EBL) has also adopted Basel III framework as part of its capital management strategy in line with the revised guideline. These Market discipline disclosures under Basel III are made following the same guidelines in order to complement the minimum capital requirements and the supervisory review process. Establishing a transparent and disciplined financial market through providing accurate and timely information related to liquidity, solvency, performance and risk profile of a bank is another important objective of this disclosure.

## 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 2018. Those are prepared under relevant International Accounting and Financial Reporting Standards 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 are risk weighted and equities of subsidiaries are crossed out with the investment of EBL while consolidating. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated and separate audited financial statements of EBL (Group and Bank) available on the website of the Bank ([www.ebl.com.bd](http://www.ebl.com.bd)). The report is prepared once a year and is available in the website.

## A. Scope of application

### Qualitative Disclosures

(a) *The name of the top corporate entity in the group to which this guideline applies:*

The 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 2018. However, 'Solo Basis' information has been presented beside those of 'Consolidated Basis' to facilitate comparison.

(b) *An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; that are given a deduction treatment; and (ii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).*

**Entities within the group:** The Bank has four wholly owned subsidiaries as on the reporting date. These are EBL Securities Limited, EBL Investments Limited, EBL Finance (HK) Limited and EBL Asset Management Limited. All subsidiaries of the Bank have been incorporated in Bangladesh except EBL Finance (HK) Limited which is incorporated in Hong Kong.

**EBL Securities Ltd.:** EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRECs (Trading Right Entitlement Certificate) and ordinary shares of both the bourses i.e. Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). The principal activities of this subsidiary are buying, selling and settling of securities on behalf of investors and its own portfolio. Registered office of EBLSL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka - 1000.

**EBL Investments Ltd:** EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from Bangladesh Securities & Exchange Commission (BSEC) in January 2013 and started full fledged operations of merchant banking, portfolio management, underwriting etc. from June 2013. Registered office of EBLIL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka - 1000.

**EBL Finance (HK) Ltd.:** EBL Finance (HK) Limited, the first foreign subsidiary of EBL, was incorporated on 28 November 2011 with Hong Kong (HK) authority. This subsidiary started its full fledged business operations (i.e. offshore trade finance, advising, documents collection etc.) in Hong Kong during 2013 after obtaining all the required licenses from Bangladesh and HK authority. Registered office of EBL Finance (HK) Limited is located at Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

**EBL Asset Management Ltd.:** EBL Asset Management Limited (EBLAML) was incorporated on 09 January 2011 to carry out asset management business, capital market operation, equity investment etc. It has been registered under Bangladesh Securities & Exchange Commission (BSEC) on 25 May 2017 to run full-fledged business operations. Registered office of EBLAML is located at 10 Dilkusha C/A, Dhaka - 1000.

The financials are fully consolidated and all intercompany transactions and balances are eliminated.

(c) *Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.*

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.

### Quantitative Disclosures

(d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.

Not Applicable.

## B. Capital Structure

### Qualitative Disclosures

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in case of capital instruments eligible for inclusion in Common Equity Tier-1, Additional Tier 1 or Tier 2.

Regulatory capital base is quite different from accounting capital. As per Basel III guidelines, regulatory capital consists of Tier-1 (Common Equity Tier 1 and Additional Tier 1) and Tier 2 capital. Tier I Capital is known as going concern capital and Tier II Capital also known as gone concern capital.

- Common Equity Tier-1 (CET1) capital of EBL consists of Fully Paid-up Capital, Statutory Reserves, General Reserve, Retained Earnings and Dividend Equalization Fund.
- Tier-2 capital of EBL consists of general provision, applicable percentage of revaluation reserves and subordinated debt.
- At present, EBL doesn't hold any Additional Tier 1 (AT1) Capital.

### Quantitative Disclosures

BDT Million

Particulars	Solo (Bank)	Consolidated
Common Equity Tier-1 (CET-1) Capital	20,357	20,679
Regulatory adjustments	(1,449)	(1,451)
<b>Total Common Equity Tier -1 Capital</b>	<b>18,908</b>	<b>19,229</b>
Additional Tier 1 Capital	-	-
Tier-2 Capital	7,538	7,538
Regulatory adjustments	(1,798)	(1,798)
<b>Total Tier-2 Capital</b>	<b>5,740</b>	<b>5,740</b>
<b>Total Regulatory Capital</b>	<b>24,648</b>	<b>24,968</b>

## C. Capital Adequacy

### Qualitative Disclosures

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities

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 to Risk Weighted Assets Ratio (CRAR) remains consistently within regulatory limit during 2018 (12% plus). The surplus capital maintained by EBL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. Risk Management Division (RMD) under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

### Quantitative Disclosures

BDT Million

Particulars	Solo (Bank)	Consolidated
Capital requirement for Credit Risk	17,426	17,509
Capital requirement for Market Risk	863	1,217
Capital requirement for Operational Risk	1,976	2,045
<b>Minimum capital requirement (MCR)</b>	<b>20,266</b>	<b>20,772</b>
<b>Total regulatory capital</b>	<b>24,648</b>	<b>24,968</b>
Risk weighted assets	202,655	207,717
<b>Capital to Risk Weighted Asset Ratio</b>	<b>12.16%</b>	<b>12.02%</b>
Common Equity Tier-1 (CET-1) Capital Ratio	9.33%	9.26%
Tier-2 Capital Ratio	2.83%	2.76%
Capital Conservation Buffer (1.875% of RWA)	3,800	3,895
Available Capital under Pillar II requirement	583	302

## D. Credit Risk

### Qualitative Disclosures

(a) General Disclosure

Credit risk is defined as the probability of failure of counterparty to meet its obligation as per agreed terms. Banks are very much prone to credit risk due to its core activities i.e. lending to corporate, Consumer, SME, another bank/FI. The main objective of credit risk management is to minimize negative impact through adopting proper mitigates and to limit credit risk exposures within acceptable limit.

Credit risk management has been independent of origination of business functions to establish better control and to reduce conflicts of interest. The Head of Credit Risk Management (HoCRM) has well-defined responsibility for management 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 of Directors (BoD) sets credit policies and delegates authority to the management for setting procedures, which together has structured the credit risk management framework in the bank. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and is 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 of experience and good judgment.

#### **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. General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 0.5% to 1% on certain off balance-sheet exposures, and specific provisions @ 5%, 20%, 50% & 100% on classified (substandard/doubtful/bad-loss) loans are made on the basis of quarter end review by the management and in compliance with BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012, BRPD circular no 8 dated 2 August 2015, BRPD circular no 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular letter no 1 dated 03 January 2018 and BRPD circular no 01 dated 20 February 2018, BRPD circular no 07 dated 21 June 2018, and BRPD circular no 13 dated 18 October 2018. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Companies Act 1991 (amendment up to 2013), instead of netting off with loans. The summary of some objective criteria for loan classification and provisioning requirement is as below:

Type of Facility	Loans Classification		
	Sub Standard (Overdue Period)	Doubtful (Overdue Period)	Bad & Loss (Overdue Period)
Continuous Loan & Demand Loan	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan of more than Tk. 10 lac	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan up to Tk. 10 lac	6 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

Specific provisions for classified loans and general provisions for unclassified loans and advances and contingent assets are measured following BB prescribed provisioning rates as mentioned below:

Heads	Rates of provision
<b>General provision on:</b>	
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	1%
Unclassified consumer financing other than housing finance, credit card and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Short term agri credit and micro credit	1%
Unclassified (including SMA) other loans and advances	1%
Off-balance sheet exposures (excluding bills for collection)	0.5% - 1%
<b>Specific provision on:</b>	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard & Doubtful short term agri credit and micro credit	5%
Bad/Loss short term agri credit and micro credit	100%

**Quantitative Disclosures**

(b) Total gross credit risk exposures (by major types) of 31-12-18:

BDT Million

Particulars	Amount
Continuous loan (CL-2)	
Consumer Financing (CF)	5,251
Small & Medium Enterprise (SME)	2,757
Loans to BHs/MBs/SDs against Shares	962
Other than SMEF, CF, BHs/MBs/SDs	12,633
	21,603
Demand loan (CL-3)	
Small & Medium Enterprise (SME)	1,904
Other than SMEF, CF, BHs/MBs/SDs	99,058
	100,962
Term loan (CL-4)	
Consumer Financing (including staff, other than HF)	10,399
Housing Financing (HF)	1,865
Small & Medium Enterprise	11,873
Other than SMEF, CF, BHs/MBs/SDs	58,589
	82,727
Short term agri credit and microcredit (CL-5)	
Short term agri credit	4,015
	4,015
<b>Total</b>	<b>209,306</b>

(C) Geographical distribution of exposures (31-12-18):

BDT Million

Division	Total
Dhaka Division	155,301
Chattogram Division	45,138
Sylhet Division	1,299
Rajshahi Division	2,813
Khulna Division	2,921
Rangpur Division	538
Barishal Division	284
Mymensingh Division	1,013
<b>Total</b>	<b>209,306</b>

(d) Sector wise exposure of Total loan (31-12-18):

BDT Million

Particulars	31-12-2018	Mix (%)
Agri and micro credit through NGO	10,606	5.07%
Commercial and trading	27,155	12.97%
Construction	7,971	3.81%

Particulars	31-12-2018	Mix (%)
Cement and ceramic industries	5,027	2.40%
Chemical and fertilizer	2,519	1.20%
Crops, fisheries and livestock	2,354	1.12%
Electronics and electrical goods	3,553	1.70%
Food and allied industries	11,364	5.43%
Individuals	25,975	12.41%
Metal and steel products	13,915	6.65%
Pharmaceutical industries	3,656	1.75%
Power and fuel	8,196	3.92%
Rubber and plastic industries	3,851	1.84%
Readymade garments industry	29,442	14.07%
Ship building & breaking industry	7,891	3.77%
Sugar and edible oil refinery	6,104	2.92%
Transport and e-communication	8,155	3.90%
Textile mills	11,769	5.62%
Other manufacturing or extractive industries	6,580	3.14%
Others	13,221	6.32%
<b>Total</b>	<b>209,306</b>	<b>100.00%</b>

e) Residual contractual maturity of credit exposure (31-12-18):

BDT Million

Particulars	Amount
On demand	4,735
In not more than one month	23,645
In more than one month but not more than three months	36,766
In more than three months but not more than one year	67,639
In more than one year but not more than five years	65,665
In more than five years	10,856
<b>Total</b>	<b>209,306</b>

(f) Sector wise exposure of classified loans (31-12-18):

BDT Million

Particulars	31-12-2018	
	Amount	Mix (%)
Commercial and trading	1,835	37.25%
Crops, fisheries & livestock	4	0.08%
Electronics & electrical goods	21	0.42%
Individuals	329	6.67%
Metal & steel products	1	0.01%
Power & fuel	-	0.00%
Readymade garments industry	245	4.97%
Ship breaking industry	1,840	37.35%

Particulars	31-12-2018	
	Amount	Mix (%)
Sugar, edible oil refinery & food processing	12	0.24%
Transport & ecommunication	139	2.83%
Textile mills	403	8.19%
Others	99	2.00%
<b>Total</b>	<b>4,926</b>	<b>100.00%</b>

(g) Gross Non-Performing Assets (classified loan)

On the reporting date i.e. 31 December 2018, Gross Non-Performing Assets / classified loan stood at BDT 4,926 million.

Non-Performing Assets (classified loan) to Outstanding Loans & advances

On the reporting date i.e. 31 December 2018, Non-Performing Assets (classified loan) to outstanding loans & advances was 2.35%.

Movement of Non-Performing Assets (classified loan)

BDT Million

Particulars	2018	2017
Opening balance	4,600	4,096
Additions during the year	3,358	3,252
Reductions during the year	(3,032)	(2,747)
<b>Closing balance</b>	<b>4,926</b>	<b>4,600</b>

Movement of Specific Provisions for NPAs (Provisions for classified loans)

BDT Million

Particulars	2018	2017
Opening balance	4,379	3,475
On fully provided debt written off during the year	(2,544)	(1,972)
On recovery from loans written off earlier	423	501
Specific provision charged (net off recovery) for the year	1,861	2,375
<b>Provision held at the end of the year</b>	<b>4,118</b>	<b>4,379</b>

## E. Equities: Disclosures for Banking Book Positions

### Qualitative Disclosures

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons

Investment in equity securities by EBL is broadly categorized into two types: Quoted securities (Ordinary shares, Mutual Funds) and

Un-quoted securities (including preference share and subscription for private placement). Unquoted securities are categorized as banking book 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.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book.

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Shares (Quoted) *	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) 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.
Mutual fund (Closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealized gain booking.

\* \* Provision for shares against unrealized loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (close end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

## Quantitative Disclosures

Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities

BDT Million

Particulars	Solo (Bank)	Consolidated
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period/Net gain/(loss) on sale of quoted securities	250	327
Total unrealized gains (losses) / Provision for revaluation of shares (net)	362	447
Total latent revaluation gains (losses)	-	-
Any amount of the above included in Tier 2 capital	-	-
Capital charge required for quoted securities:	580	934
Specific risk	290	467
General market risk	290	467

## F. Interest rate risk in the banking book (IRRBB)

### Qualitative Disclosures

#### (a) General Disclosure

Interest Rate Risk is the risk which affects the Bank's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

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 re-pricing/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 assets, 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.
- Deposits that are already matured but not withdrawn yet are considered to be fall under overnight bucket.

Also, following assumptions are met:

- The main assumption of gap analysis is that interest rate moves on a parallel fashion. In reality however, interest rate does not move on parallel fashion.
- Contractual repayment schedule is met.
- Re-pricing of assets and liabilities takes place in the midpoint of time bucket.
- The expectation that loan payment will occur in schedule.
- No early encash is considered in term and recurring deposit.
- Non maturity deposit withdrawal is considered based on past withdrawal behavior.
- Interest paid on liabilities tend to move faster than interest rates earned on assets.
- Interest rate attached to bank assets and liabilities do not move at the same speed as market interest rates.
- Point at which some assets and liabilities are re-priced is not easy to identify

### Quantitative Disclosures:

#### Funding Gap Analysis:

Funding GAP Analysis attempts to determine the potential impact on net interest income (NII) due to changes in interest rate.

Result of Funding Gap analysis as on December 31, 2018:

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 30.58 Million	BDT ± 95.60 Million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 61.16 Million	BDT ± 191.30 Million

**Duration GAP 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, 2018	Dec-31, 2017
Duration of Asset	1.37	1.33
Duration of Liabilities	1.49	1.72
<b>Duration Gap</b>	<b>-0.11</b>	<b>-0.22</b>

**Changes in Market value of Equity due to an increase in interest Rates as of 31st December, 2018**

1%	2%	3%
BDT (60.75) Million	BDT (121.50) Million	BDT (182.26) Million

**G. 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 a comprehensive Treasury Trading Policy, Asset-Liability Management Policy, Investment Policy approved by the BoD to assess, monitor and manage all the above market risks. Various internal

limits have been set to monitor market risk and capital requirement is assessed as per standardized approach of Basel III.

**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. Of the ratios, the key ratios that ALCO regularly monitors are Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency 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 set 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.

Value-at-Risk estimates (Loss in domestic currency in actual value) presented below:

Particulars	Time horizon				
Confidence level	1 day	2 days	3 days	4 days	5 days
90%	158,127	759,118	973,745	1,017,197	1,096,558
95%	761,649	1,013,338	1,037,305	1,717,233	1,784,380
99%	1,036,948	1,752,758	1,855,774	1,937,623	2,041,576

To manage equity risk, the Investment Committee of the bank takes prudent decisions complying sectorial preferences as per investment policy of the bank and capital market investment limit set by BB.

## **Quantitative Disclosures:**

Capital charge required (Solo basis) for market risk on the reporting date 31-12-18:

BDT Million

	Particulars	Amount
a	Interest rate risk	0.20
b	Equities	580
c	Foreign exchange risk	283
d	Commodity risk	-
	<b>Total</b>	<b>863</b>

## **H. Operational Risk**

### **Qualitative Disclosures**

**Operational Risk:** Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide spectrum of issues. We seek to minimize exposure to operational risk, subject to cost benefit trade-offs.

**Views of Board on system to reduce Operational Risk:** The policy for measuring and managing operational risks is approved by the Board in line with the relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Internal Control and Compliance Division to protect against all operational risks. As a part of continued surveillance, the management committee (MANCOM), Executive Risk Management Committee (ERMC) and Risk Management Division (RMD) regularly review different aspects of operational risks and suggest formulating appropriate policies, tools & techniques for mitigation of operational risk of the bank.

**Policies and processes to mitigate operational risk:** The bank captures some identified risk events associated with all functional departments of the bank through standard reporting format, Departmental Control Function Check List (DCFCL), Quarterly Operation Report (QOR), Key Risk Indicator (KRI), internal audit, monitoring, and system check etc. Internal Control and Compliance Division (ICCD) detecting 'High' Risk areas and finding mitigation of those risks. ERMC also oversees the operational risk issues. ERMC analyzes 'high' and 'moderate' risk indicators and sets responsibility for specific people to resolve the issues.

**Performance gap of executives and staffs:** EBL is an equal opportunity employer. It recognizes the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection is governed by the philosophy of fairness, transparency and diversity. Understanding what is working well and what requires further improvement 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.

Our learning and development strategy puts special focus on continuous professional development to strengthen individuals' skill set by removing weaknesses to perform the assigned job with

perfection. We have a wide range of internal and external training programs to enhance capabilities as well as minimize performance gap that will contribute more to bottom line.

Peoples' performance is assessed on the bases of performance objectives and key performance indicators (KPI) set at the beginning of each year. Decisions related to rewards and recognitions for the employees are taken on the bases of how well the assigned KPIs are met by the employee.

**Potential external events:** The overall environment within which a bank operates creates certain externalities which could affect business performance directly such as:

Fraud Risk is the risk of incurring losses as a result of an intentional act or omission by a third party involving dishonesty, for personal and/or business gain, to avoid personal and/or business loss, or to conceal improper or unauthorized activity. This includes facilitation, misrepresentation, money laundering, terrorist financing, theft, forgery and cyber-crime.

Business Continuity Risk is the risk of incurring losses resulting from the interruption of normal business activities, i.e. interruptions to our infrastructure as well as to the infrastructure that supports our businesses.

Information Security Risk is the risk of an event which could result in the compromise of organizational assets, including, but not limited to, unauthorized use, loss, damage, disclosure or modification of organization assets. It includes the risk of cyber threats on the organization.

Regulatory Compliance Risk is the risk of incurring regulatory sanctions (including restrictions on business activities, fines or enhanced reporting requirements), financial and/or reputational damage arising from our failure to comply with applicable laws, rules and regulations.

Vendor Risk arises from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor and other impacts to the vendor itself.

**Approach for calculating capital charge for operational risk:** The bank applies 'Basic Indicator Approach' of Basel III 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 '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,
- Include lost interest i.e. interest suspense on classified loans (SS, DF, BL).

#### **Quantitative Disclosures:**

	BDT Million	
Particulars	Consolidated	Solo (Bank)
Capital charge for operational risk	2,045	1,976

### **I. Liquidity Ratio**

#### **Qualitative Disclosures**

##### **Views of BoD on System to reduce liquidity risk**

Liquidity Risk is the risk of bank's inability to repay its obligations as they fall due or will have to do so at excessive cost due to scarcity of cash fund at a certain period of time. The risk arises from mismatch in the timing of cash flows. The intensity and sophistication of liquidity risk management system depends on the nature, size and complexity of a bank's activities. Sound methods in measuring, monitoring and controlling liquidity risk is critical to sustainability of the bank. Therefore, The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management.

##### **Methods used to measure liquidity risk**

The tools and procedures deployed by EBL to manage liquidity risk are comprehensive. The measurement tools used to assess liquidity risks are:

- Statutory Liquidity Requirement (SLR)
- Cash Reserve Ratio (CRR)
- Asset to Deposit Ratio (ADR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow (MCO)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities

##### **Liquidity risk management system**

Responsibility of managing liquidity lies with Asset Liability Committee (ALCO) of the bank which meets at least once in every month. Asset and Liability Management (ALM) desk closely monitors and controls liquidity requirements on a daily basis by

proper coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

#### **Policies and processes for mitigating liquidity risk**

In order to develop comprehensive liquidity risk management framework, EBL implemented 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. CFP also ensures:

- Reasonable liquid assets are maintained;
- Measurement and projection of funding requirements in different scenarios; and
- Management of access to funding sources.

Maturity bucket of cash inflows and outflows is an effective tool to determine bank's cash position; that estimates cash inflows and outflows with 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.

#### **Quantitative Disclosures:**

Liquidity Coverage Ratio and Net Stable Funding Ratio as on 31 December 2018 are given below:

	BDT Million
Particulars	Amount
Stock of High quality liquid assets	38,606
Total net cash outflows over the next 30 calendar days	30,238
Liquidity Coverage Ratio (%)	127.67%
Available amount of stable funding	203,657
Required amount of stable funding	195,697
Net Stable Funding Ratio (%)	104.07%

### **J. Leverage Ratio**

#### **Qualitative Disclosures**

##### **Views of BoD on System to reduce excessive leverage**

Leverage ratio is the ratio of Tier 1 capital to total on and off-balance sheet exposures. It was introduced into the Basel III framework as a non-risk based backstop limit, to supplement risk-based capital requirements. EBL has embraced this ratio along with Basel III guideline as a credible supplementary measure to risk based capital requirement and assess the ratio periodically.

#### **Policies and processes for managing excessive on and off-balance sheet leverage**

Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by EBL while managing excessive

on and off-balance sheet leverage of the bank. As per RBCA leverage ratio shall be Tier I Capital divided by Total Exposure after related deductions.

#### **Approach for calculating exposure**

The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure, is calculated using the new definition of Tier I capital applicable from 01 January 2015. The denominator, exposure measure, is calculated on the basis of the Basel III leverage ratio framework as adopted by Bangladesh Bank.

#### **Quantitative Disclosure:**

Leverage Ratio (Solo Basis) on 31 December 2018 is given below:

BDT Million	
Particulars	Amount
On balance sheet exposure (A)	278,333
Off balance sheet exposure (B)	82,682
Regulatory Adjustments (C)	(1,449)
Total exposure (A+B-C)	359,566
Leverage Ratio	5.26%

### **K. Remuneration**

#### **Qualitative Disclosures**

EBL wants to attract, retain and motivate top talents to meet its challenging objectives. The bank offers a competitive pay and benefits package to fulfill the said objective. Our compensation and benefits strategy combines the need to maintain a high performance culture along with market competitiveness. A bi-annual benchmarking exercise makes sure that employees' pay is competitive. Moving between pay scales depends on the individuals' performance and we reward employees accordingly.

#### **a) Information relating to the bodies that oversee remuneration.**

*Name, composition and mandate of the main body overseeing remuneration.*

EBL has a Board-approved People Management Policy that outlines the rules relating to compensation structure and the benefit package for the people and gives detailed procedures for exercising them.

*External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.*

Presently EBL does not have any separate body or external party to oversee remuneration.

*A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.*

The said policy applies to all the employees of the bank.

*A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.*

All of the Management Committee (MANCOM) members are considered as material risk takers and are mostly Senior Managers. MANCOM is the highest decision and policy making authority of the management comprising of MD & CEO and different business and support unit heads.

#### **b) Information relating to the design and structure of remuneration processes.**

*An overview of the key features and objectives of remuneration policy*

Remuneration policy of the bank has been framed to maintain a performance based reward policy which recognizes the contribution of each of the employees of the bank.

EBL's reward package consists of the following key elements:

#### **Fixed pay:**

The purpose of fixed pay is to attract and retain employees by paying competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowance, and other cash allowances. These payments are fixed and do not vary with performance.

#### **Benefits:**

EBL provides benefits in accordance with local market practice. This includes subsidized loans (car, house building), hospital bill reimbursement, TA/DA etc.

#### **Annual Incentives:**

EBL provides annual incentives to drive and reward performance based on annual financial and non-financial measures consistent with the medium to long-term strategy, shareholder interest and adherence to EBL values.

#### **Regulations of Pay and Allowances**

- Salaries are confidential between the concerned employees and Human Resources Division.
- The grade-wise scale of pay and other allowances of employees are determined by the competent authority from time to time.
- Salary revision is decided by the Managing Director & CEO with the approval of the Board of Directors based on:
  - a. Individual Performance
  - b. Market movement
  - c. The Bank's affordability
  - d. Individual's relative position in a particular salary range
  - e. COLA (Cost Of Living Adjustment)

Any request for information relating to salary should be directed to the Human Resources Division by appropriate authority.

*Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.*

Remuneration structure of the bank is reviewed as and when management deem appropriate to allow for adjustments in the cost of living and market forces pertaining to the banking industry. HR Division initiates the process, makes proposal to Board for approval.

*A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.*

EBL ensures that Risk and Compliance employees are remunerated independently as the remuneration package is set by the management and applicable for all employees irrespective of profession or area.

**C) Description of the ways in which current and future risks are taken into account in the remuneration processes.**

*An overview of the key risks that the bank takes into account when implementing remuneration measures.*

In a highly competitive financial sector like ours, remuneration system is mostly dictated by market forces. Demands for efficient and skilled employees tend to increase as disproportionate number of financial institutions chase them. As a result, compensation package for skilled resources is relatively high and salary revision takes place more frequently than other industries. Excessive turnover of human resources, skill shortage, inability to attract and retain good people are some of the risks banks have to consider with. However, EBL designed its remuneration package as per market driven strategy to ensure right package for the right people. On top of it, in designing remuneration package, EBL ensures fair treatment, internal equity and external competitiveness to retain good resources.

*An overview of the nature and type of the key measures used to take account of these risks; including risks difficult to measure (values need not be disclosed).*

Market survey is conducted periodically to compensate employees for their expertise, time, mental and social engagement with the organization.

*A discussion of the ways in which these measures affect remuneration.*

These measures ensure that the remuneration process of EBL is:

- Right employees are getting right package as per their performance, quality of experience, training received and special expertise.
- Ensure internal & external equity

*A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.*

No changes took place.

**(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with different levels of remuneration.**

*An overview of main performance metrics for bank, top-level business lines and individuals.*

At EBL, salary increment and promotion is purely linked with performance. As per policy, performance evaluation is done for all permanent employees once in every year. In addition to yearly review of performance, a mid-year review is also carried out. Performance evaluation is done on the below parameter:

- Business Objectives
- Personal Development Objective
- Management Objectives

*A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.*

Overall performance is evaluated as per above mentioned parameter and individuals are rated accordingly from 1 (highest) to 6 (lowest). Increment is linked with the rating employees receive during the performance evaluation process.

*A discussion of the measures the bank will, in general, implement to adjust remuneration in the event that performance metrics are weak.*

No adjustment took place as EBL maintains a standard performance evaluation process.

**(e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.**

*A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.*

Not applicable.

*A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.*

Not applicable.

**(f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.**

*An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms).*

EBL recognizes the effort and performance of its employees based on its People Management Policy which consist of base salary and different benefit packages mentioned earlier. Therefore, EBL does not use any form of variable remuneration in its remuneration process. However, EBL practice sales commission based remuneration process for contractual staffs.

### **Quantitative Disclosures:**

*Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member:*

No such meeting as there is no designated remuneration committee. HR Division is assigned to initiate any change proposal on remuneration as per the People Management Policy of the bank and get necessary approval from BoD.

*Number of employees having received a variable remuneration award during the financial year:*

Not applicable\*

*Number and total amount of guaranteed bonuses awarded during the financial year. ::*

Two basics for two festivals.

*Number and total amount of sign-on awards made during the financial year. Not applicable*

*Number and total amount of severance payments made during the financial year. Not applicable*

*Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Not applicable*

*Total amount of deferred remuneration paid out in the financial year. Not applicable.*

*Breakdown of amount of remuneration awards for the financial year to show:*

- *fixed and variable.*
- *deferred and non-deferred.*
- *different forms used (cash, shares and share linked instruments, other forms).*

Not applicable.

*Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw-backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:*

- *Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.*
- *Total amount of reductions during the financial year due to ex post explicit adjustments.*
- *Total amount of reductions during the financial year due to ex post implicit adjustments.*

Not applicable.

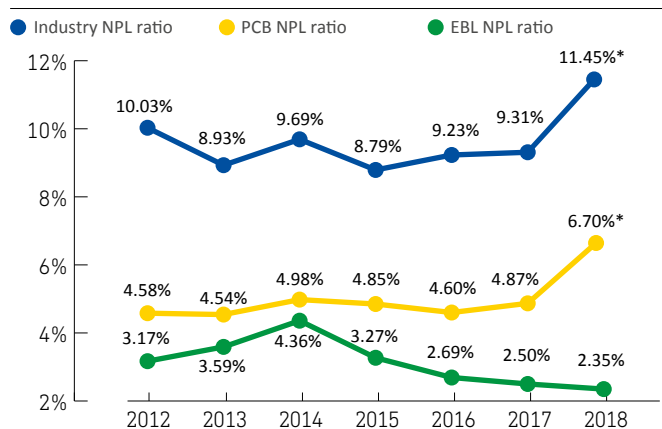
**Note:** Till 2018, People management Policy of EBL does not have provision of any kind of variable remuneration, deferred remuneration, severance payment, sign-on awards or other forms of remuneration as mentioned above for its permanent staff.

## Management of Non-performing Loan (NPL)

As the name suggests, Non-performing Loan (NPL) does not generate any revenue for the bank; rather it requires prescribed amount of provision to be charged. If any loan remains unrecovered, fully or partly, it directly affects profitability of the bank adversely. Balance Sheet looks unhealthy when asset quality becomes impaired. However, no bank intends to concede any non-performing loan (NPL), but lending comes with inherent risk that loan repayments might fall behind schedule.

- A high volume of NPL causes a significant drag on a bank's performance in the form of:
- Reduction in net interest income;
- Increase in impairment cost/provision;
- Additional capital requirement for high-risk weighted assets;
- Reduced scope for new lending; and
- Additional management time and servicing cost to resolve the problem.

**NPL ratio movement: EBL vs. Industry & PCB**



\*Figure related to September, 2018

Source: Bangladesh Bank Publications

### NPL position at EBL

At EBL, we believe in "Quality first, Revenue will follow". The strong focus on quality of asset drove the Bank to achieve an enviably

low NPL of 2.35% at the end of 2018; which is way lower than the industry average as well as much lower than average NPL in Private Commercial Banks (PCB). In the year 2018, EBL achieved marked improvement in NPL, which was 2.50% in last year. However, the remarkably low NPL in 2018 is not incidental; rather it follows continuous improvement trend since 2014.

A concerted effort of the Business, Credit Risk Management, Special Asset Management and Senior Management to keep the loan portfolio healthy and effective oversight of the Honorable Board of Directors towards sustainable growth helped EBL to accomplish such a feat.

### How we deal with NPL

- **Strong recovery system:** Top most priority is attached for recovery of Non-performing loans. Special Asset Management Division puts their all-out effort for recovery of loans including compromise settlement. Intense follow-up and monitoring through frequent customer visits is the key to efficient and effective recovery system.
- **Healthy credit culture:** Robust risk management culture with a well-articulated underwriting criteria, policies and procedures helps EBL to arrest flow of new non-performing loans. Policies, guidelines and procedures are continuously reviewed and updated on the basis of actual performance and industry best practices.
- **Constant monitoring & follow-up:** A vigorous early warning system is in place to identify individual position in the portfolio for immediate attention and remediation. As soon as signs of deterioration are detected, strategies on vulnerable and concerning accounts are set with the goal of preventing these performing loans from converting into NPLs.
- **Resolution expert:** At EBL, a constant effort is put to identify routes to recovery and exit from problem / concerning portfolio. Attention is given to rescheduling of classified accounts within the purview of regulatory guidelines where it is a viable option. Continuous and close contact is maintained with customers facing problems and necessary financial and advisory assistance is provided.

### WAY FORWARD

- "No compromise in Quality" would be the guiding principle for management of credit portfolio of the Bank in 2019.
- Management is committed to excel in NPL management by way of:
  - Arresting new NPL flow and
  - Reducing NPL stock i.e. both classified and written-off accounts
- Aligning underwriting criteria with the economy and industry position, enhancing credit principles and bringing in innovation in recovery shall be the key priorities for NPL management.
- Combating NPL is a continuous process and there is no room for complacency in improving portfolio health. It is the Bank's strategic intent to uphold its downward trend of NPL ratio in the coming years.

# Recovery of Classified and Write-off Loans

Default loan has dogged into the country's banking sector that halts the overall economy to grow and deprives honest borrowers to collect required funds at reasonable price. And, for the rise of default culture, banks are losing out revenues and need to make provisioning against the bad loans from income. However, amongst all these concerns, EBL NPL ratio came down to 2.35% at the end of 2018, credit goes to Bank management, showing Bank's commitment to its stakeholders. Special asset management team of the Bank played contributory role to get that figure with their all-out effort for recovery of loans. Proper follow-up and monitoring through frequent customer visits are the keys to efficient and effective recovery system.

## Performance highlights

- 17 training sessions were conducted for around 650 participants of SAMD on GAP, telephone etiquette, classification and provisioning, rescheduling criteria, delinquency management, work life balance & complaint management.
- Legal workshop with District & Session Judge of Dhaka for knowledge sharing & building up healthy relationship towards expediting suits/cases.
- Obtained judgment in Artha Rin case against some major accounts of EBL
- Obtained certificate under section 33(5) & 33(7) of ARA on some major accounts of EBL.
- Total 135 cases in High Court were disposed & obtained order in favor of bank.
- 693 compromised settlement proposals were approved from the Board for BDT 402 million.

## Steps taken to recover classified and written off loans

- Regular meetings with Bank's enlisted lawyers for getting update of the progress of cases filed for speedy disposal of the same.
- Attachment of unencumbered assets of the defaulted borrowers.
- Separate team engaged for expediting sale process of Non-Banking Assets (NBA).
- Emphasizing to settle down accounts under suits/ cases outside the court with the help of legal unit and panel lawyers.
- Rigorous follow up was made for running movement (SS, DF & BL) of classified loans to contain NPL

## Recovery status at a glance

BDT in million

Particulars	2018	2017	2016
Recovery from Written off loans	423	501	380
Recovery from Classified loans	700	858	722
<b>Total</b>	<b>1,123</b>	<b>1,359</b>	<b>1,102</b>

## Status of legal proceedings

We are now looking after 7,013 suits/cases filed against defaulting borrowers involving an amount of BDT 20,796 million. 19 dedicated law officers are monitoring the above suit cases as plaintiffs and complainants on behalf of the Bank. The above mentioned suits/cases are filed and conducted by panel lawyers of the Bank. Legal unit obtained 1,373 number of judgments in Artha Rin Suit & Case filed under Negotiable Instruments Act. 725 number of Cases have been withdrawn after settlement of the account. Moreover, 200 writ petitions/ criminal misc. cases/ appeals are pending before the Supreme Court of Bangladesh whereas 131 cases were settled.

## WAY FORWARD

- Initiated action for speedy settlement of large accounts on priority basis.
- Continuing regular portfolio analysis meeting with Business and CRM on monthly basis for improving quality of asset portfolio & providing feedback to underwriting team based on collection efforts.
- Arrange sufficient training sessions by subject matter expert to increase the efficiency, productivity & loyalty of the employees.
- Raising early alert to Business & CRM for specific sector through vintage analysis on SME-S accounts.
- To procure Automated Collection Module.

## Going Concern and Viability

### Key financial indicators

	2018	2017	2016	2015	2014
Return on average assets	1.15%	1.04%	1.33%	1.23%	1.28%
Return on average equity	13.83%	11.41%	12.94%	10.95%	10.93%
Cost to income ratio	45.63%	45.20%	44.10%	47.41%	42.18%
Capital to risk weighted assets ratio	12.16%	14.09%	15.10%	14.24%	13.22%
NPL ratio	2.35%	2.50%	2.69%	3.27%	4.36%
EPS (BDT)-Not restated	4.17	3.26	3.78	3.63	3.45

### Credit rating

EBL is the first company in the country rated by Moody's, a renowned global rating agency. The Bank has been assigned Ba3 rating with stable outlook that reflects good track of asset quality, high level of profitability, robust capital position with strong balance sheet buffers.

CRISL has reaffirmed the long term rating "AA+" and the short-term rating "ST-2" to EBL. Banks rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a banking entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. Short-term rating indicates high certainty of timely repayment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

CRISL also viewed the bank with "Stable Outlook" and believes that bank will be able to maintain its good fundamentals in the future.

### Global recognition

EBL has been adjudged best retail bank in Bangladesh by the Asian Banker consecutively for the last six years since 2013. EBL is the only bank from Bangladesh to win Best Transaction Bank in Bangladesh Awards in two categories of Best Cash Management and Trade Finance. IFC of World Bank group recognized us as the Best Issuing Bank Partner and Best Trade Operations Issuing Bank Partner in South Asia. EBL also won Best Corporate and Investment bank accolade from Asiamoney and Best bank in Bangladesh by FinanceAsia. Apart from that, the jury of Euromoney awards for excellence conferred the Best Bank in Bangladesh for its professionalism, prudence and growth. All these recognitions prove EBL's acceptance globally.

### Going regional to diversify business

To tap potential of regional business and to diversify income sources, the Bank is eyeing beyond boundaries. At present the Bank has one subsidiary in Hong Kong and representative office in Myanmar and planning to set up another representative office in Guangzhou, China to support more trade and guarantee business and foreign investment in the country.

### We care for our people

Employees who are satisfied at work come up with higher productivity through better customer service. With that conviction, EBL always cares for its employees and creates good atmosphere for work so that they remain highly satisfied. EBL ensures equal opportunity, work life balance, employee engagement, personal development, health and safety for its employees which in return increases Bank's productivity and reduces conflict between employees and management.

EBL has been in its journey for over 26 years with a bunch of delightful customers. Our people truly holds the flagship of the Bank and they try to provide quality service to our customers that has created long lasting bondage.

### Consistency in higher dividend payment

Particulars	2018	2017	2016	2015	2014
Dividends					
Cash dividend(%)	20	20	20	20	20
Stock dividend (%)	10	0	5	15	-
<b>Total</b>	<b>30</b>	<b>20</b>	<b>25</b>	<b>35</b>	<b>20</b>

To protect the interest of the shareholders is the topmost priority of EBL. Hence, EBL has been quite consistent in terms of paying dividends that shows EBL's long-term vision and firm commitment to its shareholders.

### Strong brand image

Banking business purely depends on trust. People have entrusted us with so many responsibilities. In reciprocity, we have always put our best efforts to meet diverse stakeholders' expectations that's what made us a strong financial service brand in the market. And as a fact of recognition, EBL has been awarded as a 'Superbrand' of the country for the year 2018-2020 by the Superbrands Bangladesh for its outstanding contribution in the banking sector.

## Governance and risk management

Good governance is the key to sustainable growth. Our continuous effort to adopt and adapt to international best practices in corporate governance has been recognized by professional bodies. EBL has won the gold award at the ICSB National Award 2017 for Corporate Governance Excellence in banking category. Since inception of the award in 2013, EBL is the most awarded financial institution in the category. PCI DSS certificate awarded to EBL by global leader in cyber security NCC Group of UK is a testimony to our emphasis on card security. Moreover, EBL has a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all of the employees of the Bank.

## Regulatory compliance

EBL is one of the most compliant banks in the industry. We do business complying applicable laws, rules and regulations of the regulators. Following key ratios set by Bangladesh Bank are properly complied with.

Ratios	Regulatory limit	Our position	Status
AD ratio	83.5%	83.08%	Complied
MCO	18%	15.31%	Complied
LCR	≥100%	127.67%	Complied
NSFR	>100%	104.07%	Complied
Capital market exposure	25%	22.10%	Complied
Leverage ratio	≥3%	5.26%	Complied

## Capital management

BDT in million

Particulars	2018	2017	2016	2015
Minimum capital requirement	20,266	16,544	14,881	14,371
Maintenance of capital	24,648	23,302	22,472	20,463
Surplus	4,382	6,758	7,591	6,092
<b>CRAR</b>	<b>12.16%</b>	<b>14.09%</b>	<b>15.10%</b>	<b>14.24%</b>

The bank has been maintaining adequate capital above its regulatory requirement. Minimum capital requirement of the Bank as of 31 December 2018 is BDT 20,266 million whereas EBL maintained BDT 24,648 million that led to CRAR 12.16% of which Tier-1 capital to RWA is 9.33% and Tier-2 capital to RWA is 2.83% that indicates how efficiently EBL manages its capital and constantly upgrades it to create strong capital base and meet up regulatory requirements.

To sum up, there is no significant doubt upon the Bank's ability to continue as a going concern. EBL has neither intention nor the need to liquidate or curtail materially the scale of its operations. Hence, the financial statements of the Bank have been prepared on the assumption that EBL is a going concern and will continue to operate for the foreseeable future.



Eastern Bank Ltd



A photograph of a modern building with a glass entrance and a large tree in the foreground. The building has a concrete frame and a glass entrance. A large tree with green leaves is on the left. In the foreground, there is a small waterfall and some potted plants. A sign with the word 'ENTRY' is visible at the bottom.

## Sustainability Report

Our aim is simple and our process is transparent. We want to be profitable and sustainable at the same time. We always focus on the aspect that our performance culture must go hand-in-hand with our core values of responsibility. We are committed to ensure ethical, social and environmental criteria that are diligently followed when conducting business and making business decisions.

# Sustainability Report

## Sustainability: An overview

Sustainability is at the very core of the Bank's corporate strategy. By integrating social and environmental responsibility into core business processes and stakeholder management, the Bank recognizes its ability to achieve the ultimate goal of creating both social and corporate value. We are committed to serve all strata of society through careful customer segmentation that provides financial access and services across the continuum of socio-demographic groups. 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 up the needs of future generations. We are working towards building a solid business model capable of generating 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.

## Sustainability governance

EBL has updated the governance structure of its sustainability function to include the international best practices on corporate social responsibility and the good governance. The rules and regulations of the Board of Directors stipulate in relation to sustainability that:

- The Board of Directors; on all matters except those reserved for the annual general meeting, is the only body authorized to approve general policies and strategies, especially those relating to sustainability.
- The Board of Directors also oversees the corporate social responsibility policy, ensuring its compliance and its aim to create value for the Bank.

EBL has a Sustainable Finance Committee (SFC) chaired by Additional Managing Director (AMD) and comprises the heads of different divisions and corporate areas of the Bank concerned with sustainability. This Committee meets at least once a quarter and proposes, coordinates and promotes the Bank's sustainability initiatives.

Credit Risk Management (CRM) also assesses the reputational risk stemming from any financial transaction with a social or environmental impact, which issues non-binding recommendations to the relevant decision-making body.

Subsequent to Business Units and Credit Risks as a third line of defense, internal audit performs regular evaluations of the implementation of Environmental & Social Risk Management (ESRM), Sustainable Banking and Green Office Guideline.

Sustainable banking policy defines the Bank's general sustainable banking principles, and its voluntary commitments to its main stakeholders, through principles and commitments focused on creation of lasting value. This policy also refers to social and

environmental risk management for the Bank's lending activities involving sensitive sectors and business activities, which are described under the "Sectoral Policies".

Human resource policy states EBL's stance on human rights protection for engaging in business with its stakeholders.

Green office guideline explains the Bank's commitment to, and action in, combating climate change.

## Environmental aspect

To achieve long-term sustainable development, we must responsibly manage environmental and social (E & S) risks. Environmental risk means the risk of causing pollution or destruction of the natural environment (land, water, air, natural habitats, animals and plant species) through either accidental or deliberate actions. In 2013, we introduced certain procedures and templates to assess our E&S Risk. We recognize that our primary impact on the natural environment is through our relationship with our customers and the lending decisions we take. Therefore:

- All our lending proposals are factored against E&S risks where appropriate.
- All lending proposals are taking into account of local laws and regulations and internationally acceptable environmental and social standards where these are more stringent.
- Risks associated with both environmental and social issues are being properly recognized, evaluated and where appropriate mitigated.
- Business ensures that appropriate procedures are designed to meet these policy requirements e.g. project finance proposals are assessed in accordance with the IFC performance Standard.

EBL is committed to minimize the adverse impact of its operations on the environment. In 2018, we reduced our office paper use by 4% per full-time employee. We remain broadly on track to meet our respective committed targets.

**In-house environment management:** Green office guide provides a great way for staffs to learn more about environmental issues and what can be done at work to reduce their ecological impact. A green office self-reporting assessment system has been developed in this guide to provide management with sufficient ways to calculate the effectiveness of green office recommendations, and provide incentives to staffs so that the process of saving the environment is not conveyed as a chore.

**Online banking & green marketing:** As a pioneer Bank for introducing various technologies in customer services to minimize carbon emission; we always focus on delivering our customers through alternate channels. Some of our green marketing and products initiatives are:

### 1. Internet Banking and Sky Banking (mobile app) interface for customers

Our customers can sign up instantly to online banking using EBL Internet Banking and/or Mobile Apps based EBL Sky Banking. Online Banking facility allows the customer to bank from anywhere,

anytime with total security and confidentiality. This service is absolutely free for customers. Following banking services can be availed through Online Banking:

- Transfer fund from one account to another account within EBL or to any BEFTN member bank account (daily transfer limit BDT 500K).
- Pay bills for credit cards of any bank operating in Bangladesh, mobile phones recharge (both prepaid and postpaid) of all operators, internet service providers (Wimax, Qubee, Banglalion, doze, go broadband, Agni, Access Telecom and Dekko airnet), Tuition fee of Daffodil International University.
- Request cheque book or account statement.
- Place instruction for a regular transfer of fund from account at desired frequency.
- Generate account statement (both loan & deposit), view issued cheque leaves status and submit positive pay instruction.

## 2. Enrolment to SMS banking and e-statement mandatory for all new customers

E-Statement and SMS banking has been made mandatory for all new to the bank customers.

Online banking journey	2018	2017
% of total customers using internet banking	17%	13%
% of total customers using SMS banking	83%	79%
% of total accounts statements delivered through email	40%	45%

## 3. Implementation of National Payment Switch of Bangladesh (NPSB)

We are connected to National Payment Switch which enables our debit/credit card customers to withdraw money from any other

bank's ATMs within Bangladesh for a fee of only 15 taka.

Protecting Environment	2018	2017
Number of customers eligible for environmental due diligence	171	36
Number of customers appraised for environmental risk rating	171	36
Low	96	22
Moderate	71	14
High	4	0
Number of customers financed upon appraised for environmental risk rating	118	36
Low	83	22
Moderate	35	14
High	0	0
Cost of water consumed by the Bank (BDT in million)	2.83	4.15
Cost of paper consumed by the Bank (BDT in million)	2.62	3.78
Cost of energy (electricity, fuel, and gas) consumed by the Bank (BDT in million)	112.30	123.44
Installed capacity of solar energy to run Bank premises and ATMs (in Kilowatt)	21.39	3.39
Percentage of Bank branches connected online	100%	100%
Number of staffs received training on Environmental and Social Risk Management	220	133

## Economic aspect



### Employee remuneration

BDT 3,467 million in staff costs

EBL has 3,057 employees; 46.18% are with EBL for less than 5 years, 34.46% are for 5 > 10 years, 11.14% are for 10 > 15 years and 8.22% are for over 15 years.



### Loans granted (net) to SME- Small businesses

BDT 10,750 million in loans awarded at year-end

The Bank has also disbursed BDT 10,750 million loans to Small businesses. EBL is a market leader when it comes to financing renewable energy projects.



### Shareholders

BDT 2,214 million recommended as dividend

Recommended 20% cash dividend and 10% stock dividend.



### Taxes withheld and paid

BDT 3,203 million in taxes and other levies withheld and paid

EBL contributes both economically and socially to the countries by paying withholding indirect taxes from third parties.



### Social investment in the community

BDT 81 million in social investment in the community

BDT 81 million in community support program.  
12 MFI's are linked with EBL to mobilize agricultural loan.

Financial inclusion	2018	2017
Cumulative agricultural and rural credit extended through MFIs (BDT in million)	4,524.10	6,530.60
Cumulative agricultural credit extended through own network (BDT in million)	15.08	16.94
Cumulative agricultural and rural credit extended from ADB fund (BDT in million)	1,445.00	645.00
Total number of individuals impacted	130,746	174,434
Total number of MFIs partnered	12	11
<b>Promoting sustainable finance</b>		
Amount financed for installation of ETP to plants in operations	-	9.8
Amount financed in plants having ETP (loan disbursed to projects having ETP)	35,045.7	25,501.0
Amount financed to solar panel/renewable energy plants	-	-
Amount financed to Bio-fertilizer plants	-	-
Amount financed to brick kilns adopted cleaner technology	24.69	122.2
Amount financed to other green projects	531.67	-
<b>Total sustainable finance</b>	<b>35,602.0</b>	<b>25,633.0</b>
Note: All figures above are in million Bangladesh Taka		
Number of employees trained in sustainable finance	220	139
<b>Financial assistance received from government</b>		
Borrowing from Bangladesh Bank under different refinance programs (as of 31 December )(BDT in million)	1,086.27	990.99
Interest loss compensation received from Bangladesh Bank against disbursements in specified agricultural products @ 4% (BDT in million)	0.034	0.035
<b>Governance</b>		
No. of Incidents of non-compliance with regulations resulting in fine or penalty	None	None

## Social aspect

### Employee and talent management

In order to be the best retail and commercial Bank for our customers, we have to begin with our employees. If they feel proud of belonging to EBL and are more committed, they will be able to earn the lasting loyalty of our customers. EBL endeavors to attract and retain the best talent, and wants its professionals to be motivated, committed and fairly paid. Its aim is to be one of the top banks to work for. EBL employees share the corporate culture focusing on fulfillment of its purpose, helping people and businesses prosper, and consistently doing things in a simple, personal and fair way.

Employer of choice	2018	2017
Headcount (permanent staff) on year-end	1,715	1,594
Percentage of female representation	19.33%	18.64%
Percentage of voluntary attrition	6%	8%
Number of permanent staffs received training	4,890	4,710
Total number of training days	9,890	9,880
Average training days per employee	3	4
Percentage growth in headcount	20.73%	0.63%
Number of fresh graduates recruited as Management Trainee Officer (MTO)	30	27
Number of fresh graduates recruited as Probationary Officer	13	22
Number of fresh graduates recruited in other positions	24	35
<b>Years of service with EBL as percentage of total permanent staff headcount</b>		
Less than 5 years	46.18%	50.19%
5 > 10 years	34.46%	31.68%
10 > 15 years	11.14%	9.28%
Over 15 years	8.22%	8.85%
No. of fire wardens	193	257

**Employee training:** In 2018, for boosting employee knowledge, skills and alignment with the corporate culture total 4,890 training sessions were conducted for permanent employees with an average of 3 training days per employee. Green Banking training is mandatory for all newly joined staffs in Bangladesh. For our corporate relationship managers to have in-depth understanding on Green Finance, we have introduced 'Sustainable Finance Training' since 2013. In 2018, a total of 220 staffs have attended these trainings which was 272 in 2017.

### Customer satisfaction

We want to help our customers' progress day by day: with simple and tailor-made solutions that increase their loyalty to the Bank; a fair and equal treatment based on trust and excellent service through our branches and digital channels.

EBL is improving its customer relationship model year after year with the aim of offering the finest products and services as and when they need them, while enhancing the customer experience with the Bank.

Excellence in customer service	2018	2017
Number of average customers*	553,090	477,989
Number of complaints received through all channels	458	640
Complaints per 1000 customers	0.82	1.34
Usual turnaround time to resolve any complaint	0-3 days	0-3 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

**Branches:** Branches remain an essential channel for providing personalized attention and advice to customers. The first flagship branch was opened in 2015, offering more streamlined processes, more intuitive technology and unique spaces that combine the benefits of technology and professionalism of our people.

**Digital transformation:** The multichannel transformation of the commercial model is a strategic priority for EBL. Digital channels open up new opportunities to personalize customer relations, force closer ties with them, and contribute to improving their satisfaction with and loyalty to the bank.

**Products and services offering social and/or environmental added value:** As part of its commercial activity, EBL offers a wide range of products and services with social and/or environmental added value. Among other things, these products provide access to financial services for low-income groups, socially responsible investment, and financing of renewable energies and environment friendly products.

**Service quality:** Customer's delight is at the center of EBL's business model. The Bank has over 553 thousand customers, who recognize the brand as a 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 generating stable revenue. 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. The Bank planned to invest in systems for 360-degree customer relationship management and automated system for managing incidents, claims and complaints.

## Community investment

EBL also contributes to economic and social development through initiatives and programs that support the community. 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 the stakeholders. We believe in creating long-lasting value for our clientele, shareholders, and employees and above all for the community we operate in.

As a responsible corporate, we ensure that our CSR activities are anchored on the principle of 'Building Social Capital'. We have some definite responsibilities to our customers, employees, government, environment, and to the communities at large. A detailed report on CSR has been presented separately in the annual report.

CSR	2018	2017
Major expenditure for CSR (BDT in million)	81.10	151.20

**Tax Contribution to the Government:** EBL contributes economically and socially to the countries in which it operates by paying all direct taxes and withholding indirect taxes from third parties, collaborating fully with the local tax authorities.

BDT in million

Tax contribution to the government	2018	2017
Income tax	3,898	3,972
VAT	550	488
Other duties & taxes	278	238

**Anti-money laundering and counter-terrorist financing:** EBL has a system to prevent money laundering and the financing of terrorism. The system is kept constantly in line with the latest international regulations and is able to adapt to new techniques used by APG (Asia Pacific Group on Money Laundering). It also has a corporate framework in place for this purpose, establishing the basic guiding principles and policies concerning this matter and the minimum standards that must be adhered to by local units responsible for managing and coordinating the systems and procedures for the prevention of money laundering and financing of terrorism, and investigating and dealing with any reports of suspicious activities and any requests for information from supervisors.

Tackling financial crime	2018	2017
Number of staffs completed training on AML	760	1,100
Number of Suspicious Transactions reported to Bangladesh Bank	15	11
Number of accounts closed for unsatisfactory KYC	280	0

## WAY FORWARD

Eastern Bank nurtures indebtedness to environment, people and society. Its attachment and passion to social safeguards go beyond its periphery and definition of Environmental and Social (E&S) Risk Management. As such EBL carries out social duties with enthusiasm and spontaneity.

Eastern Bank will be doing its E&S responsibilities as silently as previous. EBL believes in sustainability and prefers to be sustainable partner for lasting impact on people and society. EBL thinks its investment in social projects will bring results in the years to come. EBL will also play a role from its capacity to contribute in achieving Sustainable Development Goals (SDGs) of United Nations.

## Corporate Social Responsibility

As a responsible corporate citizen we understand the need to invest in the society we operate in for bringing about changes that impact lives in positive ways. Our corporate social responsibility is a reflection of our commitment to our society and we put in our best efforts in living according to the values we wholeheartedly believe in. Our attempt has always been to make a positive impact in everything that we do.

We always strive to live up to the principles of the United Nations Global Compact as this is globally recognized cornerstones of corporate responsibility. We also firmly believe that without a principled approach to do business, sustainability cannot be ensured.

### Our corporate citizenship strategy

We apply the same corporate governance standards to our corporate citizenship programs as we do to our business dealings. For us good governance is the foundation of our strategy.

All project proposals relating to CSR are evaluated based on a standardized governance framework and scorecard. We have a Board approved CSR policy framework and we do everything necessary to ensure transparency of our investments. Our CSR policy clearly outlines our engagement strategy.

- We take utmost care to ensure that the CSR allocations do not end up financing militancy and terrorism.
- Our CSR engagement programs are mostly in the area of education and healthcare. Our aim is to spend 40% of our fund for awarding scholarships for underprivileged students from renowned educational institutions and 25% to healthcare for underprivileged population of the society.
- We strongly feel that sports, arts and culture are key components for a healthy and sustainable society. We, therefore, have committed 10% of our CSR allocations to the development of sports and arts and culture of the country.
- The remainder 25% of the budgetary CSR expenditure is allocated for emergency disaster relief, upgrading facilities and lifesavings equipment in emergency rescue services like the fire brigades etc., infrastructure improvement for disadvantaged communities in far flung areas.

### Education: Key to social and economic development

We believe education is the great leveller and also the best way to raise aspiration in the society and instil inspiration to achieve greater heights in life. In this globalized and knowledge-based world, education is key to address humanity's major challenges.

Our major CSR activity involves in tertiary education because we believe that it is where youths are prepared for entering into the job market. For the economic development, our society needs skilled

workforce and people who embrace critical thinking. Education is also crucial to social cohesion, because it enables people from a disadvantaged background to earn an income that can provide a better quality of life and inspire future generation. 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.

To reach out to meritorious and disadvantaged students of the University of Dhaka, we began a fruitful partnership with Dhaka University Alumni Association (DUAA) in 2007. We are proud of this collaboration. We began by offering a minimum of four scholarships to all 74 departments of University of Dhaka helping the meritorious but disadvantaged young people to pursue higher education and grow as skilled workforce.

On the 10th year of our scholarship program, we more than doubled the scholarship amount from BDT 2.30 million to BDT 4.5 million. This BDT 4.5 million is given to 150 deserving students for their outstanding academic performance and each to get BDT 30,000. DUAA works closely with all the departments of University of Dhaka for the selection of the scholarship award.



*EBL in partnership with Dhaka University Alumni Association (DUAA) provides scholarships to the meritorious and disadvantaged students of the University of Dhaka.*

Every year we reboot and recycle our desktop computers and donate them to set up IT labs to different educational institutions. We helped to set up the IT lab of Sheikh Fazilatunnessa Government Girl's College by donating 20 units of computers. All these contributions made us strongly feel that it is our prime responsibility as a corporate citizen to promote girls' empowerment and the fulfilment of the human rights through education.

### Promoting human welfare

EBL considers the society we operate in as our extended family. We are always at their side when they are in distress and need our help most. The society we belong to and operate in is the place where all our responsibilities lie.

We always stand by the people who are suffering or in difficulties. Every year we give a cheque of BDT 480 thousand to a family of one of the officers killed in the BDR carnage. We kept our commitment and have successfully provided this support for ten years till 2018.

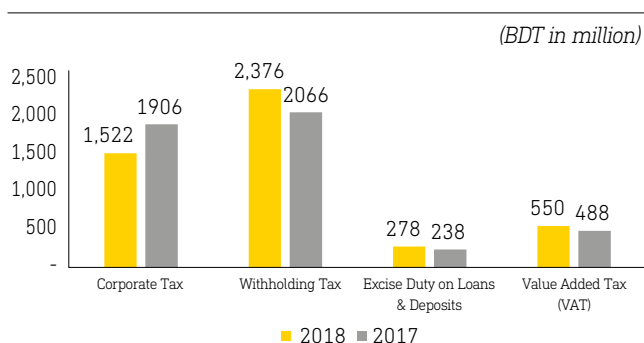
We also donated fifty thousand pieces of blankets worth BDT 17 million to Prime Minister's Relief and Welfare Fund and BDT 50 million to Prime Minister's Relief and Welfare Fund through Bangladesh Association of Banks (BAB) as a part of CSR activities.



Mir Nasir Hossain, Director of EBL, handing over a cheque for BDT 50 million to Honorable Prime Minister Sheikh Hasina for the Prime Minister's Relief and Welfare Fund as part of CSR at Ganabhaban.

## Contribution to national exchequer

Being a responsible and tax abiding corporate citizen, EBL regularly pays corporate tax on time, sometimes even before it falls due as 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-



## Women empowerment

It is now globally accepted that empowering women facilitates economic growth. We are a great believer of women empowerment. We have special products for women entrepreneurs at special discounted loan pricing to provide growth support. Women clients can avail EBL Mukti loan up-to BDT 25 Lac without any collateral and up-to BDT 50 lac with collateral. EBL not only provides financing but also guides women clients on various business issues such as financial record keeping/accounting, sales routing through bank account, trade license, taxation, marketing, insurance etc.



EBL and Shahin's Helpline sign an agreement to provide services for business related papers for its entrepreneur customers.

Moreover, to empower women, every year we celebrate international women's day to celebrate womanhood while calling for greater equality. This year, EBL also organized a function at the head office in Dhaka on March 08. We had amongst us fashion designer Maheen Khan, Farzana Chowdhury, Managing Director Green Delta Insurance, Chayanika Chowdhury, actor and director; and Rubaba Dowla, founder and Managing Director, Pulse Healthcare Services to share stories of their lives.



EBL Celebrates Womanhood at Head Office on 8th March, 2018

## Environment-friendly Bank

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. Some of our branches and ATM's of the bank now run on solar power.

The Bank also ensures that customers 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.

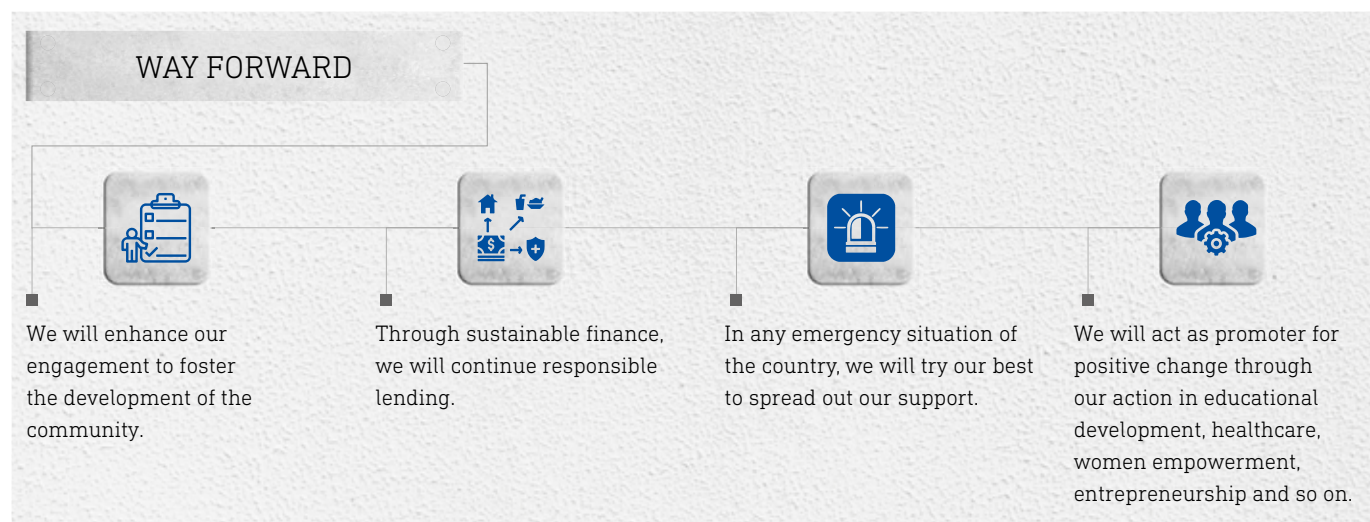


A Sustainable Finance Project financed by EBL

## Disaster management

Our corporate values tell us to stand by the people in need and reaching out to them in crisis. The society we belong to and operate is the place where all our responsibilities lie. We have always come forward with support. Our society is our first preference: be it distributing blankets to cold-hit people of the country, reaching out relief to flood-affected people and responding to any national emergency.

We always feel that our responsibility towards the society is not limited to banking only. We set up a team from our colleagues to visit and understand the need of the moment of the cold affected victims of the northern district. We were quick to respond to the need of the sufferings of humanity and donated more than seven thousand pieces of blankets costing BDT 2.45 million among cold-hit people of North Bengal areas.



THE ASIAN BANKER®  
EXCELLENCE IN  
RETAIL FINANCIAL SERVICES  
INTERNATIONAL AWARDS 2017  
BEST RETAIL BANK, BANGLADESH

## DOUBLE HATTRICK

# BEST RETAIL BANK 6 TIMES IN A ROW

THE ASIAN BANKER®  
STRATEGIC BUSINESS INTELLIGENCE FOR ASIA'S FINANCIAL SERVICES COMMUNITY

The International  
Excellence in Retail Financial  
Services Awards 2018

Presented to

Eastern Bank Limited

Best Retail Bank  
in Bangladesh

EBL wins the accolade of 'Best Retail Bank in Bangladesh' this year at The Asian Banker International Excellence in Retail Financial Services Awards. EBL has the honor of winning this coveted award for six consecutive years (2013-2018).

On this occasion, we express our gratitude to our regulators, stakeholders and customers for being with us throughout this journey.







## Management Discussion and Analysis

The analysis and discussion of the important financial ratios, key strengths, major challenges and initiatives, market dynamics, and strategic outlook provide an overview of the bank's internal mechanism and external environment and eventually help everyone a better understanding of the company. It is like putting all significant ratios under microscope and making sense of the decisions taken.

## Comparative analysis of financial performance (2014-2018)

With all its strengths and challenges, EBL has been sailing through the sunshine and clouds prevailing in the broader business and macro-economic environment. Our national economy has been growing consistently with over 6% (currently more than 7%) for last couple of years. But the banking sector has been exhibiting

some signs of weaknesses which, if not mitigated, might very well jeopardize the growth momentum of the economy as a whole.

Despite facing numerous challenges, we have grown sustainably year on year navigating through difficult times and delivered superior financial performance.



EBL recorded highest profit after tax (PAT) of BDT 3,081 million in 2018 which was BDT 2,107 million in 2014 registering a 46% growth. Despite managing a moderate sized balance sheet, our efficiency in ALM practice has always been producing tangible results over the years. In 2018, our Net Interest Income (NII) grew by 31% over that of 2017.



Our continuous efforts to diversify revenue sources supplied us with shock absorption capacity to sail through good or bad times. Whenever our NII growth fell short of expectation, investment income from capital market or dividend income from subsidiaries or income/gain from treasury securities compensated the shortfall and vice versa. Here lies the key to deliver consistent financial performance.



Compared to 31/12/2014, our loan book has grown by 77% or BDT 91,015 million and reached to BDT 209,306 million on 31/12/2018 without asset quality compromised.



NPL was down to 2.35% on year-end 2018 which was the lowest in last five years (4.36% in 2014) due to diversified portfolio base and prudent underwriting practices over the years.



Compared to 31/12/2014, deposit base has also grown by 71% or BDT 82,837 million and reached to BDT 199,629 million on 31/12/2018 with strong focus to increase the low cost CASA base.



In 2018, Capital to risk weighted assets ratio (CRAR) was 12.16% (solo basis) against the requirement of 11.875% and over the years we were able to maintain CRAR above the regulatory floor.



From the shareholders' point of view, EBL maintained consistency in dividend payment over the years (30% in 2018 Vs 20% in 2014) and return on equity also increased from 10.93% in 2014 to 13.83% in 2018.

As a responsible corporate citizen, EBL nurtures a strong compliance culture and good governance practices across the organization which continues to help EBL to maintain consistency in year on year business and financial performance.

A review of the last five years financial progression is presented in the Stakeholders' Information of the report where comparative analysis of financial performance is presented with different ratios and graphs.

# Corporate Banking

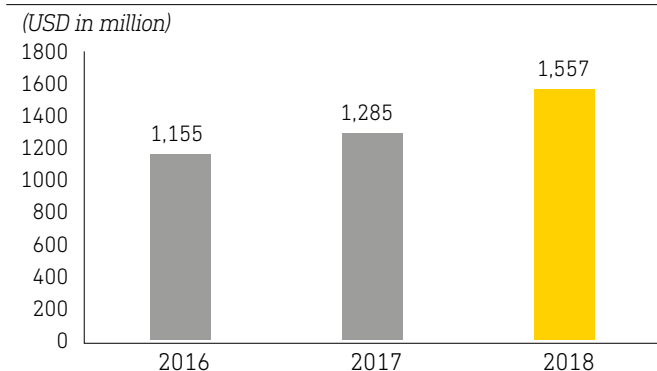
Corporate Banking business demonstrated a phenomenal performance in 2018 clearly reflected through asset, revenue and trade volume growth. Loans and advances touched new milestone of BDT 152,964 million while the trade volume exceeded USD 3.6 Billion. Corporate NPL has been contained at 1.89%, which is quite low compared to those of its peer group. This reiterates the strict criteria for on-boarding customers and adherence to strong compliance and governance practices. A significant number of new bookings has been made by the business, which includes multinationals, public sector entities and large local corporates. The division continues to contribute towards the development of sectors such as agriculture, aviation, cement & steel, commodities, infrastructure, ready-made garments & textile, pharmaceutical, energy & power, telecom etc.

Corporate Banking consists of 4 units namely-- Relationship Unit (RU), Cash Management Unit (CMU), Structured Finance Unit (SFU) and Financial Institutions (FI).

## Export performance

"EBL handles approximately 4% of country's Ready-made Garments export".

### Export volume

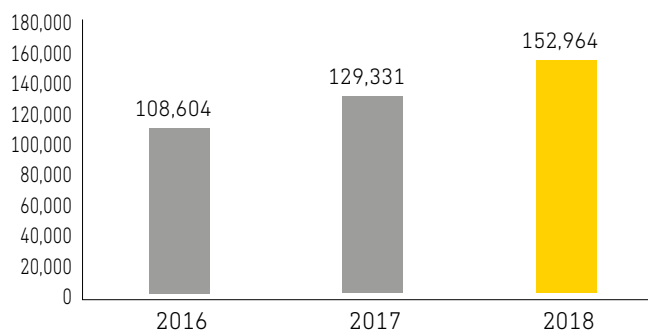


There are 9 relationship units providing one-stop solution to the corporate customers. While other units are providing specialized product solutions to cater large long term financing, short term trade financing and cash management requirements.

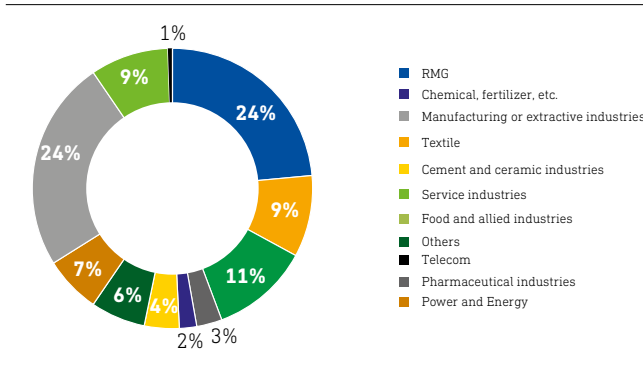
## Performance snapshot

### Loans & advances

(BDT in million)



### Portfolio mix



## Major deals & achievements

### Structured Finance Unit



Arranged Syndicated Debt Financing of USD 82 million for Meghna Sugar Refinery Ltd. jointly with DEG ; participating lenders include DEG, FMO, OeEB & ICD.



Arranged syndicated debt financing worth BDT 2,795 million for Petromax LPG & Petromax Cylinders Ltd. for setting up LPG bottling and cylinder manufacturing plant.



Mandated lead arranger jointly with IDCOL for syndicated term financing of USD 82 million for setting up 150 MW power plant for Midland East Power Ltd.



Arranged delivery financing of USD 48 million jointly with HSBC for the latest addition of 2 (two) Boeing-787 Dreamliners for Biman Bangladesh Airlines Ltd.



Acted as the lead arranger and agent for BDT 4,656 million Term Loan for Bangla Trac Power Limited Unit 2.

### Financial Institutions & Off-shore Banking Unit

- Received award from International Finance Corporation (IFC) and World Bank Group as the "Best Issuing Partner Bank in South Asia" and "Best Trade Operations Issuing Bank Partner in South Asia".
- Received "Best Transaction Banking Award 2018" for the first time from Asian Banker, Singapore.
- Entered into strategic partnership with DEG.
- Agreement signed with Asian Development Bank (ADB) for term facility of USD 20.0 million and increased Revolving Credit Facility (RCF) and thereby total facility enhanced to USD 100.0 million plus with risk participants.
- Agreement signed with International Islamic Trade Finance Corporation (ITFC), sister concern of Islamic Development Bank (IDB) and working as account Bank of IDB's regional Hub, Dhaka.
- EBL has taken guarantee exposure for USD 120 million in power sector and thereby become a non-funded financial partner in government's mega projects including the following:
  - Construction of Ashugonj 420MW project for USD 43 million on account of CNTIC.
  - Mirersharai 150MW power plant for USD 13.5 million on account of Sinohydro Corporation Limited.
  - Karnafuli Hydro Power Station on account of Andritz Hydro GMH for USD 5 million.
- Entered into agreement with Fintech Innovations International, Dubai and CCR Manager, Singapore to support buying and selling trade assets faster at better prices for the customers.
- Agreement signed with Bangladesh Bank to take part in "Investment Promotion and Financing Facility II (IPFF II) Project" under the administration of World Bank.

### Cash Management Unit



Host to host connectivity with Robi for the distributor bill collection.



Collection of US visa fee solely across Bangladesh for consecutive 3 years.



Booth has been set up for collecting Thai visa fee in one of the Visa centers in Dhaka.



EBL has been chosen as the main settlement bank for Dmoney, the second e-wallet company in Bangladesh Market.



Agreement is signed to collect bills for: DPDC, Titas Gas and Chattogram Wasa.

### WAY FORWARD

In line with the growth prospect of the economy, Corporate Banking will continue to focus on both public and private sectors such as infrastructure (power & energy), aviation, telecom, construction, transport, RMG & Textiles, agriculture, leather, healthcare, pharmaceuticals, economic zones, etc. On the deposit mobilization side, the corporate team will continue its pursuit to source low cost funds.

## Corporate Banking Event Highlights



Signing Ceremony for Two-Step Murabaha Agreement between EBL & ITFC



Swap Derivative Deal with Summit Power Ltd.



Signing of Loan Agreement with Meghna Group of Industries



Signing Ceremony of "DEG-EBL Strategic Partnership"



EBL Conclave 2018: A New Era in China-Bangladesh Strategic Partnership



Agreement between EBL and Bangladesh Bank under Investment Promotion and Financing Facility II (IPFF II) Project



Team EBL at Corporate Banking Conference 2018

## Retail Banking

In 2018 we, as an institution, were trying to be strategically focused, technologically modern and operationally agile in order to remain dominant in a rapidly changing financial system. But aggressive lending and sporadic irregularities in the banking sector sparked a liquidity crisis at the outset of the year. On the other hand, proposal of single digit lending rate and intensive competition in such a small market like Bangladesh pushed banks to depend more on volume, not spread for any tangible revenue. However, EBL Retail Banking did a marvelous job in deposit acquisition that helped the Bank to meet regulatory requirements keeping sufficient fund for investment. We also did amazing job planting our digital footprint to enhance customer service to a greater extent.

### Key information

#### Growth in loans

+9%

Retail loans 43,594 million in 2018

#### Growth in deposits

+25%

Retail deposits 142,807 million in 2018

### Our performance in 2018

#### Retail deposits

Our deposits witnessed the highest growth in the history of EBL in 2018. This achievement looks even more impressive when combining the fact that SME banking deposit was merged with Retail in 2018, so ensuring record growth, while shifting the business model to accommodate the changes was no mean feat. Besides, with the support of retail banking channels, Bank had enough liquidity to meet regulatory requirement. SME Banking deposit grew by almost a thousand crore in 2018, making it the best year for SME deposit in EBL history, while contributing more than a third of the overall retail deposit growth. In addition to ensuring growth in 2018, the portfolio was also kept healthy, as we maintained a 60:40 FD to CASA ratio, which is better than market standard.

#### Retail assets

Retail assets played an important role in 2018, as it grew by 9% compared to last year. Several attractive new products were launched to pay rich dividend in the coming years. We also got certificate from IFC as the "SME Bank of the Year-ASIA" in the program of Global SME Finance Awards-2018 in Madrid. As a recognition of our effectiveness, last year we received the highest refinance facilities from Bangladesh Bank in EBL history. This not only kept our deposit costs low, but also contributed to the financial inclusion activities for the Bank. Through innovative products like EBL Cash Credit, a new full mortgage based overdraft loan account, and EBL utkarsho with the highest growth of the year, EBL Retail asset made strong headways into the Retail asset market in 2018.

#### Priority banking

Priority banking of EBL played an important role in ensuring the deposit growth, with a contribution of over 43%, and in the process, had its highest recorded growth in EBL history in 2018. Priority portfolio also increased by around 40%. This value added lifestyle proposition helped us immensely to maintain a larger portfolio with a minimal headcount and operational cost, ensuring the overall efficiency of the Bank.

#### Agent banking

In 2018, EBL officially obtained license from Bangladesh Bank for agent banking operation. Just after obtaining license, we had successfully inaugurated EBL agent banking by launching our first outlet on 25th November in Natore with PRAN Agro Limited. In 2019, we are planning to open a substantial number of outlets across the country to bring under-served population living in remote parts of the country under the umbrella of EBL's agent banking propositions.

#### Supply chain finance

Supply chain financing was launched in 2018, and by the end of the year, it was fully functional. We are hoping for an exciting array of new products and revenue opportunities in 2019 from supply chain. Its successes include executing the first dealer finance and ERP integrated supplier finance transaction in Bangladesh in 2018.

#### Student banking

EBL Student Banking arranged successful School Banking Conference in October, 2018 with 450 attendees. In line with its goal of spreading financial inclusion across the spectrum, EBL Student Banking increased its accounts significantly, spearheaded by a plethora of School Banking roadshows arranged by our branches nationwide.

#### Customer retention

Retail Banking gives equal, if not more emphasis on keeping the existing customer base happy, which is imperative for managing attrition. Business channels collectively managed to lower attrition and retain approximately 43% of closed consumer accounts in 2018 compared to the previous year.

#### More merchants, more horizon of services

In 2018, EBL empowered 200 e-commerce merchants through its online payment service covering mostly the recurring payments such as tuition fee, utility bills and subscription payment.

## Introducing next generation card service and client protection

Eastern Bank in partnership with CPP Group Bangladesh has introduced for the first time in Bangladesh, Card Protection Plan -- a comprehensive protection plan for EBL credit cardholders.

We launched EBL SKYPOINTS, a loyalty program through which eligible credit cardholders can accrue reward points for retail purchases on their EBL credit card and redeem the points for adjusting outstanding amount. EBL also introduced travel and office quota on EBL Visa Debit Card, ensuring they can enjoy the benefit of using their debit card to perform international transactions through their local currency accounts. We also introduced Want2Buy (a credit card feature converting retail purchases into EMI plan for up to 12 months) for international transactions, which is available on campaign basis.

## Contact center – complementing the channel support

EBL Contact Center served over 1.50 million customer calls in 2018, increased by 26% compared to 2017. As part of service enhancement, new services such as EBL ACCESS OTP (One-time Password) reset request, travel quota endorsement of debit cards and limit package change request were launched which improved customers' satisfaction.

## Snowballing the points of customer interaction

EBL SKYBANKING was revamped in 2018, with brand new features such as fingerprint log-in, OTP (One-time Password) through SMS/email for transaction verification, self-sign up and account/card addition process, self-password reset without any manual intervention by branch etc. In 2018, around 400,000 transactions worth more than 3 billion taka took place via SKYBANKING and Internet Banking.

## EBL DIA- another successful digital footprint in social media

In 2018, DIA (Digital Interactive Agent) was revamped across Viber Messenger platform to cater to different user segments. Later that year, financial transactions were introduced in EBL DIA as

customers could use their EBL account or card to perform mobile airtime recharge. Introduction of EBL DIA has reduced significant traffic on contact center and branches on certain services.

## EBL 365 and DROPBOX – touch point that never misjudges your trust

Fully equipped with latest advanced level anti-skimming and EMV technology, all EBL ATMs are PCI DSS compliant. For the first time ever, EBL 365, brand name for our ATM CDM, took part in the 45th session of the Council of Foreign Ministers (CFM) of the Organization of Islamic Cooperation (OIC) organized by Ministry of Foreign Affairs. EBL also introduced income based ATM at Mawna, Gazipur on August 2018, first of its kind, where we earn income from the ATM rather than bear expense from it. Both no of transactions and volume grew significantly in 2018. In 2018, over 55 lac transactions worth over BDT 44 billion took place via EBL365 across the country. Furthermore, over BDT 415 crore was collected through deposits and over 350,000 transactions from 60 EBL DROPBOX across the country.



## E-commerce

In 2018, EBL empowered 200 e-commerce merchants through its online payment service. Besides, converting Cash-on-Delivery customers to online, EBL made significant contribution towards market development in terms of recurring payment such as tuition fee, utility bills and subscription payment. As a result, we achieved the milestone of BDT 100 crore acquiring transaction through our online payment gateway.

## M-commerce

M-Commerce focused on the innovation and implementation of new products and services of Digital Banking. They also maintained effectiveness and efficiency of social media promotion. Under their guidance, EBL planted a strong foothold in the digital space of the current social networking world. In Facebook alone, they ensured 158 campaigns and gathered 6,500,000+ impression which included 4,000,000+ reach, resulting into 150,000+ new followers.

## Challenges and our approach

 <b>Challenges</b>	 <b>Our approach</b>
As competition increases in the market, retaining and increasing the existing customer base will be a major challenge.	We focus on analyzing present customer data and customer feedback to help rebuild relationship and retain customer.
As economy booms, alternate and direct investment opportunity increases for customers, making it difficult for banks to source deposit in a cost effective way.	We are doing further segmentation among customers, and providing innovative product propositions to create a loyal customer base.
Over dependency on the old brick and mortar model to reach and serve customers is an outdated and expensive proposition.	We are enhancing the customer value proposition through technology-led innovation, and creating multiple alternate ways to serve our valued customers.
Loan default rate is increasing across the market, hurting the profitability of the banks.	Adopting qualitative judgments along with quantitative approaches regarding loan assessment and continuing follow-up to ensure default rate is within threshold.
Retaining and acquiring competent workforce will be difficult in a competitive market.	We provide good working environment, competitive package and good learning opportunities, healthy work life balance to ensure retention of employees.

## WAY FORWARD

**Retail assets:** In 2019, we will be focusing more on home loan. Also, to satisfy the financing need of two wheeler vehicle, we plan to launch an exciting "Two Wheeler Loan Product." In business asset, there will be a strong focus on mortgage based large business loan; with that, we'll also introduce an automated loan processing system.

**Retail deposits:** We will continue to expand its business success in 2019 by strong focus on innovation. It'll launch different campaigns and products. Through different customer segmentation, we plan to cater middle income segment as well as top of the line customers. Through using customer segmentation such as priority banking, student and women banking and agent banking-we will provide tailor-made products and service propositions to drive deposit acquisition.

**Supply chain finance:** Our expansion will be continued and by the end of this year, we'll have a strong foot print in the supply chain finance market.

**Attrition management:** To manage business attrition, we will start direct engagement with lost customers, launching extensive customer bring back programs, and designing tools to predict early attrition pattern to take proactive measures.

**E-commerce:** In 2019, in line with the technological innovation, we'll broaden our horizon by driving strategic campaigns with reputed merchants to ensure increased transaction and creating awareness among cardholders for secured online transaction.

**Contact center:** We expect to introduce Sky-Care mobile based application as alternate customer service channel to provide basic and extensive services.

**Cards:** Our primary focus will be the complete digitization of our products and services by bringing innovative banking solutions to ensure customer convenience and delight.

## Retail Banking Event Highlights



Meah Mohammed Abdur Rahim, Director of EBL inaugurates the 85th branch of EBL at Mouchak, Gazipur.



EBL in association with DHL Express Bangladesh launches ONE Card – a platform to provide special services to entrepreneurs of small and medium enterprises



EBL opens Agent Banking outlet at Natore



EBL Women Banking jointly organized Women in Leadership Festival 2018 at Shishu Academy with Brand Forum.



EBL and DPS STS School, Dhaka sign an agreement under which students of the school will be able to make their canteen payments through EBL Tiffin Card.



EBL to work jointly with Chittagong Women Chamber of Commerce and Industry



Team EBL at Retail Banking Conference

## Treasury

Throughout the year 2018, the financial sector of Bangladesh experienced some challenges, due to lack of corporate governance in general, market behavior in pricing asset and liability and escalation in non-performing loans in particular. The monetary policy of Central Bank had the aim to maintain a lower inflation rate and to encourage slow-moving private investment. Subsequently, interest rates on deposit was slashed by the state owned and private commercial banks, but it resulted massive withdrawal of deposits from banks and subsequent investment in government's savings certificates where the rate of interest is still considerably higher. This resulted a severe liquidity crisis in the banking industry and banks could not support the demand for private investment. Furthermore, increasing amount of non-performing loans accompanied by lower interest rate has reduced the depositors' confidence in the banking industry.

The exchange rate of BDT against US Dollar was depreciating throughout the year as country's demand of greenback was significantly higher than previous years due to overall increase of import payments and implementation of large infrastructure projects. Although there were growth of export earnings and receipt of wage earners remittance but this growth was lower to the import expenditure eventually, it resulted in trade deficit and negative balance of payment figure. Bangladesh Bank had injected billions of USD from its reserve to stabilize the exchange rate and had high vigilance in the market rate to arrest any volatility in the market.

Despite facing severe instability in the market, we were able to make significant contribution to the Bank's profitability, risk mitigation and liquidity management in the year and were able to generate significant trading volume and positive return for the stakeholders.

### Key information

Money market turnover growth:

14.01%

Money market profit growth:

159.58%

Foreign exchange turnover growth:

15.64%

Foreign exchange profit growth:

-2.48%

Corporate sales turnover growth:

21.88%

NRB business turnover growth:

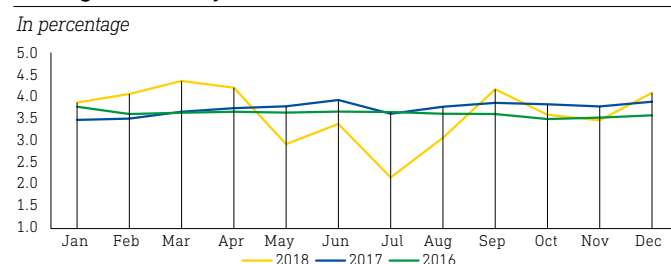
50.27%

First local Private Commercial Bank to earn the customer confidence to strike Interest Rate Swap deal: Summit Barisal Power Limited and Summit Narayanganj Power Unit II Limited for USD 71.25 Million for a tenor of 5 Years.

### Money market

Money market continued to be highly liquid round the year. From the beginning of the third quarter, deposit interest rate dropped sharply that causes the term deposits to be withdrawn from the banks and invested into national saving certificates with higher rate. Bangladesh Bank became more stringent in monitoring the key ALM ratios. Due to the requirement of maintaining key ALM ratios and the national election at the end of December 2018, demand for money also escalated. Apart from these, money market did not show any significant movement and remained stable. And, the average call money rates hovered below 4.00% while most of the deals were settled around 3.60%. Of all these, we were able to generate turnover BDT 943.76 billion in 2018 that contributed to the growth of money market profit by 159.58% compared to last year.

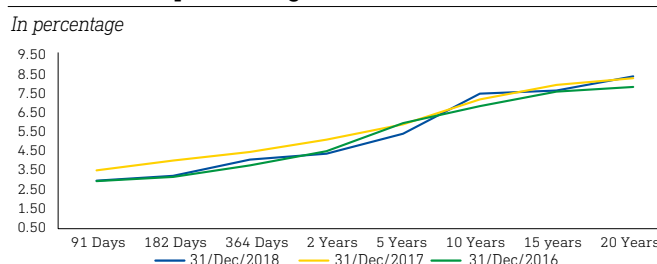
#### Average call money rate



### Fixed income securities market

Fixed income securities market continued the sluggish trend of 2017 and declined sharply in 2018. Government reduced its borrowing from banking system and continued to borrow through national saving certificates rather than issuing fresh treasury-bills and treasury-bonds. Since October 2017, radical drop in primary issuance of treasury-bills and treasury-bonds influenced the secondary market activities of these securities to be reduced. In such situation, market players lost interest to trade the existing securities they are holding because of lower interest rate. Also the lower yield curve of long term fixed income securities forced the rational investors to invest in medium-term non-tradable securities like three year national saving certificates. EBL holds the existing fixed income security portfolio as the trading opportunities were minimal. Securities transactions were done mostly for the SLR requirement.

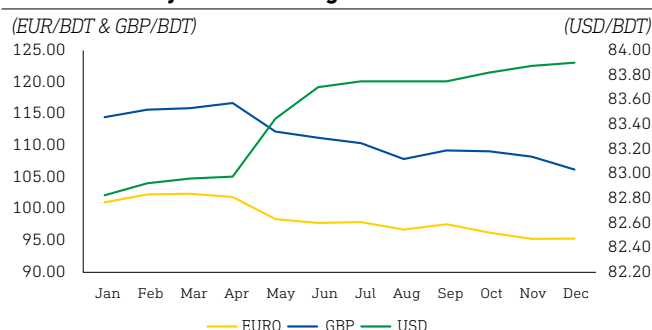
#### Yield curve comparison of govt. securities



## Foreign exchange market

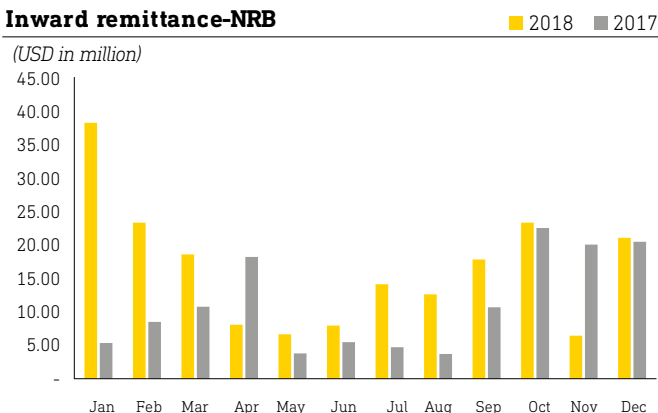
As country's trade deficit kept on widening in 2018, USD/BDT exchange rate faced an increase of about 1.45% compared to last year. Primary reason behind this upsurge was the import settlement obligations for capital machinery of different government mega projects and fuel payments. Country's inward remittance inflow increased significantly but it was not enough to contribute to the cause. Bangladesh Bank time to time intervened the foreign exchange market to stabilize and sold USD 2.08 billion to the market. Overall market condition was unwavering and very much competitive. Regardless of all the struggle, we were able to generate an exchange gain of BDT 944.4 million.

### Cross rate of major currencies against BDT



## NRB business

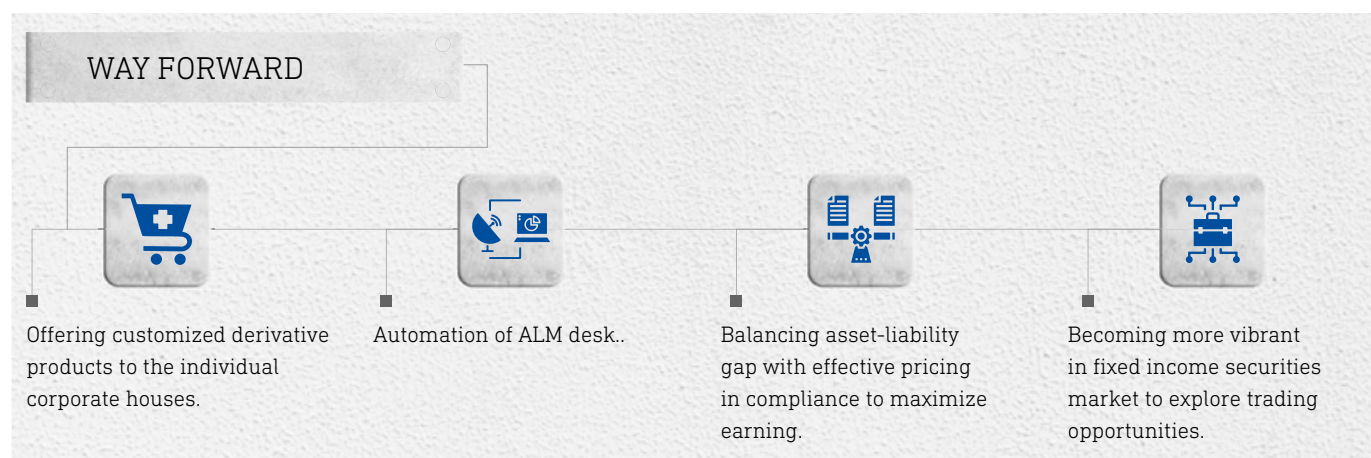
### Inward remittance-NRB



From the beginning of 2018, NRB business became a part of the treasury and showed a significant year to year growth of 50.27% by sourcing inward remittance of USD199.10 million in 2018 compared to USD132.49 million in 2017. NRB business was also able to onboard BRAC Saajan, UK to start foreign remittance service with EBL. Moreover, NRB business provided tremendous support to the foreign exchange desk by sourcing significant amount of inward remittance.

## Challenges and our approach

Challenges	Our approach
Illiquid foreign exchange market	Our strong presence in the inter-bank market helps to manage the illiquid foreign exchange market.
Strict central bank regulation on ALM ratios	We continuously observe and analyze balance sheet gaps, market and economic trends, daily profit and loss, daily cash positions, market arbitrage opportunities, future investment opportunities as well as prepare various financial simulations that help in forecasting key ALM ratios of the Bank if different economic scenarios play out.
Low yield on government securities	We are holding the existing fixed income securities and maintaining SLR requirement through various other structured products to avoid capital loss.
Sharp decline in interest rate	With proper ALM management and guidance, we are trying to overcome this market phenomenon.



## Review of EBL Subsidiaries

### EBL Securities Limited

EBL Securities Limited (EBLSL), a fully owned subsidiary of Eastern Bank Limited, is one of the fastest growing full-service brokerage houses in Bangladesh and one of the top five stock brokers of Dhaka Stock Exchange (DSE) Limited.

#### Key facts & figures

**Top 5**

One of the top 5 brokers of DSE

**1.5 BN**

BDT 1.5 Billion Paid up capital

**6.6%**

Market share in 2018

EBLSL has implemented Blue-chip, one of the most advanced software for brokerage houses, which can provide all brokerage related services. EBLSL also developed an android based application that gives clients an access to real time market and transaction related information. The company aims to become the most preferred brokerage house in Bangladesh.

#### Core values



Responsible Corporate  
Citizenship



Openness



Trust



Commitment



Integrity



Service Excellence

#### Products and services



##### Brokerage Services: DSE & CSE

Error free & compliant trade execution and margin trading



##### CDBL Services: Full Service DP

BO account opening & maintenance, share transfer and transmission through CDBL



##### Research Services

Equity valuation, industry & macroeconomic review, daily & weekly market updates



##### Daily Electronic Notification

Daily portfolio statement, trade confirmation & research reports through email & SMS



##### Foreign Trade

Trading for foreign investors & NRBs



##### Margin Loan Facilities

Competitive rates and easy processing



##### Panel Brokerage

Special trading services/ terminals for institutional investors



##### Trade with Ease

Trade instruction through DSE Mobile & Desktop App, Telephone, Email and Fax

#### Capital Market Scenario in 2018

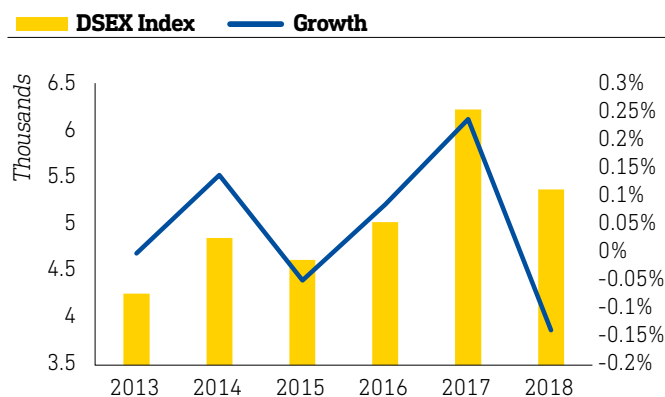
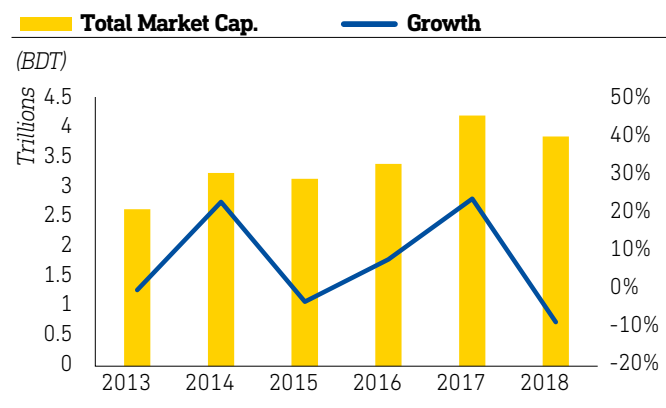
Pre-election anxiety, along with adverse impact of national and global issues like liquidity crisis, increased borrowing rate, stronger dollar, rising FED rate (which channeled foreign funds out of emerging countries like Bangladesh), increased oil price up to Q3'18 forced the

market to close in negative territory. Prime Index i.e. DSEX eroded by more than 868.77 points or approximately 13.89% in 2018. Index oscillated between 5,204.36 and 6,318.27 points and finally settled at 5,385.64 points. Average market turnover dipped by 37.01%, settling at BDT 5,510.90 million in 2018 compared to BDT 8,748.3 million in 2017. By the end of 2017, Market was hit by liquidity crunch due to

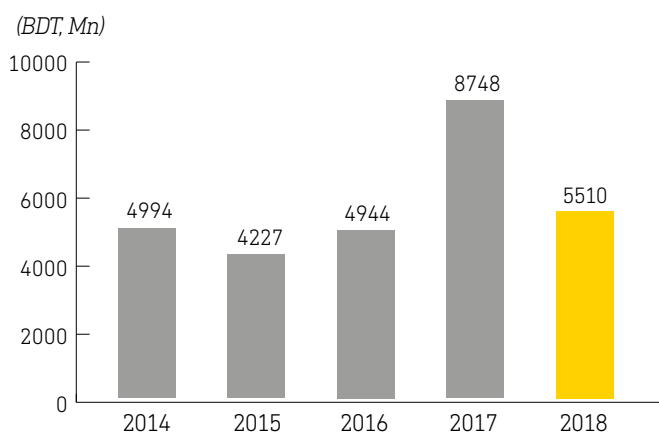
ADR adjustment which elevated cost of fund of financial institutions and consequently raised interest rates. On top of that, rising NPL in banking sector, loan scams and weak corporate governance have brought the banking sector under severe criticism and reduced investors' confidence in financial sector. Foreign investors also withdrew a major chunk of their investment from capital market as dollar grew stronger, fed rate escalated and pre-election uncertainty was looming large. All these forces caused capital bourse to lose 8.53% market capitalization in 2018 and market P/E to settle at 15.19 compared to 17.28 of the year preceding.

### Market Summary

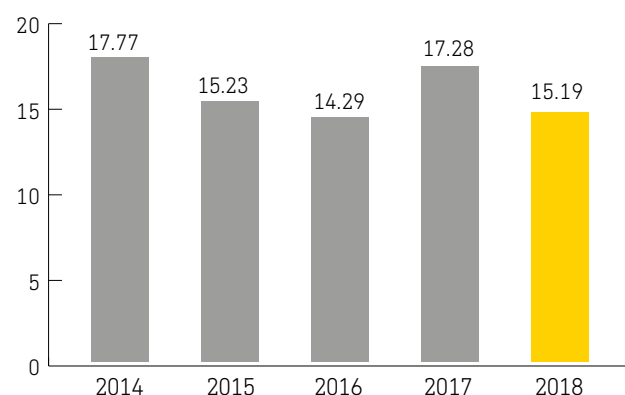
- DSEX shed 868.77 points or 13.89%
- Average market turnover dipped by 37.01%
- Market P/E stood at 15.17 compared to 17.28 of the year preceding
- Stronger Dollar and increased Interest rate negatively impacted profitability of most industries



### Daily Average Turnover



### Market P/E



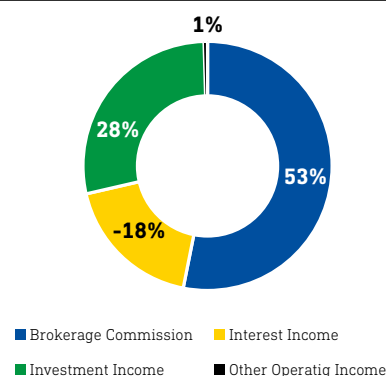
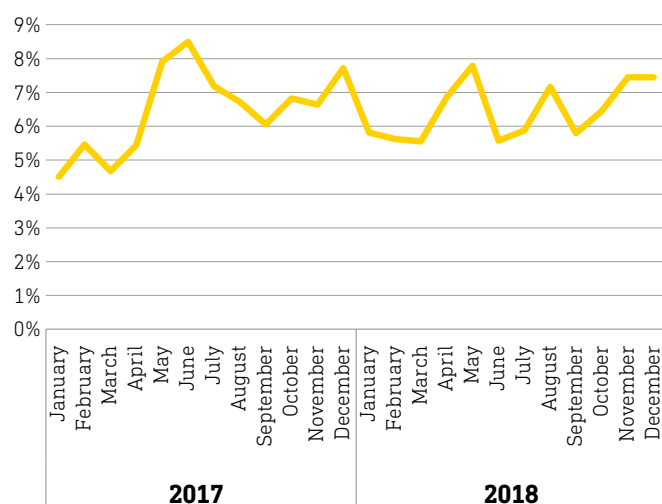
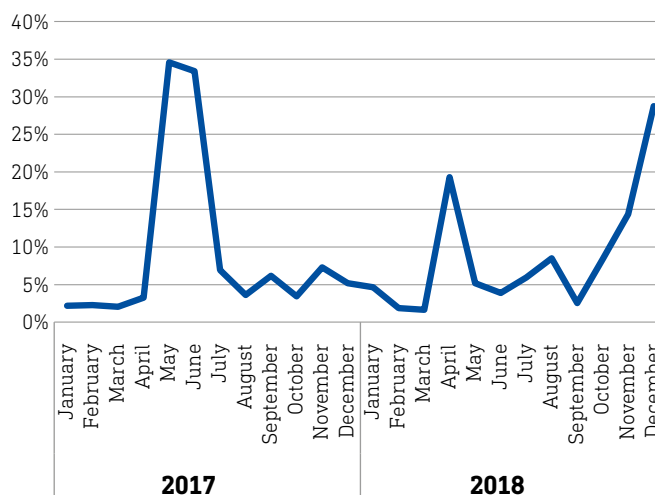
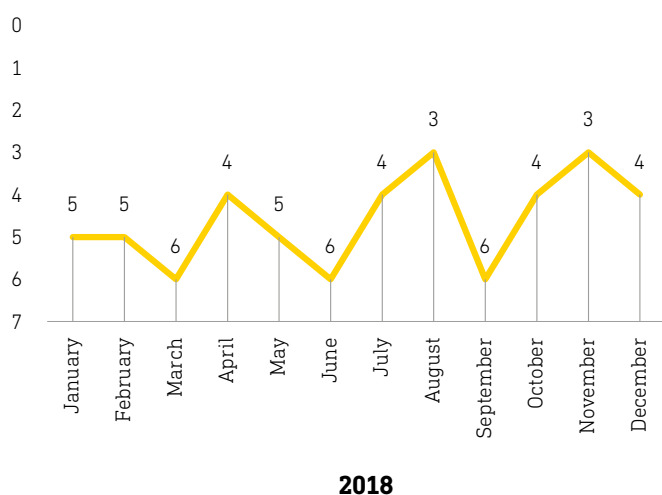
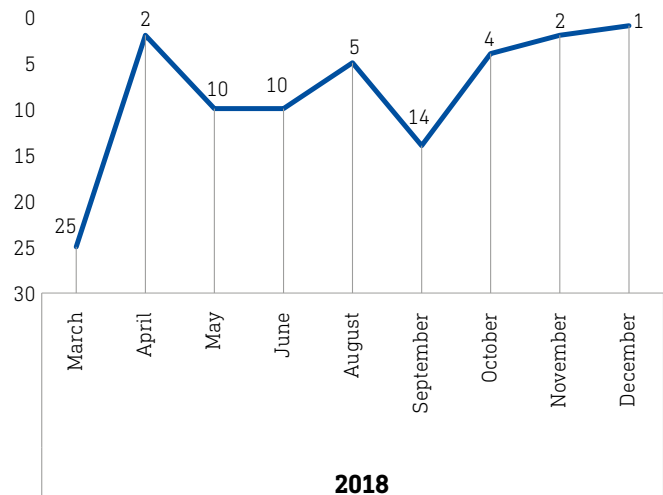
### EBLSL performance in 2018

After the stunning performance in 2017, Capital market could not perform well in 2018. Overall market was bearish during the year and hence, revenue and net profit of EBL Securities Limited slumped in 2018 compared to that of 2017. Operating profit was BDT 119.22 million, but due to large provisioning net profit became negative. But, in terms of other parameters EBLSL performed extremely well.

EBLSL established itself as a leader in the industry by securing 6.4% of DSE market share and 9.1% of CSE market share and ranked 4th in DSE and 1st in CSE in terms of turnover in December. Overall market share of EBLSL increased from 6.24% to 6.60% in 2018. As a part of expanding business, EBLSL also signed agreement with USA based brokerage house and improved its offline and online presence during the period. In October 2018, EBLSL moved to its new Head office (10,598 sq. ft.) at 10, Dilkusha.

BDT in million

Particulars	2018	2017	2016
Total Income	276.05	992.54	190.94
Operating Profit	119.22	861.24	116.74
Net Profit	(40.63)	670.21	97.63
Operating profit margin	43.19%	86.8%	61.1%
Net profit margin	-14.72%	67.5%	51.1%

**Revenue****Market share (%), DSE****Market share (%), CSE****DSE Ranking****CSE Ranking**

## Market outlook for 2019



Capital market performance in 2019 is largely contingent on global economic performance, post-election political stability, money market scenario and macro-economic performance.

### Key Drivers

- Global economic performance
- Post-election political stability
- Money market scenario
- Macro-economic performance
- Regulatory measures

The market can now focus on the long-term fundamentals of the economy. Strong corporate earnings and better economic performance can be expected in coming year. Fast moving consumer goods, financial services, engineering and pharmaceutical sectors may outperform next year. Meanwhile, textile sector may also reap the benefits of protracted US-China trade war in upcoming year. During the last quarter of 2018, crude oil price declined remarkably and reached to its lowest level since January, 2016. BDT may

weaken against US Dollar because of increased import of capital machineries and industrial raw materials to support development activities, but stable foreign exchange reserve and growing export earnings are expected to ease the pressure.

Due to last year's market correction, many scrips are currently trading at attractive prices and offers lucrative return potentiality for investors. Therefore, Capital market of Bangladesh has become a lucrative place to investors from home and abroad with one of the lowest market PE (15.19) in the world.

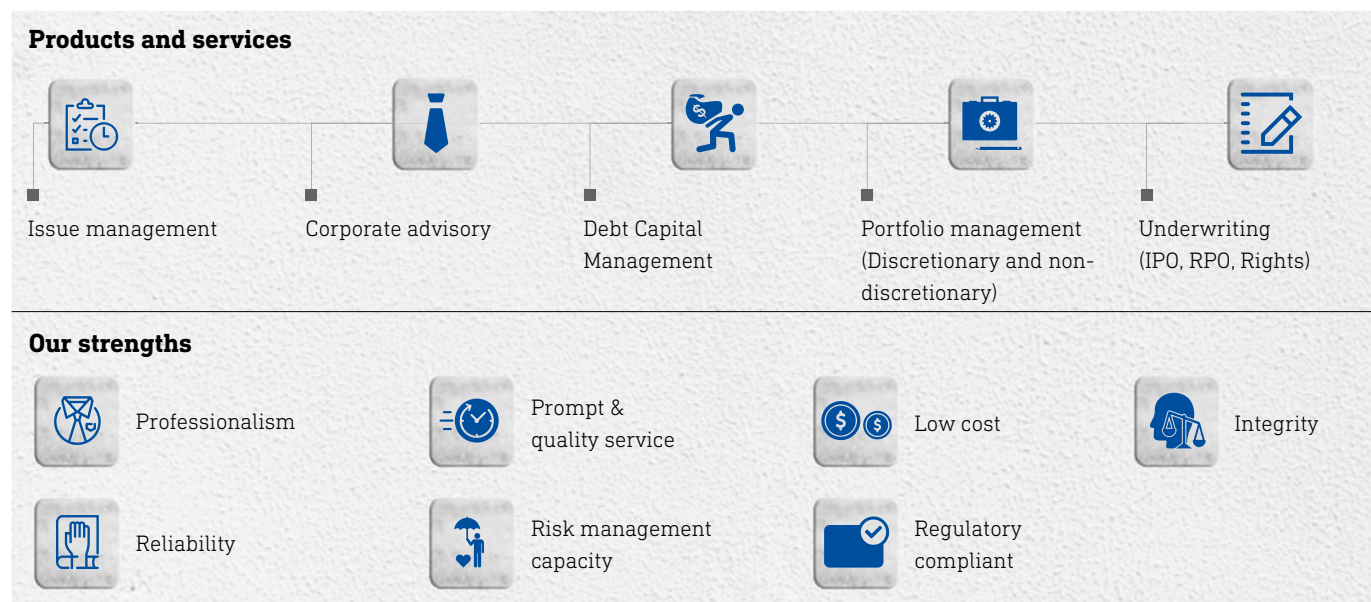
Recently, DSE has partnered with a consortium of two top Chinese bourses - Shenzhen Stock Exchange and Shanghai Stock Exchange. The consortium has offered to develop an SME market, assist in product diversification, and jointly operate the V-Next alliance program in Bangladesh. On top of that, DSE is being offered assistance in mapping information disclosure and investor service automation framework, developing human resources, and technological support. Foreign investment, technological edge, corporate governance of the market are likely to improve with the entry of the China. DSE is expected to reap the benefits of the partnership from mid of 2019.

## WAY FORWARD

- Ensuring service excellence throughout the organization.
- Engaging all employees in product and service innovation process, and offer customers new-to-the-industry products and services.
- Enhancing capacity of equity research team and its coverage of stocks.
- Identifying avenues of advancement, more cross-selling opportunities and commission based income by working together with EBL, EBL Investments Limited and EBL Asset Management Limited.
- Process innovation to offer better services within shorter period of time.
- Increasing reach by opening up new branches in key locations, connecting through online media and customer outreach programs.
- Conducting investor awareness programs.

## EBL Investments Limited

EBL Investments Limited (EBLIL) is a full-fledged merchant bank with an aim to expand its service horizon by offering a comprehensive range of financial solutions starting from debt to equity through public offering, corporate advisory services, portfolio investment products and equity research.



### Performances highlights in 2018

- 2 (two) IPO approved by BSEC where EBLIL worked as issue manager;
- 1 (one) subordinated bond approved by BSEC where EBLIL worked as Issue manager & arranger;
- EBLIL has given underwriting commitment worth BDT 400 million in issuance of IPO and rights share offering;
- EBLIL registered by BSEC to work as trustee in issuance of 3 (three) bonds;
- Portfolio turnover in discretionary, non-discretionary and own portfolio BDT 14,000 million.
- EBLIL introduced a discretionary product named "Puji" for high net worth investors.
- EBLIL has fully complied all regulatory issues.

### Core financials

BDT in million

Particulars	2018	2017
Total operating income	49.45	104.02
Operating profit before provisions	28.38	82.92
Profit before tax	32.65	75.11
Profit after tax (PAT)	22.48	60.06
Total assets	427.52	441.65

### WAY FORWARD

#### Primary market operations

- To strengthen corporate advisory service, merger & acquisition
- Firming up IPO floatation service in both fixed price and book building method
- Strengthening debt issue service through private placement and trustee service in issuance of debt
- Keep focus to enhance Trustee services activities

#### Secondary market operations

- Discretionary & non-discretionary portfolio management service
- Emphasis to sell on Monthly Investment Scheme named "EBLIL Sanchaya"
- Emphasis to gather investment under discretionary portfolio management services "EBLIL Puji"
- Equity investment in the prospective company yet to come in IPO

## EBL Finance (HK) Limited

To become a well-known financial institution, EBL Finance (HK) Ltd. has spread its wings and is striving to enhance business in the Hong Kong market. Establishment of a foreign subsidiary has not only allowed the Bank to expand its businesses in a global context but also helped in leveraging EBL's core strengths as well as diversifying its revenue base. EBL Finance (HK) Ltd. is a fully owned subsidiary of Eastern Bank Ltd. established in 2013 to facilitate international trade business through advising of letter of credits, handling documentary collections and bill financing (discounting) against letters of credit issued by EBL and other local banks in Bangladesh.

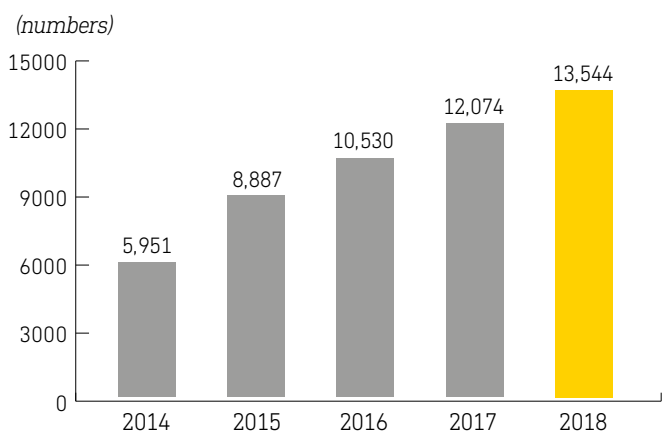
With major competitors in the market, it is challenging to successfully operate in a small niche market and come out with healthy profit. From the outset, EBL Finance (HK) Ltd. planned and served customers professionally and this in return made them a successful institution. Starting with a small capital, EBL Finance (HK) Ltd. with the support of its board has grown over the years. With an aim to grow and upgrade to the next level within the financial institutions in Hong Kong, EBL Finance (HK) Ltd. is striving to serve the China-Bangladesh business more efficiently and to be a major participant in the belt and road concept.

### Key financials

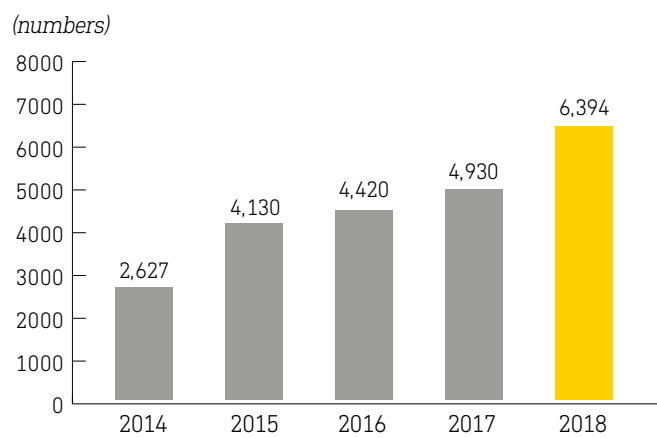
Indicators	Amount in HKD million	
	2018	2017
Net asset	18.86	15.24
Revenue	41.89	31.35
Gross profit	24.68	17.25
Operating profit	19.74	12.68
Profit after tax	16.68	10.61

### Business highlights

#### LC advising



#### Export collection document



### WAY FORWARD

EBL Finance (HK) Ltd. will continue to strengthen its business through expanding the customer base by offering innovative structured trade finance solution.

## EBL Asset Management Limited

EBL Asset Management Limited (EBLAML) received asset management license from Bangladesh Securities & Exchange Commission (BSEC) in May 2017. Its paid up capital is BDT 250

million. It endeavors to operate in the asset management sector of Bangladesh which is at the developing stage and has potential to grow.

### Products and services



Mutual Funds  
Management



Portfolio  
Management



Corporate  
Advisory

### Key financials

Indicators	BDT in million	
	2018	2017
Total income	24.54	4.58
Operating profit	16.98	3.69
Profit after tax	9.8	2.39
Total assets	272.03	258.31

### WAY FORWARD

EBLAML is looking for floating open- end and closed- end mutual funds in 2019. We are also planning to apply to BSEC for getting license of alternative investment fund management in 2019.

# Centralized Processing for Efficient Banking

We remain vigilant and agile in order to deploy the best available tools and technology for operational excellence. In 2018, we optimized our services to offer better experience to our customers and other stakeholders. A good number of manual activities in day to day processing were eliminated and/or redesigned. In order to provide the finest customer experience, we remained responsive to change management and other business priorities with instantaneous adaptations.

## How centralized operations add value to the bank

Service excellence	Freeing customer service officials from bulk transaction processing helps focus on providing personalized and efficient service to customers.
Enhanced HR skills	Centralization helps achieving enhanced ability through specialization of certain pool of resources to offer solid solutions to business.
Risk management	Increased control on lending and operational activities results in effective risk management and good governance.
Effective control	Standardization of product & process, greater degree of supervision, effective co-operation, self and departmental integration ensures effective control.
Optimum use of resources	Uniformity of activities and specialization of work leads to economic operation and best utilization of human resources. It brings efficiency and smoothness as well.

## Key initiatives in 2018

- Demonstrated continued effectiveness of its management system with the routine requirements of surveillance audit of ISO 9001:2015 certification with no major non-conformity.
- Implemented 'Export Financial Analytics (EFA)' a web-based integrated and interactive export finance solution which is first of its kind in Bangladesh.
- Contributed towards implementation of Interest Rate Swap (IRS) transaction – first of its kind interest rate hedging instrument introduced by a Bangladeshi commercial bank.
- Facilitated aircraft financing transaction of Biman Bangladesh Airlines under syndication loan facility through Off-Shore Banking Unit (OBU) operations.
- Implemented internal audit risk register for all-inclusive supervision of inherent operational risk.
- Data cleansing project contributed significantly to improvement of data quality in core banking system and card management system.
- Integration of retail risk's system with card management system to eliminate duplication of entries.
- Arranged 7 overseas, 17 external local and 17 in-house staff trainings to combat financial crime, improve quality, increase efficiency and productivity.
- Attained benchmark compliance to 25 core security control points as per SWIFT Customer Securities Program (CSP) guideline.
- Successfully attained PCI-DSS (Payment Card Industry Data Security Standard) recertification.

## Performance highlights in 2018

- Achieved 17% growth in trade volume compared to that of 2017; EBL trade volume contributed approximately 4.02% to country's overall trade volume in 2018.
- Number of CASA accounts processed in 2018 is 9% higher than 2017.
- Centralized cheque clearing process throughout all branches in Bangladesh. 7% transactional growth achieved in comparison to 2017.
- Handled 34% increase in new card (debit, credit and pre-paid) issuance compared to 2017.
- Introduction of paperless PIN generation service through IVR reduced related stationary and distribution costs by approximately 70% and enhanced quality of customer experience.
- 51% increase in RTGS transactions and 52% increase in BEFTN payments compared to 2017.
- Overall transaction counts of CMO activities increased by 31% in comparison to 2017.
- 15% increase in OBU import transactions and processed 4% higher number of loan disbursement and adjustment transactions.
- Processed long-term loan facilities for customers of recently formed economic zone.
- Key transaction counts of treasury activities increased by 24% in comparison to 2017.
- Online reporting of local LC issuance, acceptance and payment data has increased by 36% compared to 2017.
- 15% increase in reconciliation activities of FCY & LCY nostro account, OBU, Bangladesh Bank FCY and BDT account compared to 2017.

## WAY FORWARD

EBL Operations looks forward to building on its success and working towards adding more values in 2019 and beyond, rapidly setting a greater milestone of success for EBL. In the age of momentary competition, we will endeavor to adapt to changes with instant reconfigurations. The entire team is ever committed to evolve and revolve — in the right way, at the right time.

## Human Capital: We do care for our people

The phrase “Employer of Choice” is more than a buzzword for us; it reflects our true aspiration backed by sound governance and compliance culture. We maintain a professional yet caring work environment that help attracts and retains people with high caliber. The people working here get higher level of comfort and stronger ties with the bank. This is why, our people remain with the Bank for a longer period of time that benefits both the employer and employee enormously.

At EBL, our employees own values, adopt the processes well, deal with the customers and other stakeholders professionally and they become more efficient and effective in a team-centered environment. This has eventually reduced turnover with enhanced loyalty; certainly towards the Bank. At the end, we work here with less stress and more fun. It's that simple like “simple math”.

### Performance highlights in 2018

- Revisited future leader acquisition process from business perspective.
- Compensation and benefits survey.
- Started employee wellness programs.
- Revising KPI matrix for the whole Bank.
- Revision of gratuity facility.
- Policy revision and insurance coverage for staff house building loan.
- Cost effective talent acquisition solution to ensure better return on investment.
- Revision of commission structure will benefit top performers.
- Salary scale increased for trainee employees.
- Revised support staffs salary and overtime policy.
- 258 learning and development programs arranged for 7,853 participants.
- Each employee received 25 man-hour training (average).
- Conducted e-learning in all the regions of Bangladesh for 3,621 participants.
- On-boarded 43 Future Leaders.

### Code of conduct and ethical guidelines

Code of conduct is based on our core values of mutual respect, shared sense of responsibility, simplification of processes and knowledge, and serves as an ethical guideline to govern employees' day-to-day businesses at work. The purpose of this code is to provide a safe and disciplined environment where our people can put their best efforts without compromising compliance and good governance practices.

### Learning & development

EBL always concentrates on continuous professional development for all the employees of the Bank to strengthen their skills level so that they can perform assigned job with perfection. Our motto is - “We hire for attitude then we train them for the required skills”.

We do emphasize on our home grown people. We empower them in a way so that they can own the culture and norms of EBL and lead the Bank in future to mutual growth path.

### Training title/certification

SL.	Training title/ certification	Number of participants
1	Soft skill training	391
2	Prevention of money laundering and terrorist financing	822
3	IT awareness	197
4	Foundation training	358
5	Training through BIBM, BBTA & BB	234
6	Regulatory compliance issues	241
7	Credit risk management	288
8	Account service related issues	185
9	CSA certified	34
10	Six sigma black belt certified	7
11	e-learning	3648

### Investment in training

Year	BDT in million
2018	23,42
2017	16.87

### Equal opportunity, career progression and diversity

At EBL, we ensure equal opportunity for all employees. They are treated equally and fairly and not disadvantaged by prejudices or bias. We don't have any discrimination on the grounds of gender, age, racial origin, religious affiliation, disability or marital status. Our employment decisions are taken on the basis of an individual's ability to do a particular job. We evaluate performance of the potential employees on the ground of their ability, experiences and potentials.

### Great place to work

Great career starts here! EBL is a great place to work. Everyone is here to work with fun and pride.

From employees' perspective, EBL is a great workplace where they trust the people they work for, have pride in what they do; and enjoy the people they work with. We have created an enviable culture where everyone feels strongly connected based on shared values and beliefs.

We focus on putting right leaders to lead each and every team. We ensure employees' engagement in all our activities including decision making and value our people's suggestions, ask for their ideas, listen to them carefully and then complete the planning loop. We give credit where credit is due and focus on people development, not just career development.

## Work life balance

We believe work life balance can play a pivotal role for cementing bondage between employees and employer. When employees feel a greater sense of control and ownership over their own lives, they tend to have better relationship with management and are able to leave work issues at work and home issues at home. Balanced employees tend to feel more motivated and less stressed out at work that increases Bank's productivity and reduces the number of conflicts among co-workers and management. And, EBL ensures flexible hours to support employees to balance their personal life with work.

## Human resource analysis

### Average age, length of service and female representation

Particulars	2018	2017
Total number of employees	3057	2532
Female representation	19.33%	18.64%
Average age	35.89	35.79
Average length of service	6.06	6.02

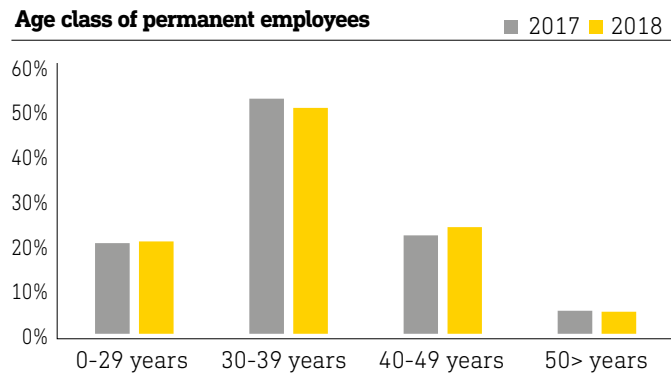
### Headcount

Employees	2018	2017
Permanent	1715	1594
Trainee	1342	938
<b>Total</b>	<b>3057</b>	<b>2532</b>

### Future leader program

Employee Category	2018	2017
MTO	30	27
Probationary officer	13	22

### Age class of permanent employees



## Performance appraisal

Performance appraisal is one of the important performance management tools that aims to ensure providing appropriate reinforcement to desirable and undesirable work behavior of the employees. Our performance appraisal is feedback based and participation of all stakeholders of an individual employee is the

crucial aspect of this process. In short, our performance appraisal process is based on a culture of trust and openness.

## Remuneration and benefits

EBL remuneration and benefit policy is based on two pillars – equity and return on investment. By ensuring internal and external equity, we keep our people motivated. On the other hand, we always have an eye on the return on investment –and that is why starting from recruitment to training our people related investment is backed by proper justification. We invest in right people that results in higher productivity and sustainability.

## Succession planning

Our succession planning focuses on identifying and growing talent to fill business-critical positions in the future. It sits inside a very much wider set of resourcing and development processes and that is why, we call it 'succession management' which includes management resourcing strategy, aggregate analysis of demand/supply (human resource planning and auditing), skills analysis, job filling process, and management development including graduate and high-flyer programs.

## Grievance management

Our disciplinary and grievance management procedures provide clear structure for dealing with difficulties which may arise among people at workplace. We make sure every individual is treated in the same way in similar circumstances and we deal with issues fairly and reasonably. Our grievance policy ensures that employer complies with current law and follows the code of conduct and disciplinary and grievance policy. We ensure our employees are aware of what's expected of them in terms of standards or code of conduct and the likely consequences of continued failure to meet the code of conduct.

## Human rights, health & safety

"People first" is our motto. We treat our people as human being first; then employees. That is why, we have employee wellness program to maintain proper work life balance. We encourage mothers to give more time to their children – we allow them proper maternity leave and reimburse relevant hospital expenses. We have invested good amount of money for day care center so that employees can feel safe and secure for the children. At EBL, we do believe that effective management of health and safety, environment and human rights is essential to grow our business in a sustainable and responsible manner, where our management pays always high attention.

## Priorities in 2019

- People management policy review.
- Up-gradation of Human Resource Information System (HRIS).
- eblHR CSR program on "EBL Friends of Earth".
- Revamp of e-learning program.
- Up-gradation of automated employee services.

## EBLHR Event Highlights



EBL superstars are seen with our immediate past Chairman and our Managing Director & CEO



The Annual Employee Recognition Program 2018 to congratulate our employees



Town Hall- 2018 was held with the spirit of "25 Years of Bonding Relations". Our MD & CEO Mr. Ali Reza Iftekhhar delivered his motivational speech and answered the questions of the participants.



Our MD & CEO is welcoming the new joiners of EBL at the Coffee with MD program. This is a unique employee engagement program of EBL that gives us the opportunity to interact with the CEO of EBL in an informal way.



eblHR organized CSR program "EBL Friends of Earth" under its Employee Wellness Program



eblHR organized an awareness program on "CANCER is a word, not a death sentence". The awareness talk was given by Prof. Ali Nawshad of the University of Nebraska Medical Center, USA



eblHR organized employee engagement session "We can do it" with female employees of EBL



Our future leaders 2018 batch

# Information Technology: The business enabler

IT facilitates the Bank significantly ensuring operational efficiency, reducing cost and creating customer convenience by supporting business through process reengineering and introduction of new service channels.

## How we manage ICT risk of the Bank

EBL adheres to the IT security policies and procedures in line with ICT security guideline of Bangladesh Bank. We have implemented SWIFT Customer Security Controls Framework for reinforcing security in sensitive SWIFT systems. For managing and monitoring security incidents, we have implemented SIEM (Security Information & Event Management) in 2018.

To prevent attack from cyber criminals/fraudsters, IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g., data centre, disaster recovery site, power rooms, server rooms, etc.).

Besides, standard IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems are in place. In 2018, PAM (Privileged Access Management) system has been implemented to keep EBL safe from accidental or deliberate misuse. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weaknesses and implement control for mitigation. EBL has a separate and specialized IT audit team to conduct information

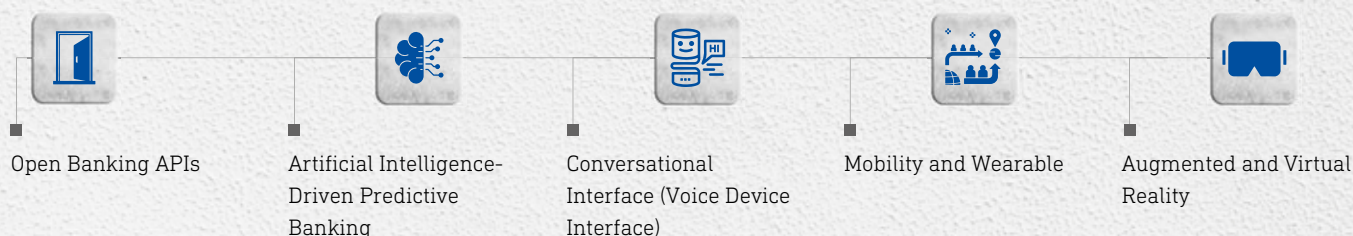
system audit to identify control gaps, which creates continuous improvement opportunities.

## Key initiatives in 2018

- Bangladesh Bank CIB report, ISS (Integrated Supervision System) report automation
- PCI DSS (Payment Card Industry Data Security Standard) recertification
- Implementation of second layer authentication of SWIFT-alliance application
- Full disk encryption
- Integration of firewall management console monitoring system
- Cyber-security enhancement for SWIFT
- Implementation of PAM (Privilege Access Management)
- Cards PIN generation through IVR System
- Design, development and delivery of agent banking solution
- Implementation of supply chain financing solution
- Customization of SWIFT changes in core banking system
- VISA PayWave (Contactless) issuing and acquiring

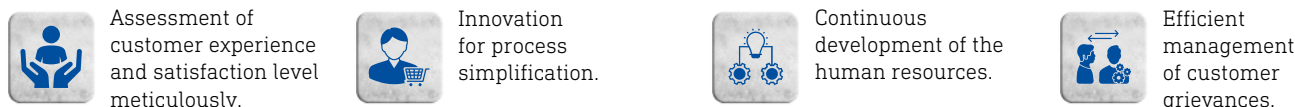
## WAY FORWARD

EBL intends to be more active in the fintech space by launching stand-alone digital banks or making partnerships. In 2019 IT will work closely to deliver technology solutions to support new business proposition, improve operational efficiency and customer delight. Some of the bank's focus areas are:



## We provide “Quality Service”

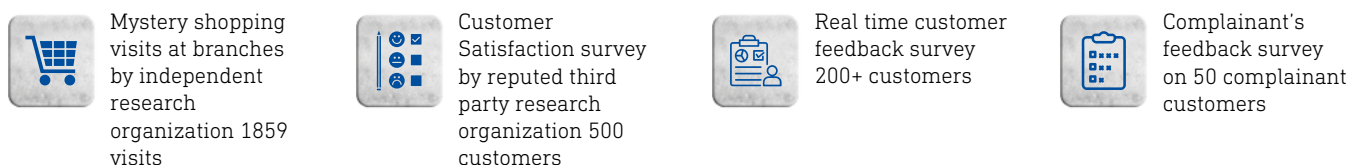
The value system of EBL centrally evolves around offering products and services best suited to customers’ lifestyle and business needs. Our attitude towards service excellence:



### Assessment of customer experience and satisfaction level meticulously

We provide convenient and standardized customer service consistently. In order to gauge our level of efficiency and the satisfaction level of customers, we deploy various tools.

The glimpse of research and study program conducted in 2018

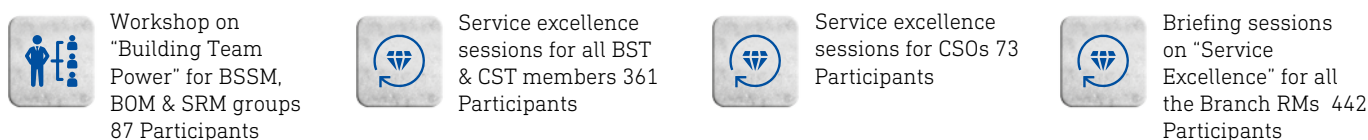


### Innovation for process simplification

We are committed to maintain and enhance our service excellence through maximum use of technology and other innovations. We ensure that customer feedback received from different research and survey programs are immediately channeled to respective business and support wings so that necessary product and process reengineering and restructuring can be initiated to meet up customers’ expectation..

### Continuous development of the human resources

We believe, employee development is a shared responsibility of management as well as individual employee. The responsibility of management is to provide the right resources and an environment that supports the growth and development needs of the individual employee. Below is glimpse of Service Excellence related training & development—



### Reward program

Customer satisfaction is the ultimate key to success in any service oriented industry. Motivation and reward program is an obligatory part to retain the efficiency and consistent performance level of the staffs. Hence, we have started a reward program named ‘BEST CSO of the Month’ (for every branch) to keep up the spirit.

### Efficient management of customer grievances

Customers of EBL are always encouraged to share their experience/concerns and raise complaints as we believe that customer’s criticism and grievances assist the Bank to find the gaps in the prevailing process.

**Channels to acknowledge customers complaints:**

Channels	Customer's preferred actions
Branch	<ul style="list-style-type: none"><li>■ Call or visit a branch in person.</li><li>■ Fill in "Suggestion Form" available in all branches.</li><li>■ Central Complaint Management Cell contact information also shown in the branch premises.</li><li>■ Customer can lodge their complaint directly to Central Complaint Management Cell via EBL Direct IP Phone (available in some selected Branches).</li></ul>
24X7 Contact Centre	<ul style="list-style-type: none"><li>■ Contact Centre: 16230 (from any mobile inside Bangladesh)</li><li>■ Contact Centre: 028332232 (from anywhere in the world)</li><li>■ Fax: 880-2-9882316</li></ul>
Website	Access website: <a href="https://www.ebl.com.bd/home/complaint%20cell">https://www.ebl.com.bd/home/complaint cell</a>
E-mail	<a href="mailto:ccs.cmc@ebl-bd.com">ccs.cmc@ebl-bd.com</a>
Mobile application	Raise your complaint directly through EBL SKYBANKING apps.
Letter	Send letter to: Any customer touch point / Head office

**Protecting customer rights by central complaint management cell**

A structured Central Customer Service & Complaint Management Cell (CCS & CMC) is in place at EBL for efficient and timely resolution of all the complaints raised by customers. The institutional functions of the cell are approved by the Bank's Board of Directors. Some high officials of EBL are also included in the cell with necessary

empowerment so that immediate decision/action can be taken for prompt resolution of the customer complaints.

In 2018, total 458 customer complaints received directly from customers and regulatory bodies which have successfully been resolved. Complaints has reduced by 28% from the last year though.

## WAY FORWARD

- Initiative will be taken to update/revamp service level agreements of various support functions.
- We will continue to work on the burning issues/root cause analysis regarding process lapse received through different customer complaints.
- Initiative will be taken to conduct online survey programs with the customers for evaluating the service standard of Bank.
- Training sessions for different target group will be designed based on how to improve customer service experience.



A modern office interior with yellow walls and glass partitions. The ceiling features exposed black ductwork and track lighting. In the background, there are white and blue cubicles, a wooden table, and two white chairs. The floor is covered with a patterned carpet in shades of blue, green, and yellow. A large yellow pillar is in the foreground on the right.

## Financial Reports

Financial reports give a comprehensive picture of financial health of the company. As a good corporate our prime concern has always been to ensure integrity of our financial statements. We meticulously prepare our financial statements in accordance with International Financial Reporting Standards and in compliance with the reporting criteria of our key regulatory bodies.

## Statement on Integrity of Financial Statements by MD & CEO and Head of Finance

10 April 2019

The Board of Directors  
Eastern Bank Limited  
100 Gulshan Avenue  
Dhaka -1212.

### **Subject: Declaration on Financial Statements for the year ended on 31 December 2018**

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Eastern Bank Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

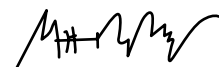
In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31 December 2018 and that 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 collectively present true and fair view of the Company'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 Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**Ali Reza Iftekhar**  
Managing Director & CEO



**Masudul Hoque Sardar**  
Head of Finance

## Independent Auditor's Report

To the shareholders of Eastern Bank Limited

### Report on the audit of the consolidated and separate financial statements

#### Opinion

We have audited the consolidated financial statements of Eastern Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Eastern Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheet as at 31 December 2018, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank (the "financial statements") give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2018, and of its consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and its consolidated and separate cash flow statement for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), rules & regulations issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year 2018. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter described below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<b>Risk</b>	<b>Our response to the risk</b>
<b>Measurement of provision for loans and advances</b>	
<p>The process for calculating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2018 the Group reported total gross loans and advances of BDT 217.38 billion (2017: BDT 191.68 billion) and the Bank reported total gross loans and advances of BDT 209.31 billion (2017: BDT 184.03 billion) whereas at the year end of 2018 the Group reported total provision for loans and advances of BDT 7.48 billion (2017: BDT 7.37 billion) and the Bank reported total provision for loans and advances of BDT 7.41 billion (2017: BDT 7.34 billion).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and subsequent amendments;</li> <li>For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>Identify loss events, including early warning and default warning indicators;</li> <li>Reviewed quarterly classification ledger of loans and advances (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>Reviewed the adequacy of the Group and the Bank's general and specific provisions;</li> <li>Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note # 7 & 13.4 to the financial statements	

<b>Measurement of deferred tax assets</b>	
<p>At year end of 2018 the Group reported total deferred tax assets of BDT 1.21 billion (2017: BDT 1.13 billion) and deferred tax income of BDT 80.89 million (2017: BDT 193.17 million) and the Bank reported total deferred tax assets of BDT 1.21 billion (2017: BDT 1.13 billion) and deferred tax income of BDT 80.42 million (2017: BDT 193.17 million).</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Group and the Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax assets.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Tax.</p>
See note no 9.10 to the financial statements	

## **Other information**

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations 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. The Banking Companies Act 1991 (as amended up to date) and the Bangladesh Bank guidelines 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.

In preparing the financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's and Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

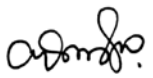
### **Report on other legal and regulatory requirements**

In accordance with the Companies Act, 1994, the Banking Companies Act, 1991, and the rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987, 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. 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 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 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 Group and the Bank;
- III. financial statements of Eastern Bank Limited's subsidiaries namely, EBL Securities Limited, EBL Investments Limited and EBL Asset Management Limited have been audited by Khan Wahab Shafique Rahman & Co., Chartered Accountants and EBL Finance (HK) Limited has been audited by Kingston C.P.A. Limited, Certified Public Accountants, Hong Kong 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;

- 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 and payments made were for the purpose of the Group's and Bank's business for the year;
- VII. the financial statements 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 spent over 3,670 man hours; and
- XII. capital to risk-weighted asset ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 10 April 2019

  
**A. Qasem & Co.**  
Chartered Accountants

## Eastern Bank Limited and its Subsidiaries

**Consolidated Balance Sheet**

as at 31 December 2018

Amount in BDT

	Notes	2018	2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>		
Cash in hand (including foreign currencies)	3.1	2,624,983,711	2,024,742,407
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	13,713,276,245	12,296,507,176
		<b>16,338,259,956</b>	<b>14,321,249,583</b>
<b>Balances with other banks and financial institutions</b>	<b>4</b>		
In Bangladesh	4.1	9,071,891,788	10,743,290,183
Outside Bangladesh	4.2	2,374,410,405	1,733,092,625
		<b>11,446,302,193</b>	<b>12,476,382,809</b>
<b>Money at call and short notice</b>	<b>5</b>	-	-
<b>Investments</b>	<b>6</b>		
Government	6.1	22,221,712,390	19,480,497,639
Others	6.2	7,665,907,401	6,625,500,985
		<b>29,887,619,791</b>	<b>26,105,998,624</b>
<b>Loans and advances</b>	<b>7</b>		
Loans, cash credits, overdraft etc.	7.1	194,873,643,755	165,691,389,665
Bills discounted and purchased	7.2	22,506,614,674	25,993,145,776
		<b>217,380,258,429</b>	<b>191,684,535,441</b>
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>8</b>	6,681,971,996	5,957,095,836
<b>Other assets</b>	<b>9</b>	3,631,641,088	5,323,156,534
<b>Non banking assets</b>	<b>10</b>	134,016,495	134,016,495
<b>TOTAL ASSETS</b>		<b>285,500,069,947</b>	<b>256,002,435,322</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from other banks, financial institutions and agents</b>	<b>11</b>	<b>49,066,095,646</b>	<b>52,447,284,353</b>
<b>Deposits and other accounts</b>	<b>12</b>		
Current deposits & other accounts, etc.	12.1	21,011,202,434	16,993,725,421
Bills payable	12.2	916,901,298	845,849,963
Savings bank deposits	12.3	46,053,721,505	41,894,304,550
Fixed deposits	12.4	105,542,120,447	78,812,042,594
Other deposits- special notice deposit (SND)		25,631,642,386	28,412,625,094
Bearer certificates of deposits		-	-
		<b>199,155,588,070</b>	<b>166,958,547,622</b>
<b>Other liabilities</b>	<b>13</b>	13,902,926,147	14,720,401,317
<b>TOTAL LIABILITIES</b>		<b>262,124,609,863</b>	<b>234,126,233,292</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid-up capital	14	7,379,995,890	7,379,995,890
Statutory reserve	15	7,379,995,890	7,379,995,890
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre take-over loss-BCCI	17	-	642,857,893
Assets revaluation reserve (Land and other assets)	18	2,693,094,374	2,667,975,547
General reserve	19	603,493,370	130,000,000
Foreign currency translation difference	20	3,291,006	14,110,435
Surplus in profit and loss account	21	4,959,549,554	3,305,226,375
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>23,375,460,084</b>	<b>21,876,202,030</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>285,500,069,947</b>	<b>256,002,435,322</b>

Eastern Bank Limited and its Subsidiaries  
**Consolidated Balance Sheet**  
as at 31 December 2018

Amount in BDT

**OFF-BALANCE SHEET ITEMS**

**Contingent liabilities**

Acceptances and endorsements

Letters of guarantees

Irrevocable letters of credit

Bills for collection

Others (Securities holding SC-Agrabad branch)

**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

**TOTAL OFF-BALANCE SHEET ITEMS**

Notes	2018	2017
<b>22</b>		
22.1	57,033,419,112	37,313,068,570
22.2	27,299,063,024	18,139,419,275
22.3	24,913,788,504	38,108,685,882
22.4	7,676,005,477	7,055,462,385
	378,933,000	-
	<b>117,301,209,117</b>	<b>100,616,636,112</b>
22.5	-	-
	327,629,500	661,600,000
	-	-
	-	-
	327,629,500	661,600,000
	<b>117,628,838,617</b>	<b>101,278,236,112</b>

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



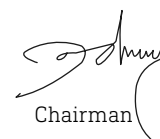
Managing Director & CEO



Director



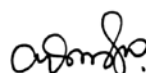
Director



Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019



**A. Qasem & Co.**  
Chartered Accountants

Eastern Bank Limited and its subsidiaries

**Consolidated Profit and Loss Account**

for the year ended 31 December 2018

Amount in BDT

Particulars	Notes	2018	2017
Interest income	23	20,188,213,662	14,610,518,896
Interest paid on deposits and borrowings	24	(12,577,183,349)	(8,731,897,132)
<b>Net interest income</b>		<b>7,611,030,313</b>	<b>5,878,621,764</b>
Income from investments	25	2,312,348,542	3,252,068,177
Fees, commission and brokerage	26	3,467,718,223	3,526,731,064
Other operating income	27	223,462,947	205,780,397
		<b>6,003,529,712</b>	<b>6,984,579,638</b>
<b>Total operating income</b>		<b>13,614,560,025</b>	<b>12,863,201,402</b>
Salary & allowances (excluding those of MD)	28	3,586,927,426	3,216,287,504
Rent, taxes, insurance, utilities etc.	29	813,513,602	757,082,308
Legal & professional expenses	30	101,443,119	143,262,967
Postage, stamp, telecommunication etc.	31	145,005,015	138,432,989
Stationery, printing, advertisement, business promotion etc.	32	346,806,843	327,353,784
Managing Director's salary and allowances (Bank only)	33	23,015,710	21,550,646
Directors' fees & expenses	34	4,965,971	4,461,583
Audit fees	35	2,100,364	1,722,030
Depreciation and repair of bank's assets	36	575,952,524	503,860,299
Other operating expenses	37	635,058,454	693,447,735
		<b>6,234,789,027</b>	<b>5,807,461,845</b>
<b>Total operating expenses</b>		<b>6,234,789,027</b>	<b>5,807,461,845</b>
<b>Profit before provisions</b>		<b>7,379,770,999</b>	<b>7,055,739,558</b>
Provision for loans and off-balance sheet exposures:	13.4.1		
Specific provision (net of w/off recovery)		1,910,730,079	2,394,986,904
General provision		286,754,762	207,915,554
General provision for off-balance sheet exposures		40,147,338	192,593,775
		<b>2,237,632,179</b>	<b>2,795,496,232</b>
Other provision (charged/(released))	38	414,549,580	(6,727,719)
<b>Total provisions</b>		<b>2,652,181,759</b>	<b>2,788,768,514</b>
<b>Profit before tax for the year</b>		<b>4,727,589,240</b>	<b>4,266,971,045</b>
Provision for tax made for the year	13.3.1	1,697,229,180	2,031,873,549
Deferred tax income (net)	39	(80,416,846)	(193,172,244)
<b>Total provision for taxation</b>		<b>1,616,812,333</b>	<b>1,838,701,305</b>
<b>Profit after tax for the year</b>		<b>3,110,776,907</b>	<b>2,428,269,740</b>
<b>Appropriation</b>			
Statutory reserve	15	-	(388,295,622)
General reserve		-	-
		<b>-</b>	<b>(388,295,622)</b>
<b>Retained earnings carried forward</b>		<b>3,110,776,907</b>	<b>2,039,974,118</b>
<b>Earnings per share (EPS)</b>	40	<b>4.22</b>	<b>3.29</b>

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



Managing Director &amp; CEO



Director



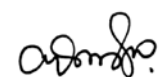
Director



Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019


  
A. Qasem & Co.
   
Chartered Accountants

Eastern Bank Limited and its subsidiaries  
**Consolidated Cash Flow Statement**  
for the year ended 31 December 2018

Amount in BDT

Particulars	Notes	2018	2017
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		19,840,289,526	14,269,303,717
Interest payments		(11,417,419,674)	(8,738,504,828)
Dividend receipts		72,987,733	130,667,822
Fees and commission receipts in cash		3,528,318,223	3,466,131,064
Income from investment (other than dividend received)		2,385,319,253	3,099,289,668
Recoveries on loans previously written off	13.4.1	422,762,114	500,782,730
Cash payment to employees (including directors)		(3,586,781,117)	(3,170,943,270)
Cash payment to suppliers		(1,711,847,890)	(1,608,497,893)
Income taxes paid	13.3.2	(1,623,088,509)	(2,036,137,625)
Receipts from other operating activities		223,462,947	205,780,397
Payments for other operating activities		(635,058,454)	(693,447,735)
Cash from operating profit before changes in operating assets and liabilities		7,498,944,153	5,424,424,047
<b>Increase/(decrease) in Operating Assets &amp; Liabilities</b>			
(Purchase)/sale of trading securities		1,229,934,969	(2,412,149,598)
Loans and advances to customers (other than banks)		(25,431,309,021)	(34,960,042,247)
Recovery from non banking assets		-	416,505
Other assets	41	1,653,885,538	(1,516,836,870)
Deposits from other Banks	12.a.1	6,729,604,720	(201,544,013)
Deposits from customers (other than banks)		24,350,598,041	27,085,394,897
(Payment against) /recovery from BCCI assets/liabilities		(169,364,523)	25,065,662
Liability for tax		6,276,176	197,436,320
Liabilities for provision		(3,074,943,873)	(3,289,551,243)
Other liabilities	42	(890,629,513)	2,850,276,119
Cash generated from operating assets and liabilities		4,404,052,514	(12,221,534,468)
<b>Net Cash received from/(used in) operating activities</b>		<b>11,902,996,667</b>	<b>(6,797,110,421)</b>
<b>B) Cash flows from investing activities</b>			
(Purchase)/sale of non-trading securities		(5,013,597,395)	(759,695,837)
(Purchase)/sale of property, plant and equipment		(1,054,549,753)	(264,433,535)
<b>Net cash (used in) investing activities</b>		<b>(6,068,147,148)</b>	<b>(1,024,129,372)</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(3,381,188,707)	13,077,598,376
Dividend paid (cash dividend)		(1,475,999,178)	(1,405,713,504)
<b>Net cash (used in)/received from financing activities</b>		<b>(4,857,187,885)</b>	<b>11,671,884,872</b>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		<b>977,661,634</b>	<b>3,850,645,079</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		8,726,024	23,304,751
<b>F) Opening cash and cash-equivalents</b>		26,801,358,391	22,927,408,561
<b>G) Closing cash and cash-equivalents (D+E+F)*</b>		<b>27,787,746,049</b>	<b>26,801,358,391</b>
<b>*Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)	3.1	2,624,983,711	2,024,742,407
Balances with Bangladesh Bank and its agent bank (s)	3.2	13,713,276,245	12,296,507,176
Balances with other Banks and Financial Institutions	4	11,446,302,193	12,476,382,809
Money at call and short notice	5	-	-
Prize bonds	6.1	3,183,900	3,726,000
		<b>27,787,746,049</b>	<b>26,801,358,391</b>

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

  
Managing Director & CEO

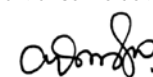
  
Director

  
Director

  
Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019

  
**A. Qasem & Co.**  
Chartered Accountants

Eastern Bank Limited and its subsidiaries

**Consolidated Statement of Changes in Equity**

for the year ended 31 December 2018

Amount in BDT

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre take-over loss-BCCI	Assets revaluation reserve (land and other assets)	General reserve	Foreign currency translation difference	Retained earnings	Total
Balance as on 1 January 2018	7,379,995,890	7,379,995,890	356,040,000	642,857,893	2,667,975,547	130,000,000	14,110,435	3,305,226,375	21,876,202,030
Cash dividend paid for 2017	-	-	-	-	-	-	-	(1,475,999,178)	(1,475,999,178)
Net profit for the year	-	-	-	-	-	-	-	3,110,776,906	3,110,776,906
Transfer of residual balance of BCCI reserve to General Reserve	-	-	-	-	-	473,493,370	-	-	473,493,370
Adjustment of BCCI Reserve	-	-	-	(642,857,893)	-	-	-	-	(642,857,893)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	1,373,165	-	-	-	1,373,165
Adjustment of amortisation of treasury securities (HTM)	-	-	-	-	(2,872,326)	-	-	-	(2,872,326)
Adjustment for revaluation of land properties	-	-	-	-	(58,800,380)	-	-	-	(58,800,380)
Reserve for fair value of TREC and Shares of DSE & CSE	-	-	-	-	85,418,367	-	-	-	85,418,367
Foreign currency translation difference	-	-	-	-	-	-	(10,819,429)	-	(10,819,429)
Currency adjustment for Offshore banking operation	-	-	-	-	-	-	-	19,545,453	19,545,453
<b>Balance as at 31 December 2018</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>-</b>	<b>2,693,094,374</b>	<b>603,493,370</b>	<b>3,291,006</b>	<b>4,959,549,554</b>	<b>23,375,460,084</b>
<b>Balance as at 31 December 2017</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>642,857,893</b>	<b>2,667,975,547</b>	<b>130,000,000</b>	<b>14,110,435</b>	<b>3,305,226,375</b>	<b>21,876,202,030</b>

Eastern Bank Limited and its subsidiaries

## Consolidated Liquidity Statement (Asset and Liability Maturity Analysis)

as at 31 December 2018

Amount in BDT

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	16,338,259,956	-	-	-	-	16,338,259,956
Balances with other banks and financial institutions	2,571,282,193	8,365,020,000	510,000,000	-	-	11,446,302,193
Money at call and short notice	-	-	-	-	-	-
Investments	3,994,482,035	170,990,144	6,618,056,600	8,088,839,085	11,015,251,927	29,887,619,791
Loans and advances	29,001,304,661	40,830,241,914	71,027,591,386	65,664,856,815	10,856,263,652	217,380,258,429
Fixed assets including land, building, furniture and fixtures	20,303,551	42,041,068	182,733,324	842,796,409	5,594,097,643	6,681,971,997
Other assets	752,094,243	205,016,477	356,250,964	1,477,562,538	840,716,867	3,631,641,088
Non-banking assets	-	-	31,600,000	102,416,495	-	134,016,495
<b>Total Assets</b>	<b>52,677,726,640</b>	<b>49,613,309,603</b>	<b>78,726,232,275</b>	<b>76,176,471,342</b>	<b>28,306,330,089</b>	<b>285,500,069,947</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	16,976,483,865	12,021,975,970	11,249,064,281	7,996,271,174	822,300,356	49,066,095,646
Deposits and other accounts	21,329,084,564	38,682,236,145	47,890,962,644	89,616,032,365	1,637,272,351	199,155,588,069
Provisions & other liabilities	429,692,308	2,500,350,360	717,897,060	7,221,099,239	3,033,887,179	13,902,926,147
<b>Total Liabilities</b>	<b>38,735,260,737</b>	<b>53,204,562,475</b>	<b>59,857,923,985</b>	<b>104,833,402,778</b>	<b>5,493,459,886</b>	<b>262,124,609,862</b>
<b>Net Liquidity Gap</b>	<b>13,942,465,903</b>	<b>(3,591,252,872)</b>	<b>18,868,308,290</b>	<b>(28,656,931,436)</b>	<b>22,812,870,203</b>	<b>23,375,460,084</b>
<b>Cumulative Net Liquidity Gap</b>	<b>13,942,465,903</b>	<b>10,351,213,031</b>	<b>29,219,521,321</b>	<b>562,589,885</b>	<b>23,375,460,084</b>	<b>-</b>

## Eastern Bank Limited

**Balance Sheet**

as at 31 December 2018

Amount in BDT

	Notes	2018	2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>		
Cash in hand (including foreign currencies)	3.1	2,624,689,253	2,024,510,392
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	13,713,276,245	12,296,507,176
		<b>16,337,965,498</b>	<b>14,321,017,568</b>
<b>Balances with other banks and financial institutions</b>	<b>4</b>		
In Bangladesh	4.1	8,521,927,314	10,251,404,987
Outside Bangladesh	4.2	8,437,097,706	7,579,806,713
		<b>16,959,025,020</b>	<b>17,831,211,700</b>
<b>Money at call and short notice</b>	<b>5</b>	-	-
<b>Investments</b>	<b>6</b>		
Government	6.1	22,221,712,390	19,480,497,639
Others	6.2	5,498,237,011	4,880,446,475
		<b>27,719,949,401</b>	<b>24,360,944,114</b>
<b>Loans and advances</b>	<b>7</b>		
Loans, cash credits, overdraft etc.	7.1	193,014,394,181	163,974,017,428
Bills discounted and purchased	7.2	16,291,856,566	20,053,283,403
		<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>8</b>	6,636,617,166	5,922,614,795
<b>Other assets</b>	<b>9</b>	5,357,128,978	6,470,867,759
<b>Non banking assets</b>	<b>10</b>	134,016,495	134,016,495
<b>TOTAL ASSETS</b>		<b>282,450,953,306</b>	<b>253,067,973,266</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from other banks, financial institutions and agents</b>	<b>11</b>	<b>46,731,901,799</b>	<b>50,997,691,604</b>
<b>Deposits and other accounts</b>	<b>12</b>		
Current deposits & other accounts etc.	12.1	21,200,155,318	17,113,543,041
Bills payable	12.2	916,901,298	845,849,963
Savings bank deposits	12.3	46,053,721,505	41,894,304,550
Fixed deposits	12.4	105,826,485,905	79,081,872,372
Other deposits- special notice deposit (SND)		25,631,642,386	28,412,625,094
Bearer certificates of deposits		-	-
		<b>199,628,906,412</b>	<b>167,348,195,021</b>
Other liabilities	<b>13</b>	13,123,885,732	13,136,521,041
<b>TOTAL LIABILITIES</b>		<b>259,484,693,943</b>	<b>231,482,407,666</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid-up capital	14	7,379,995,890	7,379,995,890
Statutory reserve	15	7,379,995,890	7,379,995,890
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre take-over loss-BCCI	17	-	642,857,893
Assets revaluation reserve (Land & others)	18	2,607,676,007	2,667,975,548
General reserve	19	603,493,370	130,000,000
Foreign currency translation gain/(loss)	20	1,500,273	9,127,461
Surplus in profit and loss account	21	4,637,557,933	3,019,572,916
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>22,966,259,363</b>	<b>21,585,565,600</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>282,450,953,306</b>	<b>253,067,973,266</b>

## Eastern Bank Limited

### Balance Sheet

as at 31 December 2018

Amount in BDT

## OFF BALANCE SHEET ITEMS

### Contingent liabilities

Acceptances and endorsements  
Letters of guarantees  
Irrevocable letters of credit  
Bills for collection  
Others (Securities holding SC-Agrabad branch)

## 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

**TOTAL OFF-BALANCE SHEET ITEMS**

Notes	2018	2017
<b>22</b>		
22.1	57,033,419,112	37,313,068,570
22.2	27,299,063,024	18,139,419,275
22.3	24,913,788,504	38,108,685,882
22.4	7,676,005,477	7,055,462,385
	378,933,000	-
	<b>117,301,209,117</b>	<b>100,616,636,112</b>
	-	-
22.5	327,629,500	661,600,000
	-	-
	-	-
	327,629,500	661,600,000
	<b>117,628,838,617</b>	<b>101,278,236,112</b>

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

Carney


Managing Director & CEO

Shoemaker  
Director

Director



Director

  
Chairman

Chairman

Signed as per our annexed report of same date.

adomf.

**A. Qasem & Co.**

Chartered Accountants

Dhaka, 10 April 2019

Eastern Bank Limited

**Profit & Loss Account**

for the year ended 31 December 2018

Amount in BDT

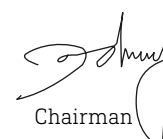
Particulars	Notes	2018	2017
Interest Income	23	19,821,280,127	14,399,103,828
Interest paid on deposits and borrowings	24	(12,315,063,258)	(8,654,363,996)
<b>Net Interest Income</b>		<b>7,506,216,869</b>	<b>5,744,739,831</b>
Income from investments	25	2,317,871,538	3,414,685,634
Fees, commission and brokerage	26	3,110,377,876	3,049,485,817
Other operating income	27	204,759,927	191,776,376
		<b>5,633,009,341</b>	<b>6,655,947,827</b>
<b>Total operating income</b>		<b>13,139,226,210</b>	<b>12,400,687,659</b>
Salary & allowances (excluding those of MD)	28	3,443,184,398	3,097,614,582
Rent, taxes, insurance, utilities etc.	29	778,275,765	731,758,565
Legal & professional expenses	30	100,561,805	141,851,268
Postage, stamp, telecommunication etc.	31	136,027,531	129,989,539
Stationery, printing, advertisement, business promotion etc.	32	336,584,734	316,597,520
Managing Director's salary and allowances	33	23,015,710	21,550,646
Directors' fees & expenses	34	4,730,221	4,122,333
Audit fees	35	1,128,750	920,000
Repairs, maintenance and depreciation	36	561,935,384	491,139,666
Other operating expenses	37	609,871,527	669,527,945
<b>Total operating expenses</b>		<b>5,995,315,824</b>	<b>5,605,072,065</b>
<b>Profit before provisions</b>		<b>7,143,910,387</b>	<b>6,795,615,595</b>
<b>Provision for loans and off-balance sheet exposures</b>	13.4.1		
Specific provision (net off w/off recovery)		1,860,694,162	2,374,986,904
General provision		286,754,762	207,915,554
General provision for off-balance sheet exposures		40,147,338	192,593,775
		<b>2,187,596,262</b>	<b>2,775,496,232</b>
Other provision (charged/(released))	38	370,460,944	(36,511,598)
<b>Total provisions</b>		<b>2,558,057,206</b>	<b>2,738,984,634</b>
<b>Profit before tax for the year</b>		<b>4,585,853,181</b>	<b>4,056,630,961</b>
Provision for tax made for the year	13.3.1	1,585,493,108	1,844,979,911
Deferred tax income (net)	39	(80,416,846)	(193,172,244)
Total provision for taxation		<b>1,505,076,261</b>	<b>1,651,807,667</b>
<b>Profit after tax for the year</b>		<b>3,080,776,920</b>	<b>2,404,823,294</b>
<b>Appropriation</b>			
Statutory reserve	15	-	(388,295,622)
General reserve		-	-
		<b>-</b>	<b>(388,295,622)</b>
<b>Retained earnings carried forward</b>		<b>3,080,776,920</b>	<b>2,016,527,672</b>
<b>Earnings per share (EPS)</b>	40	<b>4.17</b>	<b>3.26</b>

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

  
 Managing Director & CEO

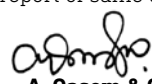
  
 Director

  
 Director

  
 Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019

  
**A. Qasem & Co.**  
 Chartered Accountants

Eastern Bank Limited

## Cash Flow Statement

for the year ended 31 December 2018

Amount in BDT

	Notes	2018	2017
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		19,499,470,735	14,081,532,144
Interest payments		(11,157,450,746)	(8,664,388,359)
Dividend receipts		581,626,937	589,866,598
Fees and commission receipts in cash		3,170,977,876	2,988,885,817
Income from investment (other than dividend)		1,882,203,046	2,802,708,351
Recovery on loans previously written off	13.4.1	422,762,114	500,782,730
Cash payment to employees (including directors)		(3,444,641,730)	(3,057,796,622)
Cash payment to suppliers		(1,652,120,859)	(1,557,410,629)
Income taxes paid	13.3.2	(1,521,839,090)	(1,905,138,782)
Receipts from other operating activities		204,759,927	191,776,376
Payments for other operating activities		(609,871,527)	(669,527,945)
Cash generated from operating activities before changes in operating assets and liabilities		7,375,876,684	5,301,289,679
<b>Increase/(decrease) in Operating Assets &amp; Liabilities</b>			
Sale of trading securities		1,657,050,814	(2,165,290,447)
Loans and advances to customers (other than banks)		(25,036,764,054)	(31,627,890,597)
Recovery from non banking assets		-	416,505
Other assets	41	986,803,867	(795,904,716)
Deposits from other Banks	12.a.1	6,633,742,482	(201,544,013)
Deposits from customers (other than banks)		24,530,131,223	27,396,000,976
(Payment against) /recovery from BCCI assets/liabilities		(169,364,523)	25,065,662
Liability for tax		16,762,829	253,331,115
Liabilities for provision		(2,980,819,320)	(3,239,767,363)
Other liabilities	42	(80,827,484)	1,978,546,553
Cash generated from operating assets and liabilities		5,556,715,834	(8,377,036,325)
<b>Net Cash from operating activities</b>		<b>12,932,592,517</b>	<b>(3,075,746,646)</b>
<b>B) Cash flows from investing activities</b>			
(Purchase)/Sale of non-trading securities		(5,018,097,360)	(752,695,837)
(Purchase)/sale of property, plant and equipment		(1,034,067,111)	(236,446,777)
<b>Net cash used in investing activities</b>		<b>(6,052,164,471)</b>	<b>(1,189,142,614)</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(4,265,789,805)	11,936,531,857
Dividend paid (cash dividend)		(1,475,999,178)	(1,405,713,504)
<b>Net cash (used in) investing activities</b>		<b>(5,741,788,983)</b>	<b>10,530,818,353</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>		<b>1,138,639,061</b>	<b>6,265,929,093</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		5,580,088	16,282,276
<b>F) Opening cash and cash-equivalents</b>		32,155,955,268	25,873,743,899
<b>G) Closing cash and cash-equivalents (D+E+F)*</b>		<b>33,300,174,418</b>	<b>32,155,955,268</b>
<b>*Cash and cash-equivalents consists of:</b>			
Cash in hand (including foreign currencies)	3.1	2,624,689,253	2,024,510,392
Balances with Bangladesh Bank and its agent bank (s)	3.2	13,713,276,245	12,296,507,176
Balances with other Banks and Financial Institutions	4	16,959,025,020	17,831,211,700
Money at call and short notice	5	-	-
Prize bonds	6.1	3,183,900	3,726,000
		<b>33,300,174,418</b>	<b>32,155,955,268</b>

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



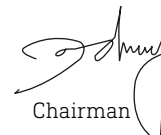
Managing Director & CEO



Director

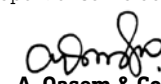


Director



Chairman

Signed as per our annexed report of same date.



A. Qasem & Co.

Chartered Accountants

Dhaka, 10 April 2019

Eastern Bank Limited

**Statement of Changes in Equity**

for the year ended 31 December 2018

Particulars	Paid-up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre take-over loss-BCCI	Assets revaluation reserve (land and other assets)	General reserve	Foreign currency translation difference	Retained earnings	Total	Amount in BDT
Balance as at 1 January 2018	7,379,995,890	7,379,995,890	356,040,000	642,857,893	2,667,975,547	130,000,000	9,127,461	3,019,572,918	21,585,565,599	
Cash dividend paid for 2017	-	-	-	-	-	-	-	(1,475,999,178)	(1,475,999,178)	
Net profit for the year	-	-	-	-	-	-	-	3,080,776,920	3,080,776,920	
Transfer of residual balance of BCCI reserve to General Reserve	-	-	-	-	-	473,493,370	-	-	473,493,370	
Adjustment of BCCI Reserve	-	-	-	(642,857,893)	-	-	-	-	(642,857,893)	
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	1,373,165	-	-	-	1,373,165	
Adjustment for amortisation of treasury securities (HTM)	-	-	-	-	(2,872,326)	-	-	-	(2,872,326)	
Adjustment on revaluation of lands	-	-	-	-	(58,800,380)	-	-	-	(58,800,380)	
Currency translation difference	-	-	-	-	-	-	(7,627,188)	-	(7,627,188)	
Currency adjustment for Offshore banking operation	-	-	-	-	-	-	-	13,207,275	13,207,275	
<b>Balance as at 31 December 2018</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>-</b>	<b>2,607,676,007</b>	<b>603,493,370</b>	<b>1,500,273</b>	<b>4,637,557,933</b>	<b>22,966,259,363</b>	
<b>Balance as at 31 December 2017</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>642,857,893</b>	<b>2,667,975,548</b>	<b>130,000,000</b>	<b>9,127,461</b>	<b>3,019,572,916</b>	<b>21,585,565,600</b>	

Eastern Bank Limited

## Liquidity Statement ( Asset and Liability Maturity Analysis)

as at 31 December 2018

Amount in BDT

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	16,337,965,498	-	-	-	-	16,337,965,498
Balances with other banks and financial institutions	8,084,005,020	8,365,020,000	510,000,000	-	-	16,959,025,020
Money at call and short notice	-	-	-	-	-	-
Investments	3,994,482,035	170,990,144	4,470,386,210	8,068,839,085	11,015,251,927	27,719,949,401
Loans and advances	28,379,828,851	36,766,073,397	67,639,228,032	65,664,856,815	10,856,263,652	209,306,250,747
Fixed assets including land, building, furniture and fixtures	19,962,030	41,333,533	179,658,267	828,614,408	5,567,048,930	6,636,617,167
Other assets	720,907,844	292,255,928	334,223,516	1,477,562,538	2,532,179,152	5,357,128,978
Non-banking assets	-	-	31,600,000	102,416,495	-	134,016,495
<b>Total Assets</b>	<b>57,537,151,278</b>	<b>45,635,673,002</b>	<b>73,165,096,025</b>	<b>76,142,289,340</b>	<b>29,970,743,661</b>	<b>282,450,953,306</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	15,567,219,398	11,220,414,269	12,000,586,602	7,121,381,174	822,300,356	46,731,901,799
Deposits and other accounts	21,802,402,906	38,682,236,145	47,890,962,644	89,616,032,365	1,637,272,351	199,628,906,411
Provisions & other liabilities	61,000,000	2,486,767,351	438,601,235	7,103,629,966	3,033,887,179	13,123,885,732
<b>Total Liabilities</b>	<b>37,430,622,304</b>	<b>52,389,417,766</b>	<b>60,330,150,482</b>	<b>103,841,043,504</b>	<b>5,493,459,886</b>	<b>259,484,693,943</b>
<b>Net Liquidity Gap</b>	<b>20,106,528,974</b>	<b>(6,753,744,764)</b>	<b>12,834,945,543</b>	<b>(27,698,754,165)</b>	<b>24,477,283,775</b>	<b>22,966,259,363</b>
<b>Cumulative Net Liquidity Gap</b>	<b>20,106,528,974</b>	<b>13,352,784,210</b>	<b>26,187,729,753</b>	<b>(1,511,024,411)</b>	<b>22,966,259,363</b>	<b>-</b>

Eastern Bank Limited and its subsidiaries

## Notes to the financial statements

as at and for the year ended 31 December 2018

### 1 The Bank and its activities

**1.1** Eastern Bank Limited was incorporated in Bangladesh as a public limited company to carry out all kinds of banking business in and outside Bangladesh. The Bank took over the business, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited (hereinafter referred to as 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 and at present it has 85 branches across major cities in Bangladesh. The share of the Bank is listed with both Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). The registered office of the Bank is located at 100 Gulshan Avenue, Dhaka - 1212.

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, etc.

### 1.2 Offshore Banking Unit (OBU)

Offshore Banking Unit ("OBU" or "the Unit") is a separate business unit of the Bank. It operates through a separate counter as governed under the rules and guidelines vide Bangladesh Bank's letter ref. BRPD(P)744/(89)/2004-303 dated 25 January 2004. It provides loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institutions not resident in Bangladesh and Type - A (wholly foreign owned) units in EPZs in Bangladesh. It also provides long term loans to industrial units outside EPZs and Type - B & Type - C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of BIDA and Bangladesh Bank. Besides these, OBU provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines.

The unit commenced its operations from 19 May 2004 and its office is located at 100 Gulshan Avenue, Dhaka-1212.

### 1.3 Subsidiaries of the Bank

The Bank has four wholly owned subsidiaries as on the reporting date. These are EBL Securities Limited, EBL Investments Limited, EBL Finance (HK) Limited and EBL Asset Management Limited. All subsidiaries of the Bank have been incorporated in Bangladesh except EBL Finance (HK) Limited which is incorporated in Hong Kong.

#### EBL Securities Limited

EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRECs (Trading Right Entitlement Certificate) and ordinary shares of both the bourses i.e. Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). The principal activities of this subsidiary are buying, selling and settling of securities on behalf of investors and its own portfolio. Registered office of EBLSL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka - 1000.

#### EBL Investments Limited

EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from Bangladesh Securities & Exchange Commission (BSEC) in January 2013 and started full fledged operations of merchant banking, portfolio management, underwriting etc. from June 2013. Registered office of EBLIL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka - 1000.

#### EBL Finance (HK) Limited

EBL Finance (HK) Limited, the first foreign subsidiary of EBL, was incorporated on 28 November 2011 with Hong Kong (HK) authority. This subsidiary started its full fledged business operations (i.e. offshore trade finance, advising, documents collection etc.) in Hong Kong during 2013 after obtaining all the required licenses from Bangladesh and HK authority. Registered office of EBL Finance (HK) Limited is located at Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

#### EBL Asset Management Limited

EBL Asset Management Limited (EBLAML) was incorporated on 09 January 2011 to carry out asset management business, capital market operation, equity investment etc. It has been registered under Bangladesh Securities & Exchange Commission (BSEC) on 25 May 2017 to run full-fledged business operations. Registered office of EBLAML is located at 10 Dilkusha C/A, Dhaka - 1000.

#### Representative Office of the Bank

The bank has a Representative Office (RO) in Myanmar named 'EBL Yangon Representative Office' which was established in 2014 with a view to extend its trade businesses by providing banking and business information to the business people of the two countries. Registered office of this RO is located at Room (2B/2C), 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon, Myanmar.

## 2 Basis of preparation and significant accounting policies

### Basis of preparation

#### Separate and consolidated financial statements

The separate financial statements of the Bank as at and for the year ended 31 December 2018 comprise those of Domestic Banking Unit (Main operations) and Offshore Banking Unit (OBU), and the consolidated financial statements of the group 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 was no significant change in the nature of principal business activities of the Bank and the subsidiaries during the financial year.

## 2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as banks. The Banking Companies Act, 1991 was amended to require banks to prepare their financial statements under such financial reporting standards.

As the FRS is yet to be issued as per the provisions of the FRA, the consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Banking Companies Act 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Banking Companies Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRS are as follows:

### i) Presentation of financial statements

**IFRS: As per IAS 1:** Presentation of Financial Statements, a complete set of financial statements shall comprise a statement of financial position as at the end of the period; a statement of profit or loss and other comprehensive income for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising significant accounting policies and other explanatory information; and comparative information in respect of the preceding period. The entity shall also present current and non-current assets and 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 flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of the Banking Companies Act 1991 (as amendment up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines issued by Bangladesh Bank. In the prescribed format, there is no option to present assets and liabilities under current and non-current classifications.

### ii) Investments in equity instruments (shares, mutual funds, etc.)

**IFRS: As per IFRS 9:** Financial Instruments, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per Banking Regulation & Policy Department of Bangladesh Bank (BRPD) circular no. 14 dated 25 June 2003, investments in quoted and unquoted shares are revalued on the bases of year end market price and net assets value (NAV) of last audited balance sheet respectively. As per another instruction issued by Department of Off-site Supervision of Bangladesh Bank (DOS) circular letter no. 3 dated 12 March 2015, investment in mutual fund (closed-end) is revalued 'at lower of cost and (higher of market value and 85% of NAV)'. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognised at costs.

The Bank reviews its investment in shares & mutual funds at each quarter-end on mark-to-market basis and has maintained a cumulative provision of BDT 361.67 million as of 2018 as per Bangladesh Bank instructions (note 13.8).

### iii) Revaluation gain/(loss) on government securities

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Where securities are measured 'at fair value through other comprehensive income' then gains or losses shall be recognised in other comprehensive income (OCI), except for impairment gains or losses and foreign exchange gains and losses. The loss allowance arise from impairment shall be recognised in OCI and shall not reduce the carrying amount of financial assets in the Financial Position. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification issue through DOS circular no. 5 dated 28 January 2009, amortisation loss is charged to profit and loss account, mark-to-market loss on revaluation of government securities (T - bills/T - bonds) categorised as held for trading (HFT) is charged to profit and loss account, but any unrealised gain on such revaluation is recognised to revaluation reserve account. T - bills/T - bonds designated as held to maturity (HTM) are measured at amortised cost but interest income/gain is recognised through equity.

The Bank recognised revaluation loss of BDT 26.08 million and amortisation expense of BDT 133.08 million in profit and loss account in 2018 against its investment in government treasury securities categorised as HFT and HTM respectively. Unrealised gain of BDT 2.84 million arising from revaluation of HFT securities and BDT 7.09 million arising from amortisation gain have been booked in equity as reserve in compliance with BB guidelines (note 18.02 & 18.03).

### iv) Provision on loans and advances

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For

those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 months expected credit losses.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 8 dated 2 August 2015, 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 @ 0.5% - 1% should be provided for certain off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

The Bank charged to its profit & loss account a general provision of BDT 326.90 million (BDT 286.75 million against unclassified loans & advances, and BDT 40.15 million for off-balance sheet exposures) in 2018 (note 13.4.1).

**v) Other comprehensive income and appropriation of profit**

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income (OCI) Statement. IFRS do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

**Bangladesh Bank:** The templates of financial statements issued by BB do not include other comprehensive income nor are the elements of other comprehensive income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.

**vi) Financial instruments - presentation and disclosure**

As per BB guidelines, in certain cases financial instruments are categorised, recognised, measured and presented differently from those prescribed in IFRS 7: Financial instruments - disclosure and IFRS 9: Financial Instruments. As such some disclosures and presentation requirements of IFRS 7 and IFRS 9 cannot be fully made in these financial statements.

**vii) REPO transactions**

**IFRS:** As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**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 derecognised in the seller's book and recognised in the buyer's book.

**viii) Financial guarantees**

**IFRS:** As per IFRS 9, 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 the instrument. Financial guarantee liabilities are recognised initially at their fair value and is amortised over the life of the instrument. Any such liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are prescribed to be included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as LC & LG should be treated as off-balance sheet items. No liability is recognised for such guarantee except the cash margin. However, a general provision @ 0.5% -1% is provided against such guarantee.

**ix) Cash and cash equivalents**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7: Statements of cash flows.

**Bangladesh Bank:** Some highly liquid assets such as money at call and short notice, T - bills/T - 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**

**IFRS:** No indication of non-banking assets is found in IFRS.

**Bangladesh Bank:** As per BRPD circular no.14 dated 25 June 2003, there exists a face item named non-banking assets.

**xi) Cash flow statement**

**IFRS:** 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 no. 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 (cash reserve requirement)**

**IFRS:** Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day-to-day operations as per IAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank should be treated as cash and cash equivalents.

**xiii) Off-balance sheet items**

**IFRSs:** No concept of off-balance sheet items in any IFRSs; so nothing to disclose as off-balance sheet items.

**Bangladesh Bank:** As per BRPD circular no.14 dated 25 June 2003, off-balance sheet items i.e. Letter of Credit (LC), Letter of Guarantee (LG), acceptance should be disclosed separately on the face of the balance sheet.

**xiv) Presentation of loans and advances net of provision**

**IFRS:** Loans and advances shall be presented at amortised cost net of any write down for impairment (expected credit losses that result from all possible default events over the life of the financial instrument).

**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.

**xv) Recognition of interest in suspense**

**IFRS:** Loans and advances to customers are generally classified as non-derivative financial assets measured at amorised cost as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is to be recognised in profit and loss account on the same basis on revised carrying amount.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

**xvi) Presentation of intangible asset**

**IFRS:** An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

\* Please refer to note 2B compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) for further details.

**2.2 Basis of measurement**

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared on historical cost basis except for the following material items:

- Government treasury bills and treasury bonds designated as 'held for trading (HFT)' are marked-to-market weekly with resulting gain credited to revaluation reserve account but loss charged to profit and loss account.
- Government treasury bills and treasury bonds designated as 'held to maturity (HTM)' are amortised yearly with resulting gain credited to amortisation reserve account but loss charged to profit and loss account.
- Land is recognised at cost at the time of acquisition and subsequently measured at fair value as per IAS 16; Property, Plant & Equipment and Bangladesh Securities & Exchange Commission (BSEC) notification no. SEC/CMRCD/2009-193/150/Admin/51 dated 18 August 2013.

**2.3 Going concern basis of accounting**

These financial statements have been prepared on the basis of assessment of the Bank's ability to continue as a going concern. EBL has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to exhibit a healthy trend for couple of years. The rating outlook of the Bank as assigned by both the rating agencies (CRISL and Moody's) is 'stable'. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

**2.4 Use of estimates and judgments**

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

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

**Key estimates include the following:**

- Loan loss provision;
- Revaluation of land;
- Deferred tax assets/liabilities;
- Gratuity & superannuation fund;
- Useful lives of depreciable assets;

**2.5 Foreign currency transactions and translations**

**Functional and presentation currency**

The financial statements of the Group and the Bank are presented in Bangladesh BDT (BDT) which is the functional currency of the parent, except OBU and EBL Finance (HK) Ltd., where functional currency is US Dollar (USD) and Hong Kong Dollar (HKD) respectively. All financial information presented in BDT has been rounded off to the nearest integer, except when otherwise indicated.

**Conversion of foreign currency transactions**

Foreign currency transactions of the Bank and its subsidiaries are converted into respective functional currencies (BDT in case of EBL main operations, US Dollar in case of OBU and HKD in case of EBL Finance (HK) Limited) at the rate of exchange ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at standard mid-rate of exchange ruling at the reporting date. 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 as per IAS 21: The Effect of Changes in Foreign Exchange Rates.

**Translation of foreign currency financial statements**

Assets and liabilities of OBU and EBL Finance (HK) Limited have been translated into BDT (functional currency of the Bank) using year end standard mid-rate of exchange (i.e. the closing rate) whereas income and expenses are translated using monthly average rate of standard mid-rates of exchange of the Bank. The cumulative amount of net exchange rate differences has been presented separately as a component of equity as per IAS 21.

**2.6 Basis of consolidation**

- Subsidiaries (investees) are entities controlled by the parent (the Bank). Control exists when the Bank has the power over the subsidiaries that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the subsidiaries, and the ability to use its power over the subsidiaries to affect the amount of the Bank's returns.
- The consolidated financial statements incorporate the financial statements of the Bank and its 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 (the Bank) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.
- Financial assets and liabilities are offset and the net amount reported in the consolidated financial statements only when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise 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 unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**Loss of control**

Upon 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. However, the group has neither lost control nor derecognised any asset or liability of any of its subsidiaries in the reporting period.

**Business Combinations**

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition and identifiable net assets acquired are measured at fair value. Any goodwill that arises is annually tested for impairment. Any gain on bargain purchase is recognised in Group's profit or loss account immediately. Transaction costs are expensed as incurred except if they are related to the issue of debt or equity securities.

**2.7 Cash flow statement**

Cash flow statement has been prepared in accordance with IAS 7: Statement of cash flows and under the guidelines of BRPD circular no. 14 dated 25 June 2003. The statement shows the structure of changes in cash and cash equivalents during the financial year.

**2.8 Reporting period**

These financial statements of the Group, the Bank and its subsidiaries, cover one calendar year from 01 January 2018 to 31 December 2018.

**2.9 Liquidity statement**

The liquidity statement has been prepared mainly on the basis of 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	Realisation/amortisation 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.

## 2.10 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 Bangladesh Bank as the prime regulator.

### 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 of similar nature. 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.

#### 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 bonds which are not ordinarily susceptible to change in value.

##### ii) Investments

All investments (other than government treasury securities) are initially recognised at cost, including acquisition charges associated with the investment. Accounting treatment of government treasury securities (categorised as HTM or/and HFT) is given following DOS circular no. 5 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 (HTM). These are measured at amortised cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortised and discounts are accredited, using the effective or historical yield. Any increase in value of such investments is booked to equity but decrease to profit and loss account.

#### 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 recognised in the profit and loss account and any increase is booked to revaluation reserve account through profit and loss account as per DOS circular no. 05 dated 28 January 2009.

#### REPO and reverse REPO

The Bank has been recording transactions of REPO and reverse REPO following DOS circular no. 06 dated 15 July 2010. In case of REPO of both coupon and non-coupon bearing (treasury bills) 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/T-bonds - Held For Trading (HFT)	Cost	Fair value	Loss to profit and loss account, gain to revaluation reserve.
Govt. T-bills/T-bonds - Held To Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/bond	Cost	Cost	Not applicable.
Shares (quoted) *	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Shares (unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealised gain booking.
Prize bond	Cost	Cost	None

\* Provision for shares against unrealised loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (close end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

#### Investment in subsidiaries

Investments in subsidiaries are accounted for under the cost method of accounting in accordance with IAS 27: Consolidated and Separate Financial Statements and IFRS 3: Business Combination. Impairment of investment in subsidiaries is made as per the provision of IAS 36: Impairment of Assets.

##### iii) Loans, advances and provisions

Loans and advances comprise of non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. These are recognised at gross amount on the date on which they are originated. The group has not designated any 'loans and advances' upon initial recognition as at fair value through profit and loss account or other comprehensive income.

After initial recognition, loans, advances and interest receivables are subsequently measured at amortised cost using effective interest rate (EIR) over the relevant periods. The amortised cost of financial asset is the amount at which the asset is measured at initial recognition less principal repayments, using EIR method. The EIR is the rate that exactly discounts estimated future cash receipts (estimates cash flows considering all contractual terms of the instrument but not future credit losses) during the expected life of the financial instrument.

**Provision:**

General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 0.5% to 1% on certain off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad-loss) loans are made on the basis of quarter end review by the management and in compliance with BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012, BRPD circular no 8 dated 2 August 2015, BRPD circular no 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular letter no 1 dated 03 January 2018 and BRPD circular no 01 dated 20 February 2018, BRPD circular no 07 dated 21 June 2018, and BRPD circular no 13 dated 18 October 2018. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Companies Act 1991 (amendment up to 2013), instead of netting off with loans.

Heads	Rates of provisions
<b>General provision on:</b>	
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	1%
Unclassified consumer financing other than housing finance, credit card and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Short term agri credit and micro credit	1%
Unclassified (including SMA) other loans and advances	1%
Off-balance sheet exposures (excluding bills for collection)	0.5% - 1%
<b>Specific provision on:</b>	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard & Doubtful short term agri credit and micro credit	5%
Bad/Loss short term agri credit and micro credit	100%

iv)

**Fixed assets**

The group applies the accounting requirements of IAS 16: Property, Plant and Equipment, for its own assets which are held for current and future use in the business and are expected to be used for more than one year.

**Recognition and measurement**

Fixed assets except land are stated at cost less accumulated depreciation as per IAS 16. Land is recognised 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 off.

The cost of an item of fixed assets is recognised 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 capitalised 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 derecognised. 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 the items of 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.

The rates and useful lives at which fixed assets are depreciated/amortized are given below:

Category	Estimated useful lives (Years)	Rate of depreciation/ amortisation p.a.
Buildings and floor space	40	2.50%
Furnitures and fixtures	10	10.00%
Machineries and equipments	5	20.00%
Electromechanical equipments	20	5.00%
Computers	3	33.33%
Network equipments	5	20.00%
Vehicles	5	20.00%
Software	5	20.00%

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

#### **Capital work in progress**

Cost incurred for software development, construction/development work on EBL land properties are recognised as capital work in progress as per IAS 16, until the development or construction work is completed and the asset is ready for intended use. This asset is stated at cost and depreciation/amortisation of the asset is charged from the date of its intended use.

#### **Derecognition of fixed assets**

The carrying amount of an item of fixed assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of fixed assets is to be recorded in profit or loss when the item is derecognised.

Details of fixed assets are presented in note 8 and 'Annexure - A' of these financial statements.

#### **v) Intangible assets**

Intangible asset is an identifiable non-monetary asset without physical substance. The Group classifies its intangible assets as per IAS 38: Intangible Assets, which comprises the value of all licensed computer software including core banking software of the Bank, card management software, cheque processing software (i.e. BEFTN), software of subsidiaries and other integrated customised software for call center, CRM, HR and Finance division, etc.

#### **Recognition, subsequent expenditure and measurement**

The Group recognises an intangible asset if it is probable that 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 IAS 38: Intangible Assets. The Group does not have any intangible assets with indefinite useful lives.

Subsequent expenditure on intangible asset of the Group is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates; otherwise is charged as expense when 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 is measured as the difference between the net disposal proceed and the carrying amount of that intangible asset and are recognised in profit and loss account.

#### **Core banking software of EBL**

The core banking software used by EBL (not by subsidiaries) represents the value of application software licensed for the use of the Bank. The value of the software is carried at cost less accumulated amortisation. Initial cost comprises license fees paid at the time of purchase and other directly attributable costs incurred for customising the software for its intended use. The value of the software is amortised using the straight line method over the estimated useful life of 5 (five) years commencing from the month at which the application of the software is made available for use.

#### **vi) Other assets**

As per BRPD circular no. 14 dated 25 June 2003, other assets/item(s) have been shown separately as income generating and non-income generating in the relevant notes to the financial statements. Other assets include investment in subsidiaries, TREC of DSE & CSE, advance for revenue and capital expenditure, stocks of stationary and stamps, security deposits to government agencies, other receivables etc.

#### **vii) Non-banking assets**

Non-banking assets were acquired due to failure of borrowers to repay the loan in time taken against mortgaged property. The Bank was awarded absolute ownership on few mortgaged properties (mostly land) through the verdict of the honourable court under section 33(7) of the Artharin Adalat Act 2003. The value of the properties has been recognised in the financial statements on the basis of third party valuation and reported as non income generating assets. 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 and Annexure - D1.

#### **viii) Impairment of assets**

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36: Impairment of Assets. At the end of each reporting period, the Bank and its subsidiaries review the carrying value of financial and non-financial assets (other than investment in subsidiaries) and assess 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 asset. The carrying value of the asset is reduced to its recoverable amount if the recoverable amount is less than its carrying amount with associated impairment losses recognised in the profit and loss account. However, impairment of any financial assets is guided by relevant BB circulars/instructions and IFRS 9.

## **B. Liabilities and provisions**

### **i) Borrowing from other banks, financial institutions and agents**

Borrowing from other banks, financial institutions and agents include interest bearing borrowings which are stated in the financial statements at principal amount. However, interest payable on such borrowings are reported under other liabilities.

### **ii) Debt securities (subordinated debt)**

The Bank issued a 7-year non-convertible floating rate subordinated debt mainly to increase Tier-2 capital having received required approval from Bangladesh Bank and BSEC. Principal amount outstanding against the debt is reported under long term borrowing and interest payable of which is reported under other liabilities. Details of subordinated debt is given in note 11.1.a of the financial statements.

### **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 counterparties.

### **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 recognised as per the guidelines of Bangladesh Bank (BB) and International Financial Reporting Standards (IFRS).

### **v) Dividend payments**

Interim dividend is recognised when the shareholders' right to receive payment is established. Final dividend is recognised when it is approved by the shareholders in AGM. However, the proposed dividend for the year 2018 has not been recognised as a liability in the balance sheet in accordance with IAS 10: Events after the Reporting Period. Dividend payable to the Bank's shareholders is recognised as a liability in the period in which the shareholders' right to receive 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 in compliance with 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 of provisioning are stated in note 13.4 of these financial statements.

### **vii) Provision against investment in capital market**

Provision for diminution of value of quoted shares and mutual funds (closed-end) has been made on portfolio basis (gain net off) as per DOS circular No. 4 dated 24 November 2011 and DOS circular letter no. 3 dated 12 March 2015 and placed under other liabilities. For unquoted shares, provision has been made on the basis of available net asset value (NAV) of shares. As on the reporting date, the Bank does not hold any open-end mutual fund. Details are stated in note 13.8 of these financial statements.

### **viii) Provision for off-balance sheet exposures**

In compliance with BRPD circular no. 14 dated 23 September 2012 and related earlier circulars, the Bank has been maintaining provision @ 0% to 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

### **ix) Provision for other assets**

Provision for other assets is made as per 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 or classified as bad/loss.

### **x) Provision for nostro accounts**

Provision for unsettled transactions in nostro accounts is made as per Foreign Exchange & Policy Department (FEPD) circular no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 of Bangladesh Bank. On the reporting date, the Bank 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 IAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions for other liabilities and accrued expenses are recognised in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **xii) Retirement/post-employment benefits**

The Bank contributes to a defined contribution plan (provident fund) and two defined benefit plans (gratuity fund and superannuation fund) in compliance with the provisions of IAS 19: Employee Benefits. Two subsidiaries i.e. EBLSL & EBLIL of the Bank have also been maintaining provident fund and gratuity fund from March 2015.

**Defined contribution plans**

Post-employment benefit plans under which rate of contributions into the plan is fixed. Any payment out of the plan to eligible outgoing members is based on the size of the fund that comprises cumulative contributions made into the scheme and investment returns on scheme assets. The Group maintains one funded defined contribution plan i.e. provident fund for its employees under single trustee board.

**Provident fund**

The Bank operates a contributory provident fund (recognised by National Board of Revenue - NBR on 31 July 1997) for its permanent employees funded by the employees (10% of basic salary) and the Bank equally. 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. Subsidiaries (EBLSL & EBLIL) of the Bank also operate two separate contributory provident funds for its permanent employees funded by both the employees and organisation equally. Amount charged in profit and loss account as expense on defined contribution plan of the group is detailed in note 28 of these financial statements.

**Defined benefit plans**

Post-employment benefit plans those define the amount that outgoing members will receive from the plans on separation on the bases of length of service and salary levels.

Contributions are made by the Bank into the scheme based on actuarial valuation. The Bank has an obligation to make up any shortfall in the plan, thereby bearing the risk of the plan under performing. The Bank maintains two defined benefit plans i.e. gratuity fund and superannuation fund for its employees under two separate trustee boards. Two subsidiaries (EBLSL & EBLIL) also maintain a funded defined benefit plan i.e. gratuity fund under separate trustee boards from 1 March 2015.

**Gratuity fund**

The Bank operates a funded gratuity scheme recognised by NBR with effect from 1 January 1997. This 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 on separation to the eligible employees i.e. who have completed at least 5 (five) years of continuous service. As per the Bank's policy, eligible employees are provided with the benefit equal to the latest monthly basic salary multiplied by applicable rates that varies 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 the periodic amount of contributions. Last actuarial valuation was done based on 30 September 2018. As per this valuation, effective from 1 October 2018, a contribution of 18.13% of basic salary is to be made to the fund per month until the next actuarial review is carried out. Contribution for the year 2018 has been made @18.13% of basic salary.

**Superannuation fund**

The Bank operates a recognised superannuation fund effective from 20 November 1999 which is governed by the trust deed of 'EBL Employees Superannuation Fund Trust'. As per the trust deed, benefit is payable to the eligible employees of the Bank as per their grade, length of service etc. Last actuarial valuation of the fund was carried out based on 30 September 2018. As per the valuation, effective from 1 October 2018, BDT 0.7 million is to be contributed to the fund each month until the next actuarial valuation is done. During 2018, BDT 15.51 million has been contributed into the fund by the Bank.

Details i.e. actuarial liability, valuation method, service cost, required contribution etc. of defined benefit plans and amount recognised in profit & loss account are stated in note 28 of these financial statements.

**Workers Profit Participation Fund**

Consistent with widely accepted industry practices and in line with section 11(1) of the Banking Companies Act 1991 (as amendment up to date) and subsequent clarification has been given by Financial Institutions Division (FID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers Profit Participation Fund (WPPF).

**Other long-term benefits**

The Bank's obligation in respect of long term benefit other than gratuity fund and superannuation fund is the amount of future benefits that employees have earned i.e. earned leave encashment in return for their service in the current and prior periods. The nature of this benefit to the eligible employees is encashment of earned leave up to maximum 90 days which is calculated based on last basic salary, house rent and medical allowance is paid at the time of paying end service benefit. The Bank has been making required provision against liability for earned leave encashment as per actuarial valuation.

The Group does not have any other long term employee benefit plans.

**Short term benefits**

Short term employee benefits i.e. group insurance policy, hospitalization facilities etc. are expensed as the related service is provided to the eligible employees as per 'People Management Policy' of EBL. Liability is recognised only for the amount expected to be paid if the group has a present legal or constructive obligation to pay any amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 recognised in the financial statements as per IAS 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) Authorised and issued capital**

The authorised capital of the Bank is the maximum amount of share capital that the Bank is authorised by its memorandum and articles of association to issue (allocate) among shareholders. This amount can be changed by shareholders' approval upon fulfilment of relevant provisions of the Companies Act 1994. Part of the authorised capital usually remains unissued. The part of the authorised capital already 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.

**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 utilised as per the provision of section 57 of the Companies Act 1994. Currently, the Bank does not have any share premium.

**iv) Statutory reserve**

In compliance with the provision of section 24 of the Banking Companies Act 1991, the Bank is to transfer at least 20% of its profit before tax to statutory reserve each year until the sum of statutory reserve and share premium (if any) equal to the paid up capital of the Bank. In 2018, no amount has been transferred to statutory reserve account since there is no requirement for transfer as the balance of the reserve account is equal to the paid-up capital of the Bank. Details are stated in note 15 of these financial statements.

**v) Asset revaluation reserve**

When an asset's carrying amount is increased as a result of revaluation, the increased amount (netting off deferred tax liability) which may arise against such revaluation gain as per IAS 12: Income tax, is credited directly to equity under the heading of assets revaluation reserve as per IAS 16: Property, plant and equipment. Apart from financial assets, the Bank revalues its lands following relevant circulars of Bangladesh Bank and Bangladesh Securities & Exchange Commission.

**vi) Reserve for amortisation/revaluation of securities**

When the value of a government treasury security categorised as HTM increases as a result of amortisation, the amount thus increased is recognised directly to equity as reserve for amortisation. However, any increase in the value of such securities categorised as HFT as a result of mark to market is booked under equity as revaluation reserve but any decrease is directly charged to profit and loss account as per Bangladesh Bank DOS circular letter no. 5 dated 26 May 2008 & DOS circular letter no. 5 dated 28 January 2009.

**D. Revenue recognition****i) Interest income**

Interest on unclassified loans and advances (except those of rescheduled and stay order accounts) is recognised as income on accrual basis, interest on classified loans and advances (including rescheduled and stay order accounts) 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 circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014.

**ii) Interest income from investments**

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis as per the provisions of IFRS 15: Revenue from contracts with customers and relevant Bangladesh Bank guidelines.

**iii) Fees and commission income**

Fees and commission income arising from services provided by the Bank are recognised as income on accrual basis as per IFRS 15: Revenue from contracts with customers. Fees and commission charged to customers on trade finance i.e. letter of credit, letter of guarantee, acceptance and other general banking services i.e. card services, management fees, arrangement fees, locker charges etc. are recognised as income when a performance obligation is satisfied by transferring a promised service to customer by the bank, and at the time of effecting the transactions except those which are received in advance.

**iv) Income from investments (Non-interest Income)**

Non-interest investment income i.e. gain/loss arising from trading in government securities (HFT), quoted and unquoted shares & mutual funds are recognised in profit and loss account at the time of effecting the transactions except those which are restricted by Bangladesh Bank.

**v) Foreign exchange gain/(loss)**

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

**vi) Dividend income**

Dividend income from investments in quoted and unquoted securities including subsidiaries is recognised at the time when it is declared, ascertained and right to receive the payment is established.

**vii) 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 recognised on accrual basis.

**viii) Management and other expenses**

Expenses incurred by the Bank are recognised on actual and accrual basis as per IFRS 15: Revenue from contracts with customers.

**ix) Taxation**

The expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

**a. Current tax**

Current tax is the expected tax payable 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 @ 37.5 % considering major disallowances of expenses and concessional rates on certain incomes (0% on capital gain on trading of government securities, 10% on capital gain off shares & mutual funds and 20% on dividend income) as per Income Tax Ordinance (ITO) 1984. Tax provision of the group entities is 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 assets or liabilities are recognised by the Bank on deductible or taxable temporary differences between the carrying amount of assets and liabilities used for financial reporting and the amount used for taxation purpose as required by IAS 12: Income taxes and BRPD circular no.11 dated 12 December 2011. Deferred tax assets is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are reviewed at each reporting period and are measured at the applicable tax rate as per tax laws that are expected to be applied when the assets is realised and liability is settled. Any unrecognised deferred tax assets or liabilities are reassessed at each reporting period and recognised only if that has become probable that future taxable profit or loss will be available against which they can be used or settled.

In reality, buyers bear the tax on behalf of sellers at the time of land registration and taxes paid at the time of land registration are final discharge of related tax liability of the seller (Bank). Hence, no deferred tax liability has been recognised on land revaluation reserve of the Bank.

Details of deferred tax assets or liabilities and amount recognised in profit and loss account for deferred tax income or expense are given in note 9.10 in the financial statements.

**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 IAS 1: Presentation of financial statements.

**ii) Offsetting**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or 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. Card revenues and expenses earned and incurred on shared basis and are directly attributable to are presented on net off basis i.e. interchange reimbursement (IRF) & acquiring fees, risk assurance premium & merchant service commission. However, details breakup of cards revenue & expense are given in note 26.1.a.

**iii) Comparative information**

Comparative information including narrative and descriptive, is disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements.

Certain comparative amounts in the financial statements are reclassified and rearranged where relevant, to conform to the current year's presentation.

**iv) Earnings per share (EPS)**

As per IAS 33: Earnings per share, the Bank has been reporting basic earning per share as there has been no dilution possibilities during the year. Basic EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Bank by the

number of ordinary shares outstanding during the period. Bonus shares issued (if any) in current period are considered for number of ordinary shares outstanding for preceding period to present comparative EPS with retrospective adjustment i.e. restated EPS.

**v) 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 IAS 24: Related party disclosures, Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in Annexure - C and Annexure - C1. The Bank carries out business with related parties in the ordinary course of business on an arm's length basis at commercial rates except for those transactions that the key management personnel have availed at concessionary rates which is applicable to all the eligible staffs. The Bank did not have any related party transaction exceeding this threshold as at the end of 2018.

Transactions between the Bank and its subsidiaries and outstanding amount within the group have been disclosed in Annexure - C1.

**vi) 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.

**vii) 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 IAS 10: Events after the reporting period. Board's recommendation for dividend distribution is a common item presented in the note 43.

**viii) Operating segments**

The group has identified following six reportable segments which are the group's major strategic business units/entities. The strategic business units offer different products and services, and are managed separately based on the management and internal reporting structure of the group. For each of the strategic business units, the group's/Bank's Management Committee reviews internal management reports on quarterly basis. The following summary describes the operations in each of the reportable segments:

Segment Name	Description
Main operations (Onshore Banking)	Deals with the full range of commercial banking products and services offered by four different business units: Corporate, Commercial, Retail Banking and Treasury.
Offshore Banking	Deals with loans, deposits and other transactions and balances in freely convertible currencies with eligible Corporate customers.
EBL Securities Limited	It buys, sells and deals in shares, debentures and other securities on behalf of customers and does margin lending etc.
EBL Investments Limited	It offers all kinds of merchant banking activities i.e. issue management, underwriting, portfolio management and other transactions.
EBL Finance (HK) Limited	It deals with trade finance and off-shore banking business in Hong Kong.
EBL Asset Management Limited	It is 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 revenue and profit, as included in the internal management reports that are reviewed by the Management Committee of the Bank. Segment profit is used to measure performance as management believes that such information is relevant in evaluating the results of certain segments.

**ix) Risk management and other related matters**

Financial Institutions are in the business of taking calculative risk and it is important how a bank decides on its risk appetite. 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 default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the Bank. However, they delegate authority to the Managing Director & CEO or other officers of the Credit Risk Management (CRM) Division. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the bank. The Credit Policy Manual (CPM) contains the core principles for identifying, measuring, approving and managing credit

risk in the bank. The policy covers corporate, commercial, retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardised CRM 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.

Management, at least once in a quarter, reviews credit exposures and portfolio performance of corporate and commercial business under a clearly set out 'early alert' policy. 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 (SAMD).

The bank follows the criteria for loan classification and provisioning requirement as stipulated in the Bangladesh Bank's circulars and guideline. Adequate provision has been maintained against impaired loans as well as unclassified loans following relevant circulars of Bangladesh Bank. Details of which are stated in note 13.4 to the financial statements.

**b) Liquidity risk**

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk 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, mock figure of various key ALM ratios such as Advance Deposit Ratio (ADR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Structure Liquidity Profile are 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 modelling and contingency funding plan on monthly basis, which are analysed in ALCO meeting to ensure liquidity at the level acceptable to the bank and regulators.

**c) Market risk**

Risk Management Division (RMD) 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 RMD and periodically reported to Executive Risk Management Committee (ERMC). 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. The 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 which may affect a bank's financial performance or position with the fluctuations in the exchange rates between currency pairs and implied volatility of the foreign exchange market. Bank makes import payment and outward remittance as its outflow, whereas it receives foreign currency inflow as export receipts and inward remittance. If any given moment, a bank has more inflow than outflow, then the bank ends up having a long position and on the contrary if the bank has more outflow than its inflow, it ends up having a short position. Exchange rate risk arises, if, on a particular day, these inflow-outflows does not match in the term of volume, different currencies and due to volatility in the price movement of foreign currency.

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 position maintained by the Bank at the end of the day is always 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 that bank applies for making full provision against losses arisen from changes in market price of securities. As of 31 December 2018, the Bank sets aside Tk. 361.67 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities. EBL is also computing Equity VaR (Value at Risk) on its equity exposure at 95% confidence level.

**g) Operational risk**

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 'Bank Risk Management Committee' (BRMC) which reports to MD & CEO also plays a supervisory role.

Operational risks are analyzed through review of various control tools like Departmental Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Check List (LDCL), and Self Assessment Anti Fraud Internal Control Check list. This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. The effectiveness of the Bank's Internal control are monitored on an ongoing basis, Key/high risk items are identified and monitored as part of daily activities.

**h) Prevention of money laundering and terrorist financing**

Banks undertake a series of activities in assessing, monitoring and disclosing risk related to transactions done by customers with 'zero-tolerance' on issues like Anti-money Laundering (AML) and Combatting Financing of Terrorist (CFT). The bank established a control framework for strict compliance with all regulatory directives issued from Bangladesh Financial Intelligence Unit with regard to AML & CFT. For prevention of Money Laundering and Terrorist Financing, the bank has Board approved a comprehensive guideline on assessment and management of Money Laundering and Terrorist Financing Risk. The CEO's formal annual commitment on combatting Money Laundering (ML) and Financing of Terrorism (FT) is issued to emphasize on greater due diligence and compliance at all levels of the bank. The bank has replaced CCU by CCC (Central Compliance Committee) under the leadership of CAMLCO as per BFIU Circular No. 19 (dated September 17, 2017) to broaden its horizon and make it more representative to better handle AML and CFT issues collectively in participation with departments like HR, Trade Operations, Offshore Banking Unit, IT, Cards Operations, Business Units etc.

**i) Information and communication technology risk**

EBL adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. EBL has been certified by international accreditation certification on data security i.e. Payment Card Industry Data Security Standard (PCI DSS) in 2016 and maintaining the compliance since then. To prevent attack from Cyber criminals/fraudsters, EBL IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g., Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.). Besides, EBL has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. To better monitoring security incidents EBL has implemented SIEM (Security Information & Event Management) solution. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

**j) Internal audit**

The Bank has established an independent internal audit function with the head of Internal Control & Compliance (ICC). 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. However, the Head of Audit being part of internal control & compliance, report to audit committee of the Board and is responsible to audit committee of the Board.

**k) Prevention of fraud**

The bank has a Board approved policy titled 'EBL Fraud and Theft Risk Prevention and Management Policy' to minimize the incidence and impact of fraud. Incidence of fraud or theft has become one of the inherent risks in banking business but can very well be avoided or minimized by creating a highly regimented environment and harnessing a culture and value of transparency, accountability, trust and teamwork. With this endeavor to encourage all employees to report perceived unethical or illegal conduct of employees to appropriate authorities in a confidential manner without any fear of harassment, a "Speak Up Policy" has been approved by the Board.

**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 audited financial statements as at and for the year ended 31 December 2017. The following ratings have been awarded:

Particulars	Periods	Date of rating	Long term
Entity rating	January to December 2017	28-Jun-18	AA+
Entity rating	January to December 2016	29-Jun-17	AA+
Entity rating	January to December 2015	22-Jun-16	AA+

**2B****Compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)**

The Bank has complied with following IAS & IFRS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the preparation of financial statements as at and for the year ended 31 December 2018.

<b>Name of IASs/IFRSs</b>	<b>IAS / IFRS</b>	<b>No.</b>	<b>Status</b>
Presentation of Financial Statements	IAS	1	*Applied
Inventories	IAS	2	N/A
Statement of Cash Flows	IAS	7	*Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS	8	Applied
Events after the Reporting Period	IAS	10	Applied
Income Taxes	IAS	12	Applied
Property, Plant and Equipment	IAS	16	Applied
Leases	IAS	17	Applied
Employee Benefits	IAS	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS	20	N/A
The Effects of Changes in Foreign Exchange Rates	IAS	21	Applied
Borrowing Costs	IAS	23	N/A
Related Party Disclosures	IAS	24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS	26	N/A
Separate Financial Statements	IAS	27	Applied
Investments in Associates	IAS	28	N/A
Interests in Joint Ventures	IAS	31	N/A
Earnings per share	IAS	33	Applied
Interim Financial Reporting	IAS	34	Applied
Impairment of Assets	IAS	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS	37	*Applied
Intangible Assets	IAS	38	Applied
Financial Instruments: Recognition and Measurement	IAS	39	*Applied
Investment Property	IAS	40	N/A
Agriculture	IAS	41	N/A
First-time Adoption of International Financial Reporting Standards	IFRS	1	N/A
Share-based Payment	IFRS	2	N/A
Business Combinations	IFRS	3	Applied
Insurance Contracts	IFRS	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS	5	*Applied
Exploration for and Evaluation of Mineral Resources	IFRS	6	N/A
Financial Instruments: Disclosures	IFRS	7	*Applied
Operating Segments	IFRS	8	Applied
Financial Instruments	IFRS	9	*Applied
Consolidated Financial Statements	IFRS	10	Applied
Joint Arrangements	IFRS	11	N/A
Disclosure of Interests in Other Entities	IFRS	12	Applied
Fair Value Measurement	IFRS	13	*Applied
Regulatory Deferral Accounts	IFRS	14	N/A
Revenue from Contracts with Customers	IFRS	15	Applied

\* Subject to departure described in note 2.1

N/A = Not Applicable

## **2B.1 Standards issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning on or after 01 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

### **IFRS 16: Leases**

#### **Summary of the requirements**

IFRS 16 eliminates the current operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS will replace the existing guidance in IAS 17 Leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 Revenue from Contracts with Customers is also adopted.

#### **Possible impact on financial statements**

The Bank is assessing that there is no financial impact on its financial statements resulting from the application of IFRS 16.

### **IFRS 17: Insurance Contracts**

#### **Summary of the requirements**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. Amended in 2016, the new IFRS will replace the existing guidance in IFRS 4 Insurance Contracts.

The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before the date of initial application of IFRS 17.

#### **Possible impact on financial statements**

The Bank is assessing that there is no financial impact on its financial statements resulting from the application of IFRS 17.

## **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.

## **2.11 Approval of financial statements**

The Board of Directors of Eastern Bank Limited recommended 30% dividend (20% cash and 10% bonus share) in 644 board meeting held on 10 April 2019 for the year 2018. Eligible shareholders (who hold EBL shares on the record date i. e. 06 May 2019) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is BDT 2,213,998,767.

Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>3 Cash</b>					
Cash in hand (including foreign currencies)	<b>3.1</b>	2,624,983,711	2,024,742,407	2,624,689,253	2,024,510,392
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	<b>3.2</b>	13,713,276,245	12,296,507,176	13,713,276,245	12,296,507,176
		<b>16,338,259,956</b>	<b>14,321,249,583</b>	<b>16,337,965,498</b>	<b>14,321,017,568</b>
<b>3.1 Cash in hand (including foreign currencies)</b>					
Local currency	<b>3.1.1</b>	2,576,123,899	1,999,404,937	2,575,829,441	1,999,172,922
Foreign currencies		48,859,812	25,337,470	48,859,812	25,337,470
		<b>2,624,983,711</b>	<b>2,024,742,407</b>	<b>2,624,689,253</b>	<b>2,024,510,392</b>
<b>3.1.1 Local currency</b>					
With Bank		2,575,829,441	1,999,172,922	2,575,829,441	1,999,172,922
With Subsidiaries		294,458	232,015	-	-
		<b>2,576,123,899</b>	<b>1,999,404,937</b>	<b>2,575,829,441</b>	<b>1,999,172,922</b>
<b>3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)</b>					
<b>Bangladesh Bank</b>					
Local currency		10,442,932,280	11,451,527,769	10,442,932,280	11,451,527,769
Foreign currencies		2,991,436,103	367,263,934	2,991,436,103	367,263,934
		<b>13,434,368,383</b>	<b>11,818,791,702</b>	<b>13,434,368,383</b>	<b>11,818,791,702</b>
Sonali Bank (An agent of Bangladesh Bank) - local currency		278,907,862	477,715,474	278,907,862	477,715,474
		<b>13,713,276,245</b>	<b>12,296,507,176</b>	<b>13,713,276,245</b>	<b>12,296,507,176</b>
<b>3.a Cash Reserve Ratio (CRR):</b>					
As per section 33 of Bank Company Act, 1991 (amended upto 2013) & MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank, EBL has been maintaining 5.0% CRR on daily basis and 5.5% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2018 is maintained on the basis of weekly ATDTL of October 2018). Reserve maintained by the bank as at 31 December is as follows:					
<b>Average total demand and time liabilities of October (excluding inter-bank deposit)</b>				<b>184,664,740,880</b>	<b>156,944,606,000</b>
<b>Daily basis:</b>					
Required reserve (5.0% for 2018 and 6.0% for 2017 of ATDTL)				9,233,237,044	9,416,676,360
Actual reserve held with Bangladesh Bank (In local currency)*				10,505,857,220	11,501,639,630
<b>Surplus</b>				<b>1,272,620,176</b>	<b>2,084,963,270</b>
<b>Bi-weekly basis:</b>					
The bank maintained excess cash reserve of BDT 10,879.12 million in the last fortnight of 2018 (BDT 5,707.33 million in 2017) calculated by summing up excess cash reserve maintained over required CRR on daily basis.					
<b>3.b Statutory Liquidity Ratio (SLR):</b>					
Pursuant to section 33 of the Bank Company Act 1991 (amended upto 2013) & MPD circular no. 2 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), EBL has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2018 is based on weekly ATDTL of October 2018). Reserve maintained by the bank as at 31 December is as follows:					
Required reserve (13% of ATDTL)				24,006,416,314	20,402,798,780
Actual reserve held (Note 3.c)				25,471,422,077	23,279,237,745
<b>Surplus</b>				<b>1,465,005,762</b>	<b>2,876,438,965</b>

Amount in BDT

		Consolidated		Bank	
Notes		2018	2017	2018	2017
<b>3.c Actual reserve held</b>					
Excess cash reserve (Note 3.c.1)				349,296,472	1,300,240,240
Cash held				2,624,689,253	2,024,510,392
Balance with Sonali Bank				278,907,862	477,715,474
Unencumbered approved securities (HFT)				49,509,160	2,676,921,269
Unencumbered approved securities (HTM)				22,169,019,329	16,799,850,371
				<b>25,471,422,077</b>	<b>23,279,237,745</b>
<b>3.c.1 Excess cash reserve:</b>					
Balance with Bangladesh Bank (local currency) *				10,505,857,220	11,501,639,630
Less: Required cash reserve on bi-weekly average basis (5.5% for 2018 and 6.5% for 2017 of ATDTL)				10,156,560,748	10,201,399,390
Excess of cash reserve as on the reporting date				<b>349,296,472</b>	<b>1,300,240,240</b>
*As per Bangladesh Bank Statement.					
As per DOS circular no. 01 dated 19 January 2014 & MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank, cash reserve (if any) in excess of 5.5% (6.5% for 2017) of ATDTL is considered an eligible component of Statutory Liquidity Ratio (SLR) for that particular day.					
<b>4 Balances with other banks and financial institutions</b>					
Balance in Bangladesh	<b>4.1</b>	9,071,891,788	10,743,290,183	8,521,927,314	10,251,404,987
Balance outside Bangladesh	<b>4.2</b>	2,374,410,405	1,733,092,625	8,437,097,706	7,579,806,713
		<b>11,446,302,193</b>	<b>12,476,382,809</b>	<b>16,959,025,020</b>	<b>17,831,211,700</b>
<b>4.1 Balance in Bangladesh</b>					
<b>In Current Deposit Accounts with:</b>					
Banks		225,925,155	163,327,704	28,076,790	39,989,223
Non-Bank Financial Institutions (NBFIs)		-	-	-	-
		225,925,155	163,327,704	28,076,790	39,989,223
Less: Inter company elimination (with deposit account)		(188,952,885)	(119,817,620)	-	-
		<b>36,972,270</b>	<b>43,510,084</b>	<b>28,076,790</b>	<b>39,989,223</b>
<b>In Special Notice Deposit Accounts with:</b>					
Banks		827,008,429	801,009,877	15,350,524	42,815,764
NBFIs		-	-	-	-
		827,008,429	801,009,877	15,350,524	42,815,764
Less: Inter company elimination (with deposit account)		(270,588,911)	(269,829,778)	-	-
		<b>556,419,518</b>	<b>531,180,099</b>	<b>15,350,524</b>	<b>42,815,764</b>
<b>In Fixed Deposit Accounts with:</b>					
Banks		9,195,404,298	15,664,306,871	9,195,404,298	15,664,306,871
NBFIs		6,720,000,000	3,130,000,000	6,720,000,000	3,130,000,000
		15,915,404,298	18,794,306,871	15,915,404,298	18,794,306,871
Less: Inter unit/company elimination (with borrowings)		(7,436,904,298)	(8,625,706,871)	(7,436,904,298)	(8,625,706,871)
		<b>8,478,500,000</b>	<b>10,168,600,000</b>	<b>8,478,500,000</b>	<b>10,168,600,000</b>
<b>Total</b>		<b>9,071,891,788</b>	<b>10,743,290,183</b>	<b>8,521,927,314</b>	<b>10,251,404,987</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

#### 4.2 Balance outside Bangladesh

*In Deposit account (non-interest bearing) with*

AB Bank Limited, India	1,247,407	1,229,407	1,247,407	1,229,407
Al-Rajhi Bank, KSA	4,819,579	1,143,406	4,819,579	1,143,406
Bank of Bhutan, Bhutan	1,965,808	277,174	1,965,808	277,174
Bank of China, China	330,325	-	330,325	-
Bank of Nova Scotia, Canada	-	1,058,837	-	1,058,837
Bank of Tokyo Mitsubishi, India	565,234	557,150	565,234	557,150
Bank of Tokyo Mitsubishi, Japan	2,360,586	1,238,237	2,360,586	1,238,237
Citibank NA, USA	-	410,793,532	-	410,793,532
Commerz Bank AG, Germany	-	8,741,307	-	8,741,307
Habib American Bank, USA	-	15,419,946	-	15,419,946
ICICI Bank Limited, India	-	64,090,777	-	64,090,777
ICICI Bank Limited, Hongkong	16,593,686	62,633,431	13,310,987	29,377,519
JP Morgan Chase Bank NA, London	11,245,311	18,211,652	11,245,311	18,211,652
JP Morgan Chase Bank NA, Sydney	1,489,026	1,754,655	1,489,026	1,754,655
JP Morgan Chase Bank, USA	2,249,886,801	105,116,535	2,249,886,801	105,116,535
Mashreqbank, USA	2,770,993	76,044,322	2,770,993	76,044,322
Mashreqbank, UAE	2,569,905	-	2,569,905	-
Nepal Bangladesh Bank Limited, Nepal	1,699,139	3,390,518	1,699,139	3,390,518
NIB Bank Limited, Pakistan	20,856,577	-	20,856,577	-
Nordea Bank, Norway	545,480	27,660	545,480	27,660
Standard Chartered Bank, Srilanka	1,308,931	422,907	1,308,931	422,907
Standard Chartered Bank, India	-	87,183,266	-	87,183,266
Standard Chartered Bank, USA	51,184,145	618,468,213	51,184,145	618,468,213
Standard Chartered Bank, Singapore	759,149	17,759	759,149	17,759
Standard Chartered Bank, Germany	787,277	5,939,680	787,277	5,939,680
Wells Fargo, USA	-	247,712,328	-	247,712,328
Zuercher Kantonal Bank, Zurich, Switzerland	1,425,046	1,619,925	1,425,046	1,619,925
	<b>2,374,410,405</b>	<b>1,733,092,625</b>	<b>2,371,127,706</b>	<b>1,699,836,713</b>
Placement by OBU (interest bearing) with:				
EBL Finance (HK) Limited	6,065,970,000	5,879,970,000	6,065,970,000	5,879,970,000
Less: Inter company elimination (with borrowings)	(6,065,970,000)	(5,879,970,000)	-	-
<b>Total</b>	<b>2,374,410,405</b>	<b>1,733,092,625</b>	<b>8,437,097,706</b>	<b>7,579,806,713</b>

Details of Foreign currency amounts and exchange rates are presented in 'Annexure-B'.

#### 4.a Balances of subsidiaries with Banks & NBFIs

##### With Eastern Bank Limited (eliminated as intra group balance)

EBL Securities Limited	215,241,524	192,000,315
EBL Investments Limited	55,347,732	24,149,015
EBL Finance (HK) Limited	188,952,539	119,817,275
EBL Asset Management Limited	13,776,547	53,680,793
	<b>473,318,342</b>	<b>389,647,398</b>

##### With other banks & NBFIs

Banks	553,247,173	525,141,108
NBFIs	-	-
	<b>553,247,173</b>	<b>525,141,108</b>
<b>Total</b>	<b>1,026,565,515</b>	<b>914,788,506</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>4.b Consolidated balance with Banks and FIs by group entities:</b>				
Eastern Bank Limited (Parent)	16,959,025,020	17,831,211,701		
EBL Securities Limited	765,153,128	683,833,358		
EBL Investments Limited	55,400,602	24,201,168		
EBL Finance (HK) Limited	192,235,238	153,073,187		
EBL Asset Management Limited	13,776,547	53,680,793		
	<b>17,985,590,535</b>	<b>18,746,000,207</b>		
Less: Inter company elimination	(6,539,288,342)	(6,269,617,398)		
<b>Total</b>	<b>11,446,302,193</b>	<b>12,476,382,809</b>		
<b>4.c Balance with banks and FIs (according to remaining maturity grouping)</b>				
<i>Receivable</i>				
On demand	22,102,365	1,219,989,223	22,102,365	1,219,989,223
In not more than one month	2,549,179,828	4,317,513,585	8,061,902,655	9,672,342,477
In more than one months but not more than three months	8,365,020,000	6,286,730,000	8,365,020,000	6,286,730,000
In more than three months but not more than one year	510,000,000	652,150,000	510,000,000	652,150,000
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	<b>11,446,302,193</b>	<b>12,476,382,809</b>	<b>16,959,025,020</b>	<b>17,831,211,701</b>
<b>5 Money at call and short notice</b>	-	-	-	-
<b>6 Investments</b>				
Government	<b>6.1</b> 22,221,712,390	19,480,497,639	22,221,712,390	19,480,497,639
Others	<b>6.2</b> 7,665,907,401	6,625,500,985	5,498,237,011	4,880,446,475
	<b>29,887,619,791</b>	<b>26,105,998,624</b>	<b>27,719,949,401</b>	<b>24,360,944,114</b>
<b>6.a Consolidated investments by group entities:</b>				
Eastern Bank Limited (Parent)	27,719,949,401	24,360,944,114		
EBL Securities Limited	1,965,755,378	1,545,328,205		
EBL Investments Limited	164,066,481	199,726,305		
EBL Asset Management Limited	37,848,531			
	<b>29,887,619,791</b>	<b>26,105,998,624</b>		
Less: Inter company elimination	-	-		
<b>Total</b>	<b>29,887,619,791</b>	<b>26,105,998,624</b>		
<b>6.1 Government (Investment in govt. securities)</b>				
Bangladesh Bank Bill	-	899,779,500	-	899,779,500
Treasury Bills	<b>6.1.1</b> 3,991,298,135	996,823,000	3,991,298,135	996,823,000
Treasury Bonds	<b>6.1.2</b> 18,227,230,354	17,580,169,139	18,227,230,354	17,580,169,139
Prize Bonds	3,183,900	3,726,000	3,183,900	3,726,000
	<b>22,221,712,390</b>	<b>19,480,497,639</b>	<b>22,221,712,390</b>	<b>19,480,497,639</b>
<b>6.1.1 Treasury Bills</b>				
Held for Trading (HFT)	-	996,823,000	-	996,823,000
Held to Maturity (HTM)	3,991,298,135	-	3,991,298,135	-
<b>6.1.1.a</b>	<b>3,991,298,135</b>	<b>996,823,000</b>	<b>3,991,298,135</b>	<b>996,823,000</b>
<b>6.1.1.a Treasury Bills (Tenor wise holding)</b>				
<b>Unencumbered</b>				
91- day treasury bills	3,991,298,135	996,823,000	3,991,298,135	996,823,000
182- day treasury bills	-	-	-	-
364- day treasury bills	-	-	-	-
	<b>3,991,298,135</b>	<b>996,823,000</b>	<b>3,991,298,135</b>	<b>996,823,000</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>6.1.2 Treasury Bonds</b>				
Held for Trading (HFT)	49,509,160	780,318,769	49,509,160	780,318,769
Held to Maturity (HTM)	18,177,721,194	16,799,850,371	18,177,721,194	16,799,850,371
<b>6.1.2.a</b>	<b>18,227,230,354</b>	<b>17,580,169,139</b>	<b>18,227,230,354</b>	<b>17,580,169,139</b>
<b>6.1.2.a Treasury Bonds (Tenor wise holding)</b>				
<b>Unencumbered</b>				
2- year Treasury bonds	1,317,440,822	-	1,317,440,822	-
5- year Treasury bonds	1,909,718,354	6,121,372,675	1,909,718,354	6,121,372,675
10- year Treasury bonds	11,269,402,103	8,125,793,492	11,269,402,103	8,125,793,492
15- year Treasury bonds	2,697,202,921	2,712,498,906	2,697,202,921	2,712,498,906
20- year Treasury bonds	1,033,466,154	620,504,067	1,033,466,154	620,504,067
	<b>18,227,230,354</b>	<b>17,580,169,140</b>	<b>18,227,230,354</b>	<b>17,580,169,140</b>
Disclosure on REPO and Reverse Repo transactions is made in 'Annexure- D'.				
<b>6.2 Others (Investment in securities other than govt)</b>				
Subordinated bonds (issued by other banks)	<b>6.2.1</b>	1,850,000,000	1,970,000,000	1,850,000,000
Ordinary Shares & Mutual Funds (MFs)-Quoted and Unquoted	<b>6.2.2</b>	5,815,907,401	4,422,500,985	3,648,237,011
Commercial Paper	<b>6.2.3</b>	-	233,000,000	-
		<b>7,665,907,401</b>	<b>6,625,500,985</b>	<b>5,498,237,011</b>
<b>6.2.1 Subordinated bonds (issued by other banks)</b>				
Trust Bank Subordinated Bond		-	20,000,000	-
United Commercial Bank Subordinated Bond		400,000,000	500,000,000	400,000,000
Jamuna Bank Subordinated Bond		400,000,000	400,000,000	400,000,000
MTBL Subordinated Bond		300,000,000	300,000,000	300,000,000
SIBL 2nd Mudaraba Subordinated Bond		250,000,000	250,000,000	250,000,000
Standard Bank Subordinated Bond		500,000,000	500,000,000	500,000,000
		<b>1,850,000,000</b>	<b>1,970,000,000</b>	<b>1,850,000,000</b>
<b>6.2.2 Ordinary Shares &amp; MFs (Quoted and Unquoted) - at cost</b>				
<b>Quoted shares &amp; MFs</b>				
<b>Quoted shares (sector wise)</b>				
Banks		691,903,202	573,360,154	302,003,981
NBFIs		1,038,749,375	694,815,643	400,087,061
Insurance		28,376,197	147,348,527	28,376,197
Fuel & Power		851,151,859	653,286,147	568,783,481
Chemicals & Pharmaceuticals		682,212,052	421,098,632	287,481,594
Cement & Ceramics		26,308,132	20,242,517	26,308,132
Engineering		364,702,924	213,900,985	177,518,595
Others		928,691,862	438,822,099	709,734,074
		<b>4,612,095,603</b>	<b>3,162,874,704</b>	<b>2,500,293,115</b>
<b>Mutual Funds:</b>				
EBL Sponsored MFs:				
EBL First Mutual Fund		19,999,990	61,826,726	19,999,990
EBL NRB Mutual Fund		252,654,042	252,654,042	250,973,470
First Bangladesh Fixed Income Fund		750,000,000	756,731,742	750,000,000
Other Mutual Funds		114,987,057	116,903,821	91,404,412
		<b>1,137,641,088</b>	<b>1,188,116,331</b>	<b>1,112,377,871</b>
<b>Total Quoted shares &amp; MFs</b>		<b>5,749,736,691</b>	<b>4,350,991,035</b>	<b>3,612,670,986</b>
<b>Unquoted shares &amp; MFs</b>				
Shares		66,170,710	71,509,950	35,566,025
		<b>66,170,710</b>	<b>71,509,950</b>	<b>35,566,025</b>
<b>Total Ordinary Shares &amp; MFs (Quoted and Unquoted)</b>		<b>5,815,907,401</b>	<b>4,422,500,985</b>	<b>3,648,237,011</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**6.2.2.1 Market Value of Quoted Shares and MFs (as on 31 December)****Quoted Shares & MFs:**

Banks	513,872,325	543,923,648	232,524,802	199,209,434
NBFIs	922,413,093	750,674,265	410,315,794	358,784,926
Insurance	15,551,840	114,030,927	15,551,840	38,819,025
Fuel & Power	687,349,292	553,196,136	482,638,447	336,372,999
Chemicals & Pharmaceuticals	586,372,529	409,881,627	238,546,304	190,201,408
Cement & Ceramics	32,097,662	1,737,675	32,097,662	1,737,675
Engineering	307,556,721	201,033,734	130,560,482	78,871,315
Others	830,271,792	351,612,269	600,400,649	233,743,837
	<b>3,895,485,253</b>	<b>2,926,090,281</b>	<b>2,142,635,980</b>	<b>1,437,740,619</b>
Mutual Funds	775,278,765	1,022,718,528	757,258,524	1,022,718,528
<b>Total</b>	<b>4,670,764,018</b>	<b>3,948,808,809</b>	<b>2,899,894,504</b>	<b>2,460,459,147</b>

**\* Lock in status of Shares & Mutual Funds**

	Trading Started	Lock in period	Lock in expiry
EBL First Mutual Fund (Sponsor Unit)	8/19/2009	10 Years	8/18/2019
EBL NRB Mutual Fund (Sponsor Unit)	5/23/2011	10 Years	5/22/2021
First Bangladesh Fixed Income Fund (Sponsor Unit)	3/19/2012	10 Years	3/18/2022

10% of all three EBL sponsored MFs are to be under lock-in status for 10 years from the date of prospectus issued.

**6.2.3 Commercial Paper**

RFL Plastics Limited	-	83,000,000	-	83,000,000
Partex Laminates Limited	-	150,000,000	-	150,000,000
	<b>-</b>	<b>233,000,000</b>	<b>-</b>	<b>233,000,000</b>

**6.a.1 Remaining maturity grouping of investments**

On demand	3,183,900	3,726,000	3,183,900	3,726,000
In not more than one month	3,991,298,135	1,166,595,635	3,991,298,135	1,166,595,635
In more than one month but not more than three months	170,990,144	2,779,730,714	170,990,144	2,779,730,714
In more than three months but not more than one year	6,618,056,600	7,792,871,622	4,470,386,210	6,047,817,114
In more than one year but not more than five years	8,088,839,085	7,099,120,953	8,068,839,085	7,099,120,953
In more than five years	11,015,251,927	7,263,953,700	11,015,251,927	7,263,953,699
	<b>29,887,619,791</b>	<b>26,105,998,624</b>	<b>27,719,949,401</b>	<b>24,360,944,114</b>

**7 Loans and advances**

Loans, cash credits, overdrafts etc.	<b>7.1</b>	194,873,643,755	165,691,389,665	193,014,394,181	163,974,017,428
Bills purchased and discounted	<b>7.2</b>	22,506,614,674	25,993,145,776	16,291,856,566	20,053,283,403
		<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>7.a Consolidated loans and advances by group entities:</b>				
Eastern Bank Limited (Parent)	209,306,250,747	184,027,300,831		
EBL Securities Limited	2,650,197,470	2,576,590,058		
EBL Investments Limited	191,019,426	203,665,672		
EBL Finance (HK) Limited	6,214,758,108	5,939,862,373		
EBL Asset Management Limited	207,000,000	200,000,000		
	<b>218,569,225,750</b>	<b>192,947,418,934</b>		
Less: Inter company elimination	(1,188,967,321)	(1,262,883,493)		
<b>Total</b>	<b>217,380,258,429</b>	<b>191,684,535,441</b>		
<b>7.1 Loans, cash credits, overdrafts etc.</b>				
<i>Inside Bangladesh</i>				
Loans - general	171,629,904,024	147,876,670,040	171,402,904,024	147,673,004,368
Cash credit	590,385,177	164,458,356	590,385,177	164,458,356
Overdraft	23,842,321,875	18,713,144,762	21,021,104,980	16,136,554,704
	<b>196,062,611,076</b>	<b>166,754,273,158</b>	<b>193,014,394,181</b>	<b>163,974,017,428</b>
Less: Inter company elimination	(1,188,967,321)	(1,062,883,493)	-	-
	<b>194,873,643,755</b>	<b>165,691,389,665</b>	<b>193,014,394,181</b>	<b>163,974,017,428</b>
<b>7.2 Bills purchased and discounted</b>				
<i>Inside Bangladesh</i>				
Local bills /documents	16,240,239,390	19,887,356,289	16,240,239,390	19,887,356,289
Foreign bills /documents	51,617,176	165,927,114	51,617,176	165,927,114
	<b>16,291,856,566</b>	<b>20,053,283,403</b>	<b>16,291,856,566</b>	<b>20,053,283,403</b>
<i>Outside Bangladesh</i>				
Bills financed & UPAS (by EBL Finance HK Ltd)	6,214,758,108	5,939,862,373	-	-
	<b>22,506,614,674</b>	<b>25,993,145,776</b>	<b>16,291,856,566</b>	<b>20,053,283,403</b>
<b>7.2.1 Bills purchased and discounted (on the basis of residual maturity grouping)</b>				
On demand	529,363,974	728,391,304	529,363,974	728,391,304
Within one month	4,135,644,432	4,537,324,110	2,954,546,231	3,408,469,110
In more than one month but less than three months	7,486,184,261	8,312,732,767	5,365,399,140	6,285,755,767
In more than three months but less than six months	5,883,558,987	7,610,978,592	3,932,367,453	5,746,093,592
Above six months	4,471,863,020	4,803,719,002	3,510,179,769	3,884,573,629
	<b>22,506,614,674</b>	<b>25,993,145,776</b>	<b>16,291,856,567</b>	<b>20,053,283,403</b>
<b>7.a.1 Residual maturity grouping of loans and advances (including bills purchased &amp; discounted)</b>				
<i>Receivable</i>				
On demand	4,735,103,418	4,735,103,418	4,735,103,418	4,735,103,418
In not more than one month	24,266,201,243	10,537,012,620	23,644,725,432	10,210,931,277
In more than one month but not more than three months	40,830,241,914	31,106,265,205	36,766,073,397	30,530,494,242
In more than three months but not more than one year	71,027,591,386	76,166,364,851	67,639,228,032	69,410,982,547
In more than one year but not more than five years	65,664,856,815	60,773,331,073	65,664,856,815	60,773,331,073
In more than five years	10,856,263,652	8,366,458,273	10,856,263,652	8,366,458,273
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>7.b Loans and advances on the basis of significant concentration</b>				
<b>7.b.1 Loans and advances to Directors, executives and others</b>				
Advance to Directors and their allied concerns	-	-	-	-
Advances to Managing Director & CEO	14,507,477	15,383,585	14,507,477	15,383,585
Advances to other executives and staffs	1,526,001,345	1,549,236,540	1,526,001,345	1,549,236,540
Advances to customers (Group wise)	168,358,539,176	147,608,999,954	160,284,531,497	139,951,765,344
Industrial loans and advances	47,481,210,431	42,510,915,362	47,481,210,428	42,510,915,362
	<b>217,380,258,429</b>	<b>191,684,535,442</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.2 Large loan details (Loans and advances extended to any customer exceeding 10% of the Bank's total capital)</b>				
* Total Loans and Advances (BDT million)			116,955	104,534
Number of Customers			28	29
Classified amount thereon			73	715
* This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding BDT 2,464.80 million which is equivalent to 10% of total capital of the bank as at 31 December 2018.				
<b>7.b.3 Industry-wise concentration of loans and advances (including bills purchased and discounted)</b>				
Agri and micro credit through NGO	10,606,274,534	9,312,724,112	10,606,274,534	9,312,724,112
Commercial and trading	27,155,207,081	31,212,435,475	27,155,207,081	31,212,435,475
Construction	7,970,764,167	4,740,874,971	7,970,764,167	4,740,874,971
Cement and ceramic industries	5,027,085,940	3,467,929,894	5,027,085,940	3,467,929,894
Chemical and fertilizer	2,519,144,333	1,988,913,572	2,519,144,333	1,988,913,572
Crops, fisheries and livestock	2,353,920,692	1,621,832,698	2,353,920,692	1,621,832,698
Electronics and electrical goods	3,552,670,690	3,681,452,485	3,552,670,690	3,681,452,485
Food and allied industries	11,364,322,008	7,388,067,406	11,364,322,008	7,388,067,406
Individuals	28,795,887,959	26,155,679,113	25,974,671,064	24,438,306,876
Metal and steel products	13,915,305,522	14,734,876,194	13,915,305,522	14,734,876,194
Pharmaceutical industries	3,656,452,772	2,917,062,260	3,656,452,772	2,917,062,260
Power and fuel	8,196,199,084	5,715,189,531	8,196,199,084	5,715,189,531
Rubber and plastic industries	3,850,593,904	3,569,466,271	3,850,593,904	3,569,466,271
Readymade garments industry	35,656,784,966	33,871,949,231	29,442,026,858	27,932,086,858
Ship building & breaking industry	7,891,409,566	6,522,980,982	7,891,409,566	6,522,980,982
Sugar and edible oil refinery	6,104,451,792	3,800,207,177	6,104,451,792	3,800,207,177
Transport and e-communication	8,155,188,650	6,166,209,842	8,155,188,650	6,166,209,842
Textile mills	11,769,479,371	10,817,169,772	11,769,479,371	10,817,169,772
Other manufacturing or extractive industries	6,579,703,173	4,374,592,115	6,579,703,173	4,374,592,115
Others	12,259,412,227	9,624,922,340	13,221,379,548	9,624,922,340
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.4 Sector - wise concentration of loans and advances (including bills purchased and discounted)</b>				
Government sector	-	-	-	-
Public sector	690,252,282	208,343,478	690,252,282	208,343,478
Private sector	216,690,006,147	191,476,191,964	208,615,998,465	183,818,957,353
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.5 Geographic location-wise concentration of loans and advances (including bills purchased and discounted)**

*Inside Bangladesh*

Dhaka Division	157,160,137,582	135,842,067,152	155,300,888,007	134,124,694,915
Chattogram Division	45,137,996,507	42,171,683,023	45,137,996,507	42,171,683,023
Sylhet Division	1,298,871,323	1,071,367,538	1,298,871,323	1,071,367,538
Rajshahi Division	2,812,909,377	2,525,743,082	2,812,909,377	2,525,743,082
Khulna Division	2,921,318,841	2,566,186,729	2,921,318,841	2,566,186,729
Rangpur Division	537,855,141	438,838,715	537,855,141	438,838,715
Barishal Division	283,829,147	223,210,458	283,829,147	223,210,458
Mymensingh Division	1,012,582,404	905,576,370	1,012,582,404	905,576,369
	<b>211,165,500,321</b>	<b>185,744,673,068</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

*Outside Bangladesh*

Bills financed & UPAS (by EBL Finance HK Ltd)	6,214,758,108	5,939,862,373	-	-
<b>Total</b>	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

**7.b.6 Geographic location and business segment-wise concentration of loans and advances (including bills purchased and discounted) as on 31/12/2018**

Division	Corporate	Commercial	Retail (including staff)	Total Bank (Solo)
Dhaka Division	118,984,763,757	7,216,246,970	29,099,877,280	155,300,888,007
Chattogram Division	32,692,501,890	2,447,943,200	9,997,551,417	45,137,996,507
Sylhet Division	-	69,578,948	1,229,292,374	1,298,871,323
Rajshahi Division	1,287,276,388	505,536,167	1,020,096,822	2,812,909,377
Khulna Division	-	967,902,840	1,953,416,000	2,921,318,841
Rangpur Division	-	-	537,855,141	537,855,141
Barishal Division	-	-	283,829,147	283,829,147
Mymensingh Division	-	-	1,012,582,404	1,012,582,404
	<b>152,964,542,035</b>	<b>11,207,208,125</b>	<b>45,134,500,587</b>	<b>209,306,250,747</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.7 Business segment - wise concentration of loans and advances (including bills purchased and discounted)**

Corporate banking	139,104,164,654	110,443,092,529	131,030,156,972	102,785,857,919
Offshore banking	21,934,385,060	26,545,088,605	21,934,385,060	26,545,088,605
Commercial banking	11,207,208,125	13,243,508,103	11,207,208,125	13,243,508,103
Retail banking	43,593,991,768	39,888,226,078	43,593,991,768	39,888,226,078
Executives & Staffs	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>7.b.8 Loans and advances (As categorised in CL Statement)</b>				
<i>Inside Bangladesh</i>				
<b>Continuous loan (CL-2)</b>				
Consumer Financing (CF)	8,072,679,866	7,462,337,134	5,251,462,970	4,767,081,404
Small & Medium Enterprise (SME)	2,756,535,836	3,618,697,521	2,756,535,836	3,618,697,521
Loans to BHs/MBs/SDs against Shares	-	-	961,967,321	977,883,493
Other than SMEF, CF, BHs/MBs/SDs	12,632,947,714	6,937,296,405	12,632,947,714	6,937,296,405
	<b>23,462,163,416</b>	<b>18,018,331,060</b>	<b>21,602,913,841</b>	<b>16,300,958,823</b>
<b>Demand loan (CL-3)</b>				
Small & Medium Enterprise (SME)	1,903,535,883	5,740,198,072	1,903,535,883	5,740,198,072
Other than SMEF, CF, BHs/MBs/SDs	99,058,069,994	80,846,689,791	99,058,069,994	80,846,689,791
	<b>100,961,605,877</b>	<b>86,586,887,863</b>	<b>100,961,605,877</b>	<b>86,586,887,863</b>
<b>Term loan (CL-4)</b>				
Consumer Financing (including staff, other than HF)	10,399,138,454	10,334,368,376	10,399,138,454	10,334,368,376
Housing Financing (HF)	1,864,975,948	1,907,520,809	1,864,975,948	1,907,520,809
Small & Medium Enterprise	11,873,258,839	16,988,431,650	11,873,258,839	16,988,431,650
Other than SMEF, CF, BHs/MBs/SDs	58,589,180,631	46,863,165,594	58,589,180,631	46,863,165,594
	<b>82,726,553,872</b>	<b>76,093,486,429</b>	<b>82,726,553,872</b>	<b>76,093,486,429</b>
<b>Short term agri credit and microcredit (CL-5)</b>				
Short term agri credit	4,015,177,156	5,045,967,715	4,015,177,156	5,045,967,715
	<b>4,015,177,156</b>	<b>5,045,967,715</b>	<b>4,015,177,156</b>	<b>5,045,967,715</b>
<i>Outside Bangladesh</i>				
Loans, cash credits, overdrafts etc.	6,214,758,108	5,939,862,373	-	-
<b>Total</b>	<b>217,380,258,430</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.9 Security/ Collateral - wise concentration of loans and advances (including bills purchased and discounted)</b>				
Collateral of movable/immovable assets	75,675,992,251	62,252,842,820	75,675,992,251	62,252,842,820
Local banks and financial institutions guarantee	7,394,909,794	6,542,742,777	7,394,909,794	6,542,742,777
Government guarantee	690,252,282	213,679,665	690,252,282	213,679,665
Export documents	14,625,499,247	11,229,348,829	14,625,499,247	11,229,348,829
Fixed deposit receipts (FDR)-own bank	12,745,184,245	9,767,635,380	12,745,184,245	9,767,635,380
FDR of other banks	667,557,455	600,513,897	667,557,455	600,513,897
Personal guarantee	14,401,367,127	13,403,094,219	14,401,367,127	13,403,094,219
Other securities (Hypothecation charges)	91,179,496,028	87,674,677,854	83,105,488,346	80,017,443,244
	<b>217,380,258,430</b>	<b>191,684,535,442</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.10 Classification status of loans and advances</b>				
<b>Unclassified</b>				
Standard (Excluding Staff Loan)	206,455,856,768	180,535,456,609	198,458,722,961	172,905,059,958
Special Mention Accounts (SMA)	4,380,791,725	4,957,300,000	4,380,791,725	4,957,300,000
	<b>210,836,648,492</b>	<b>185,492,756,609</b>	<b>202,839,514,686</b>	<b>177,862,359,958</b>
<b>Classified</b>				
Sub-standard	1,070,625,442	1,100,917,093	1,070,625,442	1,100,917,093
Doubtful	633,086,778	259,765,813	633,086,778	259,765,813
Bad/Loss	3,299,388,895	3,266,475,804	3,222,515,019	3,239,637,844
	<b>5,003,101,115</b>	<b>4,627,158,709</b>	<b>4,926,227,239</b>	<b>4,600,320,749</b>
7.b.11 Executives & Staffs	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
<b>Total</b>	<b>217,380,258,430</b>	<b>191,684,535,442</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>Percentage of Classified Loans &amp; Advances</b>	<b>2.30%</b>	<b>2.41%</b>	<b>2.35%</b>	<b>2.50%</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.10.a** The amount reported under SMA category includes certain loan accounts with an aggregate outstanding of BDT 2130.70 million as at 31-12-2018 (BDT 3,430.10 million as at 31-12-2017) which has not been reported as classified as at year-end on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. As at year-end 2018, an aggregate amount of BDT 864.80 million has been kept as specific provision treating all those customer accounts as bad/loss.

**7.b.11 Movements of classified loans and advances**

Opening balance	4,627,158,709	4,308,942,902	4,600,320,749	4,096,006,632
Addition during the year	3,407,930,071	3,251,539,622	3,357,894,154	3,251,539,622
Reduction during the year	(3,031,987,664)	(2,933,323,815)	(3,031,987,664)	(2,747,225,505)
<b>Closing balance</b>	<b>5,003,101,115</b>	<b>4,627,158,709</b>	<b>4,926,227,239</b>	<b>4,600,320,749</b>

**7.b.11.a Business segment - wise Classified Loans & Advances (Bank only)**

	Bank (Solo)			
	2018		2017	
	BDT	%	BDT	%
Corporate Banking	3,108,869,621	63.11%	2,281,422,911	49.59%
Offshore Banking Unit	-	-	-	-
Commercial Banking	717,853,344	14.57%	1,477,866,705	32.13%
Retail Banking	1,099,504,274	22.32%	841,031,133	18.28%
	<b>4,926,227,239</b>	<b>100.00%</b>	<b>4,600,320,749</b>	<b>100.00%</b>

**7.b.11.b Industry- wise concentration of Classified Loans & Advances**

Commercial and trading	1,834,855,036	37.25%	1,808,901,476	36.72%
Crops, fisheries & livestock	3,815,066	0.08%	2,768,871	0.06%
Electronics & electrical goods	20,761,549	0.42%	20,761,467	0.42%
Individuals	328,699,792	6.67%	246,704,651	5.01%
Metal & steel products	632,021	0.01%	-	0.00%
Power & fuel	-	0.00%	146,413,305	2.97%
Readymade garments industry	244,620,240	4.97%	1,095,693,238	22.24%
Ship breaking industry	1,840,072,033	37.35%	527,621,685	10.71%
Sugar, edible oil refinery & food processing	11,597,262	0.24%	11,353,790	0.23%
Transport & ecommunication	139,229,426	2.83%	116,678,657	2.37%
Textile mills	403,212,268	8.19%	165,430,293	3.36%
Others	98,732,547	2.00%	457,993,314	9.30%
	<b>4,926,227,239</b>	<b>100.00%</b>	<b>4,600,320,749</b>	<b>93.38%</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.12 Particulars of loans and advances**

i) Debts considered good in respect of which the bank is fully secured	203,410,362,904	178,293,613,527	195,336,355,221	1,706,363,378,917
ii) Debts considered good for which the bank holds no other security than the debtor's personal security	5,251,104,166	4,766,722,600	5,251,104,166	4,766,722,600
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	8,718,791,363	8,624,199,314	8,718,791,363	8,624,199,314
iv) Debts adversely classified; for which no provision is created.	-	-	-	-
	<b>217,380,258,433</b>	<b>191,684,535,441</b>	<b>209,306,250,751</b>	<b>1,719,754,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
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.	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
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	5,003,101,115	4,627,158,709	4,926,227,239	4,600,320,749
(i) (Decrease)/Increase of provision (specific)	2,283,456,276	2,875,769,634	2,283,456,276	2,875,769,634
(ii) Amount of loans written off (including BCCI)	3,633,553,915	2,206,671,791	3,633,553,915	2,206,671,791
(iii) Amount recovered from loans written off	422,762,114	500,782,730	422,762,114	500,782,730
b) Amount of provision kept against loans classified as bad/loss	3,721,492,923	4,119,278,497	3,644,619,051	4,092,440,537
c) Amount of interest creditable to the interest suspense account	1,348,450,204	1,478,980,025	1,178,840,386	1,372,871,625
xi) Cumulative amount of written off loans:				
<b>Opening Balance</b>	9,831,845,583	7,625,173,792	9,831,845,583	7,625,173,792
Amount written off during the year:				
Principal amount (including BCCI) *	3,098,313,330	1,971,530,371	3,098,313,330	1,971,530,371
Interest suspense	535,240,585	235,141,420	535,240,585	235,141,420
<b>Balance of written off loans and advances</b>	<b>13,465,399,497</b>	<b>9,831,845,583</b>	<b>13,465,399,497</b>	<b>9,831,845,583</b>
* BCCI loans of BDT 554,229,366 has been written off in 2018 under a special permission of Bangladesh Bank.				
<b>7.b.13 Cumulative amount of recovery from written off loans (including BCCI loans)</b>	<b>2,570,742,058</b>	<b>2,147,979,944</b>	<b>2,570,742,058</b>	<b>2,147,979,944</b>
<b>7.b.14 Cumulative amount of written off loans for which law suits have been filed</b>	<b>7.b.14.1 15,618,345,039</b>	<b>11,501,561,017</b>	<b>15,618,345,039</b>	<b>11,501,561,018</b>
<b>7.b.14.1 Cumulative amount of written off loans (including legal and other charges)</b>	<b>7.b.14.1.a</b>			
Opening balance	11,501,561,017	9,396,944,855	11,501,561,018	9,396,944,855
During the year (including BCCI loans of BDT 693.67 million)	4,116,784,022	2,104,616,163	4,116,784,022	2,104,616,163
<b>Closing balance</b>	<b>15,618,345,039</b>	<b>11,501,561,017</b>	<b>15,618,345,039</b>	<b>11,501,561,018</b>
<b>7.b.14.1.a Cumulative number of written off loan accounts against which lawsuits have been filed</b>				
Opening balance			7,191	6,173
During the year (including BCCI accounts)			982	1,018
<b>Closing balance</b>			<b>8,173</b>	<b>7,191</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

## 8 Fixed assets including land, building, furniture and fixtures

### At Cost (revalued amount in case of lands)

Freehold land and land development	3,986,656,786	4,044,759,466	3,986,656,786	4,044,759,466
Building and floor spaces *	1,407,955,522	730,856,590	1,407,955,522	730,856,590
Capital work in progress **	20,104,672	666,345,092	20,104,672	666,345,092
General Machinery and Equipments	893,548,349	789,265,898	882,416,005	782,031,248
Computer and Network Equipments	718,294,009	582,184,575	705,057,095	570,171,241
Electromechanical Equipments*	342,555,675	-	342,555,675	-
Furniture and Fixtures	705,376,481	409,621,065	678,558,777	390,837,486
Vehicles	180,051,215	151,686,651	157,979,760	132,394,575
Leased assets (finance lease)	-	90,084,859	-	90,084,859
Software	528,242,547	461,057,113	524,366,924	457,837,010
<b>Total cost</b>	<b>8,782,785,256</b>	<b>7,925,861,310</b>	<b>8,705,651,216</b>	<b>7,865,317,567</b>
Accumulated depreciation and amortization	(2,100,813,260)	(1,968,765,474)	(2,069,034,050)	(1,942,702,772)
<b>Written down value at 31 december</b>	<b>6,681,971,996</b>	<b>5,957,095,836</b>	<b>6,636,617,166</b>	<b>5,922,614,795</b>

\*Construction cost of EBL corporate head office located at 100 Gulshan Avenue initially recorded as 'Building under construction' has been transferred to 'Building and floor spaces' in October 2018 after review by an independent auditor. Certain new assets like lifts, ventilation, air conditioning, transformer, heating system etc. have been recognised as 'Electromechanical Equipments'. Subsequently, the bank started charging depreciation on those assets from the date of intended use.

\*\* Initial development cost incurred for proposed training academy and bank's software are recognised as capital work in progress as per IAS 16, until the development or 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.

Details of the fixed assets are presented in 'Annexure-A'.

### 8.a Consolidated fixed assets of group entities:

Eastern Bank Limited (Parent)	6,636,617,166	5,922,614,795
EBL Securities Limited	37,906,965	31,359,884
EBL Investments Limited	5,281,844	1,068,581
EBL Finance (HK) Limited	1,027,657	952,919
EBL Asset Management Limited	1,138,364	1,099,656
	<b>6,681,971,996</b>	<b>5,957,095,836</b>
Less: Inter company elimination	-	-
<b>Total</b>	<b>6,681,971,996</b>	<b>5,957,095,836</b>

## 9 Other assets

### Income generating:

Investment in subsidiary-EBL Securities Limited	9.1	-	-	1,967,400,000	1,967,400,000
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	-	-	249,999,900	249,999,900
Fair value of TREC to EBLSL and Shares of DSE	9.5.a	595,337,112	553,800,000	-	-
Fair value of TREC to EBLSL and Shares of CSE	9.5.b	245,379,755	201,500,000	-	-

### Non- Income generating:

Receivable from subsidiaries	9.6	-	-	6,794,437	17,494,671
Stock of stationeries		17,130,137	13,162,729	17,130,137	13,162,729
Stamps on hand		5,628,561	7,232,388	5,588,511	7,185,688
Advance to staff for expenses	9.7	3,474,945	754,509	3,356,626	754,509
Security deposits with govt./non govt. agencies		11,596,802	12,080,611	7,319,364	6,004,564

Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
Interest, fees and dividend receivables	9.8	616,646,229	711,849,402	698,189,196	1,163,352,334
Sundry receivables	9.9	465,640,214	350,909,425	450,440,214	345,355,945
Advance rent		334,548,100	324,847,799	331,998,090	323,730,799
Prepayments and advance to vendors		94,372,970	937,051,222	93,433,386	931,364,350
Deferred tax assets (net of liabilities)	9.10	1,210,699,864	1,130,283,018	1,210,699,864	1,130,283,018
Other assets of subsidiaries	9.11	31,186,399	1,079,685,431	-	-
		<b>3,631,641,088</b>	<b>5,323,156,534</b>	<b>5,357,128,978</b>	<b>6,470,867,759</b>

**9.a Consolidated other assets of group entities:**

Eastern Bank Limited (Parent)	5,357,128,978	6,470,867,759
EBL Securities Limited	920,411,270	1,306,752,166
EBL Investments Limited	11,686,498	13,062,563
EBL Finance (HK) Limited	1,927,910	1,798,607
EBL Asset Management Limited	12,269,290	3,416,667
	<b>6,303,423,946</b>	<b>7,795,897,763</b>
Less: Inter company elimination	(2,671,782,858)	(2,472,741,228)
<b>Total</b>	<b>3,631,641,088</b>	<b>5,323,156,534</b>

**9.1 Investment in subsidiary-EBL Securities Limited**

EBL acquired its securities brokerage subsidiary fully in two phases at a total cost of BDT 479.90 million and injected afterwards BDT 1,487.50 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 started its full fledged merchant banking operations since then.

**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**

Another fully owned subsidiary of EBL incorporated on 9 January 2011 with an initial authorized capital of BDT 250 million. It has fully subscribed paid up capital of BDT 250 million and has been registered under BSEC on 25 May 2017. It started full fledged operations on asset management, capital market, equity investment etc since then.

**9.5 Fair value measurement of TREC and Shares of both DSE and CSE (held by EBLSL)**

As per Exchange Demutualization Act 2013, EBLSL was awarded Trading Right Entitlement Certificate (TREC) as well as ordinary shares of both the bourses i.e. DSE and CSE in exchange of membership licenses under Demutualization Scheme ('the Scheme'). Subsequently, under a purchase agreement between demutualized DSE and strategic partner China Consortium, EBLSL sold out 25% of its holding to China Consortium at a negotiated price of BDT 21 per share (Face value: BDT 10 each). As of 31-12-2018, Share composition of DSE and CSE held by EBLSL was as follows:

Particulars	No of Shares held	Face Value (BDT)
Dhaka Stock Exchange Limited	5,411,329	10.00
Chittagong Stock Exchange Limited	4,287,330	10.00
<b>Total</b>	<b>9,698,659</b>	<b>10.00</b>

In 2018, EBLSL carried out a valuation by ACNABIN, chartered accountants, to determine the fair value of TREC and Shares of both the bourses i.e. DSE and CSE. The value of TREC has been determined applying varying weights to the results of three valuation approaches i.e. Cost approach, Market approach and Income approach. Fair value of DSE shares has been determined on the basis of recent transaction price made between DSE and China Consortium but face value of CSE shares has been taken as fair value as there is no offer price from any third party. However, EBL management expects the fair value of TREC and Shares of DSE and CSE altogether is to be similar to net realizable value in line with present growth pattern of business and outlook of EBLSL. The valuation result of TREC and Shares held by EBLSL under the above methodologies are as follows:

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>9.5.a Fair value of DSE-TREC and Shares (held by EBLSL)</b>				
Value of TREC (Trading Right Entitlement Certificate) held by EBLSL	481,427,540	-		
Value of Shares (5,411,329 Ns @BDT 21.05, face value is BDT 10 each)	113,909,572	-		
	<b>595,337,112</b>	<b>-</b>		
<b>9.5.b Fair value of CSE-TREC and Shares (held by EBLSL)</b>				
Value of TREC (Trading Right Entitlement Certificate) held by EBLSL	201,500,000	-		
Value of Shares (4,287,330 Ns @BDT 10.23, face value is BDT 10 each)	43,879,755	-		
	<b>245,379,755</b>	<b>-</b>		
<b>9.6 Receivable from Subsidiaries</b>				
<b>Receivable from:</b>				
EBL Securities Limited			5,729,505	17,494,671
EBL Investments Limited			1,064,932	-
			<b>6,794,437</b>	<b>17,494,671</b>
<b>9.7 Advance to staff for expenses</b>				
<i>Due for</i>				
Less than three months	3,474,945	754,509	3,356,626	754,509
More than three months but less than six months	-	-	-	-
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
	<b>3,474,945</b>	<b>754,509</b>	<b>3,356,626</b>	<b>754,509</b>
<b>9.8 Interest, fees and dividend receivables</b>				
Interest receivable on placement/ margin loans *	224,724,577	119,499,059	207,396,251	116,082,392
Interest receivable on government securities	350,655,797	496,108,480	350,655,797	496,108,480
Interest receivable on non-government securities	57,604,481	58,110,243	57,604,481	58,110,243
Fees receivable	301,807	60,850,000	-	60,600,000
Dividend receivable	128,734,534	460,175,522	107,481,872	445,710,096
	<b>762,021,196</b>	<b>1,194,743,304</b>	<b>723,138,401</b>	<b>1,176,611,211</b>
Less: Inter unit/company elimination (with borrowings)	(145,374,967)	(482,893,901)	(24,949,205)	(13,258,877)
	<b>616,646,229</b>	<b>711,849,402</b>	<b>698,189,196</b>	<b>1,163,352,334</b>
* Margin loans by subsidiaries.				
<b>9.9 Sundry receivables</b>				
Excise duty receivable from customers	106,235,580	140,913,960	106,235,580	140,913,960
Protested Bills to be recovered	8,410,000	2,790,000	8,410,000	2,790,000
AIT recoverable from customers	76,500,000	76,500,000	76,500,000	76,500,000
Cards acquiring/transactional account	125,050,902	121,179,224	125,050,902	121,179,224
Other receivables (Margin, remittance, Bidding Money, IPO Subscription etc)	149,443,731	9,526,241	134,243,731	3,972,761
	<b>465,640,214</b>	<b>350,909,425</b>	<b>450,440,214</b>	<b>345,355,944</b>

Amount in BDT

		Consolidated		Bank		
Notes	2018	2017	2018	2017		
9.10	Deferred tax asset (net of liability)					
	Deferred tax asset	9.10.a	1,285,844,977	1,148,084,112	1,285,844,977	1,148,084,112
	Deferred tax liability	9.10.b	75,145,113	17,801,094	75,145,113	17,801,094
			1,210,699,864	1,130,283,018	1,210,699,864	1,130,283,018
9.10.a	Deferred tax asset					
	Temporary timing difference between specific provision charged and B/L loans written off:					
	Cumulative provision made against Bad/Loss loans			5,973,003,903	4,841,740,652	
	Adjustment of corresponding provision on write off			2,544,083,964	1,971,530,371	
	Deductible temporary difference			3,428,919,939	2,870,210,281	
	Tax rate			37.50%	40.00%	
	Deferred tax asset			1,285,844,977	1,148,084,112	
	Opening deferred tax asset			1,148,084,112	966,059,015	
	Deferred tax (income)			(137,760,865)	(182,025,097)	
9.10.b	Deferred tax liability					
	Temporary timing difference in written down value of fixed assets between tax base and carrying value:					
	Carrying amount of fixed assets			2,613,245,069	1,201,553,679	
	Tax base			2,412,858,101	1,157,050,943	
	Taxable temporary difference			200,386,968	44,502,736	
	Tax rate			37.50%	40.00%	
	Deferred tax liability			75,145,113	17,801,094	
	Opening deferred tax liability			17,801,094	28,948,241	
	Deferred tax expense/(income)			57,344,019	(11,147,146)	
Deferred tax assets/(liabilities) have been recognised and measured as per IAS-12: Income Taxes and BRPD circular # 11 dated 12 December 2011.						
No deferred tax liability has been recognised on land revaluation reserve due to the fact that taxes paid at the time of land registration are final discharge of related tax liability. There is no other material temporary timing difference in classified assets/liabilities for which deferred tax asset/liability is required to be accounted for in the year.						
9.11	Other assets of subsidiaries					
	Accounts receivable (DSE,CSE, Trade Receivable etc.)		48,661,920	1,086,911,812		
	Deferred revenue expenses		-	-		
			48,661,920	1,086,911,812		
	Less: Inter company elimination (with deposit account)		(17,475,521)	(7,226,381)		
			31,186,399	1,079,685,431		

## 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 134,016,495 as on reporting date) as per valuation report submitted by professional valuation firm and recording of transactions were certified by the then external auditors 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

Amount in BDT

Name of parties	Asset details	Entitlement date	Consolidated		Bank	
			2018	2017	2018	2017
M/S Safa Garments Ltd *	18 Decimal of Land, Tejgaon, Dhaka	18.01.2005	8,727,000	8,727,000	8,727,000	8,727,000
Arshim & co	12 Katha of Land, Tejgaon, Dhaka	27.03.2007	4,200,000	4,200,000	4,200,000	4,200,000
M/s Innovative Computer Ltd.	11.25 Decimal of Land, Dhaka	07.06.2007	262,000	262,000	262,000	262,000
North American Computer Dynamics and ors.	6.5 Decimal of Land, Tejgaon, Dhaka	22.07.2007	31,600,000	31,600,000	31,600,000	31,600,000
M/s Computer Bazar Network	0.14 acres of Land, Sabujbagh, Dhaka	23.06.2009	1,696,000	1,696,000	1,696,000	1,696,000
Stec Fashions Ltd.	25 Deimal of land, Mirpur, Dhaka	26.01.2009	1,904,495	1,904,495	1,904,495	1,904,495
Royals Paper Store	106.50 Decimal of Land, Dhaka	21.05.2009	7,727,000	7,727,000	7,727,000	7,727,000
Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka	10.05.2007	600,000	600,000	600,000	600,000
M/s. Tri Angle Trading Associates	0.33 Acres of Land, Savar, Dhaka	29.04.2007	6,600,000	6,600,000	6,600,000	6,600,000
M/S Unicorn Bangladesh Ltd.	16.5 Decimal of Land, Dhaka	22.11.2007	15,000,000	15,000,000	15,000,000	15,000,000
HM Yunus	1.84 Acres of Land, Gazipur	10.01.2008	55,700,000	55,700,000	55,700,000	55,700,000
<b>Total</b>			<b>134,016,495</b>	<b>134,016,495</b>	<b>134,016,495</b>	<b>134,016,495</b>

\*M/S Safa Garments Ltd: After expiry of initial 7 years holding period in 2012 as allowed by Bank Company Act 1991 (amended upto 2013), the Bank was granted extension of 1 year (till 17.01.2013) by Bangladesh Bank (BB). After expiry of that extended period, the Bank again applied to BB for extension but BB advised the Bank to take absolute possession and dispose the property as soon as possible. Subsequently, EBL published sales notice several times to dispose the property but no bidder participated yet.

For rest of the properties, EBL has obtained time extension from BB after expiry of initial 7 years. Meanwhile, EBL has published general sales notice to dispose those properties at earliest. Subsequently, a bidder participated for North American Computer Dynamics and Ors. and now it is under process for disposal. The Bank has maintained required amount of provision (Book value of NBA minus Reserve against NBA) to avoid any further loss on impairment in future due to complexity in taking absolute possession and/or selling the same.

The carrying value of NBAs are reviewed at each reporting period to determine whether there is any indication of impairment. As per last valuation report by interdependent valuer, market value of NBAs is BDT 672.6 million and forced sale value is BDT 537.4 million. However, due to complexity in selling of these properties the bank avoided any upward booking in 2018.

Details of NBAs awarded to the Bank under section 33(7) & 33(5) of Artharin Adalat Act, 2003 as at 31 December 2018 are in 'Annexure- D1'.

## 11 Borrowing from other banks, financial institutions and agents

Inside Bangladesh	11.1	32,739,934,157	31,117,047,025	30,405,740,310	29,667,454,276
Outside Bangladesh	11.2	16,326,161,489	21,330,237,328	16,326,161,489	21,330,237,328
		<b>49,066,095,646</b>	<b>52,447,284,353</b>	<b>46,731,901,799</b>	<b>50,997,691,604</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>11.a Consolidated borrowings from Banks, FIs by group entities:</b>				
Eastern Bank Limited (Parent)	46,731,901,799	50,997,691,604		
EBL Securities Limited	3,523,161,168	2,719,403,939		
EBL Finance (HK) Limited	6,065,955,106	5,879,976,790		
	<b>56,321,018,073</b>	<b>59,597,072,333</b>		
Less: Inter company elimination	(7,254,922,427)	(7,149,787,979)		
<b>Total</b>	<b>49,066,095,646</b>	<b>52,447,284,354</b>		
<b>11.1 Borrowing from - Inside Bangladesh</b>				
<b>Demand Borrowing:</b>				
Banks	9,501,915,436	10,389,412,198	7,436,904,268	8,625,706,871
NBFIs	-	285,000,000	-	-
	<b>9,501,915,436</b>	<b>10,674,412,198</b>	<b>7,436,904,268</b>	<b>8,625,706,871</b>
Less: Inter unit/company elimination (with borrowings)	(8,625,871,589)	(9,895,518,060)	(7,436,904,268)	(8,625,706,871)
	<b>876,043,847</b>	<b>778,894,138</b>	<b>-</b>	<b>-</b>
<b>Term Borrowing:</b>				
Banks	16,608,061,126	17,036,991,790	10,542,106,020	11,157,015,000
NBFIs	1,458,150,000	670,698,611	-	-
	<b>18,066,211,126</b>	<b>17,707,690,401</b>	<b>10,542,106,020</b>	<b>11,157,015,000</b>
Less: Inter unit/company elimination (with borrowings)	(6,065,955,106)	(5,879,976,790)	-	-
	<b>12,000,256,020</b>	<b>11,827,713,611</b>	<b>10,542,106,020</b>	<b>11,157,015,000</b>
<b>Subordinated bond &amp; other borrowings under schemes:</b>				
<b>From Bangladesh Bank &amp; others</b>				
Investment Promotion & Financing Facility (IPFF)	434,035,407	541,292,705	434,035,407	541,292,705
Export Development Fund (EDF)	13,459,744,707	11,294,201,869	13,459,744,707	11,294,201,869
Refinance scheme under BADP	517,781,599	647,226,999	517,781,599	647,226,999
Refinance scheme under SMESPD	1,051,922,919	990,994,455	1,051,922,919	990,994,455
Second Crop Diversification Project	968,400,550	1,019,369,000	968,400,550	1,019,369,000
SME Foundation Pre-finance	34,000,000	27,000,000	34,000,000	27,000,000
Long Term Financing Facility (LTFF)	1,397,749,108	1,490,354,248	1,397,749,108	1,490,354,248
Non-Convertible Subordinated Bond	2,000,000,000	2,500,000,000	2,000,000,000	2,500,000,000
	<b>19,863,634,290</b>	<b>18,510,439,276</b>	<b>19,863,634,290</b>	<b>18,510,439,276</b>
<b>Total</b>	<b>32,739,934,157</b>	<b>31,117,047,025</b>	<b>30,405,740,310</b>	<b>29,667,454,276</b>
<b>11.1.a Non-Convertible Subordinated Bond</b>				
The bank with due approval from Bangladesh Bank and BSEC issued a 7-year unsecured, non-convertible Subordinated Bond of BDT 2,500 million (face value @ BDT 1 million) in February 2015 through private placement to enhance Tier-II capital. The Bond is getting redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% per year. Coupon rate of the bond is variable with a floor and ceiling rate of 11.5% and 14.50% respectively. The instrument i.e. the Bond has been rated and awarded AA by CRISL in the long term with validity upto 31 January 2019. Although it's a recognized component of Tier -II capital, the outstanding amount of the Bond is shown as a borrowing as per BB guidelines/instruction. Following is the list of subscribers to this Bond:				
Agrani Bank Limited	160,000,000	200,000,000	160,000,000	200,000,000
Brac Bank Limited	80,000,000	100,000,000	80,000,000	100,000,000
Janata Bank Limited	200,000,000	250,000,000	200,000,000	250,000,000
Mercantile Bank Limited	200,000,000	250,000,000	200,000,000	250,000,000
One Bank Limited	480,000,000	600,000,000	480,000,000	600,000,000
Rupali Bank Limited	480,000,000	600,000,000	480,000,000	600,000,000
Sonali Bank Limited	400,000,000	500,000,000	400,000,000	500,000,000
	<b>2,000,000,000</b>	<b>2,500,000,000</b>	<b>2,000,000,000</b>	<b>2,500,000,000</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**11.2 Borrowing from - Outside Bangladesh***Non-interest bearing:*

Citibank NA, USA	909,867,554	-	909,867,554	-
CommerzBank AG, Germany	16,816,829	-	16,816,829	-
Habib American Bank, USA	4,790,646	-	4,790,646	-
ICIC Bank, India	112,008,951	-	112,008,951	-
JP Morgan AG, Germany	12,296,069	-	12,296,069	-
JP Morgan Chase Bank, USA	-	1,028,283	-	1,028,283
NIB Bank Limited - Pakistan	-	3,298,119	-	3,298,119
Standard Chartered Bank, USA	19,275,661	-	19,275,661	-
Standard Chartered Bank, India	195,727,707	-	195,727,707	-
Wachovia Bank NA, USA	301,891,311	-	301,891,311	-
	<b>1,572,674,727</b>	<b>4,326,402</b>	<b>1,572,674,727</b>	<b>4,326,402</b>

*Interest bearing:*

Abu Dhabi Commercial Bank, UAE	2,579,482,428	103,892,636	2,579,482,428	103,892,636
Asian Development Bank (ADB)	1,771,897,818	-	1,771,897,818	-
Bank One Limited, Mauritius	509,571,298	499,473,450	509,571,298	499,473,450
Bank of Montreal, Canada	352,380,000	-	352,380,000	-
Deutsche Investitions-und				
Entwicklungsgesellschaft MBH (DEG)	4,027,200,000	5,292,800,000	4,027,200,000	5,292,800,000
FMO, Netherland	-	330,800,000	-	330,800,000
HDFC Bank, Mumbai	1,153,625,000	-	1,153,625,000	-
ICICI Bank, India	759,192,182	2,465,935,122	759,192,182	2,465,935,122
ICICI Bank, Hongkong	-	145,071,182	-	145,071,182
International Finance Corporation (IFC)	403,681,442	660,486,712	403,681,442	660,486,712
National Bank of Ras Al-Khaimah, KSA	781,062,706	1,522,045,618	781,062,706	1,522,045,618
PROPARCO, France	1,067,818,183	1,353,272,727	1,067,818,183	1,353,272,727
Standard Chartered Bank, Singapore	931,882,264	7,438,410,365	931,882,264	7,438,410,365
United Bank Limited, UAE	-	1,513,723,113	-	1,513,723,113
Wells Fargo, USA	415,693,441	-	415,693,441	-
	<b>14,753,486,762</b>	<b>21,325,910,926</b>	<b>14,753,486,762</b>	<b>21,325,910,926</b>

**Total**

<b>16,326,161,489</b>	<b>21,330,237,328</b>	<b>16,326,161,489</b>	<b>21,330,237,328</b>
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**11.b Remaining maturity grouping of Borrowings****Payable**

On demand	876,043,847	778,894,138	-	-
In not more than one month	16,100,440,018	5,897,240,687	15,567,219,398	6,676,134,825
In more than one month but not more than three months	12,021,975,970	16,317,498,510	11,220,414,269	16,317,498,510
In more than three months but not more than one year	11,249,064,281	18,709,699,654	12,000,586,602	17,260,106,904
In more than one year but not more than five years	7,996,271,174	9,665,423,799	7,121,381,174	9,665,423,799
In more than five years	822,300,356	1,078,527,566	822,300,356	1,078,527,566
	<b>49,066,095,646</b>	<b>52,447,284,353</b>	<b>46,731,901,799</b>	<b>50,997,691,604</b>

**12 Deposits and other accounts**

Current deposits and other accounts etc.	12.1	21,011,202,434	16,993,725,421	21,200,155,318	17,113,543,041
Bills payable	12.2	916,901,298	845,849,963	916,901,298	845,849,963
Savings bank deposits	12.3	46,053,721,505	41,894,304,550	46,053,721,505	41,894,304,550
Fixed deposits	12.4	105,542,120,447	78,812,042,594	105,826,485,905	79,081,872,372
Special notice deposit (SND)		25,631,642,386	28,412,625,094	25,631,642,386	28,412,625,094
		<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>

As on the reporting date, the bank had no Bearer certificates of deposits.

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>12.a Group entity- wise consolidated deposits and other accounts:</b>				
Eastern Bank Limited (Parent)	199,628,906,411	167,348,195,020		
Subsidiary Companies	-	-		
	<b>199,628,906,411</b>	<b>167,348,195,020</b>		
Less: Inter company elimination	(473,318,342)	(389,647,398)		
<b>Total</b>	<b>199,155,588,070</b>	<b>166,958,547,622</b>		
<b>12.1 Current deposits and other accounts</b>				
Current deposits	13,279,315,761	9,751,226,549	13,468,268,645	9,871,044,169
Margin on facilities (LC, LG, Acceptance etc.)	5,053,306,783	5,680,756,668	5,053,306,783	5,680,756,668
Interest accrued on deposits	2,678,579,889	1,561,742,204	2,678,579,889	1,561,742,204
	<b>21,011,202,434</b>	<b>16,993,725,421</b>	<b>21,200,155,318</b>	<b>17,113,543,041</b>
<b>12.2 Bills payable</b>				
Local currency	916,901,298	845,849,963	916,901,298	845,849,963
Foreign currencies	-	-	-	-
	<b>916,901,298</b>	<b>845,849,963</b>	<b>916,901,298</b>	<b>845,849,963</b>
<b>12.3 Savings bank deposits</b>				
Transactional deposit accounts	37,033,856,762	33,662,451,264	37,033,856,762	33,662,451,264
Scheme deposit accounts	9,019,864,743	8,231,853,285	9,019,864,743	8,231,853,286
	<b>46,053,721,505</b>	<b>41,894,304,550</b>	<b>46,053,721,505</b>	<b>41,894,304,550</b>
<b>12.3.a Scheme deposit accounts:</b>				
EBL Confidence account	4,892,799,961	4,527,815,260	4,892,799,961	4,527,815,260
EBL Secure account	5,088,362	21,177,903	5,088,362	21,177,903
EBL Child Future Plan account	615,214,035	508,624,050	615,214,035	508,624,050
EBL Millionaire Scheme	2,839,224,153	2,683,296,096	2,839,224,153	2,683,296,096
EBL Aspire	13,765,199	3,321,128	13,765,199	3,321,128
EBL Kotipoti	170,513,573	87,058,060	170,513,573	87,058,060
EBL Multiplier	191,685,502	43,876,835	191,685,502	43,876,835
Retail Equity Builder account	291,573,958	356,683,954	291,573,958	356,683,955
	<b>9,019,864,743</b>	<b>8,231,853,285</b>	<b>9,019,864,743</b>	<b>8,231,853,286</b>
<b>12.4 Fixed deposits</b>				
Term deposit account	105,727,945,051	79,023,868,379	105,727,945,051	79,023,868,379
RFCD account	5,451,752	4,361,179	5,451,752	4,361,179
NFCD account	93,089,101	53,642,815	93,089,101	53,642,815
	105,826,485,905	79,081,872,372	105,826,485,905	79,081,872,372
Less: Inter company elimination	(284,365,458)	(269,829,778)	-	-
	<b>105,542,120,447</b>	<b>78,812,042,594</b>	<b>105,826,485,905</b>	<b>79,081,872,372</b>
<b>12.b Deposit concentration</b>				
Deposit from banks	6,729,604,720	95,862,239	6,729,604,720	95,862,239
Deposit from other than banks	192,425,983,349	166,862,685,384	192,899,301,691	167,252,332,782
	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,411</b>	<b>167,348,195,021</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>12.b.1 Deposit from banks</b>				
Bangladesh Development Bank Limited	97,240	1,301,350	97,240	1,301,350
First Security Islami Bank Limited	311,897	497,603	311,897	497,603
Janata Bank Limited	40,762	41,540	40,762	41,540
Meghna Bank Limited	1,247,155	2,945,310	1,247,155	2,945,310
Midland Bank Limited	3,078,436	3,038,381	3,078,436	3,038,381
Modhumoti Bank Limited	1,041,630	50,500,247	1,041,630	50,500,247
National Bank Limited	156,468	156,360	156,468	156,360
NCC Bank Limited	524,115	516,694	524,115	516,694
NRB Bank Limited	21,475,855	32,818,969	21,475,855	32,818,969
NRB Commercial Bank Limited	1,016,914	188,237	1,016,914	188,237
One Bank Limited	710,348	709,190	710,348	709,190
Rupali Bank Limited	4,008,201,389	-	4,008,201,389	-
Shimanto Bank Limited	681,252,681	-	681,252,681	-
Southeast Bank Limited	26,345	27,252	26,345	27,252
SBAC Bank Limited	7,895,013	3,119,300	7,895,013	3,119,300
Standard Bank Limited	695	1,804	695	1,804
Trust Bank Limited	2,002,527,778	-	2,002,527,778	-
	<b>6,729,604,720</b>	<b>95,862,239</b>	<b>6,729,604,720</b>	<b>95,862,239</b>
<b>12.c Deposits on the basis of significant concentration:</b>				
<b>12.c.1 Sector - wise concentration of Deposits and other accounts</b>				
Government sector	2,546,045,575	1,768,472,726	2,546,045,575	1,768,472,726
Other public sector	8,437,212,927	12,743,413,971	8,437,212,927	12,743,413,971
Private sector	188,172,329,567	152,446,660,925	188,645,647,909	152,836,308,324
	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>12.c.2 Business segment - wise concentration of Deposits and other accounts</b>				
Corporate banking	55,304,061,360	51,451,351,995	55,777,379,702	51,840,999,392
Offshore banking	128,007,388	188,286,891	128,007,388	188,286,891
Retail banking	142,806,618,023	114,473,058,774	142,806,618,023	114,473,058,773
Others- Bills Payables	916,901,298	845,849,963	916,901,298	845,849,964
	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>12.d Residual maturity grouping of Deposits</b>				
<b>From banks</b>				
Payable:				
On demand	10,606,405	-	10,606,405	-
Within one month	438,706,648	95,862,239	438,706,648	95,862,239
In more than one month but less than six months	6,280,291,667	-	6,280,291,667	-
In more than six months but less than one year	-	-	-	-
In more than one year but within five years	-	-	-	-
In more than five years but within ten years	-	-	-	-
	<b>6,729,604,720</b>	<b>95,862,239</b>	<b>6,729,604,720</b>	<b>95,862,239</b>
<b>From other than banks</b>				
Payable:				
On demand	11,181,017,396	10,201,355,053	11,181,017,396	10,201,355,053
Within one month	9,983,119,573	9,840,804,803	10,172,072,457	9,920,931,896
In more than one month but less than three months	32,401,944,478	21,854,978,691	32,401,944,478	21,855,660,574
In more than three months but less than one year	47,606,597,186	37,632,775,516	47,890,962,644	37,638,308,510
In more than one year but within five years	89,616,032,365	85,844,920,300	89,616,032,365	86,148,225,729
In more than five years but within ten years	1,637,272,351	1,487,851,020	1,637,272,351	1,487,851,020
	<b>192,425,983,349</b>	<b>166,862,685,383</b>	<b>192,899,301,691</b>	<b>167,252,332,782</b>
<b>Total</b>	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>Unclaimed deposit aging 10 years or more</b>	<b>2,159,577</b>	<b>3,239,068</b>	<b>2,159,577</b>	<b>3,239,068</b>

Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>13 Other liabilities</b>					
Privileged creditors	13.1	483,476,704	422,890,252	483,476,704	422,890,252
Acquirer liabilities	13.2	733,163,686	601,799,166	733,163,686	601,799,166
Sundry creditors		47,280,131	62,107,724	47,280,131	62,107,724
Security deposit		15,472,476	52,615,151	15,472,476	52,587,551
Current tax liability/(assets)	13.3	1,515,399,023	1,467,645,142	1,485,181,664	1,421,527,646
Provision for loans, advances and OBS exposures (excluding OBU)	13.4	7,252,795,569	7,085,143,466	7,175,921,693	7,058,305,506
Provision for loans, advances and OBS exposures (OBU)		232,712,071	280,235,064	232,712,071	280,235,064
Interest suspense account	13.5	1,348,450,204	1,478,980,025	1,178,840,387	1,372,871,627
Provision for protested bill and others	13.6	52,516,000	10,770,000	52,516,000	10,770,000
Provision for non-banking assets		12,345,330	12,345,330	12,345,330	12,345,330
Provision for rebate to good borrowers	13.7	36,100,257	36,100,257	36,100,257	36,100,257
Provision for loss on revaluation of shares (net)	13.8	447,191,812	74,668,232	361,667,493	33,232,549
Advance interest/commission received		37,972,162	27,115,409	25,361,010	21,144,001
Expenses payable		480,297,229	499,102,150	446,296,976	458,006,884
Interest payable on borrowing	13.9	529,538,377	493,540,084	526,761,631	485,986,805
Miscellaneous liabilities/payables	13.10	319,207,757	806,610,678	310,788,222	806,610,678
Other liabilities of subsidiaries	13.11	359,007,358	1,308,733,186	-	-
		<b>13,902,926,147</b>	<b>14,720,401,317</b>	<b>13,123,885,732</b>	<b>13,136,521,041</b>
<b>13.a Group entity- wise consolidated other liabilities:</b>					
Eastern Bank Limited (Parent)		13,123,885,732	13,136,521,039		
EBL Securities Limited		677,356,722	1,884,096,511		
EBL Investments Limited		94,018,559	130,743,990		
EBL Finance (HK) Limited		139,958,634	53,168,890		
EBL Asset Management Limited		7,310,206	3,299,267		
		<b>14,042,529,853</b>	<b>15,207,829,697</b>		
Less: Inter company elimination		(139,603,706)	(487,428,380)		
<b>Total</b>		<b>13,902,926,147</b>	<b>14,720,401,317</b>		
<b>13.1 Privileged creditors (payable to government)</b>					
Tax deducted at source (TDS)		197,812,815	167,553,121	197,812,815	167,553,121
VAT deducted at source (VDS)		51,852,480	38,672,253	51,852,480	38,672,253
Excise duty deducted from customer accounts		233,811,409	216,664,878	233,811,409	216,664,878
		<b>483,476,704</b>	<b>422,890,252</b>	<b>483,476,704</b>	<b>422,890,252</b>
<b>13.2 Acquirer liabilities</b>					
These liabilities are temporary in nature arisen from prepaid, 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 (Lifestyle, travel etc) card liability		473,106,001	341,073,255	473,106,001	341,073,255
Credit card liability		56,367,318	47,145,830	56,367,318	47,145,830
Debit card liability		108,621,014	75,064,829	108,621,014	75,064,829
Acquirer cash and other liabilities		95,069,353	138,515,252	95,069,353	138,515,252
		<b>733,163,686</b>	<b>601,799,166</b>	<b>733,163,686</b>	<b>601,799,166</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>13.3 Current tax liability / (assets)</b>				
<b>Provision for tax</b>				
Opening balance	2,559,191,878	2,263,564,631	2,389,106,652	2,219,272,609
Settlement/adjustments for previous years	(1,566,569,887)	(1,736,246,302)	(1,526,553,295)	(1,675,145,868)
Provision for tax made during the year	1,697,229,180	2,031,873,549	1,585,493,108	1,844,979,911
<b>13.3.1</b>	<b>2,689,851,171</b>	<b>2,559,191,878</b>	<b>2,448,046,465</b>	<b>2,389,106,652</b>
<b>Balance of income tax paid</b>				
Opening balance	1,091,546,736	771,466,639	967,579,006	737,586,091
Settlement/adjustment for previous years	(1,540,183,098)	(1,716,057,528)	(1,526,553,295)	(1,675,145,868)
Paid during the year	1,623,088,509	2,036,137,625	1,521,839,090	1,905,138,782
<b>13.3.2</b>	<b>1,174,452,147</b>	<b>1,091,546,736</b>	<b>962,864,801</b>	<b>967,579,006</b>
	<b>1,515,399,023</b>	<b>1,467,645,142</b>	<b>1,485,181,664</b>	<b>1,421,527,646</b>
<b>13.3.1 Income tax expenses / Provision for tax</b>				
<b>Current tax expenses</b>				
Current year	1,859,740,589	2,031,562,948	1,747,589,129	1,844,979,911
Adjustment for prior year	(162,511,409)	310,601	(162,096,021)	-
<b>Total income tax expenses</b>	<b>1,697,229,180</b>	<b>2,031,873,549</b>	<b>1,585,493,108</b>	<b>1,844,979,911</b>
<b>13.3.2 Income tax paid during the year</b>				
Withholding tax deducted at source	291,026,947	243,244,863	232,027,698	165,482,980
Advance tax paid in cash	1,332,061,562	1,792,892,762	1,289,811,392	1,739,655,802
<b>Advance income tax paid</b>	<b>1,623,088,509</b>	<b>2,036,137,625</b>	<b>1,521,839,090</b>	<b>1,905,138,782</b>
<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>BDT</b>	<b>%</b>	<b>BDT</b>
<b>13.3.a Reconciliation of effective tax rate (Bank)</b>				
Profit before income tax as per profit and loss account		4,585,853,181		4,056,630,959
Income tax as per applicable tax rate	37.5%	1,719,694,943	40.0%	1,622,652,384
Factors affecting the tax charged in current year				
On non deductible expenses	1.38%	63,182,160	9.42%	382,255,707
Tax exempted income (on govt. treasury securities)	-0.10%	(4,377,136)	0.00%	141,640
Tax savings from reduced tax rates (on dividend income)	-0.93%	(42,594,775)	-4.40%	(178,337,266)
Tax savings from reduced tax rates (for gain on sale of quoted securities)	-1.50%	(68,632,910)	-4.31%	(174,904,798)
Prior year adjustment (for reduction of tax rate by 2.5% and increased threshold of excess perquisite from BDT4.75 lac to 5.5 lac per employee)	-2.54%	(116,561,499)	0.00%	-
Prior year adjustment (released provision for excess profit tax for the Inc.Year 2013)	-1.00%	(45,634,522)	0.00%	-
<b>Total income tax expenses</b>	<b>32.82%</b>	<b>1,505,076,261</b>	<b>40.72%</b>	<b>1,651,807,667</b>
<b>13.4 Provision for loans, advances and OBS exposures (excluding OBU)</b>				
<b>A) Specific provision movement</b>				
Opening balance	4,405,837,967	3,505,106,610	4,379,000,007	3,474,760,743
On fully provided debt written off during the year	(2,544,060,422)	(1,995,038,277)	(2,544,060,422)	(1,971,530,371)
On recovery from loans written off earlier	422,762,114	500,782,730	422,762,114	500,782,730
Specific provision charged (net of recovery) for the year	1,910,730,074	2,394,986,904	1,860,694,162	2,374,986,904
<b>13.4.1</b>	<b>4,195,269,733</b>	<b>4,405,837,967</b>	<b>4,118,395,861</b>	<b>4,379,000,007</b>
<b>Provision held at the end of the year</b>				

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>B) General provision movement on loans and advances</b>				
Opening balance	1,744,956,507	1,564,627,165	1,744,956,505	1,564,627,165
Provision made during the year	336,451,086	180,329,342	336,451,086	180,329,342
<b>Provision held at the end of the year</b>	<b>2,081,407,594</b>	<b>1,744,956,507</b>	<b>2,081,407,592</b>	<b>1,744,956,507</b>
<b>C) General provision movement on off-balance sheet exposures</b>				
Opening balance	934,348,992	738,937,326	934,348,990	738,937,326
Provision made during the year	41,769,251	195,411,666	41,769,251	195,411,666
<b>Provision held at the end of the year</b>	<b>976,118,243</b>	<b>934,348,992</b>	<b>976,118,241</b>	<b>934,348,992</b>
<b>Total provision for loans, advances and OBS exposures (excluding OBU)</b>	<b>7,252,795,569</b>	<b>7,085,143,466</b>	<b>7,175,921,693</b>	<b>7,058,305,506</b>
<b>13.4.a Provision for loans, advances and OBS exposures (OBU only)</b>				
General provision on loans and advances	219,343,851	265,450,886	219,343,851	265,450,886
General provision on off-balance sheet exposures	13,368,221	14,784,178	13,368,221	14,784,178
	<b>232,712,071</b>	<b>280,235,064</b>	<b>232,712,071</b>	<b>280,235,064</b>
<b>Total provision for loans, advances and OBS exposures (including OBU) (Note: 13.4 + 13.4.a)</b>	<b>7,485,507,641</b>	<b>7,365,378,530</b>	<b>7,408,633,765</b>	<b>7,338,540,570</b>
<b>13.4.a.1 Provision for loans, advances and OBS exposures (including OBU):</b>				
General provision on loans and advances	2,300,751,444	2,010,407,393	2,300,751,442	2,010,407,393
General provision on off-balance sheet exposures	989,486,464	949,133,170	989,486,462	949,133,170
Specific provision on loans and advances	4,195,269,733	4,405,837,967	4,118,395,861	4,379,000,007
	<b>7,485,507,641</b>	<b>7,365,378,530</b>	<b>7,408,633,765</b>	<b>7,338,540,570</b>

**13.4.1 Provision for loans and advances charged during the year**

	2018 (Bank- Solo)			2017
	Main Op.	OBU	Total	Total
General Provision on loans and advances	336,451,086	(49,696,324)	286,754,762	207,915,554
General Provision on off-balance sheet exposures	41,769,251	(1,621,913)	40,147,338	192,593,775
<b>General Provision charged during the year</b>	<b>378,220,337</b>	<b>(51,318,237)</b>	<b>326,902,100</b>	<b>400,509,328</b>
Specific Provision charged during the year	2,283,456,276	-	2,283,456,276	2,875,769,634
Recovery from loans written off earlier	(422,762,114)	-	(422,762,114)	(500,782,730)
<b>Specific Provision (net of recovery) for the year *</b>	<b>1,860,694,162</b>	<b>-</b>	<b>1,860,694,162</b>	<b>2,374,986,904</b>
<b>Total Provision for loans and advances charged during the year</b>	<b>2,238,914,499</b>	<b>(51,318,237)</b>	<b>2,187,596,262</b>	<b>2,775,496,232</b>

\* Specific provision charged during the year has been presented after netting of recovery from written off loans in the current year as per BRPD circular no. 14, dated 25 June 2003.

**13.4.2 Calculation of provision for loans and advances (Solo)**

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision	Surplus / (Shortage)
Standard	198,461,886,121	377,944,484	-	198,461,886,121	2,276,622,206	2,276,622,206	-
SMA (Special Mention Account)	4,380,791,725	328,027,973	-	2,248,487,380	24,129,236	24,129,236	-
SS (Substandard)	1,070,625,442	45,365,441	113,591,012	953,661,177	190,207,509	190,207,509	-
DF (Doubtful)	633,086,778	47,314,511	20,655,580	567,934,493	283,569,301	283,569,301	-
BL (Bad/Loss)	3,222,515,019	380,187,977	1,475,021,806	1,552,923,917	3,644,619,051	3,644,619,051	-
Staff loan	1,540,508,822	-	-	-	-	-	-
<b>Total funded exposures</b>	<b>209,309,413,907</b>	<b>1,178,840,387</b>	<b>1,609,268,398</b>	<b>203,784,893,089</b>	<b>6,419,147,303</b>	<b>6,419,147,303</b>	-
Off-balance sheet exposures	117,628,838,617	-	-	103,409,904,004	989,486,462	989,486,462	-
<b>Total funded &amp; non-funded exposures</b>	<b>326,938,252,524</b>	<b>1,178,840,387</b>	<b>1,609,268,398</b>	<b>307,194,797,093</b>	<b>7,408,633,765</b>	<b>7,408,633,765</b>	-
Domestic Banking Unit (Main Operation)					7,175,921,694	7,175,921,694	-
Offshore Banking Unit					232,712,071	232,712,071	-
<b>Total provision for loans and advances &amp; OBS exposures</b>					<b>7,408,633,765</b>	<b>7,408,633,765</b>	-

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>13.5 Interest suspense account</b>				
Opening balance	1,478,980,025	1,476,831,794	1,372,871,626	1,294,241,389
Amount transferred during the year	945,122,820	805,476,772	881,621,402	750,244,656
Amount recovered during the year	(540,412,058)	(568,044,535)	(540,412,058)	(436,330,412)
Amount written off during the year	(535,240,585)	(235,284,006)	(535,240,585)	(235,284,006)
<b>Balance at the end of the year</b>	<b>1,348,450,204</b>	<b>1,478,980,025</b>	<b>1,178,840,387</b>	<b>1,372,871,627</b>
Interest suspense on margin loan (extended by subsidiaries) under negative equity is included in the consolidated Interest suspense account.				
<b>13.6 Provision for protested bill and others</b>				
Opening balance	10,770,000	11,046,380	10,770,000	11,046,380
Provision made/(released) during the year	42,026,000	(187,380)	42,026,000	(187,380)
Adjusted during the year	(280,000)	(89,000)	(280,000)	(89,000)
<b>Balance at the end of the year</b>	<b>52,516,000</b>	<b>10,770,000</b>	<b>52,516,000</b>	<b>10,770,000</b>
<b>13.7 Provision for rebate to good borrowers</b>				
Opening balance	36,100,257	25,685,842	36,100,257	25,685,842
Provision made during the year	-	10,414,415	-	10,414,415
<b>Balance at the end of the year</b>	<b>36,100,257</b>	<b>36,100,257</b>	<b>36,100,257</b>	<b>36,100,257</b>
<b>13.8 Provision for diminution of value of quoted securities</b>				
Opening balance	74,668,232	91,622,985	33,232,549	79,971,182
Provision charged/(released) during the year	372,523,580	(16,954,753)	328,434,944	(46,738,633)
<b>Balance at the end of the year</b>	<b>447,191,812</b>	<b>74,668,232</b>	<b>361,667,493</b>	<b>33,232,549</b>
Provision for diminution (gain net of) of value of quoted shares has been made as per DOS circular no. 4, dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 03 dated 12 March 2015 of Bangladesh Bank.				
<b>13.9 Interest Payable on Borrowing</b>				
Interest payable on Borrowing (including subordinated bond)	336,721,699	310,907,115	319,752,411	273,717,104
Interest payable on Borrowing-Offshore	254,291,852	225,528,577	231,958,426	225,528,577
	<b>591,013,550</b>	<b>536,435,692</b>	<b>551,710,836</b>	<b>499,245,682</b>
Less: Inter company elimination	(61,475,173)	(42,895,608)	(24,949,205)	(13,258,877)
	<b>529,538,377</b>	<b>493,540,084</b>	<b>526,761,631</b>	<b>485,986,805</b>
<b>13.10 Miscellaneous liabilities/payables</b>				
Payable (net of receivable) to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.	13.10.a 85,507,535	418,239,783	85,507,535	418,239,783
Received under compromise settlement of classified & w/off loans	62,767,881	138,864,456	62,767,881	138,864,456
AIT Payable on account of customer	-	76,500,000	-	76,500,000
Other liabilities (FDD payable, unclaimed instrument etc.)	170,932,341	173,006,439	162,512,806	173,006,439
	<b>319,207,757</b>	<b>806,610,678</b>	<b>310,788,222</b>	<b>806,610,678</b>
<b>13.10.a Payable (net of receivable) to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.</b>				
<b>Payable to Bangladesh Bank</b> (for Sanchaypatra, WEDB, DIB, DPB etc.)				
For sale of Sanchaypatra	361,070,000	714,920,000	361,070,000	714,920,000
For sale of WEDB, DIB, DPB etc.	6,542,400	650,000	6,542,400	650,000
	<b>367,612,400</b>	<b>715,570,000</b>	<b>367,612,400</b>	<b>715,570,000</b>
<b>Receivable from Bangladesh Bank</b>				
For encashment of Sanchaypatra	273,129,995	288,071,626	273,129,995	288,071,626
For encashment of WEDB, DIB & DPB	8,974,870	9,258,591	8,974,870	9,258,591
	<b>282,104,865</b>	<b>297,330,217</b>	<b>282,104,865</b>	<b>297,330,217</b>
<b>Closing balance</b>	<b>85,507,535</b>	<b>418,239,783</b>	<b>85,507,535</b>	<b>418,239,783</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**13.11 Other liabilities of subsidiaries**

Accounts payable (trading)	365,292,283	1,327,865,114
Sundry creditors	606,187	948,576
Dividend payable	83,899,794	440,000,000
Provision for Employees Gratuity Fund	6,980,580	2,545,252
	456,778,844	1,771,358,942
Less: Intra group outstanding balances		
Share trading account	(13,871,692)	(22,627,463)
Dividend account	(83,899,794)	(439,998,293)
	(97,771,486)	(462,625,756)
<b>Net other liabilities</b>	<b>359,007,358</b>	<b>1,308,733,186</b>

**13.b Nostro Reconciliation**

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 BDT 10 each	<b>12,000,000,000</b>	<b>12,000,000,000</b>	<b>12,000,000,000</b>	<b>12,000,000,000</b>
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**B) Issued, subscribed and fully paid up capital**

	2018	2017				
Issued against cash	129,345,000	129,345,000	1,293,450,000	1,293,450,000	1,293,450,000	1,293,450,000
Issued as bonus share	608,654,589	608,654,589	6,086,545,890	6,086,545,890	6,086,545,890	6,086,545,890
	<b>737,999,589</b>	<b>737,999,589</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>

**14.1 Slab wise list as on 31 December**

Pursuant to 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 is BDT 12,000,000,000 and issued/subscribed/fully paid up capital is BDT 7,379,995,890 denominated by BDT 10 per share. Detailed break up of paid up capital of BDT 7,379,995,890 as on 31 December 2018 is as follows:

**Percentage of group wise shareholding:**

Shareholders group	2018			2017		
	No. of shares	% of share holding	BDT	No. of shares	% of shareholding	BDT
Directors	232,911,064	31.56%	2,329,110,640	232,911,064	31.56%	2,329,110,640
General Public	428,773,387	58.10%	4,287,733,870	428,156,163	58.02%	4,281,561,630
Financial Institutions	76,315,138	10.34%	763,151,380	76,932,362	10.42%	769,323,620
<b>Total</b>	<b>737,999,589</b>	<b>100.00%</b>	<b>7,379,995,890</b>	<b>737,999,589</b>	<b>100.00%</b>	<b>7,379,995,890</b>

Range-wise distribution of the subscribed shares is given below as per regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited:

Range	No. of shareholders	No. of shares	% of shareholding
001-500	3,736	599,695	0.08%
501-5,000	3,073	5,064,540	0.69%
5,001-10,000	401	3,014,548	0.41%
10,001-20,000	261	3,662,231	0.50%
20,001-30,000	83	2,095,226	0.28%
30,001-40,000	40	1,426,790	0.19%
40,001-50,000	35	1,613,903	0.22%
50,001-100,000	98	7,000,134	0.95%
100,001-1,000,000	171	55,761,759	7.56%
1,000,001 and above	84	657,760,763	89.13%
<b>Total</b>	<b>7,982</b>	<b>737,999,589</b>	<b>100.00%</b>

Status of shareholding (shares of EBL) as on 31 December 2018 by CEO, CS, CFO, Head of Internal Control and Compliance and top five salaried executives is shown in the following table:

**Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) & Head of Internal Control & Compliance (HoICC) and their spouses & minor children.**

Name	Designation	No. of shares (EBL) held
Ali Reza Iftekhhar (with spouse & minor children)	Managing Director & CEO	-
Safiar Rahman (with spouse & minor children)	Deputy Managing Director & Company Secretary	-
Chowdhury MAQ Sarwar (with spouse & minor children)	Deputy Managing Director & Head of ICC	-
Masudul Hoque Sardar (with spouse & minor children)	EVP & Head of Finance	-

**Executives (Top five salaried executives other than CEO, CS, CFO & HoICC)**

Hassan O. Rashid	Additional Managing Director	-
Ahmed Shaheen	Deputy Managing Director - Corporate Banking	-
Abul Moqsud	Deputy Managing Director & CRO	-
Akhtar Kamal Talukder	Deputy Managing Director - Operations	30,114
Riad Mahmud Chowdhury	SEVP & Unit Head, Corporate Banking	-

**Shares held by any shareholder to the extent of 10% or more**

**Nil**

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**14.2 Capital to risk weighted assets ratio (CRAR):**

**Common Equity Tier -1 Capital**

Paid up capital	7,379,995,890	7,379,995,890	7,379,995,890	7,379,995,890
Statutory reserve	7,379,995,890	7,379,995,890	7,379,995,890	7,379,995,890
General reserve	603,493,370	130,000,000	603,493,370	130,000,000
Dividend equalization reserve	356,040,000	356,040,000	356,040,000	356,040,000
Retained earnings	4,959,549,554	3,305,226,375	4,637,557,933	3,019,572,918

**Regulatory adjustments:**

Goodwill and all other intangible assets (WDV of Software)	20,679,074,704	18,551,258,155	20,357,083,083	18,265,604,698
Reciprocal crossholdings in the CET 1 capital	(210,170,274)	(197,349,849)	(209,246,521)	(196,822,263)
Investment in own CET1 capital (mutual fund)	(5,475,900)	(27,868,488)	(4,680,900)	(21,440,376)
Deferred tax asset (95% as per BB Circular)	(13,339,260)	(13,339,260)	(13,339,260)	(13,339,260)
	(1,221,552,728)	(1,090,679,906)	(1,221,552,728)	(1,090,679,906)
	<b>19,228,536,542</b>	<b>17,222,020,652</b>	<b>18,908,263,674</b>	<b>16,943,322,893</b>

**Tier -2 Capital**

General provision	3,290,237,904	2,959,540,563	3,290,237,904	2,959,540,563
Subordinated debt	2,000,000,000	2,500,000,000	2,000,000,000	2,500,000,000
Revaluation reserves (50% of fixed assets & securities)	2,247,343,035	2,247,343,035	2,247,343,035	2,247,343,035
	<b>7,537,580,939</b>	<b>7,706,883,598</b>	<b>7,537,580,939</b>	<b>7,706,883,598</b>

**Regulatory adjustment:**

Revaluation reserves for fixed assets & securities (80% in 2018 & 60% in 2017)	(1,797,874,428)	(1,348,405,821)	(1,797,874,428)	(1,348,405,821)
	<b>5,739,706,511</b>	<b>6,358,477,777</b>	<b>5,739,706,511</b>	<b>6,358,477,777</b>

**A. Total regulatory capital**

B. Total risk weighted assets (RWA)	<b>24,968,243,053</b>	<b>23,580,498,429</b>	<b>24,647,970,185</b>	<b>23,301,800,670</b>
C. Minimum capital requirement (MCR) (10% on B)	207,716,569,584	170,677,175,061	202,655,010,057	165,435,329,078
D. Surplus/(deficiency) [A - C]	20,771,656,958	17,067,717,506	20,265,501,005	16,543,532,908
	<b>4,196,586,094</b>	<b>6,512,780,923</b>	<b>4,382,469,180</b>	<b>6,758,267,762</b>

**Capital to risk weighted assets ratio (CRAR)**

	Minimum requirement		Consolidated		Solo	
	2018	2017	2018	2017	2018	2017
On Tier-1 capital to RWA	6.00%	6.00%	9.26%	10.09%	9.33%	10.24%
Capital to RWA ratio (CRAR)	Against standard of minimum 10% with capital conservation buffer 1.875%	Against standard of minimum 10% with capital conservation buffer 1.25%	12.02%	13.82%	12.16%	14.09%

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>15 Statutory Reserve</b>				
Opening balance	7,379,995,890	6,991,700,268	7,379,995,890	6,991,700,268
Transferred from profit during the year	-	388,295,622	-	388,295,622
<b>Closing balance</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>
<b>16 Dividend equalization reserve</b>				
As per BRPD Circular No. 18 dated 20 October 2002, Banks are required to transfer an equal amount of net profit (amount by which cash dividend exceeds 20%) to Dividend Equalization Account while paying cash dividend in excess of 20%. This is treated as 'Core Capital' of the Bank.				
<b>17 Excess of reserve against pre take-over loss - BCCI</b>				
Reserve against pre take-over loss	17.1	1,554,759,750	1,554,759,750	1,554,759,750
Pre take-over loss	17.2	(911,901,857)	(911,901,857)	(911,901,857)
		642,857,893	642,857,893	642,857,893
Unclaimed deposit surrendered to Bangladesh Bank		(169,364,523)	(169,364,523)	-
		473,493,370	473,493,370	642,857,893
Residual balance transferred to General Reserve		(473,493,370)	(473,493,370)	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>	<b>642,857,893</b>
<b>17.1 Reserve against Pre take-over loss-BCCI</b>				
This represents the amount deducted from depositors and other accounts of customers of erstwhile BCCI branches in Bangladesh under clause 11(3) of the Scheme. In accordance with clause 14 of the Scheme, a one-time review of recovery status against BCCI assets was carried out in 1997 by Rahman Rahman Huq, Chartered Accountants. Consequentially, it was decided that no repayment of the deductions need to be made to the depositors of BCCI as per the Scheme. However, all the reserves of BCCI (net of residual balance of pre take-over loss) have been transferred to general reserve of EBL upon necessary approval from the central bank.				
<b>17.2 Pre take-over loss-BCCI</b>				
It represents the difference between BCCI assets and liabilities (excluding reserve) with assets in the higher side as on the reporting date. However, upon special approval from Bangladesh Bank, residual BCCI loan balance of BDT 554,229,366 has been written off and BCCI customer deposit of BDT 169,364,523 has been surrendered to Bangladesh Bank. Finally, the residual balance of Pre take-over loss of BCCI has been transferred to general reserve of the bank after netting off with BCCI reserve.				
Opening balance		(911,901,857)	(936,967,519)	(911,901,857)
Recovery during the year		-	25,065,662	-
<b>Closing balance</b>		<b>(911,901,857)</b>	<b>(911,901,857)</b>	<b>(911,901,857)</b>
<b>18 Assets revaluation reserve (land and other assets)</b>				
Reserve for revaluation of land properties	18.01	2,476,074,358	2,534,874,738	2,476,074,358
Reserve for revaluation of treasury securities (HFT)	18.02	2,838,449	1,465,284	2,838,450
Reserve for amortization of treasury securities (HTM)	18.03	7,092,034	9,964,360	7,092,034
Reserve against non-banking assets	18.04	121,671,165	121,671,165	121,671,165
Reserve for fair value of TRECs to EBLSL and Shares of DSE and CSE	18.05	85,418,367	-	-
		<b>2,693,094,374</b>	<b>2,667,975,547</b>	<b>2,607,676,007</b>
<b>18.01 Reserve for revaluation of land properties</b>				
Opening balance		2,534,874,738	2,534,874,738	2,534,874,738
Adjustment for impairment made during the year		(58,800,380)	(58,800,380)	-
<b>Closing balance</b>		<b>2,476,074,358</b>	<b>2,476,074,358</b>	<b>2,534,874,738</b>
This revaluation reserve is made against land properties only. In reality, buyers bear the tax on behalf of sellers at the time of land registration and taxes paid at the time of land registration are final discharge of related tax liability of the seller (bank). Hence, no deferred tax liability has been recognised on land revaluation reserve of the bank. There is no other material temporary timing difference in classified assets/liabilities for which deferred tax asset/liability is required to be accounted for in the year.				

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>18.02 Reserve for revaluation of treasury securities (HFT)</b>				
Opening balance	1,465,284	12,145,508	1,465,284	12,145,509
Addition during the year	33,763,308	5,344,502	33,763,308	5,344,502
Adjustment made during the year	(32,390,143)	(16,024,726)	(32,390,143)	(16,024,726)
<b>Closing balance</b>	<b>2,838,449</b>	<b>1,465,284</b>	<b>2,838,450</b>	<b>1,465,284</b>
*As per instruction/circular of Bangladesh Bank vide DOS circular letter no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
<b>18.03 Reserve for amortization of treasury securities (HTM)</b>				
Opening balance	9,964,360	6,200,987	9,964,360	6,200,987
Addition during the year	2,797,380	3,827,066	2,797,380	3,827,066
Adjustment made during the year	(5,669,706)	(63,692)	(5,669,706)	(63,692)
<b>Closing balance</b>	<b>7,092,034</b>	<b>9,964,360</b>	<b>7,092,034</b>	<b>9,964,360</b>
*As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
<b>18.04 Reserve against non-banking assets</b>				
Opening balance	121,671,165	141,288,665	121,671,165	141,288,665
Adjustment made during the year	-	(19,617,500)	-	(19,617,500)
<b>Closing balance</b>	<b>121,671,165</b>	<b>121,671,165</b>	<b>121,671,165</b>	<b>121,671,165</b>
<b>18.05 Reserve for fair value of TRECs to EBLSL and Shares of DSE and CSE (held by EBLSL under Demutualization Scheme)</b>				
Fair value of DSE-TREC held by EBLSL	481,427,540	-		
Fair value of CSE-TREC held by EBLSL	201,500,000	-		
Fair value of Shares of DSE (5,411,329 shares @ BDT10)	113,909,572	-		
Fair value of Shares of CSE (4,287,330 shares @ BDT 10)	43,879,755	-		
	<b>840,716,867</b>	<b>-</b>		
<b>Less:</b>				
Value of DSE Membership booked earlier	553,798,500	-		
Value of CSE Membership booked earlier	201,500,000	-		
	<b>755,298,500</b>	<b>-</b>		
<b>Revaluation reserve</b>	<b>85,418,367</b>	<b>-</b>		
<b>19 General reserve</b>				
Opening balance	130,000,000	130,000,000	130,000,000	130,000,000
Transfer of residual balance of Pre-take over loss- BCCI	473,493,370	-	473,493,370	-
<b>Closing balance</b>	<b>603,493,370</b>	<b>130,000,000</b>	<b>603,493,370</b>	<b>130,000,000</b>
<b>20 Foreign currency translation difference: [gain/(loss)]</b>				

Assets and liabilities of EBL Offshore Banking Unit and EBL Finance (HK) Ltd (for Consolidation) have been presented into BDT (which is the functional currency of the Bank) using year-end standard mid rate of exchange of the Bank @ USD 1 = BDT 83.90 and HKD 1= BDT 10.8188. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1= BDT 83.4592 & HKD 1= BDT 10.7620). The net cumulative result of the exchange differences has been presented separately as equity component as per IAS 21 (para 39).

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**21 Surplus in profit and loss account**

Opening balance	3,305,226,375	3,012,542,313	3,019,572,916	2,751,906,906
Profit for the year (excluding dividend from subsidiaries)	3,110,776,906	2,428,269,740	2,939,631,163	1,585,530,435
Transfer to statutory reserve	-	(388,295,622)	-	(388,295,622)
Bonus share issued	-	(351,428,370)	-	(351,428,370)
Cash dividend paid	(1,475,999,178)	(1,405,713,504)	(1,475,999,178)	(1,405,713,504)
Foreign currency adjustment for offshore	19,545,450	9,851,818	13,207,275	8,280,212
Dividend received from subsidiaries	-	-	141,145,756	819,292,860
<b>Closing balance</b>	<b>4,959,549,554</b>	<b>3,305,226,375</b>	<b>4,637,557,933</b>	<b>3,019,572,916</b>

**22 Contingent liabilities**

Acceptance and endorsements	<b>22.1</b>	57,033,419,112	37,313,068,570	57,033,419,112	37,313,068,570
Letters of guarantee	<b>22.2</b>	27,299,063,024	18,139,419,275	27,299,063,024	18,139,419,275
Irrevocable letters of credit	<b>22.3</b>	24,913,788,504	38,108,685,882	24,913,788,504	38,108,685,882
Bills for collection	<b>22.4</b>	7,676,005,477	7,055,462,385	7,676,005,477	7,055,462,385
Others (Securities holding SC-Agrabad branch)		378,933,000	-	378,933,000	-
Forward assets purchased and forward deposits placed (against FCY)	<b>22.5</b>	327,629,500	661,600,000	327,629,500	661,600,000
		<b>117,628,838,617</b>	<b>101,278,236,112</b>	<b>117,628,838,617</b>	<b>101,278,236,112</b>

**22.1 Acceptance and endorsements**

Acceptances (Back to Back)	9,852,345,271	8,524,839,138	9,852,345,271	8,524,839,138
Acceptances (ULC-Cash)	46,551,399,143	28,386,416,757	46,551,399,143	28,386,416,757
Acceptances (Against Contract-Agrabad branch)	81,849,552	-	81,849,552	-
	<b>56,485,593,965</b>	<b>36,911,255,895</b>	<b>56,485,593,965</b>	<b>36,911,255,895</b>
Acceptances (ULC-Cash)- Offshore Banking Unit	547,825,146	401,812,675	547,825,146	401,812,675
	<b>57,033,419,112</b>	<b>37,313,068,570</b>	<b>57,033,419,112</b>	<b>37,313,068,570</b>

As per BRPD circular letter no 01 dated 03 January 2018, 1% general provision on Letter of Credit issued in favour of Fast Track Power Projects against LOI under BPDB has been waived. As such, on the reporting date, no general provision on outstanding Acceptance value of BDT 5,921.20 million issued on account of Fast Track Power Projects has been maintained.

**22.2 Letters of guarantees**

Directors	-	-	-	-
Government	514,331,129	501,196,327	514,331,129	501,196,327
Banks and other financial institutions	12,561,447,080	7,025,375,955	12,561,447,080	7,025,375,955
Others (Customers etc.)	14,223,284,815	10,612,846,993	14,223,284,815	10,612,846,993
	<b>27,299,063,024</b>	<b>18,139,419,275</b>	<b>27,299,063,024</b>	<b>18,139,419,275</b>
Letters of guarantee-Offshore Banking Unit	-	-	-	-
	<b>27,299,063,024</b>	<b>18,139,419,275</b>	<b>27,299,063,024</b>	<b>18,139,419,275</b>

1% General provision has been maintained against Letter of Guarantee (except those against which counter guarantee has been issued by Multilateral Development Banks/International Banks having BB rating grade equivalent 1 to 4 (provision rate ranges from 0% - 0.75%) as per BRPD circular no 13 dated 18 October 2018.

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>22.2.1</b>	<p>A case was filed at Artha Rin Adalat-3, Dhaka by Eastern Bank Limited (EBL), successor of BCCI Overseas Limited, against National Bank Limited (NBL) for issuing guarantee which has been decreed against NBL on 04 January 2004 for BDT 27,366,450 plus interest @ 18% p.a. amounting to BDT 45,565,139 (from 01 October 1994 to 31 December 2003) making an aggregate amount of BDT 72,931,589. Against the decreed amount, NBL made an appeal against the order which was dismissed on 14 July 2014 in favor of EBL by the Honorable High Court, Dhaka. Before filing the appeal, NBL had paid BDT 13,683,225 to the court being 50% of the principal decreed amount. Again, NBL filed an appeal on 30 July 2015 in the Honorable Supreme Court, Dhaka against the judgment passed by the Honorable High Court, Dhaka. After hearing both the parties the honorable Appellate Division of the Supreme Court passed judgment on 19 May 2016 in favor of EBL, thereafter NBL filed a review petition against the said judgment in the Appellate Division. After obtaining the judgment, EBL restored its Artha Execution Case No. 188/2005 in Artha Rin Adalat 03, Dhaka. Thereafter, EBL filed an application to issue the attachment order to NBL; accordingly the court issued show cause notice upon NBL for attachment. Finally NBL proposed to settle the account amicably and agreed to pay EBL claim. As a result, EBL recovered BDT 84,713,408.26 from NBL. Thereafter, the Artha Execution Case no. 188/2005 filed against NBL has been withdrawn.</p>			
<b>22.3 Irrevocable letters of credit</b>				
Letters of credit - Cash sight	4,645,520,552	5,428,333,393	4,645,520,552	5,428,333,393
Letters of credit - Cash usance	12,641,153,713	26,302,988,193	12,641,153,713	26,302,988,193
Letters of credit - Back to back	6,838,117,300	6,111,408,701	6,838,117,300	6,111,408,701
	<b>24,124,791,565</b>	<b>37,842,730,287</b>	<b>24,124,791,565</b>	<b>37,842,730,287</b>
Letters of credit (Cash sight)-Offshore Banking Unit	223,862,502	27,421,267	223,862,502	27,421,267
Letters of credit (Cash usance)-Offshore Banking Unit	565,134,436	238,534,328	565,134,436	238,534,328
	<b>24,913,788,504</b>	<b>38,108,685,882</b>	<b>24,913,788,504</b>	<b>38,108,685,882</b>
<b>22.4 Bills for collection</b>				
Foreign Documentary Bills Collection	2,922,347,368	3,125,808,016	2,922,347,368	3,125,808,016
Local Documentary Bills Collection	4,094,546,697	3,119,004,851	4,094,546,697	3,119,004,851
	<b>7,016,894,065</b>	<b>6,244,812,867</b>	<b>7,016,894,065</b>	<b>6,244,812,867</b>
Bills for collection- Offshore Banking Unit	659,111,412	810,649,518	659,111,412	810,649,518
	<b>7,676,005,477</b>	<b>7,055,462,385</b>	<b>7,676,005,477</b>	<b>7,055,462,385</b>
As per BRPD circular no 07 dated 21 June 2018, 1% general provision on Bills for Collection has been waived. As such no general provision on outstanding Bills for Collection worth BDT 7,676.00 million has been maintained as on the reporting date.				
<b>22.5 Forward assets purchased and forward deposits placed (against FCY)</b>				
Forward assets purchased	327,629,500	661,600,000	327,629,500	661,600,000
Forward deposits placed	-	-	-	-
	<b>327,629,500</b>	<b>661,600,000</b>	<b>327,629,500</b>	<b>661,600,000</b>
As per BRPD instruction, 1% general provision on outstanding Forward Assets Purchased worth BDT 327.63 million has been maintained.				
<b>23 Interest income</b>				
Interest on loans and advances	19,064,717,142	14,138,204,226	18,417,196,385	13,691,573,824
Interest on money at call and short notice	12,209,406	20,925,564	12,209,406	20,925,564
Interest on placement with banks and Financial Institutions	1,638,032,431	1,045,316,262	1,616,492,442	1,030,415,661
Interest on foreign currency balances	27,348,652	12,560,814	27,348,652	12,560,814
	<b>20,742,307,631</b>	<b>15,217,006,866</b>	<b>20,073,246,885</b>	<b>14,755,475,863</b>
Less: Elimination of inter unit/company transactions	(554,093,970)	(606,487,970)	(251,966,758)	(356,372,035)
	<b>20,188,213,662</b>	<b>14,610,518,896</b>	<b>19,821,280,127</b>	<b>14,399,103,828</b>
<b>24 Interest paid on deposits and borrowings</b>				
Interest on deposits	<b>24.01</b> 9,946,097,534	6,769,640,185	9,946,097,534	6,769,640,185
Interest on borrowings from Banks & FIs	<b>24.02</b> 2,591,699,184	2,172,337,107	2,027,451,881	1,844,688,037
Interest on borrowings from BB & others	<b>24.03</b> 592,804,418	395,731,626	592,804,418	395,731,626
Interest on Margin	676,183	676,183	676,183	676,183
	<b>13,131,277,319</b>	<b>9,338,385,101</b>	<b>12,567,030,016</b>	<b>9,010,736,031</b>
Less: Elimination of inter unit/company transactions	(554,093,970)	(606,487,970)	(251,966,758)	(356,372,035)
	<b>12,577,183,349</b>	<b>8,731,897,132</b>	<b>12,315,063,258</b>	<b>8,654,363,996</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>24.01 Interest on deposits</b>				
Interest on Savings Deposits	1,642,257,295	1,598,641,779	1,642,257,295	1,598,641,779
Interest on Special Notice Deposits (SND)	1,471,554,538	948,929,692	1,471,554,538	948,929,692
Interest on Term Deposits	6,832,285,701	4,222,068,714	6,832,285,701	4,222,068,714
	<b>9,946,097,534</b>	<b>6,769,640,185</b>	<b>9,946,097,534</b>	<b>6,769,640,185</b>
<b>24.02 Interest on borrowings from Banks &amp; FIs</b>				
Interest on demand borrowing	1,914,492,525	1,466,106,046	1,700,898,938	1,317,505,578
Interest on term borrowing	429,175,466	418,240,964	78,521,750	239,192,361
Interest on Subordinated Bond	241,417,809	287,499,999	241,417,809	287,499,999
Inter-bank Repo (Repurchase agreement)	6,613,384	490,099	6,613,384	490,099
	<b>2,591,699,184</b>	<b>2,172,337,107</b>	<b>2,027,451,881</b>	<b>1,844,688,037</b>
<b>24.03 Interest on borrowings from BB &amp; others</b>				
Borrowing under IPFF	5,293,013	27,993,428	5,293,013	27,993,428
Borrowing under EDF	421,041,699	215,846,095	421,041,699	215,846,095
Borrowing under LTFF	62,227,370	36,142,917	62,227,370	36,142,917
Borrowing under BADP (refinance scheme)	19,808,742	24,402,256	19,808,742	24,402,256
Borrowing under SMESPD (refinance scheme)	53,084,517	58,641,012	53,084,517	58,641,012
Second Crop Diversification Project	29,040,384	31,005,807	29,040,384	31,005,807
Borrowing from SME Foundation	1,490,556	1,700,111	1,490,556	1,700,111
Borrowing under ALS	818,137	-	818,137	-
	<b>592,804,418</b>	<b>395,731,626</b>	<b>592,804,418</b>	<b>395,731,626</b>
<b>25 Investment income</b>				
<b>Dividend Income:</b>				
From subsidiary companies	-	-	141,145,756	819,292,860
From other companies	160,292,377	139,525,803	102,252,957	72,393,470
	<b>160,292,377</b>	<b>139,525,803</b>	<b>243,398,713</b>	<b>891,686,330</b>
Interest on reverse REPO	24,073,926	19,714,277	24,073,926	19,714,277
Interest on commercial paper	2,409,333	18,193,778	2,409,333	18,193,778
Interest on corporate bonds	185,918,730	128,594,324	185,918,730	128,594,324
Interest on treasury bonds	1,550,801,722	1,911,563,283	1,550,801,722	1,911,563,283
Interest on govt. treasury/bangladesh bank bills	50,022,534	5,938,666	50,022,534	5,938,666
Gain (net of loss) from trading in govt. securities	37,758,418	24,894,988	37,758,418	24,894,988
(Loss) on revaluation of treasury securities (HFT)*	(26,086,054)	(25,249,088)	(26,086,054)	(25,249,088)
Net Gain/(Loss) on sale of quoted securities	327,157,557	1,028,892,144	249,574,217	439,349,076
	<b>2,312,348,542</b>	<b>3,252,068,177</b>	<b>2,317,871,538</b>	<b>3,414,685,634</b>
*As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
<b>26 Commission, exchange and brokerage</b>				
Fees, commission and charges	<b>26.1</b>	2,195,765,294	2,026,590,822	2,090,284,857
Exchange gain (net of exchange loss)	<b>26.2</b>	1,020,945,370	1,107,405,743	1,020,093,019
Brokerage commission	<b>26.3</b>	251,007,559	392,734,499	-
		<b>3,467,718,223</b>	<b>3,526,731,064</b>	<b>3,110,377,876</b>
		<b>3,049,485,817</b>		

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>26.1 Fees, commission and charges:</b>				
Loan processing fees	237,031,109	288,550,104	237,031,109	288,550,104
Service charges (Periodic & Adhoc)	334,809,530	350,452,981	334,840,610	299,010,327
Early settlement fees	44,269,474	56,317,376	44,269,474	56,317,376
Cards fees & charges (net of cards direct expenses) <b>26.1.a</b>	499,923,216	494,434,643	499,923,216	494,434,643
Commission on general banking (PO, FDD, remittance, etc)	99,232,432	102,218,820	99,232,432	102,218,820
Commission on trade business (LG, LC, Acceptance)	980,499,534	734,616,898	874,988,017	703,252,397
	<b>2,195,765,294</b>	<b>2,026,590,822</b>	<b>2,090,284,857</b>	<b>1,943,783,667</b>
<b>26.1.a Cards fees and charges (net of cards direct expenses):</b>				
<b>Cards fees and charges:</b>				
Fees and charges (Debit, Prepaid Cards, etc.)	151,548,255	140,581,292	151,548,255	140,581,292
<b>Fees and charges (Credit cards):</b>				
Annual and transactional fees	141,144,387	137,499,323	141,144,387	137,499,323
Late payment and overlimit fees	181,951,591	165,003,601	181,951,591	165,003,601
Cash advance fees	25,057,422	20,928,882	25,057,422	20,928,882
Interchange reimbursement (IRF) and acquiring fees	163,658,876	129,728,898	163,658,876	129,728,898
Risk assurance premium	85,775,753	77,321,777	85,775,753	77,321,777
Merchant service commission	83,076,904	47,671,154	83,076,904	47,671,154
Card cheque fees	49,534,129	55,326,058	49,534,129	55,326,058
Replacement fees and others	28,250,144	22,665,858	28,250,144	22,665,858
	<b>909,997,462</b>	<b>796,726,842</b>	<b>909,997,462</b>	<b>796,726,842</b>
<b>Cards direct expenses</b>				
Membership and Priority Pass	172,729,377	145,868,601	172,729,377	145,868,601
Acquiring and IRF charges	68,207,134	33,727,884	68,207,134	33,727,884
Insurance expense	94,870,038	78,266,255	94,870,038	78,266,255
Other service charges (ATM card usage, cash back, reward etc)	74,267,697	44,429,459	74,267,697	44,429,459
	<b>410,074,246</b>	<b>302,292,199</b>	<b>410,074,246</b>	<b>302,292,199</b>
<b>Total cards fees and charges (net of direct expenses)</b>	<b>499,923,216</b>	<b>494,434,643</b>	<b>499,923,216</b>	<b>494,434,643</b>
<b>26.2 Exchange gain (net of exchange loss)</b>				
Gain on exchange trading (other than cards business)	2,859,205,802	3,359,424,166	2,832,093,342	3,348,725,028
Less: Exchange loss	1,931,313,720	2,393,324,902	1,905,053,611	2,384,329,357
	<b>927,892,082</b>	<b>966,099,264</b>	<b>927,039,731</b>	<b>964,395,671</b>
Exchange gain from cards business	133,290,331	171,503,926	133,290,331	171,503,926
Less: Exchange loss	40,237,043	30,197,447	40,237,043	30,197,447
	<b>93,053,288</b>	<b>141,306,479</b>	<b>93,053,288</b>	<b>141,306,479</b>
<b>Total</b>	<b>1,020,945,370</b>	<b>1,107,405,743</b>	<b>1,020,093,019</b>	<b>1,105,702,150</b>
<b>26.3 Brokerage commission</b>				
Brokerage commission (DSE and CSE)	254,705,737	404,202,971		
Brokerage commission (Dealer)	3,181,579	14,474,860		
Settlement fees & commission	20,638,280	22,572,849		
Management & trustee fees	7,063,497	6,746,065		
	<b>285,589,093</b>	<b>447,996,745</b>		
<b>Less: Direct expenses</b>				
Laga and Howla charges	22,551,283	35,521,394		
CDBL charges	12,030,251	19,740,852		
	<b>34,581,534</b>	<b>55,262,246</b>		
	<b>251,007,559</b>	<b>392,734,499</b>		

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>27 Other operating income</b>				
Rebate earnings	94,274,583	67,539,628	94,274,583	67,539,628
Postage charges recovered	34,778,838	28,667,108	16,135,706	14,704,071
Swift charges recovered	63,179,953	56,795,749	63,179,953	56,795,749
Service charges (others)	8,500,934	7,691,878	8,500,934	7,691,878
Locker rent	18,052,600	16,957,860	18,052,600	16,957,860
(Loss)/gain on disposal of fixed assets	(11,414,348)	16,717,478	(11,427,666)	16,676,494
Other earnings	16,090,386	11,410,696	16,043,816	11,410,696
	<b>223,462,947</b>	<b>205,780,397</b>	<b>204,759,927</b>	<b>191,776,376</b>

Commission, fees and charges received against export and export related services are VAT exempted as per service code S056 of SRO 188-AIN/2012/646-MUSHAK, dated 07 June 2012.

## 28 Salary & allowances (excluding those of MD)

Basic salary	1,205,170,116	1,065,310,484	1,131,765,236	1,004,265,282
Other salary & allowances	1,583,425,741	1,438,988,499	1,539,747,240	1,402,014,192
Festival bonus	194,014,865	170,699,258	188,515,567	166,300,947
Performance bonus	290,211,556	270,278,317	279,000,000	259,000,000
Contribution to provident fund	111,421,536	98,868,331	108,453,323	96,669,592
Contribution to gratuity fund	<b>28.1</b> 187,173,612	154,262,614	180,193,032	151,484,569
Contribution to superannuation fund	<b>28.2</b> 15,510,000	17,880,000	15,510,000	17,880,000
	<b>3,586,927,426</b>	<b>3,216,287,504</b>	<b>3,443,184,398</b>	<b>3,097,614,582</b>

\*The number of regular employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 p.a. or above were 1,715 at the end of December 2018 as against 1,594 at the end of December 2017.

### 28.1 Contribution to gratuity fund

Contribution to gratuity fund is made as per actuarial valuation of the fund. Valuation is carried out on 'Projected unit credit method' as recommended by International Accounting Standard (IAS) 19 'Employee Benefits'. Under this method the valuation is 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).

The latest valuation was carried out on 30 September 2018 effective from 01 October 2018. Actuary recommended that the bank will continue to contribute at least 18.13% of basic salary into the fund each year until the next actuarial review is done. The bank is maintaining recommended contribution from the effective date.

#### Calculation of service cost as per actuarial valuation:

	Rate (% of basic salary)
Current Service Cost	10.91%
Past Service Cost	7.22%
	<b>18.13%</b>

### 28.1.a Contribution to Gratuity fund during the year

Required contribution for the year (14.90% on basic salary from January-September'18 and 18.13% on basic salary from October-December'18)	180,193,032
Maintained during the year	180,193,032
<b>Surplus / (shortage)</b>	<b>-</b>

### 28.2 Contribution to superannuation fund

Contribution to superannuation fund is made as per actuarial valuation of the fund. Valuation is carried out on 'Projected unit credit method' as per International Accounting Standard (IAS) 19 'Employee Benefits' to determine the present value of obligations and the related current service cost and, where applicable past service cost. The amount of obligation is determined on the occurrence of certain pre-defined events which is related with employee rank (not salary) and certain threshold level of service being reached i.e. survival or withdrawal probabilities.

The latest valuation was carried out on 30 September 2018 effective from 01 October 2018. The actuary recommended a contribution of at least BDT 0.70 million per month into the fund until the next actuarial investigation is carried out.

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>28.2.a Contribution to Superannuation fund during the year</b>				
Required contribution for the year			15,510,000	
Maintained during the year			15,510,000	
<b>Surplus / (shortage)</b>			<b>-</b>	
<b>29 Rent, taxes, insurance, utilities etc.</b>				
Rents, rates and taxes - Premises & Equipments	568,717,538	536,895,477	539,759,368	516,116,620
Insurance premium*	123,729,888	104,180,366	122,986,797	103,542,846
Utilities (except telecommunication)	121,066,176	116,006,466	115,529,600	112,099,100
	<b>813,513,602</b>	<b>757,082,308</b>	<b>778,275,765</b>	<b>731,758,565</b>
The major portion of this premium (BDT 112 million in 2018) was paid to Bangladesh Bank as per DOS circular letter no 1 dated 10 January 2007 and Circular no. DID-02/2012 dated 02 October 2012 in exchange of coverage of deposits up to certain threshold in case the bank goes bankrupt. The rest of the premium covers Property, Cash etc.				
<b>30 Legal &amp; professional expenses</b>				
Professional fees (Consultancy, advisory, certification, etc.)	21,069,759	16,236,322	20,791,023	15,080,765
Professional fees (Loan recovery & Contact point verification)	1,771,725	42,238,996	1,771,725	42,238,996
Lawyers' professional fees	25,332,882	31,869,454	24,871,932	31,749,854
Other legal expenses (Court expense, auction notice, etc.)	53,268,752	52,918,195	53,127,124	52,781,653
	<b>101,443,119</b>	<b>143,262,967</b>	<b>100,561,805</b>	<b>141,851,268</b>
<b>31 Postage, stamp, telecommunication etc.</b>				
Telephone - office (including SMS service)	46,471,319	45,389,221	46,048,135	44,293,019
Network link, Internet, swift and DR maintenance cost	61,362,790	60,173,212	59,318,096	57,639,787
Postage and courier charges	36,411,191	32,226,922	29,901,585	27,413,100
Stamp and court fees	759,714	643,633	759,714	643,633
	<b>145,005,015</b>	<b>138,432,989</b>	<b>136,027,531</b>	<b>129,989,539</b>
<b>32 Stationery, printing, advertisement, business promotion etc.</b>				
Printing and stationery	77,370,321	78,986,610	76,493,931	76,428,251
Advertisement (Print & electronic media, POC materials etc.)	57,427,516	51,472,240	56,943,238	50,799,617
Business promotional expenses for Skylounge	148,340,320	142,107,836	148,340,320	142,107,836
Business promotional expenses for Priority and others	63,668,686	54,787,098	54,807,245	47,261,816
	<b>346,806,843</b>	<b>327,353,784</b>	<b>336,584,734</b>	<b>316,597,520</b>
<b>33 Managing Director's salary and allowances (Bank only)</b>				
Basic salary	13,650,645	12,409,678	13,650,645	12,409,678
Allowances	4,800,000	4,800,000	4,800,000	4,800,000
Bonus (Festival and Performance)	3,200,000	3,100,000	3,200,000	3,100,000
Bank's contribution to provident fund	1,365,065	1,240,968	1,365,065	1,240,968
	<b>23,015,710</b>	<b>21,550,646</b>	<b>23,015,710</b>	<b>21,550,646</b>
<b>34 Directors' fees and expenses</b>				
Meeting attendance fees	2,452,950	2,381,650	2,217,200	2,042,400
Other expenses (refreshment, conveyance etc.)	2,513,021	2,079,933	2,513,021	2,079,933
	<b>4,965,971</b>	<b>4,461,583</b>	<b>4,730,221</b>	<b>4,122,333</b>

Each director of the Bank is paid for BDT 8,000 as per BRPD circular letter no. 11 dated 4 October 2015 per board or board committee meeting attended in 2018.

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>35 Audit Fees</b>				
Statutory audit fees	1,954,701	1,578,617	1,008,750	800,000
VAT on audit fees (i.e. 15%)	145,663	143,413	120,000	120,000
	<b>2,100,364</b>	<b>1,722,030</b>	<b>1,128,750</b>	<b>920,000</b>
Audit fees include BDT 208,750 incurred for EBL Yangon representative office, Myanmar.				
<b>36 Repairs, maintenance and depreciation</b>				
<b>Depreciation: (Annexure 'A' )</b>				
Building and floor spaces	22,632,036	18,225,183	22,632,036	18,225,183
Machinery and equipments	75,154,843	76,308,888	74,128,996	75,339,145
Computer and network equipments	55,559,233	52,600,084	53,143,178	50,474,412
Electromechanical Equipments	4,281,945	-	4,281,945	-
Vehicles	23,908,941	20,503,901	19,772,588	17,552,574
Furniture and fixtures	34,971,207	30,386,621	33,199,961	29,229,903
Software	54,365,010	63,538,023	54,105,656	63,104,713
	<b>270,873,215</b>	<b>261,562,700</b>	<b>261,264,360</b>	<b>253,925,930</b>
<b>Repairs, maintenance and spare parts</b>				
Machinery and equipments	71,124,686	67,904,089	69,926,765	67,670,568
Vehicles	12,693,589	10,671,795	12,371,653	10,563,040
Furniture and fixtures	19,533,911	10,267,869	19,530,144	10,168,160
Rented premises- general	70,063,132	46,646,992	67,968,416	43,367,442
Rented premises-electricity & lighting	18,633,825	14,277,352	18,633,825	13,680,842
Software maintenance	113,030,166	92,529,502	112,240,221	91,763,684
	<b>305,079,309</b>	<b>242,297,599</b>	<b>300,671,024</b>	<b>237,213,736</b>
<b>Total</b>	<b>575,952,524</b>	<b>503,860,299</b>	<b>561,935,384</b>	<b>491,139,666</b>
<b>37 Other expenses</b>				
Business travelling and conveyance	60,817,577	58,670,694	58,570,749	55,711,170
Bank charges	64,483,177	81,218,791	63,330,358	80,142,276
Cards production cost	30,298,500	8,034,500	30,298,500	8,034,500
POS Acquiring Expenses	20,900,000	10,934,000	20,900,000	10,934,000
Donation (including CSR)	81,227,950	153,091,040	81,088,044	152,947,536
Fees and subscriptions	3,979,442	6,067,502	3,741,068	5,858,479
Recruitment and training expenses	25,581,696	22,419,400	25,101,034	19,694,469
Entertainment and recreation	46,429,762	45,515,013	40,147,931	40,326,269
Office securities (Cash carrying, office premises etc.)	135,094,105	135,236,143	134,339,333	134,573,743
Business and internal events	18,622,993	22,076,556	18,622,993	22,076,556
Reward and recognition	9,178,258	7,610,867	9,178,258	7,610,867
Sales and collection commision (DST, Agency, Dealers)	102,922,811	115,201,499	102,922,811	115,201,499
Expense for EBL Sub-ordinated bond	3,809,893	3,429,643	3,809,893	3,429,643
Other operating expenses (uniform, freight, books, shares etc)	17,949,556	12,996,129	17,820,554	12,986,939
Other expenses of subsidiaries	<b>37.1</b> 13,762,733	10,945,959	-	-
	<b>635,058,454</b>	<b>693,447,735</b>	<b>609,871,527</b>	<b>669,527,945</b>
<b>37.1 Other expenses of subsidiaries</b>				
Registration, renewal & IPO expense	1,232,404	1,283,484		
Guarantee premium	12,158,854	8,797,500		
Other administration expenses	371,475	864,975		
	<b>13,762,733</b>	<b>10,945,959</b>		

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per VAT Act 1991.

Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>38 Other provisions</b>					
Provision charged/(released) for protested bill & others	<b>13.6</b>	42,026,000	(187,380)	42,026,000	(187,380)
Provision for rebate to good borrowers	<b>13.7</b>	-	10,414,415	-	10,414,415
Provision (release) on revaluation (or sale) of quoted securities	<b>13.8</b>	372,523,580	(16,954,753)	328,434,944	(46,738,633)
		<b>414,549,580</b>	<b>(6,727,719)</b>	<b>370,460,944</b>	<b>(36,511,598)</b>
<b>39 Deferred tax expense/(income) (net)</b>					
Deferred tax income arisen for charging specific provision	<b>9.10.a</b>	(137,760,865)	(182,025,097)	(137,760,865)	(182,025,097)
Deferred tax expense/(income) in WDV of Fixed Assets	<b>9.10.b</b>	57,344,019	(11,147,146)	57,344,019	(11,147,146)
		<b>(80,416,846)</b>	<b>(193,172,244)</b>	<b>(80,416,846)</b>	<b>(193,172,244)</b>
<b>40 Earnings per share</b>					
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 2018 as per IAS 33: Earnings Per Share. Diluted EPS was not required to calculate as there was no dilution possibilities during the year.					
Number of shares before bonus share issued		737,999,589	737,999,589	737,999,589	737,999,589
Bonus shares issued in 2018		-	-	-	-
<b>A. Number of ordinary shares outstanding:</b>		<b>737,999,589</b>	<b>737,999,589</b>	<b>737,999,589</b>	<b>737,999,589</b>
<b>B. Earnings Per Share (EPS):</b>					
Net profit attributable to the shareholders of EBL		3,110,776,906	2,428,269,740	3,080,776,920	2,404,823,293
Number of ordinary shares outstanding:		737,999,589	737,999,589	737,999,589	737,999,589
<b>Earnings per share (EPS)</b>		<b>4.22</b>	<b>3.29</b>	<b>4.17</b>	<b>3.26</b>
<b>41 Changes in other assets (Cash flow item)</b>					
<b>Opening Balance:</b>					
TREC of DSE (in exchange of membership license)		553,800,000	553,800,000	-	-
TREC of CSE (in exchange of membership license)		201,500,000	201,500,000	-	-
Receivable from subsidiaries		-	-	17,494,671	213,833,968
Stock of stationeries		13,162,729	12,624,241	13,162,729	12,624,241
Stamps on hand		7,232,388	3,382,597	7,185,688	3,371,397
Advance to staff for expenses		754,509	1,484,658	754,509	1,484,658
Security deposits-govt. agencies		12,080,611	6,934,714	6,004,564	6,494,714
Interest and dividend receivables		711,849,402	628,557,273	1,163,352,334	776,972,930
Sundry receivables		350,909,425	480,080,667	345,355,945	443,006,103
Advance rent		324,847,799	309,150,611	323,730,799	306,458,786
Prepayments and advance to vendors		937,051,222	654,623,283	931,364,350	654,196,868
Deferred tax assets (net of liabilities)		1,130,283,018	937,110,774	1,130,283,018	937,110,773
Other assets of subsidiaries		1,079,685,431	243,633,584	-	-
		<b>5,323,156,535</b>	<b>4,032,882,403</b>	<b>3,938,688,608</b>	<b>3,355,554,437</b>
<b>Closing Balance:</b>					
Investment in DSE (TREC and Shares of DSE )		595,337,112	553,800,000	-	-
Investment in CSE (TREC and Shares of CSE )		245,379,755	201,500,000	-	-
Receivable from subsidiaries		-	-	6,794,437	17,494,671
Stock of stationeries		17,130,137	13,162,729	17,130,137	13,162,729
Stamps on hand		5,628,561	7,232,388	5,588,511	7,185,688
Advance to staff for expenses		3,474,945	754,509	3,356,626	754,509
Security deposits-govt. agencies		11,596,802	12,080,611	7,319,364	6,004,564
Interest and dividend receivables		616,646,229	711,849,402	698,189,196	1,163,352,334
Sundry receivables		465,640,214	648,239,642	450,440,214	642,686,162
Advance rent		334,548,100	324,847,799	331,998,090	323,730,799
Prepayments and advance to vendors		94,372,970	937,051,222	93,433,386	931,364,350
Deferred tax assets (net of liabilities)		1,210,699,864	1,130,283,018	1,210,699,864	1,130,283,018

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
Other assets of subsidiaries	31,186,399	1,079,685,431	-	-
Adjustment for other non-cash items	(37,629,909)	70,767,479	(126,934,915)	84,559,672
<b>Net cash changes in other assets</b>	<b>1,653,885,538</b>	<b>(1,516,836,870)</b>	<b>986,803,867</b>	<b>(795,904,716)</b>

## 42 Changes in other liabilities (Cash flow items)

### Opening balances

Privileged creditors	422,890,252	322,742,145	422,890,252	322,741,667
Acquirer liabilities	601,799,164	500,234,880	601,799,164	500,234,880
Sundry creditors	62,107,724	61,162,902	62,107,724	61,162,902
Security deposit	52,615,151	44,290,752	52,587,551	44,290,752
Current tax liability/(assets)	1,467,645,142	1,492,097,992	1,421,527,646	1,481,686,518
Provision for loans, advances and OBS exposures (excluding OBU)	7,085,143,461	5,808,671,100	7,058,305,501	5,778,325,235
Provision for loans, advances and OBS exposures (OBU)	280,235,064	242,461,849	280,235,064	242,461,849
Interest suspense account	1,478,980,025	1,476,831,793	1,372,871,626	1,294,241,388
Provision for protested bill & others	10,770,000	11,046,380	10,770,000	11,046,380
Provision for non-banking assets	12,345,330	12,761,835	12,345,330	12,761,835
Provision for rebate to good borrowers	36,100,257	25,685,842	36,100,257	25,685,842
Provision for loss on revaluation of shares (net)	74,668,232	91,622,986	33,232,549	79,971,182
Advance interest/commission received	27,115,409	20,653,393	21,144,001	17,831,174
Expenses payable	499,102,150	401,199,336	458,006,884	386,669,340
Interest payable on borrowing including OBU	493,540,084	365,590,573	485,986,805	365,590,573
Miscellaneous liabilities	806,610,679	643,795,835	806,610,679	643,796,007
Other liabilities of subsidiaries	1,308,733,186	449,714,429	-	-
	<b>14,720,401,311</b>	<b>11,970,564,022</b>	<b>13,136,521,033</b>	<b>11,268,497,524</b>

### Closing balances

Privileged creditors	483,476,704	422,890,252	483,476,704	422,890,252
Acquirer liabilities	733,163,686	601,799,164	733,163,686	601,799,164
Sundry creditors	47,280,131	62,107,724	47,280,131	62,107,724
Security deposit	15,472,476	52,615,151	15,472,476	52,587,551
Current tax liability/(assets)	1,515,399,023	1,467,645,142	1,485,181,664	1,421,527,646
Provision for loans, advances and OBS exposures (excluding OBU)	7,252,795,569	7,085,143,461	7,175,921,693	7,058,305,501
Provision for loans, advances and OBS exposures (OBU)	232,712,071	280,235,064	232,712,071	280,235,064
Interest suspense account	1,348,450,204	1,478,980,025	1,178,840,387	1,372,871,626
Provision for protested bill & others	52,516,000	10,770,000	52,516,000	10,770,000
Provision for non-banking assets	12,345,330	12,345,330	12,345,330	12,345,330
Provision for rebate to good borrowers	36,100,257	36,100,257	36,100,257	36,100,257
Provision for loss on revaluation of shares (net)	447,191,812	74,668,232	361,667,493	33,232,549
Advance interest/commission received	37,972,162	27,115,409	25,361,010	21,144,001
Expenses payable	480,297,229	499,102,150	446,296,976	458,006,884
Interest payable on borrowing including OBU	529,538,377	493,540,084	526,761,631	485,986,805
Miscellaneous liabilities	319,207,757	1,103,940,896	310,788,222	1,103,940,896
Other liabilities of subsidiaries	359,007,358	1,308,733,186	-	-
	<b>13,902,926,147</b>	<b>15,017,731,527</b>	<b>13,123,885,732</b>	<b>13,433,851,250</b>
Adjustment for other non cash items	(73,154,349)	(196,891,386)	(68,192,183)	(186,807,173)
<b>Net cash changes in other liabilities</b>	<b>(890,629,513)</b>	<b>2,850,276,119</b>	<b>(80,827,484)</b>	<b>1,978,546,553</b>

## 43 Events after the reporting period

The Board of Directors of Eastern Bank Limited recommended 30 % dividend (20 % cash and 10% bonus share) in 644 board meeting held on 10 April 2019 for the year 2018. Eligible shareholders (who hold EBL shares on the record date i. e. 06 May 2019) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is BDT 2,213,998,767.

**Schedule of Fixed Assets**

as at 31 December 2018

Annexure - A  
Amount in BDT

Particulars	Cost					Accumulated Depreciation & Amortization				Net Book Value as at 31 December 2018
	Balance as at 01 January 2018	Revaluation Reserve	Additions during the year	Disposal/ transfer during the year	Balance as at 31 December 2018	Balance as at 01 January 2018	Charge for the year	On disposals during the year	Balance as at 31 December 2018	
<b>Tangible assets</b>										
Land	4,044,759,466	(58,800,380)	697,700	-	3,986,656,786	-	-	-	-	3,986,656,786
Building and floor spaces	730,856,590	-	697,698,932	(20,600,000)	1,407,955,522	105,459,751	22,632,036	(7,456,135)	120,635,652	1,287,319,870
Building under construction and capital work in progress	666,345,092	-	42,480,932	(688,721,353)	20,104,672	-	-	-	-	20,104,672
Machinery and equipments	782,031,248	-	119,489,555	(19,104,798)	882,416,005	647,149,818	74,128,996	(19,104,414)	702,174,400	180,241,605
Electromechanical equipments	-	-	342,555,675	-	342,555,675	-	4,281,945	-	4,281,945	338,273,730
Computer and network equipments	570,171,241	-	151,602,100	(16,716,246)	705,057,095	474,285,431	53,143,178	(16,716,036)	510,712,573	194,344,521
Vehicles	132,394,575	-	26,944,710	(1,359,525)	157,979,760	82,310,745	19,772,588	(1,359,511)	100,723,822	57,255,938
Furniture and fixtures and leased Assets	480,922,345	-	287,933,486	(90,297,054)	678,558,777	372,482,280	33,199,961	(90,296,987)	315,385,254	363,173,524
<b>Intangible assets:</b>										
Software	457,837,010	-	66,529,914	-	524,366,924	261,014,748	54,105,656	-	315,120,404	209,246,520
<b>as at 31 December 2018</b>	<b>7,865,317,567</b>	<b>(58,800,380)</b>	<b>1,735,933,005</b>	<b>(836,798,976)</b>	<b>8,705,651,216</b>	<b>1,942,702,772</b>	<b>261,264,360</b>	<b>(134,933,083)</b>	<b>2,069,034,049</b>	<b>6,636,617,166</b>

as at 31 December 2017

Particulars	Cost				Balance as at 31 December 2017	Accumulated Depreciation & Amortization				Net book value at 31 December 2017
	Balance as at 01 January 2017	Adjustment of Revaluation Reserve	Additions during the year	Disposals during the year		Balance as at 01 January 2017	Charge for the year	On disposals during the year	Balance as at 31 December 2017	
<b>Tangible assets</b>										
Land	4,044,759,466	-	-	-	4,044,759,466	-	-	-	-	4,044,759,466
Building and floor spaces	730,856,590	-	-	-	730,856,590	87,234,568	18,225,183	-	105,459,751	625,396,839
Building under construction	631,520,511	-	34,824,581	-	666,345,092	-	-	-	-	666,345,092
Machinery and Equipment	761,627,108	-	82,405,543	(62,001,402)	782,031,249	630,539,115	75,339,145	(58,728,442)	647,149,818	134,881,430
Computer and network equipments	521,069,734	-	49,101,507	-	570,171,241	423,811,019	50,474,412	-	474,285,431	95,885,809
Vehicles	135,690,824	-	33,399,980	(36,696,229)	132,394,575	101,454,385	17,552,574	(36,696,214)	82,310,745	50,083,830
Furniture and fixtures and leased assets	469,521,261	-	11,401,084	-	480,922,345	343,252,377	29,229,903	-	372,482,280	108,440,064
<b>Intangible assets:</b>										
Software	429,249,953	-	28,587,058	-	457,837,010	197,910,035	63,104,713	-	261,014,748	196,822,262
<b>as at 31 December 2017</b>	<b>7,724,295,446</b>	<b>-</b>	<b>239,719,753</b>	<b>(98,697,631)</b>	<b>7,865,317,567</b>	<b>1,784,201,499</b>	<b>253,925,930</b>	<b>(95,424,656)</b>	<b>1,942,702,772</b>	<b>5,922,614,795</b>

Eastern Bank Limited

**Schedule of Fixed Assets Disposals**

as at 31 December 2018

**Annexure - A1**

Amount in BDT

Date	Particulars	Cost	Accumulated depreciation	Net book value	Sales value	Tax & VAT	Gain/(loss)	Mode of disposal	Buyer/highest bidder
21/Mar/2018	Machinery and equipments	3,828,070	3,827,897	173	237,786	21,401	216,015	Open Tender	M/S A.R. Enterprise
21/Mar/2018	Computer and network equipments	15,774,910	15,774,713	197					
8/May/2018	Machinery and equipments	7,100,000	7,099,976	24	1,387,714	667,714	719,976	Buy Back	Zara Zaman Technology Ltd.
5/Nov/2018	Motor Cycle DM-HA-45-3954	135,870	135,869	1	41,202	3,402	37,799	Open Tender	Md. Firoz Mia
6/Nov/2018	Motor Cycle DM-HA-31-1488	99,700	99,699	1	62,784	5,184	57,598	Open Tender	Md. Saidur Rahman
6/Nov/2018	Motor Cycle DM-HA-31-5994	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-29-7977	110,755	110,754	1					
6/Nov/2018	Motor Cycle DM-HA-41-5397	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-41-5006	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-41-5004	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-41-5002	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-33-7881	108,000	107,999	1	299,846	24,758	275,079	Open Tender	Md. Fazley Rabbi
6/Nov/2018	Motor Cycle DM-HA-41-1489	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-41-1490	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-41-1491	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-39-5988	79,000	78,999	1					
6/Nov/2018	Motor Cycle DM-HA-39-5994	79,000	78,999	1					
5/Nov/2018	Machinery and equipments (substation)	990,800	990,798	2	410,000	-	409,998	Negotiated Price	Sold to old landlord during shifting of EBL Uttara Branch to a new location.
31/Oct/2018	Old building at 100 Gulshan	20,600,000	7,456,135	13,143,865	-	-	(13,143,865)	Written off	Residual value of old building located at 100 Gulshan Avenue was written off during capitalization of new corporate head office.
19/Oct/2018	Leased assets (network equipments)	90,084,858	90,084,836	22	-	-	(22)	Written off	Obsolete leased items (acquired in 2003) was written off.
27/Dec/2018	Machinery and equipments	7,185,928	7,185,743	185					
27/Dec/2018	Computer and network equipments	941,336	941,323	13	-	-	(244)	Written off	Obsolete items written off after physical verification.
27/Dec/2018	Furniture and fixtures	212,196	212,150	46					
	<b>Grand Total: Gain/(Loss)</b>	<b>148,077,623</b>	<b>134,933,082</b>	<b>13,144,541</b>	<b>2,439,332</b>	<b>722,459</b>	<b>(11,427,666)</b>		

Eastern Bank Limited and its subsidiaries

## Balance with Banks and Financial Institutions (Consolidated)

as at 31 December 2018

### Annexure - B

#### Outside Bangladesh - (note-4.2)

Name of Banks and FIs	Currency Name	2018			2017		
		Foreign Currency	Conversion rate	BDT	Foreign Currency	Conversion rate	BDT
<b><i>In demand deposit account (non interest bearing) with:</i></b>							
AB Bank Limited, India	USD	14,868	83.90	1,247,407	14,866	82.70	1,229,407
Al-Rajhi Bank, KSA	SAR	215,520	22.36	4,819,579	51,847	22.05	1,143,406
Bank of Bhutan, Bhutan	USD	23,430	83.90	1,965,808	3,352	82.70	277,174
Bank of Nova Scotia, Canada	CAD	-	-	-	16,200	65.36	1,058,837
Bank of China	CNY	27,105	12.19	330,325	-	-	-
Bank of Tokyo Mitshubishi, India	USD	6,737	83.90	565,234	6,737	82.70	557,150
Bank of Toykyo Mitshubishi, Japan	JPY	3,132,828	0.75	2,360,586	1,696,912	0.73	1,238,237
Citibank N. A., USA	USD	-	-	-	4,967,274	82.70	410,793,532
Commerz Bank AG, Germany	EURO	-	-	-	88,897	98.33	8,741,307
Habib American Bank, USA	USD	-	-	-	186,456	82.70	15,419,946
ICICI Bank Limited, Hongkong	USD	178,028	83.90	14,936,515	737,270	82.70	60,972,234
ICICI Bank Limited, Hongkong	HKD	153,175	10.82	1,657,171	155,775	10.66	1,661,197
ICICI Bank, India	USD	-	-	-	774,979	82.70	64,090,777
JP Morgan Chase Bank N.A., London	GBP	106,072	106.02	11,245,311	164,351	110.81	18,211,652
JP Morgan Chase Bank N.A., USA	USD	26,816,291	83.90	2,249,886,801	1,271,058	82.70	105,116,535
JP Morgan Chase Bank N.A, Australia	AUD	25,103	59.32	1,489,026	27,310	64.25	1,754,655
Mashreq Bank, USA	USD	33,027	83.90	2,770,993	919,520	82.70	76,044,322
Mashreq Bank, UAE	USD	30,631	83.90	2,569,905	-	-	-
Nepal Bangladesh Bank Ltd., Nepal	USD	20,252	83.90	1,699,139	40,998	82.70	3,390,518
NIB Bank Limited, Pakistan	USD	248,589	84	20,856,577	-	-	-
Nordea Bank, Norway	NOK	56,985	9.57	545,480	2,766	10.00	27,660
Standard Chartered Bank, Srilanka	USD	15,601.08	83.90	1,308,931	5,114	82.70	422,907
Standard Chartered Bank, Germany	EURO	8,264	95.27	787,277	60,405	98.33	5,939,680
Standard Chartered Bank, India	USD	-	-	-	1,054,211	82.70	87,183,266
Standard Chartered Bank, USA	USD	610,061	83.90	51,184,145	7,477,380	82.71	618,468,213
Standard Chartered Bank, Singapore	SGD	12,411	61.17	759,149	288	61.73	17,759
Wells Fargo, USA	USD	-	-	-	2,995,312	82.70	247,712,328
Zurcher Kantonal Bank, Zurich, Switzerland	CHF	16,910	84.27	1,425,046	19,316	83.87	1,619,925
<b>Total</b>				<b>2,374,410,405</b>			<b>1,733,092,625</b>

Eastern Bank Limited and its subsidiaries

**Borrowing from Banks and Financial Institutions (Consolidated)**

as at 31 December 2018

**Outside Bangladesh - (note-11.2)****Annexure - B1**

Name of Banks and FIs	Currency Name	2018			2017		
		Foreign Currency	Conversion rate	BDT	Foreign Currency	Conversion rate	BDT
Abu Dhabi Commercial Bank, Dubai	USD	30,744,725	83.9000	2,579,482,428	1,256,259	82.70	103,892,636
Asian Development Bank (ADB)	USD	21,119,164	83.9000	1,771,897,818	-	-	-
Bank of Montreal	USD	4,200,000	83.9000	352,380,000	-	-	-
Bank One Limited, Mauritius	USD	6,073,555	83.9000	509,571,298	6,039,582	82.70	499,473,450
Citibank NA	USD	10,844,667	83.9000	909,867,554	-	-	-
COMMERZBANK AG - Frankfurt	USD	200,439	83.9000	16,816,829	-	-	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	48,000,000	83.9000	4,027,200,000	64,000,000	82.70	5,292,800,000
FMO Netherland	USD	-	-	-	4,000,000	82.70	330,800,000
Habib American Bank, USA	USD	57,099	83.9000	4,790,646	-	-	-
HDFC Bank, India	USD	13,750,000	83.9000	1,153,625,000	-	-	-
ICICI Bank, India	USD	10,383,804	83.9000	871,201,133	29,817,837	82.70	2,465,935,122
ICICI Bank, Hongkong	USD	-	-	-	1,754,186	82.70	145,071,182
International Finance Corporation (IFC)	USD	4,811,459	83.9000	403,681,442	7,986,538	82.70	660,486,712
JP Morgan Chase Bank, USA	USD	146,556	83.9000	12,296,069	10,457	98.33	1,028,283
National Bank of Ras Al-Khaimah	USD	9,309,448	83.9000	781,062,706	18,404,421	82.70	1,522,045,618
NIB Bank Limited - Karachi	USD	-	-	-	39,881	82.70	3,298,119
PROPARCO	USD	12,727,273	83.9000	1,067,818,183	16,363,636	82.70	1,353,272,727
Standard Chartered Bank, India	USD	2,332,869	83.9000	195,727,707	-	-	-
Standard Chartered Bank, USA	USD	229,746	83.9000	19,275,661	-	-	-
Standard Chartered Bank, Singapore	USD	11,107,059	83.9000	931,882,264	89,944,503	82.70	7,438,410,365
United Bank Limited, Dubai	USD	-	-	-	18,303,786	82.70	1,513,723,113
Wachovia Bank, USA	USD	3,598,228	83.9000	301,891,311	-	-	-
Wells Fargo, USA	USD	4,954,630	83.9000	415,693,441	-	-	-
<b>Total</b>				<b>16,326,161,489</b>			<b>21,330,237,328</b>

**Related party disclosures**

as at 31 December 2018

**Annexure - C**

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**

<b>Name of Directors</b>	<b>Status with the Bank</b>	<b>Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.</b>	<b>Status</b>	<b>Percentage of holding/ interest in the concern</b>
Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Chairman	Need Fashion Wear & Textile Ltd.	Chairman	35.00%
		Chittagong Properties Holding Ltd.	Chairman	50.00%
		Finlay (International) Ltd.	Chairman	81.00%
		KAPS Bangladesh Ltd.	Chairman	12.50%
		JF (Bangladesh) Ltd.	Chairman	81.00%
		Port Link Housing Ltd.	Chairman	50.00%
		Finlay Properties Ltd.	Chairman	55.00%
		Legend Property Development Ltd.	MD	50.00%
		Z.N. Enterprise Ltd.	MD	50.00%
		Z.S. Holding Ltd.	MD	50.00%
		Zaran Off Dock Ltd.	MD	30.00%
		Namreen Enterprise Ltd	MD	50.00%
		Namreen Power Ltd	MD	50.00%
		ABC Steel Enterprise Ltd.	MD	80.00%
		S.L. Steels Ltd.	MD	50.00%
		Unique Refineries Ltd.	MD	55.00%
		Port Link Logistics Centre Ltd.	MD	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%
		Baraora (Sylhet) Tea Co. (BD) Ltd.	Director	6.25%
		Eastern Industries Ltd.	Director	25.00%
		Bay Hill Hotel and Ressorts Ltd.	Director	40.00%
		S.N. Corporation	Partner	50.00%
M. Ghaziul Haque	Director	Radio Foorti Ltd.	Chairman	5.00%
		MGH Logistics Ltd.	Chairman	5.00%
		Portlink Logistics Centre Ltd.	Chairman	0.02%
		Galileo Bangladesh Ltd.	Chairman	20.00%

<b>Name of Directors</b>	<b>Status with the Bank</b>	<b>Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.</b>	<b>Status</b>	<b>Percentage of holding/ interest in the concern</b>
Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	Mir Akther Hossain Ltd.	MD	18.00%
		Mir Ceramic Ltd.	MD	88.00%
		Mir Telecom Ltd.	MD	32.50%
		Mir Holdings Ltd.	MD	50.00%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		Bangla Telecom Ltd.	MD	40.00%
		Coloasia Limited	MD	40.00%
		BTS Communications (BD) Limited	MD	40.00%
		MIR LPG Limited	MD	40.00%
		Mir Communications Ltd.	Chairman	40.00%
		Mir Energy Ltd.	Chairman	40.00%
		Global Fair Communications Ltd.	Chairman	40.00%
		Mir Denim Limited	Chairman	50.00%
		Agrani Insurance Co. Ltd.	Shareholder	3.72%
		Jupiter Technology	Proprietorship	100.00%
A. M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
		Samorita Hospital Ltd.	Director	3.10%
Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	Unique Group of Companies Ltd.	Chairperson	10.00%
		Unique Hotel & Resorts Ltd.	Chairperson	5.45%
		Borak Real Estate (Pvt.) Ltd.	Chairperson	12.00%
		Unique Ceramic Ind. Pvt. Ltd.	Chairperson	12.25%
		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	12.00%
		Unique Shakti Ltd.	MD	20.00%
Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	Crescent Commercial Center Ltd.	MD	20.00%
		MGH Logistics Pvt. Limited	MD	95.00%
		MGH Holdings Limited	MD	80.00%
		MGH Global Airlines Ltd.(BD. Port management Ser. Ltd)	MD	2.00%
		Peninsular Shipping Services Limited	MD	80.00%
		MGH Restaurants (Pvt.) Limited	MD	95.00%
		MGH Healthcare Limited	MD	99.00%
		Galileo Bangladesh Limited	MD	80.00%
		One World Aviation Limited	MD	67.00%
		RAS Holidays Limited	MD	95.00%
		MGH Global Forwarding Limited	MD	97.00%

<b>Name of Directors</b>	<b>Status with the Bank</b>	<b>Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.</b>	<b>Status</b>	<b>Percentage of holding/ interest in the concern</b>
		Transmarine Logistics Limited	MD	75.00%
		Total Transportation Limited	MD	100.00%
		Tricon Global Logistics Limited	MD	80.00%
		Global Freight Limited	MD	97.00%
		International Brands Limited	MD	100.00%
		Integrated Transportation Services Limited	MD	99.00%
		Emirates Shipping Lines Bangladesh Limited	MD	78.00%
		Radio Foorti Limited	MD	95.00%
		Portlink Housing Limited	MD	50.00%
		Portlink Logistics Centre Limited	MD	50.00%
		DC ByPass Ltd.	MD	90.00%
		Obhai Solutions Ltd.	MD	30.00%
		Jatra. Com Ltd.	MD	30.00%
		Bangladesh Express Co. Ltd.	MD	20.00%
		MGX.Com Ltd.	MD	95.00%
Meah Mohammed Abdur Rahim (Independent Director)	Director	Ancient Steamship Company Ltd.	MD	44.36%
		Hudig 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	15.40%
		Chittagong Warehouses Limited	Director	Nil
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 Director	40.00%
		Unique Hotel and Resorts Ltd	Representative Director	7.46%
		General Electric company (BD) Ltd.	Director	0.00%
Ali Reza Iftekhar	MD & CEO	EBL Investments Ltd.	Director	0.00003%
		EBL Securities Ltd.	Director	0.000067%
		EBL Finance (HK) Ltd.	Director	-

- 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

Eastern Bank Limited

**Related party transactions**

as at 31 December 2018

**Annexure - C1**

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in International Accounting Standards 24: Related party disclosures and as defined in the BRPD circular no 14, dated 25 June 2003.

**1 The significant related party transactions during the year were as follows:**

Amount in BDT

**1.a Non-funded 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 01-01-2018	Transactions		Outstanding as at 31-12-2018	Amount Overdue
						Debit	Credit		
Z. N. Enterprise Ltd. Customer ID-100397	Md. Showkat Ali Chowdhury Representing Director	MD	LG- Performance Bond-SME (Expired)	193,100	192,900	-	-	192,900	-
Unique Enterprise Customer ID-100711	Mohd. Noor Ali Spouse of Director					-	-		

**1.b Credit card facilities:**

Amount in BDT

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 01-01-2018	Outstanding as at 31-12-2018
A.M. Shaukat Ali	Director	500,000	-	-
Mir Nasir Hossain	Representing Director	500,000	685	-
Md. Showkat Ali Chowdhury	Representing Director	250,000	-	-
Mohd. Noor Ali	Spouse of Director	500,000	-	385,546

**2 Transactions relating to procurement, service & rent**

Amount in BDT

Name of the company/person	Related Directors of EBL	Nature of transactions	Transaction made in 2018	Outstanding as at 31-12-2018
Coloasia Limited	Mir Nasir Hossain	Monthly recurring charge for EBL Data Center at Jashore.	2,401,200	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Monthly internet connectivity bills, Juniper product, CISCO Network Wifi Router, VmWare NSX processor, Lan equipment & Cabling for Data Center of EBL Corporate office at 100 Gulshan, Dhaka.	9,389,306	-
Bangladesh Express Co. Ltd	Anis Ahmed	Monthly courier service payment	3,323,117	-
Unique Hotel & Resorts Limited	Salina Ali	Security Deposit against lease rental agreement for ATM booth at The Westin, Gulshan, Dhaka.	-	438,900
Unique Hotel & Resorts Limited	Salina Ali	Rental payment for ATM booth at The Westin, Gulshan, Dhaka.	252,000	-
Borak Real Estate (Pvt) Ltd.	Salina Ali	Advance rent for EBL ATM at Borak Mehenur, Banani, Dhaka.	-	720,000
Borak Real Estate (Pvt) Ltd.	Salina Ali	Rental payment for EBL ATM at Borak Mehenur, Banani, Dhaka.	400,000	-

<b>Name of the company/person</b>	<b>Related Directors of EBL</b>	<b>Nature of transactions</b>	<b>Transaction made in 2018</b>	<b>Outstanding as at 31-12-2018</b>
The Consolidated Tea and Land Co. (Bangladesh) Limited	Md. Showkat Ali Chowdhury	Supply of monthly refrestment items.	364,843	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office, ATM Booth, Godown, Generator and Garages at Dhanmondi, Dhaka.	-	8,127,818
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office, ATM Booth, Godown, Generator and Garages at Dhanmondi, Dhaka.	6,616,435	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL ATM at New Market Branch, Chattogram.	-	841,500
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL New Market Branch, ATM Booth and Godown at New Market, Chattogram.	6,857,004	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance rent for EBL office premisses (for CAD, SAMD & ATM Booth) at ZN Tower, Gulshan, Dhaka. (Ground Floor, 1st Floor, 2nd to 6th Floor)	-	76,947,414
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL office premisses at ZN Tower, Gulshan, Dhaka. (Ground Floor, 1st Floor, 2nd to 6th Floor)	70,262,000	-

**3 Inter-company balances between EBL and Subsidiaries:**

Amount in BDT

<b>Name of subsidiaries</b>	<b>Nature of account</b>	<b>Balance as at 31-12-2018</b>
EBL Securities Limited	In special notice deposit (SND) account	215,241,524
EBL Investments Limited	In current deposit (CD) account	345
	In special notice deposit (SND) account	55,347,387
EBL Finance (HK) Limited	In nostro account	188,952,539
	Short term finance	6,065,955,106
	Dividend receivable account	83,899,794
EBL Asset Management Limited	In special notice deposit (SND) account	13,776,547

**4 Compensation of key management personnel:**

Refer to note : 33

Eastern Bank Limited  
as at 31 December 2018

**Annexure - D****a. Disclosure regarding outstanding REPO as on 31 December 2018**

Amount in BDT

Sl	Counterparty name	Agreement date	Reversal date	Amount (Cash Con 1st Leg cash consideration)
Nil				

There is no outstanding REPO as on 31 December 2018

**Disclosure regarding outstanding Reverse REPO as on 31 December 2018**

Sl	Counterparty name	Agreement date	Reversal date	Amount (Cash Con 1st Leg cash consideration)
Nil				

There is no outstanding Reverse REPO as on 31 December 2018

**b. Disclosure regarding overall transaction of REPO and reverse REPO.**

Amount in BDT

Particulars	Min Outstanding during the year	Max Outstanding during the year	Daily average outstanding during the year
<b>Securities sold under REPO</b>			
With Bangladesh Bank	1,000,000,000	2,303,524,714	15,359,237
With other Banks & Financial Institutions	1,695,510,300	2,349,669,300	65,588,691
<b>Securities purchased under Reverse REPO</b>			
With Bangladesh Bank	-	-	-
With other Banks & Financial Institutions	209,488,500	3,751,231,685	350,816,267

**Details of NBA obtained u/s 33 (7) & 33(5)**

as of 31-12-2018

**Annexure - D1**

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
1	Sabbir Ahmmmed, Dhaka	Recognised	U/S 33(7)	5/10/2007	Land Area: 06 decimal, Mouza- Digun, Mirpur, Dhaka.	58.00	72.72	Physical possession is yet to be completed.
2	Innovative Computer, Dhaka	Recognised	U/S 33(7)	6/7/2007	Land Area: 06.20 decimal, 4. Sidderganj, Mouza- Jalkuri, Dhaka.	22.00	27.30	Do
3	M/s Safa Garments, Dhaka	Recognised	U/S 33(7)	1/18/2005	Land Area: 09.32 decimal, 5. Sidderganj, Mouza- Jalkuri, Dhaka.	576.00	720.00	Do
4	Arshim & Com, Dhaka	Recognised	U/S 33(7)	3/27/2007	Land Area: 18 decimal, Mouza - Vatara, Gulshan, Dhaka.	336.00	420.00	Do
5	H.M. Yunus, Dhaka	Recognised	U/S 33(7)	1/10/2008	Land Area: 19.8 decimal, Mouza- Lala Sarai, Cantonment, Dhaka.	883.20	1,104.00	Do
6	Tri Angle Trading Associate, Dhaka	Recognised	U/S 33(7)	4/29/2007	Land Area: 184 decimal, Mouza- Shibrampur, Joydebpur, Gazipur.	16.00	20.00	Do
7	Stec Fashion Ltd., Dhaka	Recognised	U/S 33(7)	1/26/2009	Land Area: 33 decimal, Mouza- Pathalia, Savar, Dhaka.	59.50	73.72	Do
8	North American Computing, Dhaka	Recognised	U/S 33(7)	7/22/2007	Land Area: 25 decimal, Mouza- Dokkhin Khan, Dhaka.	36.40	45.50	The property sold at BDT 50.00 lac out of which BDT 20.00 lac received and rest of BDT 30.00 lac is yet be received after completion of documentation along with registration.
9	M/s Unicorn Bangladesh Ltd, Dhaka	Recognised	U/S 33(7)	11/22/2007	(5.03 decimal land of Goran Chat bari Mouza, Mirpur , Dhaka has been sold through auction)	3,300.00	4,125.00	Physical possession is yet to be completed.
10	Royal Paper Store, Dhaka	Recognised	U/S 33(7)	5/21/2009	Land Area: 6.5 decimal, Mouza- Bholi Samar, Gulshan, Dhaka.	70.00	96.82	Do
11	M/s Computer Bazar Network, Dhaka	Recognised	U/S 33(7)	6/23/2009	Mouza- Shrikhondo, Dhanmondi, Dhaka.	17.00	21.21	Do
12	M/s Sylcar Plaza, Sylhet	Not recognised	U/S 33(7)	5/27/2012	Land Area: 14 decimal, Mouza- Nandipara, Sabuzbag, Dhaka.	212.80	266.00	Do
13	Orion Fishing Limited, Dhaka	Not recognised	U/S 33(7)	5/13/2012	Land Area: 21 & 14 decimal, Mouza- Sylhet Sadar, Sylhet.	1,384.95	1,731.19	Do
14	Al Karim Traders, Chattogram	Not recognised	U/S 33(7)	1/19/2012	Land Area: 3.5 & 20.83 katha at Dhaka and Chattogram.	140.00	165.00	Do

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
15	Bhuiyan (Any & Army) Corporation, Dhaka	Not recognised	U/S 33(7)	6/7/2007	Land Area: 3 Katha. Bhola Samair, Gulshan, Dhaka. Land Area: 148 decimal with 4 storied building.	84.00	105.00	Do
16	Ariful Karim, Chattogram	Not recognised	U/S 33(7)	11/5/2008	West Nasirabad, Chattogram. Land Area: 18 decimal, Jatrabari, Demra, Dhaka.	1,258.00	1,480.00	Do
17	Miner International, Dhaka	Not recognised	U/S 33(7)	3/15/2006	Land Area: 23 Gonda 12 Decimal Mouza- Shitolpur, Sitakunda, Chattogram.	108.00	248.73	Do
18	M/s Altaf Hossain, Chattogram.	Not recognised	U/S 33(5)	10/10/2011	Land Area: 125.28 Sft Chandgao, Bakalia, Chattogram.	142.00	168.00	Do
19	M/s Janata Trading, Chattogram.	Not recognised	U/S 33(5)	11/1/2011	Land Area: 252.5 sft with a flat. Mohammadpur Housing Estate 27/5,	8.50	10.00	Do
20	B.K. Enterprise, Dhaka	Not recognised	U/S 33(5)	5/5/2013	Tajmahal Road, Mohammadpur Dhaka. Land Area: 2.05 Acre	27.20	33.10	Do
21	M/s Nurain Trade International, Gazipur	Not recognised	U/S 33(5)	8/2/2015	Streepur, Mouza- Dhanuya, Gazipur. A) Land Area: 1.40 acres, Mouza Kathaldia, P.S- Gulshan, Dhaka.	200.00	248.40	Do
22	M/s Austin & Co., Dhaka	Not recognised	U/S 33(5)	11/16/2015	B) Land Area: 0.99 acres, Mouza Kathaldia, P.S- Gulshan, Dhaka. C) Land Area: 0.8031 acres Mouza Haridia, P.S- Lohajang, Munshiganj.	2,383.17	2,978.97	Do
23	Latif Apparels (Pvt) Ltd, Dhaka	Not recognised	U/S 33(5)	11/17/2015	Land Area: 3.75 decimal, Mouza Uttarkhan, Uttara, Dhaka. Land Area: 0240 Ajutangsha.	93.60	117.00	Do
24	Sheuly Fashion, Dhaka	Not recognised	U/S 33(5)	3/15/2016	Mouza Lalbag, Gour sundar Roy lane, Dhaka. 1) Land Area: 27 decimal, Mouza Bhatary, Shitakund, Chattogram.	117.30	146.60	Do
25	M/s Shah Amanat Iron Mart, Chattogram.	Not recognised	U/S 33(5)	8/28/2016	02) Land Area: 15 decimal, Mouza Bhatary, Shitakund, Chattogram. 03) Land Area: 03 decimal, Mouza North Salimpur, Shitakund, Chattogram. 04) Land Area: 45 decimal Mouza North Salimpur, Shitakund, Chattogram. Attached Properties: 01) Land Area: 47.40 decimal (approx), Mouza Bhatary, Shitakund, Chattogram. 02) Land Area: 6.33 decimal (approx), Mouza Bhatary, Shitakund, Chattogram. Land Area: 1.5 decimal	791.30	931.00	The property sold at BDT 360 lac out of which BDT 50.00 lac received and rest of BDT 310 lac is yet to be received.
26	M/s Eastern Industries, Sylhet	Not recognised	U/S 33(7)	6/11/2012	Mouza- Sylhet Sadar, Sylhet.	9.60	12.00	A Misc. Case is pending in the Artha Rin Adalat, Sylhet.

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
27	M/s M.A. Rob. Khulna	Not recognised	U/S 33(7)	11/23/2011	Land Area: 200 Sq.Yds & 51 decimal, Goalpara, Khulna & Puratan Kasba, Jashore.	84.02	98.85	Writ Petition (2401/2014) is pending for hearing.
28	Maruti Enterprise, Bogura	Not recognised	U/S 33(7)	10/3/2012	Land Area: 41.5 decimal & 0.37 decimal Mouza- Betgari, Bogura sadar.	519.54	649.42	Writ Petition No. 8010/2016 has been vacated and discharged the rule on 12-11-2018 in favor of bank.
29	Calix International, Dhaka	Not recognised	U/S 33(7)	11/28/2004	Land Area: 0.0992 Ajutangso, Kotowali, Dhaka	120.00	150.00	First Appeal (116/2003) is pending for hearing.
30	Hanif Enterprise, Dhaka	Not recognised	U/S 33(5)	9/16/2008	Land Area: 1) 15.20 decimal, Mouza Tezgunipara, Tejgaon, Dhaka. 2) 20 decimal, Mouza Mirebag, Keranigonj, Dhaka.	617.80	772.25	On 12-03-2018 Writ Petition (No. 7454/2009) has been disposed of.
31	Al Hossain (Pvt) Ltd. Dhaka	Not recognised	U/S 33(5)	5/22/2013	Land Area: 10.33 Katha Mouza- Paikpara, Mirpur, Dhaka.	779.92	974.90	On 05-07-2018 Writ Petition (No. 5467/2014) has been disposed of.
32	Friends Associates, Chattogram	Not recognised	U/S 33(5)	1/18/2012	Land Area: 20 decimal Chandgao, Panchlish, Chattogram.	96.00	120.00	Scheduled mortgaged property has already been acquired by the Government A Criminal case (1627/2012) against the Borrower, Guarantors and Beneficiary was filed, which is pending for hearing in the court and also an execution case (24/2011) is pending in the Artha Rin Court. [the Ld. Court Convicted Judgment Debtors for a period of 2 months of imprisonment.]
33	M/s Shati Traders, Chattogram	Not recognised	U/S 33(5)	2/2/2010	Land Area: 28 decimal Bakalia, Bandar, Chattogram.	35.00	35.00	Scheduled mortgaged property has already been acquired by the Government. A Criminal case (172/2012) against the Borrower, Guarantors and Beneficiary was filed which is pending for hearing in the court and also an execution case (154/2015) is pending in the Artha Rin Court.

Eastern Bank Limited and its subsidiaries

**Business segmental profit and loss account**

for the year ended 31 December 2018

**Annexure-E**

BDT Million

Particulars	Bank (Solo)			Subsidiaries				Bank (Consol)
	DBU	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
Interest income	18,360	1,713	19,821	300	24	327	18	(302)
Interest expense	11,078	1,489	12,315	379	-	185	-	(302)
<b>Net Interest Income</b>	<b>7,282</b>	<b>224</b>	<b>7,506</b>	<b>(79)</b>	<b>24</b>	<b>141</b>	<b>18</b>	<b>-</b>
Investment income	2,318	-	2,318	122	7	-	6	(141)
Fees, commission and brokerage	2,064	25	2,089	233	18	106	-	(0)
FX Income	1,020	2	1,022	-	-	-	-	-
Other operating income	186	19	205	0.01	0	19	-	-
<b>Total operating income</b>	<b>12,870</b>	<b>270</b>	<b>13,139</b>	<b>276</b>	<b>49</b>	<b>266</b>	<b>25</b>	<b>(141)</b>
Salary and allowances	3,443	-	3,443	94	12	33	4	-
Rent, taxes, insurance, utilities etc.	778	-	778	21	5	6	3	-
Legal and professional expenses	101	-	101	0	0.0	0.4	0.05	-
Postage, stamp, telecommunication etc.	136	-	136	2	0.2	7	-	-
Stationery, printing, advertisement, etc.	337	-	337	9	0.2	1	0.01	-
Managing Director's salary and allowances	23	-	23	-	-	-	-	-
Directors' fees and expenses	5	-	5	0.1	0.1	-	0.04	-
Audit fees	1	-	1	0.1	0.1	1	0.03	-
Repairs, maintenance and depreciation	562	-	562	12	1	1	0.21	-
Other operating expenses	573	37	610	19	1	4	0.29	(0.03)
<b>Total operating expense</b>	<b>5,959</b>	<b>37</b>	<b>5,995</b>	<b>157</b>	<b>21</b>	<b>54</b>	<b>7.6</b>	<b>(0.03)</b>
<b>Profit before provisions</b>	<b>6,911</b>	<b>233</b>	<b>7,144</b>	<b>119</b>	<b>28</b>	<b>212</b>	<b>17</b>	<b>(141)</b>
<b>Provisions:</b>								
Provision for loans, advances & OBS exposures	2,239	(51)	2,188	50	-	-	-	-
Other Provisions	370	-	370	46	(4)	-	2.7	-
<b>Total Provisions</b>	<b>2,609</b>	<b>(51)</b>	<b>2,558</b>	<b>96</b>	<b>(4)</b>	<b>-</b>	<b>3</b>	<b>-</b>
<b>Profit before tax</b>	<b>4,302</b>	<b>284</b>	<b>4,586</b>	<b>24</b>	<b>33</b>	<b>212</b>	<b>14</b>	<b>(141)</b>
Tax Provision	1,505	-	1,505	64	10	33	4	-
<b>Profit after tax</b>	<b>2,797</b>	<b>284</b>	<b>3,081</b>	<b>(41)</b>	<b>22</b>	<b>179</b>	<b>10</b>	<b>(141)</b>
								<b>3,111</b>

Eastern Bank Limited and its subsidiaries  
**Business segmental balance sheet**  
as at 31 December 2018

**Annexure - E1**

BDT Million

Particulars	Bank (Solo)			Subsidiaries				Bank (Consol)
	DBU	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
<b>Assets</b>								
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	16,338	-	16,338	0.23	0.06	-	-	16,338
Balances with other banks and financial institutions	15,313	9,083	16,959	765	55	192	14	11,446
Money at call and short notice	-	-	-	-	-	-	-	-
Investments	27,720	-	27,720	1,966	164	-	38	29,888
Loans and advances	187,372	21,934	209,306	2,650	191	6,215	207	217,380
Fixed assets including land, building, furniture and fixtures	6,637	-	6,637	38	5	1	1	6,682
Other assets	5,233	149	5,357	920	12	2	12	3,632
Non-banking assets	134	-	134	-	-	-	-	134
<b>Total Assets</b>	<b>258,747</b>	<b>31,166</b>	<b>282,451</b>	<b>6,340</b>	<b>428</b>	<b>6,410</b>	<b>272</b>	<b>285,500</b>
<b>Liabilities</b>								
Borrowing from other banks, financial institutions and agents	24,058	30,111	46,732	3,523	-	6,066	-	49,066
Deposits and other accounts	199,326	302	199,629	-	-	-	-	199,156
Provisions & other liabilities	12,681	467	13,124	677	94	140	7	13,903
<b>Total Liabilities</b>	<b>236,066</b>	<b>30,881</b>	<b>259,485</b>	<b>4,201</b>	<b>94</b>	<b>6,206</b>	<b>7</b>	<b>262,125</b>
Total Shareholders' Equity	22,681	286	22,966	2,139	333	204	265	23,375
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>258,747</b>	<b>31,166</b>	<b>282,451</b>	<b>6,340</b>	<b>428</b>	<b>6,410</b>	<b>272</b>	<b>285,500</b>

Eastern Bank Limited

**Highlights on the overall Activities /Performance****Annexure - F**

Sl No	Particulars		2018	2017
			▼	
1	Paid up capital	BDT	7,379,995,890	7,379,995,890
2	Total capital (Tier-1 & 2)	BDT	24,647,970,185	23,301,800,670
3	Surplus/(shortage) capital	BDT	4,382,469,180	6,758,267,762
4	Total assets	BDT	282,450,953,306	253,067,973,266
5	Total deposits	BDT	199,628,906,412	167,348,195,021
6	Total loans and advances	BDT	209,306,250,747	184,027,300,831
7	Total contingent liabilities	BDT	117,628,838,617	101,278,236,112
8	Loans to deposits ratio (total loans/total deposits)	%	104.85	109.97
9	% of classified loans against total loans and advances	%	2.35	2.50
10	Profit after tax and provisions	BDT	3,080,776,920	2,404,823,294
11	Loans classified during the year (Gross)	BDT	3,357,894,154	3,251,539,622
12	Provision held against classified loans	BDT	4,118,395,861	4,379,000,007
13	Surplus of provision	BDT	-	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	5.30	4.35
15	Interest bearing assets	BDT	247,934,599,761	221,798,458,235
16	Non-interest bearing assets	BDT	34,516,353,545	31,269,515,031
17	Return on assets (ROA) (PAT/average assets)	%	1.15	1.04
18	Income from investments	BDT	2,317,871,538	3,414,685,634
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	1.93	1.67
20	Earnings per share (PAT/weighted average number of shares)	BDT	4.17	3.26
21	Operating profit per share (Net Operating profit/ weighted average number of shares)	BDT	9.68	9.21
22	Price earning ratio	Times	8.62	15.68

Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Balance Sheet

as at 31 December 2018

Note	2018		2017	
	USD	BDT	USD	BDT
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
In hand (including foreign currencies)	-	-	-	-
With Bangladesh Bank (including foreign currencies)	-	-	-	-
<b>Balance with other Banks and FIs (on current and other accounts)</b>	3			
In Bangladesh	35,341,604	2,965,160,560	38,297,100	3,167,170,132
Outside Bangladesh	72,919,445	6,117,941,422	73,140,834	6,048,746,959
	<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>
<b>Money at call and short notice</b>	-	-	-	-
<b>Investment</b>	-	-	-	-
<b>Loans and Advances:</b>	4			
Loans, cash credits, overdrafts etc.	4.1	104,956,038	8,805,811,567	102,699,222
Bills purchased and discounted	4.2	156,478,826	13,128,573,493	218,281,293
	<b>261,434,864</b>	<b>21,934,385,060</b>	<b>320,980,515</b>	<b>26,545,088,605</b>
<b>Fixed Assets</b>				
<b>Other assets</b>	5	<b>1,773,631</b>	<b>148,807,619</b>	<b>1,073,124</b>
<b>Non banking assets</b>		-	-	-
<b>TOTAL ASSETS</b>		<b>371,469,543</b>	<b>31,166,294,662</b>	<b>433,491,573</b>
<b>CAPITAL AND LIABILITIES</b>				
<b>Borrowing from other banks, financial institutions and agents</b>	6			
Bangladesh Bank		-	-	-
Other Banks and FIs:				
Demand Borrowing	6.1	53,298,495	4,471,743,708	84,004,072
Term Borrowing	6.2	305,592,612	25,639,220,166	336,969,398
		<b>358,891,107</b>	<b>30,110,963,874</b>	<b>420,973,470</b>
<b>Deposits and other accounts</b>	7			
Current deposits and other accounts	7.1	3,604,540	302,420,884	2,276,746
Term deposits	7.2	-	-	-
		<b>3,604,540</b>	<b>302,420,884</b>	<b>2,276,746</b>
Other Liabilities	8	5,570,306	467,348,705	6,161,555
<b>TOTAL LIABILITIES</b>		<b>368,065,953</b>	<b>30,880,733,463</b>	<b>429,411,770</b>
<b>CAPITAL/SHAREHOLDERS' EQUITY</b>				
Share capital- Paid up capital		-	-	-
Foreign currency translation difference	9	-	1,500,303	-
Profit and loss account- retained earnings	16	3,403,590	284,060,896	4,079,803
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>371,469,543</b>	<b>31,166,294,662</b>	<b>433,491,573</b>
<b>OFF BALANCE SHEET ITEMS:</b>				
<b>Contingent liabilities:</b>				
Acceptance and endorsements		6,529,501	547,825,146	4,858,678
Letter of guarantee		-	-	-
Bills for collection		7,855,917	659,111,412	9,802,292
Irrevocable letters of credit		9,404,016	788,996,938	3,215,908
Other commitments		-	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS</b>		<b>23,789,433</b>	<b>1,995,933,497</b>	<b>17,876,878</b>

Eastern Bank Limited

**Offshore Banking Unit, Bangladesh****Profit and Loss Account**

for the year ended 31 December 2018

Particulars	Note	2018		2017	
		USD	BDT	USD	BDT
Interest income	10	20,523,509	1,712,875,675	18,979,752	1,527,163,535
Interest paid on deposits and borrowings	11	(17,842,619)	(1,489,130,742)	(14,349,513)	(1,154,601,646)
<b>Net interest income</b>		<b>2,680,890</b>	<b>223,744,933</b>	<b>4,630,239</b>	<b>372,561,889</b>
Commission, exchange and brokerage	12	320,497	26,748,457	243,929	19,627,242
Other operating income	13	227,908	19,021,032	232,321	18,693,197
<b>Total operating income</b>		<b>3,229,296</b>	<b>269,514,422</b>	<b>5,106,490</b>	<b>410,882,328</b>
Operating expenses	14	(440,596)	(36,771,763)	(718,864)	(57,841,798)
<b>Profit before provision</b>		<b>2,788,700</b>	<b>232,742,659</b>	<b>4,387,626</b>	<b>353,040,530</b>
Less :Provision for unclassified loans and advances (Including provision for off balance sheet items)	15	(614,890)	(51,318,237)	307,823	24,768,320
<b>Profit before income tax</b>		<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,802</b>	<b>328,272,210</b>
Less. Provision for income tax		-	-	-	-
<b>Net Profit/(loss) after tax</b>		<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,802</b>	<b>328,272,210</b>
Balance of profit brought forward from previous year		-	-	-	-
<b>Retained Earnings carried forward</b>	16	<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,802</b>	<b>328,272,210</b>

Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Cash flow statement

for the year ended 31 December 2018

Particulars	Note	2018		2017	
		USD	BDT	USD	BDT
<b>A) Cash flow from operating activities</b>					
Interest received		20,457,424	1,704,745,341	18,821,310	1,512,071,579
Interest paid		(17,230,877)	(1,426,614,928)	(13,775,404)	(1,098,515,680)
Commission, exchange and brokerage	17	320,497	26,748,457	243,929	19,627,242
Received from other operating activities	18	227,908	19,021,032	232,321	18,693,197
Paid for operating expenses	19	(440,596)	(36,771,763)	(718,864)	(57,841,798)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>3,334,357</b>	<b>287,128,140</b>	<b>4,803,293</b>	<b>394,034,539</b>
<b>(Increase)/decrease in operating assets:</b>					
Loan and advances to customers		59,545,652	4,610,703,545	(34,284,461)	(3,981,478,420)
Other Assets		(634,421)	(51,929,896)	321,200	23,611,263
<b>Increase/(decrease) in operating liabilities:</b>					
Customers' deposits and other accounts		716,052	51,618,179	(2,362,041)	(187,698,133)
Other liabilities		23,641	9,106,368	593,420	70,794,168
		<b>59,650,924</b>	<b>4,619,498,196</b>	<b>(35,731,882)</b>	<b>(4,074,771,121)</b>
<b>Net cash flow from operating activities</b>		<b>62,985,280</b>	<b>4,906,626,337</b>	<b>(30,928,589)</b>	<b>(3,680,736,582)</b>
<b>B) Cash flow from investing activities</b>		-	-	-	-
<b>C) Cash flow from financing activities</b>					
Borrowing from other banks, financial institutions and agents		(62,082,362)	(4,703,542,065)	47,183,321	5,396,398,849
Net profit transferred to main operations	16	(4,079,803)	(328,272,210)	(4,622,498)	(362,675,220)
<b>Net cash from financing activities</b>		<b>(66,162,164)</b>	<b>(5,031,814,275)</b>	<b>42,560,823</b>	<b>5,033,723,629</b>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		<b>(3,176,885)</b>	<b>(125,187,937)</b>	<b>11,632,234</b>	<b>1,352,987,048</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		-	(7,627,173)	-	8,001,896
<b>F) Opening cash and cash-equivalents</b>		<b>111,437,933</b>	<b>9,215,917,091</b>	<b>99,805,700</b>	<b>7,854,928,148</b>
<b>G) Closing cash and cash equivalent (D+E+F)</b>		<b>108,261,048</b>	<b>9,083,101,983</b>	<b>111,437,934</b>	<b>9,215,917,091</b>
<b>Closing cash and cash equivalents</b>	20				
Cash in hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)		-	-	-	-
Balances with other Banks and Financial Institutions		108,261,049	9,083,101,983	111,437,933	9,215,917,091
Money at call and short notice		-	-	-	-
Prize bonds		-	-	-	-
		<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>

Eastern Bank Limited

## Offshore Banking Unit

### Notes to the financial statements

as at and for the year ended 31 December 2018

#### 1 Nature of business

Offshore Banking Unit ("OBU" or "the Unit") is a separate business unit of the Bank, operates its business through a separate counter as governed under the rules and guidelines vide Bangladesh Bank's letter ref. BRPD(P)744/(89)/2004-303 dated 25 January 2004. It gives loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institutions not resident in Bangladesh and Type - A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type - B & Type - C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of BIDA and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines.

The unit commenced its operations from 19 May 2004 and its office is located at 100 Gulshan Avenue, Dhaka-1212.

#### 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 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs), the "First Schedule" (section 38) of the Bank Company Act 1991. The accounting policies set out in the financial statements of main operation of the Bank have been applied consistently in these financial statements of the Unit except otherwise instructed by the Central Bank as prime regulator.

##### 2.2 Loans and advances

- These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.
- 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, BRPD circular no 12 dated 20 August 2017, and BRPD circular no 15 dated 27 September 2017.

##### 2.3 General

##### 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.

##### Fixed Assets and depreciation

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.

Certain corresponding figures in the financial statements have been reclassified and rearranged to conform to the current year's presentation. These financial statements of the unit cover one calendar year from 1 January 2018 to 31 December 2018.

#### 3 Balance with other Banks and Financial Institutions

##### Inside Bangladesh

##### In interest bearing account

Eastern Bank Limited	35,341,604	2,965,160,560	20,297,100	1,678,570,132
Islami Bank Bangladesh Limited	-	-	15,000,000	1,240,500,000
Modhumoti Bank Limited	-	-	3,000,000	248,100,000
Commercial Bank of Ceylon plc	-	-	-	-
Premier Bank Limited	-	-	-	-
	<b>35,341,604</b>	<b>2,965,160,560</b>	<b>38,297,100</b>	<b>3,167,170,132</b>

##### Outside Bangladesh

##### In interest bearing account

EBL Finance (HK) Limited	72,300,000	6,065,970,000	71,100,000	5,879,970,000
	<b>72,300,000</b>	<b>6,065,970,000</b>	<b>71,100,000</b>	<b>5,879,970,000</b>

##### In-non interest bearing account

Standard Chartered Bank, USA	610,061	51,184,145	1,969,012	162,837,279
Deutsche Bank AG, Frankfurt, Germany	-	-	-	-
Standard Chartered Bank, Germany	9,384	787,277	71,822	5,939,680
	<b>619,445</b>	<b>51,971,422</b>	<b>2,040,834</b>	<b>168,776,959</b>
	<b>72,919,445</b>	<b>6,117,941,422</b>	<b>73,140,834</b>	<b>6,048,746,959</b>
	<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>

#### 4 Loans and advances

- i) Loans, cash credits, overdrafts, etc.  
ii) Bills discounted and purchased

Note	2018		2017	
	USD	BDT	USD	BDT
4.1	104,956,038	8,805,811,567	102,699,222	8,493,225,664
4.2	156,478,826	13,128,573,493	218,281,293	18,051,862,942
	<b>261,434,864</b>	<b>21,934,385,060</b>	<b>320,980,515</b>	<b>26,545,088,605</b>

##### 4.1 Loans, Cash Credit, Overdraft etc.

###### Inside Bangladesh :

Loans	100,016,191	8,391,358,450	97,640,622	8,074,879,457
Cash Credit	-	-	-	-
Overdraft	4,939,846	414,453,117	5,058,600	418,346,207

###### Outside Bangladesh :

Loans	-	-	-	-
Cash Credit	-	-	-	-
Overdraft	-	-	-	-

<b>104,956,038</b>	<b>8,805,811,567</b>	<b>102,699,222</b>	<b>8,493,225,664</b>
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##### 4.2 Bills Purchased and Discounted

###### Inside Bangladesh :

Bills Discounted	-	-	-	-
Bills Financed	156,478,826	13,128,573,493	218,281,293	18,051,862,942

<b>156,478,826</b>	<b>13,128,573,493</b>	<b>218,281,293</b>	<b>18,051,862,942</b>
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###### Outside Bangladesh :

Bills Discounted	-	-	-	-
Bills Financed	-	-	-	-

<b>156,478,826</b>	<b>13,128,573,493</b>	<b>218,281,293</b>	<b>18,051,862,942</b>
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#### 5 Other Assets

Prepayments	59,224	4,968,913	417,208	34,503,080
Interest Receivable on Term Placement	563,560	47,282,687	655,917	54,244,309
Receivable from Customer under structured bill finance	1,150,846	96,556,020	-	-

<b>1,773,631</b>	<b>148,807,619</b>	<b>1,073,124</b>	<b>88,747,389</b>
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#### 6 Borrowings from other banks, financial institutions and agents

Demand Borrowings	6.1	53,298,495	4,471,743,708	84,004,072	6,947,136,740
Term Borrowings	6.2	305,592,612	25,639,220,166	336,969,398	27,867,369,198

<b>358,891,107</b>	<b>30,110,963,874</b>	<b>420,973,470</b>	<b>34,814,505,939</b>
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##### 6.1 Demand Borrowings

*In non interest bearing account with  
Standard Chartered Bank, Newyork  
In interest bearing account with  
Eastern Bank Limited (DBU)*

-	-	-	-
53,298,495	4,471,743,708	84,004,072	6,947,136,740

<b>53,298,495</b>	<b>4,471,743,708</b>	<b>84,004,072</b>	<b>6,947,136,740</b>
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##### 6.2 Term Borrowings

###### Borrowing inside Bangladesh

Agrani Bank Limited	-	-	8,000,000	661,600,000
Bank Asia Limited	22,000,000	1,845,800,000	-	-
Bank Al-Falah Limited	5,000,000	419,500,000	-	-
Brac Bank Limited	-	-	13,450,000	1,112,315,000
Bangladesh Krishi Bank	1,000,000	83,900,000	-	-
Commercial Bank of Ceylon plc	12,000,000	1,006,800,000	12,000,000	992,400,000
Dhaka Bank Limited	30,000,000	2,517,000,000	35,000,000	2,894,500,000
National Bank Limited	1,000,000	83,900,000	-	-
National Credit and Commerce Bank Limited	5,500,000	461,450,000	-	-
Pubali Bank Limited	12,000,000	1,006,800,000	-	-
Rupali Bank Limited	28,000,000	2,349,200,000	-	-
Southeast Bank Ltd.	7,000,000	587,300,000	5,000,000	413,500,000
The City Bank Limited	2,150,846	180,456,020	-	-
Uttara Bank Limited	-	-	1,000,000	82,700,000
Investment Promotion & Financing Facility (IPFF)	4,095,678	343,627,384	4,648,649	384,443,272

<b>129,746,524</b>	<b>10,885,733,404</b>	<b>79,098,649</b>	<b>6,541,458,272</b>
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	Note	2018		2017	
		USD	BDT	USD	BDT
		▼	▼		
<b>Borrowing outside Bangladesh</b>					
Abu Dhabi Commercial Bank, Dubai		30,744,725	2,579,482,428	1,256,259	103,892,636
Asian Development Bank (ADB)		21,119,164	1,771,897,818	-	-
Bank One Limited, Mauritous		6,073,555	509,571,298	6,039,582	499,473,450
Bank of Montreal		4,200,000	352,380,000	-	-
Deutsche Investitions-Und Entwicklungsgesellschaft Mbh		48,000,000	4,027,200,000	64,000,000	5,292,800,000
FMO, Netherland		-	-	4,000,000	330,800,000
HDFC Bank, Mumbai		13,750,000	1,153,625,000	-	-
ICICI Bank, Mumbai		9,048,775	759,192,182	29,817,837	2,465,935,122
ICICI Bank, Shanghai		-	-	1,754,186	145,071,182
International Finance Corporation (IFC)		4,811,459	403,681,442	7,986,538	660,486,712
National Bank of Ras Al-Khaimah		9,309,448	781,062,706	18,404,421	1,522,045,618
PROPARCO		12,727,273	1,067,818,183	16,363,636	1,353,272,727
Standard Chartered Bank, Singapore		11,107,059	931,882,264	89,944,503	7,438,410,365
United Bank Limited, Dubai		-	-	18,303,786	1,513,723,113
Wells Fargo, USA		4,954,630	415,693,441	-	-
		<b>175,846,088</b>	<b>14,753,486,762</b>	<b>257,870,749</b>	<b>21,325,910,926</b>
		<b>305,592,612</b>	<b>25,639,220,166</b>	<b>336,969,398</b>	<b>27,867,369,198</b>
<b>6.1.a Classification based on type of security</b>					
Secured		-	-	-	-
Unsecured		358,891,107	30,110,963,874	420,973,470	34,814,505,938
		<b>358,891,107</b>	<b>30,110,963,874</b>	<b>420,973,470</b>	<b>34,814,505,939</b>
<b>7 Deposits and other accounts</b>					
Current deposits and other accounts	7.1	3,604,540	302,420,884	2,276,746	188,286,891
Term deposits	7.2	-	-	-	-
		<b>3,604,540</b>	<b>302,420,884</b>	<b>2,276,746</b>	<b>188,286,891</b>
<b>7.1 Current deposits and other accounts:</b>					
Current account		1,525,714	128,007,388	1,567,614	129,641,650
Other Accounts	7.1.a	2,078,826	174,413,496	709,132	58,645,241
		<b>3,604,540</b>	<b>302,420,884</b>	<b>2,276,746</b>	<b>188,286,891</b>
<b>7.1.a Other Accounts:</b>					
Interest Payable on deposit		-	-	-	-
Margin on Facility		2,078,826	174,413,496	709,132	58,645,241
		<b>2,078,826</b>	<b>174,413,496</b>	<b>709,132</b>	<b>58,645,241</b>
<b>7.2 Term deposits</b>					
Special notice deposit- SND		-	-	-	-
Term deposit - BB		-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Other liabilities</b>					
Provision for taxation	8.1	-	-	-	-
Provision for unclassified Loans and advances (Including provision for off Balance Sheet items)		2,773,684	232,712,071	3,388,574	280,235,064
Interest Suspense Account		-	-	-	-
Interest payable on Borrowing		2,764,701	231,958,426	2,727,069	225,528,577
Privilage Creditors		27,876	2,338,832	42,700	3,531,314
Sundry Creditors		4,045	339,376	3,212	265,618
		<b>5,570,306</b>	<b>467,348,705</b>	<b>6,161,555</b>	<b>509,560,574</b>
<b>8.1 Provision for tax of the unit is accounted for in the book of Eastern Bank Limited.</b>					
<b>9 Foreign currency translation difference</b>					

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 83.90 (2017: BDT 82.70) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= BDT 83.4592).

Note	2018		2017	
	USD	BDT	USD	BDT
<b>10 Interest income</b>				
Interest on Advances	16,656,027	1,390,098,707	15,588,584	1,254,300,699
Interest on Money at Call and Short Notice	-	-	-	-
Interest on Placement with other Banks	3,867,482	322,776,968	3,391,169	272,862,836
	<b>20,523,509</b>	<b>1,712,875,675</b>	<b>18,979,752</b>	<b>1,527,163,535</b>
<b>11 Interest paid on deposits and borrowings</b>				
Interest on Deposits	-	-	-	-
Interest on Borrowings	17,842,619	1,489,130,742	14,349,513	1,154,601,646
Interest on Margin	-	-	-	-
	<b>17,842,619</b>	<b>1,489,130,742</b>	<b>14,349,513</b>	<b>1,154,601,646</b>
<b>12 Commission, exchange and brokerage</b>				
Fees & Commission	333,904	27,867,360	214,705	17,275,733
Exchange gain/(loss) net off exchange gains*	(13,407)	(1,118,902)	29,225	2,351,509
Brokerage	-	-	-	-
	<b>320,497</b>	<b>26,748,457</b>	<b>243,929</b>	<b>19,627,242</b>
*The net result of exchange differences arising from day to day transactions & revaluation of monetary items are recognized in profit and loss account as per IAS 21 (The Effect of changes in Foreign Exchange Rates).				
<b>13 Other Operating Income</b>				
Rebate of Foreign Correspondence Charges	120,054	10,019,617	127,815	10,284,350
Swift charges recovered	29,743	2,482,327	30,077	2,420,079
Postage charges recovered	7,362	614,435	10,038	807,707
Service charges (others)	70,749	5,904,652	64,391	5,181,062
	<b>227,908</b>	<b>19,021,032</b>	<b>232,321</b>	<b>18,693,197</b>
<b>14 Operating Expenses</b>				
Account Maintenance & Processing fees	440,330	36,749,626	715,355	57,559,468
Other charges	265	22,137	3,509	282,330
	<b>440,596</b>	<b>36,771,763</b>	<b>718,864</b>	<b>57,841,798</b>
<b>15 Provision for Loans and Advances</b>				
General Provision	(614,890)	(51,318,237)	307,823	24,768,320
Specific Provision	-	-	-	-
	<b>(614,890)</b>	<b>(51,318,237)</b>	<b>307,823</b>	<b>24,768,320</b>
<b>16 Surplus in profit and loss account</b>				
Opening balance	4,079,803	328,272,210	4,622,498	362,675,220
Add: Profit during the year	3,403,590	284,060,896	4,079,803	328,272,210
	7,483,393	612,333,106	8,702,301	690,947,430
Less: Transferred to Main operation during the year	(4,079,803)	(328,272,210)	(4,622,498)	(362,675,220)
<b>Closing balance</b>	<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,803</b>	<b>328,272,210</b>
<b>17 Cash received from commission, exchange and brokerage</b>				
Commission, exchange and brokerage	320,497	26,748,457	243,929	19,627,242
	<b>320,497</b>	<b>26,748,457</b>	<b>243,929</b>	<b>19,627,242</b>
<b>18 Cash received from other operating activities</b>				
Service charges, SWIFT charges etc.	227,908	19,021,032	232,321	18,693,197
	<b>227,908</b>	<b>19,021,032</b>	<b>232,321</b>	<b>18,693,197</b>
<b>19 Paid for operating expenses</b>				
Operating expenses	(440,596)	(36,771,763)	(718,864)	(57,841,798)
	<b>(440,596)</b>	<b>(36,771,763)</b>	<b>(718,864)</b>	<b>(57,841,798)</b>
<b>20 Cash and cash equivalent</b>				
Balance with other banks & FIs	108,261,049	9,083,101,983	111,437,933	9,215,917,091
Money at call and short notice	-	-	-	-
	<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>

## Financial Statements of the Subsidiaries

EBL Securities Limited

### Independent Auditor's Report

To the Management of EBL Securities Ltd.

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of EBL Securities Ltd. which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the statement of financial position of EBL Securities Ltd. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Securities & Exchange Rules 1987 and other applicable laws and regulations.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the Financial Statements in jurisdictions and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The company has carried out a valuation of both the DSE & CSE TREC including share holding position in order to find out fair value of the demutualized TREC value of both the TREC & shares as per the valuation report conducted by a renowned Chartered Accountancy firm, M/S ACNABIN & Co. Chartered Accountants dated 31 December 2018 to reflect the fair value (prevailing market price) of those classes of assets.

##### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

##### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities & Exchange Rules 1987 and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause found the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, the Securities & Exchange Rules 1987 and other applicable laws & regulation, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.



SHEIKH ZAHIDUL ISLAM, FCA MBA  
Partner

Dhaka, 11 February 2019

EBL Securities Limited

**Statement of Financial Position**

as at 31 December 2018

Amount in BDT

	Note	2018	2017
<b>ASSETS</b>			
<b>A. Non-Current Assets:</b>		<b>878,623,832</b>	<b>232,865,885</b>
Property, Plant & Equipment	04.00	37,906,965	31,359,885
Investments with DSE & CSE	05.00	840,716,867	201,506,000
<b>B. Current Assets:</b>		<b>5,642,224,730</b>	<b>6,034,742,642</b>
Advances, Deposits & Prepayments	06.00	20,839,124	11,329,451
Advance Income Tax	07.00	181,193,046	123,552,780
Accounts Receivable	08.00	58,855,280	1,101,316,270
Loan to Customers	09.00	2,650,197,470	2,569,190,504
Investments	10.00	1,965,755,378	1,545,328,205
Cash & Bank Balance	11.00	765,384,434	684,025,432
<b>TOTAL ASSETS (A+B)</b>		<b>6,520,848,562</b>	<b>6,267,608,527</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>C. Shareholders' Equity:</b>		<b>2,139,137,625</b>	<b>1,540,555,295</b>
Share Capital	12.00	1,500,000,000	1,500,000,000
Revaluation reserve for investments with DSE & CSE	13.00	639,212,367	-
Retained Earnings	14.00	(74,742)	40,555,295
<b>D. Non-Current Liabilities</b>		-	-
<b>E. Current Liabilities:</b>		<b>4,381,710,937</b>	<b>4,727,053,230</b>
Accounts Payable	15.00	316,039,703	1,314,164,282
Borrowings from Bank & others	16.00	3,523,161,168	2,719,403,939
Liabilities for Expenses	17.00	34,087,484	26,967,401
Other Liabilities	18.00	320,729,870	517,470,154
Provision for Tax	19.00	187,692,711	149,047,454
<b>TOTAL SHAREHOLDERS EQUITY &amp; LIABILITIES (C+D+E)</b>		<b>6,520,848,562</b>	<b>6,267,608,527</b>
<b>NET ASSET VALUE PER SHARE</b>		<b>1,426.09</b>	<b>1,027.04</b>


The annexed notes form an integral part of these financial statements



Managing Director



Director



Chairman

Signed in terms of our annexed report of even date.


Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 11 February 2019

EBL Securities Limited

## Statement of Profit or Loss & Other Comprehensive Income

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
<b>A. Revenue:</b>			
Brokerage Commission	20.00	264,229,315	430,198,494
Less: Direct Expenses		(33,198,850)	(53,772,032)
<b>Net Brokerage Commission</b>		<b>231,030,465</b>	<b>376,426,462</b>
Investment Income	21.00	122,382,199	593,576,869
Interest Income	22.00	299,684,108	201,889,727
Less: Interest Expense		(379,053,870)	(181,352,073)
<b>Net Interest Income</b>		<b>(79,369,761)</b>	<b>20,537,655</b>
Other Operating Income	23.00	2,009,819	1,997,806
<b>Total Income</b>		<b>276,052,721</b>	<b>992,538,792</b>
<b>B. Expenses:</b>			
Office & Administrative Expenses	24.00	144,267,374	122,090,252
Bank Charge and Other Expenses	25.00	12,564,073	9,203,175
<b>Total Expense</b>		<b>156,831,448</b>	<b>131,293,427</b>
<b>C. Operating Profit (A-B)</b>		<b>119,221,274</b>	<b>861,245,365</b>
Provision made/ (release) on margin loan		50,035,917	20,000,000
Provision (released)/made on revaluation of quoted securities	26.00	45,675,508	21,978,543
<b>Profit/(Loss) Before Tax</b>		<b>23,509,849</b>	<b>819,266,822</b>
Current Tax Expense	27.00	64,139,886	149,047,455
<b>Net Profit/(Loss) After Tax</b>		<b>(40,630,037)</b>	<b>670,219,367</b>
<b>Earnings Per Share (EPS)</b>	28.00	<b>(27.09)</b>	<b>446.81</b>

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



Managing Director



Director



Chairman

Signed in terms of our annexed report of even date.



Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 11 February 2019

EBL Securities Limited

**Statement of Changes in Shareholders' Equity**

for the year ended 31 December 2018

Amount in BDT

Particulars	Paid up Capital	Revaluation reserve for investments with DSE & CSE	Share Money Deposit	Retained Earnings	Total
Balance as on 01 January 2018	1,500,000,000	-	-	40,555,295	1,540,555,295
Add: Net Profit for the year	-	-	-	(40,630,037)	(40,630,037)
Interim Dividend	-	-	-	-	-
Revaluation reserve for investments with DSE & CSE	-	639,212,367	-	-	639,212,367
Share Money Deposit	-	-	-	-	-
<b>Balance as on 31 December 2018</b>	<b>1,500,000,000</b>	<b>639,212,367</b>	<b>-</b>	<b>(74,742)</b>	<b>2,139,137,625</b>

**Statement of Changes in Shareholders' Equity**

for the year ended 31 December 2017

Amount in BDT


Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total
Balance as on 01 January 2017	900,000,000	-	75,335,929	975,335,929
Add: Net Profit for the year	-	-	670,219,366	670,219,366
Interim Dividend	-	-	(705,000,000)	(705,000,000)
Add: Additional Capital raised during the year	600,000,000	-	-	600,000,000
<b>Balance as on 31 December 2017</b>	<b>1,500,000,000</b>	<b>-</b>	<b>40,555,295</b>	<b>1,540,555,295</b>



Managing Director



Director



Chairman

**Statement of Cash Flows**

for the year ended 31 December 2018

Amount in BDT


Particulars	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Net Profit/(Loss) during the year	(40,630,037)	670,219,367
Depreciation	8,129,099	6,416,342
Amortization	24,644	270,574
<b>Net Profit/(Loss) after Depreciation</b>	<b>(32,476,295)</b>	<b>676,906,283</b>
<b>Changes in Working Capital:</b>	<b>128,536,119</b>	<b>(748,169,531)</b>
Advances, Deposits & Pre-payments	(9,509,672)	(2,670,697)
Advance Income Tax	(57,640,266)	(92,127,826)
Accounts Receivable	1,042,460,990	(843,850,590)
Loan to Customers	(81,006,966)	(1,281,888,940)
Investment in Securities	(420,427,172)	(196,723,356)
Accounts Payable	(998,124,578)	678,007,750
Borrowings from Bank & others	803,757,229	1,355,615,737
Liabilities for Expenses	7,120,083	14,102,601
Other Liabilities	(196,738,786)	212,037,450
Interim Dividend	-	(705,000,000)
Provision for Tax	38,645,257	114,328,340
<b>A. Net Cash provided from/ (used in) Operating Activities:</b>	<b>96,059,824</b>	<b>(71,263,249)</b>
<b>Cash Flows from Investing Activities:</b>		
Sale/Disposal of Assets	235,966	-
Fixed Assets Purchased	(14,936,788)	(25,739,488)
<b>B. Net Cash (used in) Investing Activities</b>	<b>(14,700,822)</b>	<b>(25,739,488)</b>
<b>Cash Flows from Financing Activities:</b>		
Share Money Deposit	-	-
Paid-up Capital	-	-
<b>C. Net Cash provided from/ (used in) Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in Cash during the Year (A+B+C)</b>	<b>81,359,002</b>	<b>(97,002,737)</b>
Add: Opening Cash & Bank Balance	684,025,432	781,028,152
<b>Closing Cash &amp; Bank Balance</b>	<b>765,384,434</b>	<b>684,025,432</b>
<b>Net Operating Cash Per Share</b>	<b>64.04</b>	<b>(47.51)</b>



Managing Director



Director



Chairman

EBL Securities Limited

**Notes to the financial statements**

as at and for the year ended 31 December 2018

**01.00 Reporting Entity:****01.01 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 Ltd. 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.

**01.02 Nature of business activities:**

The principal activities of the company are to buy, sell, deal and invest in shares, stocks, debentures and other securities, to become TREC holder of stock exchange in Bangladesh and/ or elsewhere and undertake all the functions of a Stock Exchange TREC holder.

**02.00 Basis of Preparation:****02.01 Statement of compliance:**

The financial statements are prepared on the historical cost basis except measuring fair value of DSE and CSE TREC and shares 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, International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

**02.02 Regulatory compliances:**

EBL Securities Ltd. is 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 expect 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 IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the flowing situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

**02.05 Consistency:**

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, EBL Securities Ltd. 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 IAS 8. However, we have applied the same accounting principles in financial statements for the year ended 31 December, 2018 as was for in financial statements for 2017.

**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 Property, plant & equipments 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 providing at the rearranged/ re-

fixed following rates on straight-line basis in accordance with IAS 16 over the periods appropriate to the estimated useful lives of the different types of assets. The new rate of depreciation considering estimated useful lives of the assets, the shortfall amount if necessary, have been charged during the quarter.

Furniture & Fixture	10.00%
Television & Multimedia	20.00%
Computer & Accessories	33.33%
Generator	20.00%
Office Equipment	20.00%
Office Decoration	10.00%
Vehicles	20.00%

### **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 IAS 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 evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events 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 & Bank Balance:**

Considering the provisions of IAS-1 and IAS-7, cash on hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined by adjusting profit for the year under indirect method as per IAS-7 "Statement of Cash Flows".

### **03.05 Receivables:**

Trade receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. No such receivables are accounted for if the loans are classified as bad and loss. Receivable include the amount receivable both from DSE and CSE against daily transaction settlement and dividend income from investments etc.

### **03.06 Margin loan/ Loan to customer:**

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. Provision for share against unrealized loss (gain net off) has been made as per DOS circular no.4 dated 24 November 2011 of Bangladesh Bank.

### **03.08 Authorized Share Capital:**

Authorized capital of the company has been increased from BDT 100 crore to BDT 200 crore with the approval of shareholders in its EGM held on 28 August 2016 which was duly certified by Registrar of Joint Stock Companies (RJSC). The company converted to Public Limited Company and the related changes in the Memorandum & Articles of Association was duly certified by RJSC on 01 July 2015.

**03.09 Paid up Capital:**

Paid up capital of the company has been increased from BDT 90.00 crore to 150.00 crore as per decision of the company's 92nd Board Meeting held on 04 August, 2016.

6,00,000 nos. shares @ Tk. 1,000.00 each per share allotted on 25 January, 2017 in favor of Eastern Bank Ltd. after completion of necessary regulatory formalities.

Shareholder position of EBL Securities Limited as on 31 December 2018 is as follows:

Name of member Shareholders	Nos of Shares	Value per share (Tk.)	Amount (Tk.)
Eastern Bank Limited	1,499,994	1,000/=	1,499,994,000/=
Other shareholders'	06	1,000/=	6,000/=
<b>Total</b>	<b>1,500,000</b>		<b>1,500,000,000/=</b>

**03.10 Payables:**

Trade and other payables are stated at their nominal values.

**03.11 Due from/to related party:**

Due from/to related party is stated at their nominal values.

**03.12 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.

**03.13 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.

**03.14 Revenue recognition:**

Revenue, which comprises of brokerage commission, service charges and capital gain, is recognized in accordance with International Accounting Standard (IAS) 18: Revenue Recognition.

**03.15 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.

**03.16 Income from margin loan:****Dividend income:**

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the year in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

**03.17 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.

**03.18 Suspense interest account:**

Suspense interest account is created against interest income from negative equity customers and vulnerable margin account.

**03.19 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. 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.

**03.20 Events after the Reporting Period:**

There are no such events after the reporting period existed at the end of the reporting period.

**03.21 Going concern basis of accounting**

These financial statements have been prepared on the assessment of the Company's ability to continue as a going concern. EBLSL has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**03.22 Currency:**

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

**03.23 General:**

Previous year's figures have been re-arranged/re-classified, where consider necessary, to conform to current year's presentation.

# EBL Investments Limited

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of EBL Investments Limited, which comprise the statement of financial position as at 31 December 2018, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects of the statement of financial position of EBL Investments Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the company Act 1994 and other applicable laws and regulations.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing the opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and other applicable laws and regulations, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Dhaka, 12 February 2019

*Khan Wahab Shafique Rahman & Co.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

EBL Investments Limited

## Statement of Financial Position

as at 31 December 2018

Amount in BDT

	Note	2018	2017
<b>A. ASSETS</b>			
<b>Non-Current Assets:</b>			
<b>Tangible Assets:</b>			
Property, Plant & Equipment	4	4,414,674	622,220
<b>Intangible Assets</b>			
Software	5	867,170	446,360
		<b>5,281,844</b>	<b>1,068,580</b>
<b>B. Current Assets:</b>			
Cash & Bank balance	6	55,503,804	24,287,807
Advances, Deposit & Prepayments	7	23,279,244	90,265,340
Margin Loan	8	171,019,426	118,665,672
Accounts Receivable	9	11,328,129	7,634,826
Investments	10	161,105,556	199,726,304
		<b>422,236,159</b>	<b>440,579,948</b>
<b>TOTAL ASSETS (A+B)</b>		<b>427,518,003</b>	<b>441,648,529</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>C. Share Holders Equity:</b>			
Paid up capital	11	300,000,000	300,000,000
Retained earnings	12	33,499,443	11,020,237
<b>Total Shareholders' Equity</b>		<b>333,499,443</b>	<b>311,020,237</b>
<b>D. Current Liabilities</b>			
Trade Payable	13	66,828,054	17,743,083
Current tax liability/(assets)	14	6,925,460	10,634,288
Provision for Diminution in value of Investments	15	15,187,569	19,457,140
Other Liabilities	16	5,077,476	82,793,782
		<b>94,018,560</b>	<b>130,628,292</b>
<b>TOTAL SHAREHOLDERS EQUITY &amp; LIABILITIES(C+D)</b>		<b>427,518,003</b>	<b>441,648,529</b>

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.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 12 February 2019

EBL Investments Limited

**Statement of Profit or Loss and Other Comprehensive Income**

for the year ended 31 December 2018

Particulars	Note	Amount in BDT	
		2018	2017
<b>A. Operating Income</b>			
Fees & Commission	17	17,980,593	16,629,376
Income from Investment	18	7,171,283	62,875,713
Interest Income	19	24,303,686	24,522,064
<b>Total operating income</b>		<b>49,455,562</b>	<b>104,027,153</b>
<b>B. Operating Expense</b>			
Administrative Expenses	20	20,971,241	21,037,076
Financial Expenses	21	100,665	71,979
<b>Total operating expense</b>		<b>21,071,906</b>	<b>21,109,054</b>
<b>C. Operating Profit before Provision(A-B)</b>		<b>28,383,656</b>	<b>82,918,099</b>
Provision (Released)/Charged for diminution in value of investments	22	(4,269,571)	7,805,336
<b>Profit before Provision for tax</b>		<b>32,653,226</b>	<b>75,112,763</b>
Current tax expenses	23	10,174,021	15,056,704
<b>Net profit after tax</b>		<b>22,479,205</b>	<b>60,056,059</b>
<b>Earning per share</b>	24	<b>7.49</b>	<b>20.02</b>

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, 12 February 2019

Ebl Investments Limited

## Statement of Changes in Equity

for the year ended 31 December 2018

Amount in BDT

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on 01 January 2018	300,000,000	11,020,237	311,020,237
Add: Net Surplus/ (Deficit) for the year	-	22,479,205	22,479,205
Interim Dividend	-	-	-
<b>Balance as on 31 December 2018</b>	<b>300,000,000</b>	<b>33,499,443</b>	<b>333,499,443</b>

for the year ended 31 December 2017

Amount in BDT

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on 01 January 2017	300,000,000	30,964,178	330,964,178
Add: Net Surplus/ (Deficit) for the year	-	60,056,059	60,056,059
Interim Dividend	-	80,000,000	80,000,000
<b>Balance as on 31 December 2017</b>	<b>300,000,000</b>	<b>11,020,237</b>	<b>311,020,237</b>



Managing Director



Director



Chairman

EBL Investments Limited

**Statement of Cash Flows**

for the year ended 31 December 2018

Particulars	Amount in BDT	
	2018	2017
<b>A. Cash flows from operating activities</b>		
Net Profit/(Loss) during the year	22,479,205	60,056,059
Add: Depreciation and Amortization	771,413	366,852
<b>Net Profit/(Loss) after Depreciation</b>	<b>23,250,618</b>	<b>60,422,911</b>
<b>Changes in other operating assets/liabilities</b>	<b>12,950,053</b>	<b>(50,818,362)</b>
Advances, Deposit & Prepayments	66,986,096	59,940,233
Margin Loan	(52,353,754)	(55,792,009)
Accounts receivable	(3,693,304)	2,372,658
Advance Income Tax	1,715,641	1,927,891
Investment	38,620,748	(57,135,796)
Trade payable	49,084,971	3,886,927
Provision for Tax	(5,424,470)	5,148,638
Other liabilities	(81,985,876)	(11,166,904)
<b>Net cash flow from operating activities</b>	<b>36,200,671</b>	<b>9,604,549</b>
<b>B. Cash flows from investing activities</b>		
Fixed Assets	(4,984,676)	(381,665)
<b>Net cash flow from investing activities</b>	<b>(4,984,676)</b>	<b>(381,665)</b>
<b>C. Cash flows from financing activities</b>		
Cash Dividend		
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>31,215,995</b>	<b>9,222,884</b>
<b>E. Opening cash and Bank balance</b>	<b>24,287,808</b>	<b>15,064,924</b>
<b>F. Closing cash and Bank balance</b>	<b>55,503,804</b>	<b>24,287,808</b>
<b>Closing cash and Bank balance represents</b>		
Cash in hand	63,152	39,940
Stamp in hand	40,050	46,700
Balances with other banks and financial institutions	55,400,602	24,201,168
	<b>55,503,804</b>	<b>24,287,808</b>



Managing Director



Director



Chairman

## Notes to the Financial Statements

as at and for the year ended 31 December 2018

### 01.00 REPORTING ENTITY:

#### 01.01 Legal status

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 marchant banking license from BSEC in 27 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.

#### 1.02 Nature of business :

EBLIL has started full fledge merchant banking operation from mid 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.

### 02.00 BASIS OF PREPARATION:

#### 02.01 Statement of compliance

The financial statements are prepared on the historical cost convention 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, International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

#### 02.02 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

#### 02.03 Consistency:

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, EBL Investments Ltd. 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 IAS 8. We however, have applied the same accounting principles in 2018 as in financial statements for 2017.

#### 02.04 Reporting period

The financial statements of the Company covers a period from 01 January 2018 to 31 December 2018 and is followed consistently.

### 03.00 SIGNIFICANT ACCOUNTING POLICIES:

The accounting polices set out below have been applied consistently to all periods presented in these financial statements:

#### 03.01 Tangible Assets

##### Property, Plant & Equipment and its Depreciation

##### 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

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
Furniture and fixtures	10%
Office equipments	20%
Vehicle	20%
Office Decoration & Other 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 statement of profit and loss account and other comprehensive income.

**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 IAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization @ 15% and accumulated impairment losses. Intangible assets include software, integrated systems along with related hardware.

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 Cash and Bank balance:**

Considering the provisions of IAS-1 and IAS-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 indirect method as per IAS-7 "Cash Flow Statement

**03.04 Books of accounts**

The Company maintains its books of accounts in electronic form through Mbank software.

**3.05 Risk and uncertainty for use of estimates (Provisions):**

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 IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the flowing situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

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.

**03.06 Revenue Recognition**

"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 in accordance with International Accounting Standards (IAS) 18: Revenue Recognition.

**03.07 Fees and Commission:**

Fees and Commission income arises on services rendered by the company and recognized on and accrual basis.

**03.08 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.

**03.09 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.

**03.10 Events after the Reporting Period:**

There are no such events after the reporting period existed at the end of the reporting period.

**03.11 Going concern basis of accounting:**

These financial statements have been prepared on the assessment of the Company's ability to continue as a going concern. EBLIL has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**03.12 General:**

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

# EBL Finance (HK) Limited

## Report of The Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2018.

### Principal activities

The principal activity of the Company is engaged in money lending business.

### Business review

Pursuant to section 388(3)(b) of the Hong Kong Companies Ordinance, the Company is a wholly owned subsidiary of another body corporate during the year. Accordingly, the Company is not required to prepare a business review for the financial year ended 31 December 2018 as required by Schedule 5 of the Hong Kong Companies Ordinance.

### Financial performance

The financial performance of the Company for the year ended 31 December 2018 and the financial position of the Company at that date are set out on pages 6 and 7.

Details of dividend paid during the year are provided in note 9 to the financial statements.

### Charitable donations

Donations made by the Company during the year amounted to HK\$13,000.

### Directors

The directors during the year and up to the date of this report were:-

Eastern Bank Limited  
IFTEKHAR Ali Reza Md

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 at the forthcoming annual general meeting.

### Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business.

Save as disclosed in note 13 to the financial statements, no other transactions, arrangements and contracts of significance in relation to the Company's business to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Directors' interests in the shares and debentures of the Company or any other body corporate

At no time during the year was the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries 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 at the forthcoming annual general meeting.

On behalf of the Board  
For and on behalf of Eastern Bank Limited



Chairman, Eastern Bank Limited  
(Represented by Meah Mohammed Abdur Rahim)  
Hong Kong, 15 January 2019

EBL Finance (HK) Limited

## **Independent Auditor's Report**

To the Members of EBL Finance (HK) Limited  
(Incorporated in Hong Kong with limited liability)

### **Opinion**

We have audited the financial statements of EBL Finance (HK) Limited ("the Company") set out on pages 6 to 21, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes of in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance ("HKCO").

### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the HKCO, 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our responsibility to express an opinion on these financial statements based on our audit is solely to you, as a body, in accordance with section 405 of the HKCO, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the HKICPA's website at: [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/auditre/fs\\_pf.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/auditre/fs_pf.pdf). This description forms part of our auditor's report.



Kingston C.P.A. Limited  
Certified Public Accountants, Hong Kong  
Auditor, LAW Hoi Kit; P.C. No. P06627

15 January 2019

EBL Finance (HK) Limited

## Statement Of Comprehensive Income

year ended 31 December 2018

Particulars	Note	2018 HK\$	2017 HK\$
Revenue	5	41,888,589	31,348,368
Cost of sales		(17,208,087)	(14,100,230)
Gross profit		24,680,502	17,248,138
Other income and net gains or (losses)	5	79,200	164,194
Operating expenses		(5,021,651)	(4,732,285)
Operating profit	6	19,738,051	12,680,050
Finance costs		-	-
Profit before taxation		19,738,051	12,680,050
Income tax	7	38,395	28,055
Over provision in prior years		(3,100,000)	(2,100,000)
Provision for the year		(3,061,605)	(2,071,945)
Profit for the year		16,676,446	10,608,105
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		16,676,446	10,608,105

The annexed notes form an integral part of these financial statement.

EBL Finance (HK) Limited

## Statement of Financial Position

as at 31 December 2018

Particulars	Note	2018 HK\$	2017 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	94,988	89,357
<b>Current assets</b>			
Bills financed	10	565,382,768	549,891,268
Interest receivables		9,057,845	7,104,857
Deposits and prepayments		178,200	168,660
Cash and bank balances		17,768,629	14,354,065
		592,387,442	571,518,850
<b>Current liabilities</b>			
Accruals and other payables		10,597,548	3,610,274
Receipt in advance		1,165,670	559,954
Loan from holding company		560,686,500	551,380,500
Provision for taxation		1,173,395	815,555
		573,623,113	556,366,283
<b>Net current assets</b>		18,764,329	15,152,567
<b>NET ASSETS</b>		18,859,317	15,241,924
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital			
Issued and fully paid			
1,410,000 ordinary shares		1,410,000	1,410,000
Retained profits		17,449,317	13,831,924
<b>TOTAL EQUITY</b>		18,859,317	15,241,924

Approved and authorised for issue by the board of directors on 15 January 2019

On behalf of the Board

For and on behalf of Eastern Bank Limited

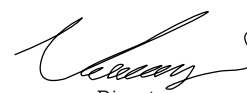


Director

Eastern Bank Limited

(Represented by Meah Mohammed Abdur Rahim)

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



Director

IFTEKHAR Ali Reza Md

EBL Finance (HK) Limited

**Statement of Changes In Equity**

year ended 31 December 2018

	Share Capital HK\$	Retained profits HK\$	Total HK\$
Balance at 1 January 2017	1,410,000	6,447,638	7,857,638
Net profit for the year	-	10,608,105	10,608,105
Other comprehensive income	-	-	-
Dividend (Note 9)	-	(3,223,819)	(3,223,819)
Balance at 31 December 2017	1,410,000	13,831,924	15,241,924
Net profit for the year	-	16,676,446	16,676,446
Other comprehensive income	-	-	-
Dividend (Note 9)	-	(13,059,053)	(13,059,053)
Balance at 31 December 2018	1,410,000	17,449,317	18,859,317

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

EBL Finance (HK) Limited

**Statement of Cash Flows**

year ended 31 December 2018

	2018 HK\$	2017 HK\$
<b>Operating activities</b>		
Profit before taxation	19,738,051	12,680,050
<b>Adjustment for:</b>		
Interest expense	17,208,087	14,100,230
Depreciation	45,448	49,613
Operating cash flows before working capital changes	36,991,586	26,829,893
Increase in bills financed	(15,491,500)	(172,794,600)
Increase in interest receivables	(1,952,988)	(3,327,861)
Increase in deposits and prepayments	(9,540)	(1,200)
Increase/(decrease) in accruals and other payables	6,987,274	(2,108,309)
Decrease in temporary receipts	-	(709,257)
Decrease in amounts due to holding company	-	(28,950)
Increase/(decrease) in receipts in advance	605,712	281,865
Increase in loan from holding company	9,306,000	182,242,500
Cash generated from operations	36,436,548	30,384,081
Tax paid	(2,703,765)	(1,586,028)
Interest Paid	(17,208,087)	(14,100,230)
<b>Net cash generated from operating activities</b>	<b>16,524,696</b>	<b>14,697,823</b>
<b>Net cash used in from investing activities</b>		
Payments to acquire property, plant and equipment	(51,079)	(69,827)
<b>Net cash used in financing activities</b>		
Dividend paid	(13,059,053)	(3,223,819)
<b>Net increase in cash and cash equivalents</b>	<b>3,414,564</b>	<b>11,404,177</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>14,354,065</b>	<b>2,949,888</b>
<b>Cash and cash equivalents at end of year</b>	<b>17,768,629</b>	<b>14,354,065</b>
<b>Analysis of cash and cash equivalents at end of year</b>		
<b>Cash and bank balances</b>	<b>17,768,629</b>	<b>14,354,065</b>

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

## Notes To The Financial Statements

31 December 2018

### 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.

The principal activity of the Company is 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

In the current year, the Company has applied for the first time a number of new standards amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for accounting periods beginning on or after 1 January 2018 with the exception as stated in the following paragraph. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. A summary of the effects of the major changes in significant accounting policy resulted from the adoption of new HKFRSs are stated in Note 3.

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.

Annual Improvements Project  
HKFRS 16

Annual Improvements to HKFRSs 2015 - 2017 Cycle<sup>1</sup>  
Leases<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

### 3. SUMMARY OF THE EFFECTS OF THE MAJOR CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

#### (a) HKFRS 9, Financial Instruments

The following set out effect of adopting HKFRS 9: Financial Instruments:-

HKFRS 9 replaces the provision of HKAS 39: Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

##### (i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

HKFRS 9 categorises financial liabilities into two principal classification categories: measured at amortised cost, and at fair value through profit or loss ("FVPL").

The measurement categories for all financial assets and liabilities of the Company have been assessed by the Company to have the same classification as measured under amortised cost under both HKAS 39 and HKFRS 9. The carrying amounts for all financial assets and liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9. The carrying amounts of the financial assets measured at amortised cost as at 31 December 2018 are HK\$ 592,387,442 (2017: HK\$ 571,518,850) while the carrying amounts of the financial liabilities measured at amortised cost as at 31 December 2018 are HK\$ 573,623,113 (2017: HK\$ 556,366,283).

##### Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognised ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The company assessed each item of the financial assets as at 1 January 2018 and 1 January 2017 that were subject to the ECL model and concluded that there were no provisions on top of the existing level of loan loss provisions upon the adoption of HKFRS. As a result of this conclusion, the company's retained earnings as at 1 January 2018 and 1 January 2017 remained the same as the amounts that were originally stated in the Company's financial statements on those dates.

#### (b) HKFRS 15, Revenue from contracts with customers

The company has adopted HKFRS 15 from 1 January 2018. This new standard on the recognition of revenue replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

Upon an assessment made by the company on the effects of applying this new standard, the Company has concluded that the standard does not have material impact on its financial statements. As a result of this conclusion, there were no adjustments made to amounts recognised in the statement of financial position at the date of initial application.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

##### (b) 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.

##### (c) 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 the end of each reporting period. 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 statement of comprehensive income in the year in which the item is derecognised.

##### (d) 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.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

##### (e) Credit losses and impairment of assets

###### (i) Credit losses

The Company recognised a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost (including cash and cash equivalents, bills and other receivable and deposits).

###### Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

ECLs are measured at each reporting date to reflect changes in the financial instruments' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The company recognises an impairment gain or loss for all financial instruments with a corresponding adjustments to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

###### (ii) Impairment of other non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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 immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, in such a way 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 immediately in profit or loss.

**(f) Cash and cash equivalents**

Cash and cash equivalents include cash at bank and on hand, short-term deposits held at banks, other short-term highly liquid investments with original maturities of three months or less.

**(g) 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 end of reporting period, and any adjustment to tax payable in respect of previous year.

Deferred tax is recognised on temporary 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. 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 recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or charged directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**(h) Bills financed and interest receivables**

Bills financed and interest 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 interest 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 profit or loss.

**(i) 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.

**(j) 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 at the end of reporting period. Exchange gains or losses are recognised in profit or loss.

**(k) Employee retirement benefits**

Costs of employee retirement benefits are recognised as an expense in the year in which they are incurred.

**(l) 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.

**(m) Revenue recognition**

Revenue is recognised when it is possible that the economic benefits will flow to the Company and when the revenue can be measured reliably on the following bases:-

- (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 rendered.

**5. REVENUE, OTHER INCOME AND NET GAINS OR (LOSSES)**

Revenue represents interest income on bills financed; fees, commission and charges on letter of credit.

Revenues recognised during the year are as follows:-

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Revenue		
Interest income on bills financed	30,352,197	22,219,573
Fees, commission and charges on letter of credit	11,536,392	9,128,795
	41,888,589	31,348,368
Other income and net gains or (losses)		
Net exchange gain	79,200	164,194
Total revenues	<u>41,967,789</u>	<u>31,512,562</u>

**6. OPERATING PROFIT**

Operating profit is stated after charging:-

Auditor's remuneration	72,000	60,000
Depreciation	45,448	49,613
Operating lease charges	549,931	511,938
Retirement benefit costs	79,568	79,379
Salaries and allowances	<u>3,022,022</u>	<u>2,773,022</u>

**7. TAXATION**

- (a) Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year.
- (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.

**8. DIRECTORS' EMOLUMENTS**

During the years ended 31 December 2018 and 2017, no amounts have been paid in respect of directors' emoluments, directors' or past directors' retirement benefits or for any compensation to directors or past directors in respect of loss of office.

Save as disclosed in note 12 to the financial statements, no other significant transactions, arrangement and contracts to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Except for the aforementioned transaction, no other significant transactions, arrangement and contracts to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**9. Dividends**

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Final Dividend for 2017 declared and paid of HK\$3.76 (2017: HK\$Nil) per share	5,304,053	3,223,819
Interim dividend for 2018 declared and paid of HK\$5.50 (2017: HK\$2.29) per share	7,775,000	-
	<u>13,059,053</u>	<u>3,223,819</u>

## 10 PROPERTY, PLANT AND EQUIPMENT

	<b>Machineries and equipments HK\$</b>	<b>Furniture and fixtures HK\$</b>	<b>Total HK\$</b>
COST			
At 1 January 2017	110,750	242,759	353,509
Additions	35,289	34,538	69,827
At 31 December 2017	146,039	277,297	423,336
Additions	21,597	29,482	51,079
At 31 December 2018	167,636	306,779	474,415
ACCUMULATED DEPRECIATION			
At 1 January 2017	86,283	198,083	284,366
Provided for the year	29,077	20,536	49,613
At 31 December 2017	115,360	218,619	333,979
Provided for the year	19,016	26,432	45,448
At 31 December 2018	134,376	245,051	379,427
CARRYING AMOUNTS			
At 31 December 2018	33,260	61,728	94,988
At 31 December 2017	30,679	58,678	89,357

## 11. BILLS FINANCED

The following is the aging analysis of bills financed at the end of the reporting period:-

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
0-3 months	331,217,054	254,743,606
4-6 months	124,466,599	176,754,751
7-9 months	40,204,836	101,963,455
10-12 months	69,494,279	16,429,456
Over 12 months	-	-
	<b>565,382,768</b>	<b>549,891,268</b>

## 12. LOAN FROM HOLDING COMPANY

The amounts are unsecured, interest bearing and repayable within one year.

## 13. RELATED PARTY TRANSACTIONS

During the year, the Company had the following transaction with a related party in the normal course of business:-

<b>Type of transaction</b>	<b>Related party</b>	<b>Relationship</b>	<b>Connected directors</b>	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Interest expense	Eastern Bank Limited	Holding company and director	IFTEKHAR ALI Reza Md	17,208,087	14,100,230

## 14. COMMITMENTS UNDER OPERATING LEASE

At 31 December 2018, total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	<b>Land and building</b>	
	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Within 1 year	540,960	211,650
After 1 year but within 5 years	229,908	-
Over 5 years	-	-
	<b>770,868</b>	<b>211,650</b>

## 15. FINANCIAL RISK MANAGEMENT

The Company is exposed to various kinds of risks in its operation and financial instruments. The Company's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:-

**(a) Market risk****(i) Currency risk**

- (1) The Company receives its interest income and service fee and pays loan from holding company and interest expenses, mainly in US dollar, that exposes it to foreign currency risk arising from such purchases and sales and the resulting payables and receivables. The Company closely and continuously monitors the exposure as follows:-

Since 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 to interest rate risk is mainly on its interest-bearing borrowings. In order to manage the interest rate risk, the Company will repay the corresponding borrowings when it has surplus funds.

**(iii) Price risk**

There is no significant price risk as the Company does not have any investment traded in an active market.

**(b) Credit risk**

The major exposure to credit risk of the Company's financial assets, which comprise sundry deposits, and cash and bank balances, arises from the default of the with a maximum exposure equal to the carrying amount of these financial assets in the counterparties, statement of financial position.

**(c) Liquidity risk**

The Company's exposure to the risk of liquidity is minimal, as the shareholders of the Company finance sufficient funds to meet the Company's continuous operation need.

The maturity profile of all financial liabilities of the Company as at the end of the reporting period, based on the contracted undiscounted payments, was as follows:-

	2018 HK\$	2017 HK\$
Due and payable		
0-3 months	573,623,113	551,755,774
4-6 months	-	4,610,509
7-9 months	-	-
10-12 months	-	-
Over 12 months	-	-
Total current liabilities	573,623,113	556,366,283

**(d) Fair value**

The company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2018.

**16. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The directors regard Eastern Bank Limited, a company incorporated in Bangladesh, as being the immediate and ultimate holding company.

**17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which from the basis of making the judgements about carrying values of assets and liabilities that are readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Judgements made by management have no significant effect on the financial statements. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

EBL Asset Management Limited

## Independent Auditor's Report

To the Shareholders of EBL Asset Management Limited

### Opinion

We have audited the financial statements of EBL Asset Management Ltd., which comprise the statement of financial position as at 31 December 2018, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects of the statement of financial position of EBL Asset Management Ltd. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994 and other applicable laws and regulations.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the EBL Asset Management Ltd. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing the opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and other applicable laws and regulations, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Dhaka, 14 February 2019

*Khan Wahab Shafique Rahman & Co.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

EBL Asset Management Limited

## Statement of Financial Position

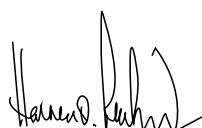
as at 31 December 2018

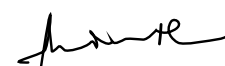
Amount in BDT

Particulars	Note	2018	2017
<b>ASSETS</b>			
<b>A. Non-Current Assets:</b>			
Property, Plant & Equipment	3.00	1,138,364	1,099,656
		<u>1,138,364</u>	<u>1,099,656</u>
<b>B. Current Assets:</b>			
Investment in Securities	4.00	37,848,531	-
Loans and advances	5.00	207,000,000	203,416,667
Advance Income Tax		-	116,328
Dividend Receivable		472,998	-
Other Assets	6.00	11,796,292	-
Cash & Cash Equivalents	7.00	13,776,547	53,680,793
		<b>270,894,368</b>	<b>257,213,788</b>
<b>TOTAL ASSETS (A+B)</b>		<b>272,032,733</b>	<b>258,313,444</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>C. Share Holders Equity:</b>			
Paid up capital	8.00	250,000,000	50,000,000
Share money deposit		-	200,000,000
Retained earnings	9.00	14,722,527	4,897,850
		<b>264,722,527</b>	<b>254,897,850</b>
<b>D. Non-Current Liabilities:</b>			
		-	-
<b>E. Current Liabilities:</b>			
Accounts Payable	10.00	530,000	2,123,589
Provision for loss on revaluation of quoted shares		2,682,699	-
Provision for Tax		-	1,292,005
Current tax liability	11.00	4,097,507	-
		<b>7,310,206</b>	<b>3,415,594</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES (C+D+E)</b>		<b>272,032,733</b>	<b>258,313,444</b>

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

  
Managing Director

  
Director

  
Chairman

Signed as per our annexed report of even date.



Khan Wahab Shafique Rahman & Co.

Chartered Accountants

Dhaka, 14 February 2019

EBL Asset Management Limited

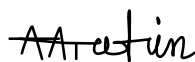
**Statement of Profit or Loss and Other Comprehensive Income**

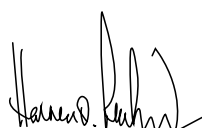
for the year ended 31 December 2018


Amount in BDT

Particulars	Note	2018	2017
<b>A. Revenue:</b>			
Gain on sale of securities	12.00	5,596,280	-
Interest Income	13.00	18,469,180	4,579,943
Dividend Income		472,998	-
<b>Total Income</b>		<b>24,538,458</b>	<b>4,579,943</b>
<b>B. Expense:</b>			
Office & Administrative Expenses	14.00	7,539,396	862,351.00
Bank charge and Other Expenses	15.00	18,515	26,150
<b>Total Expense</b>		<b>7,557,911</b>	<b>888,501</b>
<b>C. Operating Profit (A-B)</b>		<b>16,980,547</b>	<b>3,691,442</b>
Provision for loss on Revaluation of shares		2,682,699	-
<b>Profit/Loss before tax</b>		<b>14,297,848</b>	<b>3,691,442</b>
Provision for tax made for the year	16.00	4,473,172	1,292,005
<b>Profit after tax</b>		<b>9,824,676</b>	<b>2,399,437</b>
<b>Earnings per share</b>	17.00	<b>3.93</b>	<b>4.80</b>

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


  
 Managing Director

  
 Director

  
 Chairman

Signed as per our annexed report of even date.

Dhaka, 14 February 2019

  
 Khan Wahab Shafique Rahman & Co.  
 Chartered Accountants

## Statement of Changes in Equity

for the year ended 31 December 2018

Particulars	Paid up capital	Share money deposit	Retained earnings	Total Equity
Balance as on 01 January 2018	50,000,000	200,000,000	4,897,850	254,897,850
Addition during the year (share money deposit)	200,000,000	(200,000,000)	-	-
Net profit during the year	-	-	9,824,677	9,824,677
<b>Balance as at 31 December 2018</b>	<b>250,000,000</b>	<b>-</b>	<b>14,722,527</b>	<b>264,722,526</b>

### for the year ended 31 December 2017

Particulars	Paid up capital	Share money deposit	Retained earnings	Total Equity
Balance as on 01 January 2017	50,000,000	-	2,498,413	52,498,413
Addition during the year (share money deposit)	-	200,000,000	-	200,000,000
Net profit during the year	-	-	2,399,437	2,399,437
<b>Balance as at 31 December 2017</b>	<b>50,000,000</b>	<b>200,000,000</b>	<b>4,897,850</b>	<b>254,897,850</b>

*A. Arafat*  
Managing Director

*Harun D. Khan*  
Director

*Harun D. Khan*  
Chairman

EBL Asset Management Limited

**Statement of Cash Flows**

for the year ended 31 December 2018

Amount in BDT

Particulars	2018	2017
<b>A. Cash flows from operating activities</b>		
Interest Income	7,693,306	1,163,276
Withholding tax	(52,664)	(116,328)
Advance income Tax	(1,498,678)	(214,193)
Cash Paid to Employees	(3,757,714)	-
Cash Paid for Other Operating Expenses	(339,530)	(63,552)
<b>Net cash used in /received from operating activities</b>	<b>2,044,720</b>	<b>769,203</b>
<b>B. Cash flows from investing activities</b>		
Cash Inflow from Purchase of Securities	25,826,035	-
Cash Inflow from EBLSL agt. Loan	200,000,000	-
Cash Outflow from Purchase of Securities	(30,775,000)	-
Cash Deposited to EBLSL ( Trading)	(30,000,000)	-
Loans and Advance to EBLSL	(207,000,000)	(200,000,000)
<b>Net cash used in investing activities</b>	<b>(41,948,965)</b>	<b>(200,000,000)</b>
<b>C. Cash flows from financing activities</b>		
<b>Net cash received from financing activities</b>	<b>-</b>	<b>200,000,000</b>
<b>D. Net increase/(decrease) in cash and cash-equivalents (A+B+C)</b>	<b>(39,904,245)</b>	<b>769,203</b>
<b>E. Opening cash and bank balance</b>	<b>53,680,793</b>	<b>52,911,590</b>
<b>F. Closing cash and cash-equivalents*</b>	<b>13,776,547</b>	<b>53,680,793</b>
<b>Closing cash and cash-equivalents*</b>		
Cash in hand	-	-
Balances with other banks and financial institutions	13,776,547	53,680,793
	<b>13,776,547</b>	<b>53,680,793</b>

*A. Aratin*  
Managing Director

*Hamidul Karim*  
Director

*Chairman*  
Chairman

EBL Asset Management Limited

## Notes to the Financial Statements

as at and for the period ended 31 December 2018

### 01.00 Reporting Entity:

#### 01.01 Legal status of the Company

EBL Asset Management Limited (here-in-after referred to as 'EBLAML' or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies (RJSC) vide registration no. C - 89481/11 dated 09th January 2011 as a Private Limited Company, limited by shares under the Companies Act, 1994 and got license from Bangladesh Securities Exchange Commission (BSEC) on 25th May 2017 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.

#### 01.02 Nature of business activities:

The main objectives of the company is to carry out the business of Asset Management, Portfolio Management, Fund Management, Capital Market Operation, Other Financial Services including Corporate Advisory Services, Merger & Acquisition, Equity Investment, Corporate Restructuring, Financial & Socio - Economic Consultancy, Corporate Research & Project Studies, Privatization and other related services in Bangladesh and overseas.

### 02.00 Basis of preparation and significant accounting policies:

#### 02.01 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2018 have been prepared in accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the listing rules of Dhaka Stock Exchange, Guidelines from Bangladesh Bank, International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), 1994 and other laws and rules applicable in Bangladesh.

#### 02.02 Basis of measurement

The financial statements are prepared on the historical cost basis.

#### 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 judgments (Provisions)

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.

#### 02.05 Reporting period

The financial statements of the Company cover a period from 01 January 2018 to 31 December 2018.

#### 02.06 Property, Plant & Equipment and its Depreciation

##### Recognition and measurement

Assets are recognised initially at cost and subsequently at cost less accumulated depreciation in compliance with IAS 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
Furniture and fixtures	10%
Machineries	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.

**02.07 Cash and Bank Balance and Statement of Cash Flows**

Considering the provision of IAS-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 Bangladesh Accounting Standard (IAS) 7 'Statement of Cash Flows'. The statement shows the structure of changes in cash and cash equivalents during the year.

**02.08 Revenue Recognition**

As per IAS-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.

**02.8.1 Interest income is accounted for on accrual basis.****02.09 Income and expenditures**

Income and expenditures are recognised on accrual basis. Income is only recognised if its realisation is reasonably certain.

**02.10 Provision for Tax:**

Provision for for current income tax of the Asset Management company has been made on taxable income @ 35% considering major disallowance of expenses and concessional rates on certain incomes ( 10% on capital gain of shares & MFs and 20% on dividend income) as per Income Tax Ordinance (ITO) 1984.

**2.11 Going concern basis of accounting**

These financial statements have been prepared on the assessment of the Company's ability to continue as a going concern. EBLAML has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**02.12 General**

- i) The financial statements are presented in BDT which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.
- ii) Previous year's figure have been rearranged to conform the current year's presentation, where necessary.

# Branch Network

## Dhaka

### Ashkona Branch

Hazi Komoruddin Tower 27, Ashkona, Dakshinkhan  
Uttara, Dhaka-1230  
Phone: 880-2-7914609, 7914619, Direct/Fax: 880-2-7914622  
Branch E-Mail: ashkona@ebl-bd.com

### Ashulia Branch

Ashraf Plaza, DEPZ Road, Jamgora, Ashulia, Savar,  
Dhaka.  
Phone: IP: 8809666777325, Ext: 1613 to 1621,  
E-Mail: ashulia@ebl-bd.com

### Azimpur Branch

Tulip Feroza Dream, 104 Azimpur Road, Hazaribagh,  
Dhaka-1000.  
PABX- 55152059, 55152061 Fax-55152060  
Branch E-Mail: azimpur@ebl-bd.com

### Banani Branch

“Skylark Mark84” House # 84, Road # 11, Block-D,  
Banani, Dhaka, Banani Model Town,  
Gulshan, Dhaka – 1213  
Phone: 9862669, 9862572, 9860476  
Branch E-Mail: banani@ebl-bd.com

### Banasree Branch

Plot No: C-10 [1st Floor & ATM at GF], Block : C, Eastern  
Housing Banasree Project, Main Road Rampura, Dhaka.  
Email: banasree@ebl-bd.com  
PABX: 55124154 Fax : 55123519, IP: 09666777325

### Bashundhara Branch

Plot -15, Block – A, Bashundhara R/A, Badda,  
Dhaka – 1219  
Phone: 55037391, 55037392 Fax: 55037390  
Branch E-Mail: bashundhara@ebl-bd.com

### Begum Rokeya Sarani Branch

F & I Tower, 220 /a, 1/1 Begum Rokeya Sarani,  
Shawrapara, Mirpur, Dhaka  
Phone: +8809666777325 [IP NO]  
Group E-Mail: rokeyasarani@ebl-bd.com

### Bhulta Branch

Rabet Al Haasan Shopping Center (Pvt) Ltd., Bhulta Bus  
Stand, Rupgonj, Narayanganj.  
IP Phone: +8809666777325, EXT: 980 to 986  
Email: bhulta@ebl-bd.com

### Board Bazar Branch

Omar Ali Plaza, House No – 1, Block – C, Kamalasher,  
Gacha, Gazipur  
Phone: 9293895-6, FAX: 9293897  
Branch E-Mail: boardbazar@ebl-bd.com

### Bhairab SME Branch

Holding # 0161, Kalibari Road, Bhairab Bazar, Ward # 01,  
Bhairab, Kishorgonj.  
PABX: 02-9471307, 9471308, Fax – 02-9471309  
Email: BhairabSME@ebl-bd.com

### Chawk Mughultuly Branch

150 Chawk Mughultuly, (1st Floor), Dhaka  
Phone: 57314364, 57343433 FAX : 57314369  
E-Mail: chawkmughultuly@ebl-bd.com

### DEPZ Branch

Mazid Tower, P.O : Gazir chat, P.S: Ashulia, Baipail, Savar,  
Dhaka.  
Phone: 7790926 FAX: 7790927  
E-Mail: depz@ebl-bd.com

### Dhanmondi Branch

House-21, Road-0 8, Dhanmondi R/A, Dhaka-1205  
Phone: 8142987, 8142659, 9126141, 9114145 Fax : 9114145  
IP Phone: First dial 9556360 then dial Ext-666 and after  
IP Ext- 1601 (BM), 703 (Priority Center)  
Branch E-Mail: dhanmondi@ebl-bd.com

### Dohar Branch

Ashraf Ali Chowdhury Plaza, Joypara bazar, Dohar, Dhaka-1330.  
IP Phone: 09666777325 PABX: 02 7768208 , 7768233  
Branch E-Mail: dohar@ebl-bd.com

### English Road Branch

68, Shahid Sayed Nazrul Islam Sarani  
(1st – 3rd floor), North South Road, Dhaka – 1100  
Phone: 47116019, 57163842 FAX: 47115553  
Branch E-Mail: englishroad@ebl-bd.com

### Faridpur Branch

7/216, Golpukur Dream Shopping Complex, Alipur, Faridpur.  
Tel: 0631-67219, 67220, Fax: 0631-67218  
Branch E-Mail: faridpur@ebl-bd.com

### Gulshan Avenue Branch

Z N Tower (Ground Floor), Holding-02, Block-S W (I),  
Road-08, Gulshan Avenue, Gulshan-01, Dhaka-1212  
PABX-9850650, 9850630, Fax-88-02-9850604

### Gulshan Branch

100, Gulshan Avenue, Dhaka-1212  
IP Phone: 09666777325  
Branch E-Mail: gulshan@ebl-bd.com

### Gulshan-North Branch

Kalpana House, 169, Gulshan Avenue, Gulshan-2, Dhaka  
Phone: 9896038, 9896316, Direct Line – 9896316, IP No.  
489, Fax: 9896316  
Branch E-Mail: gulshannorth@ebl-bd.com

### Jashimuddin Road Branch

Giant Business Tower, Plot # 3 & 3/A [First Floor], Sector  
# 03, Uttara C/A, Dhaka-1230.  
Tel: 58955196  
Branch E-Mail: jashimuddinroad@ebl-bd.com

### Keraniganj Branch

Jahanara Plaza, Bandha Dakpara, Zinzira, Keraniganj, Dhaka  
Phone: 7762236-7  
FAX: 7762238  
Branch E-Mail: keraniganj@ebl-bd.com

### Keranigonj SME Branch

“Green Tower” (1st floor), East Aganagar, P.S- Keranigonj, Dist : Dhaka  
Phone: 7763725 (Direct), 7763726 & 7763727 (PABX)  
Email: keranigonjsme@ebl-bd.com

### Madhabdi Branch

242/1 Algi Road, Parkshipur, Madhabdi Bazar,  
Madhabdi, Narsingdi  
Phone : PABX: 02-9446995 ; Fax :8802-9446978  
Branch E-Mail: madhabdi@ebl-bd.com

### Khilgaon Branch

574/C, Khilgaon Chowdhury Para, Dhaka-1219,  
Phone: 02-55121933, 02-55121934, Fax: 02-55121935  
E-Mail khilgaon@ebl-bd.com

### Mawna Branch

Creative Bhaban, Mawna Chowrasta, Sreepur, Gazipur  
Phone: IP: +8809666777325 Ext: 970 to 976  
Branch E-Mail: mawna@ebl-bd.com

### Mirpur Branch

Plot # 17, Main Road # 3, Block-A, Section-11,  
Mirpur, Dhaka – 1216  
Phone: 9008115, 9010478, 8056364, FAX: 9010478, 8056365  
Branch E-Mail: mirpur@ebl-bd.com

### Mirpur Dar-US-Salam Road Branch

Chand Plaza, 10 Dar-US- Salam Road,  
Mirpur-01, Dhaka-1216  
Phone: 9003465, 9025338, Fax: 9003449  
Branch Email : darussalam@ebl-bd.com

### Moghbazar Branch

Shafi Complex, Holding No-1/A, West Moghbazar, New  
Circular Road, Ramna, Dhaka  
Phone: 9360115 FAX: 9348570  
Branch E-Mail: moghbazar@ebl-bd.com

### Motijheel Branch

88 Motijheel C/A, Dhaka  
Phone: 9565073-4 , PABX: 9559655, 9565073 FAX: 9565074  
Branch E-Mail: motijheel@ebl-bd.com

### Mouchak Branch

Siddique Shopping Complex (Ground Floor), Mouchak,  
Kaliakair, Gazipur  
Phone: +8809666777325 (IP), Ext: 1767-1771  
Branch E-Mail: mouchak@ebl-bd.com

### Mymensing SME Branch

“Hamida Market”, 45 Choto bazaar, Kotwaly, Mymensingh  
Phone: 091-63831, 091- 63841 FAX: 88-091-63861  
Email: MymensinghSME@ebl-bd.com

### Narayanganj Branch

64 Banga Bandhu Road [Islam Plaza], Narayanganj.  
Phone: 7648557 , 7648558, 7648683, 7648602  
Branch E-Mail: narayanganj@ebl-bd.com

### Naryanganj SME Branch

S S Tower, 30/14 Loyal Tank Road, Tanbazar, Narayagonj  
Phone: 7644048, 7644480, Fax +8802-7644077  
Email: NarayanganjSME@ebl-bd.com

### Nawabgonj Branch

“Hossain Plaza”, 281 Nawabgonj, Dhaka-1320.  
Phone: – 7765264 & 7765266 Fax – 7765265  
E- Mail: nawabgonj@ebl-bd.com

### Ponchoboti Branch

101 & 102 Ponchobotir more (1st floor), Fatullah, Narayanganj  
Phone: +88-02- 47670237, 47670884; IP-09666777325,  
FAX: +88-02-47670853  
Branch E-Mail: ponchoboti@ebl-bd.com

### Principal Branch

10, Dilkusha C/A, Ground Floor  
Jiban Bima Bhaban, Dhaka-1000  
Phone: 9568986  
Branch E-Mail: principal@ebl-bd.com

#### Progoti Sarani Branch

Azahar Comfort Complex, Holding no.- 130/A,  
Road- Progoti Sarani, Middle Badda, Gulshan, Dhaka  
Phone: PABX: 9857338-9, FAX: 8826796  
Branch E-Mail: progotisarani@ebl-bd.com

#### Satmosjid Road Branch

48, Satmosjid Road (Ground floor of OLYMPIA Chinese  
Restaurant) Dhanmondi, Dhaka  
Phone: 9144603; 9101719 FAX: 9144604  
IP Phone: First dial 9556360 then dial Ext-666 and after  
IP Ext- 1790,1216  
Email: satmosjidroad@ebl-bd.com

#### Savar Branch

Bristi Villa, E/4, Talbagh, Abul Kashem Sandip Sarak,  
Savar, Dhaka, Bangladesh  
Email: savar@ebl-bd.com

#### Shantinagar Branch

Iris Noorjahan (1st Fl), Plot no:104, Kakrail Road, Ramna,  
Dhaka  
Phone: 02-8300012, 02- 8300013, 02-8300028, 02-830002

#### Shyamoli Branch

16-A/5 Ring Road, Shyamoli, Dhaka-1207  
PABX: 9132497, 58155634, Fax 8116329  
Branch E-Mail: shyamoly@ebl-bd.com

#### Sonargaon Branch

Bhuiyan Plaza, Habibpur, Mograpara, Sonargaon,  
Narayanganj.  
IP phone: +8809666777325,Tel: 7656031, 7656036 Fax:  
7656064  
Branch E-Mail: sonargaon@ebl-bd.com

#### Sonargaon Road Branch

A H N Tower ( 1<sup>st</sup> Floor), 13 & 15 Bir Uttam C R Datta Road  
( Sonargaon Road), Biponon C/A, Bangla Motor, Ramna,  
Dhaka  
Phone: 58616805 ,9666691,9667477 FAX: 9666681  
Branch E-Mail: sonargaonroad@ebl-bd.com

#### Tangail Branch

"Rahman Center" (1st floor), 55 Victoria Road, Tangail.  
Phone: 0921-62437, 0921-62438 FAX: 0921-62439  
Email:Tangail@ebl-bd.com

#### Uttara Branch

House 1, Road 5, Sector 4, Uttara, Dhaka  
PABX – 58956051; 58953816; 58957370  
Fax – 58958859  
Branch E-Mail uttara@ebl-bd.com

#### Uttara Garibe Newaj Branch

Plot No. 15 (1st floor, Garib -E-Newaz Avenue, Sector-11,  
Uttara, Dhaka-1230  
Phone: 7914457 Fax: 7914847  
Email:UttaraGarib-E-Newaz@ebl-bd.com

#### Wari Branch

40/1 Rankin Street (GF, 1<sup>st</sup> & 2<sup>nd</sup> Floor), Wari, Dhaka.  
Phone: 02-9569170 ,47110137 ,Fax: 02 – 47110949  
E-mail:wari@ebl-bd.com

## Chattogram

#### Agrabad Branch

33 Agrabad C/A, Chattogram  
Phone: 031-720755-59, 031-2516613, 031-2516614, 031-  
2516615 FAX: 031-710262  
Group E-Mail: agrabad@ebl-bd.com

#### Bhatiari Branch

Sajeda Bhaban (GF, 1<sup>st</sup> & 2<sup>nd</sup> floor)", beside H. Akbar Ali  
Road, Bhatiari, Chattogram.  
Phone: 0312781031,0312781032  
Branch E-Mail: bhatiary@ebl-bd.com

#### CEPZ Branch

1279/A, Saleh Complex, CEPZ Gate, Bandar,  
Chattogram  
PABX: 031 742196-97 FAX: 031 742197  
Branch E-Mail: cepz@ebl-bd.com

#### Chandgaon Branch

House No. – 16, Road No – 01, Block – A  
Chandgaon R/A, Chattogram – 4212  
Phone: 031-670148(D), PABX: 031-672606; 031-672396  
Branch E-Mail: chandgaon@ebl-bd.com

#### Choumuhoni Branch

"KIRON IMPERIAL" (GF, 1<sup>st</sup> and 2<sup>nd</sup> Floor), 1460 Karimpur  
Road, Choumuhoni, Begumgonj, Noakhali  
Phone:0321-54495, PABX: 0321-54496-54497  
Email: choumuhony@ebl-bd.com

#### Cox's Bazar Branch

10, Hotel Motel Zone, Kolatali Road, Coxs Bazar  
Phone: 0341-51296-7  
FAX: 0341-51295  
Branch E-Mail: coxsbazar@ebl-bd.com

#### Cumilla Branch

Chowdhury Plaza, 195 Jail Road, Jhawtola, Cumilla  
Phone: 880-81-72479, 72478, FAX: 880-81-72679  
Branch E-Mail: comilla@ebl-bd.com

#### Dohazari Branch

Hazari Tower (1st Floor), Dohazari, Chandanaish,  
Chattogram.  
PABX : 09666777325  
Branch E-Mail: dohazari@ebl-bd.com

#### Feni SME Branch

"Kazi Alamgir Center",  
26 S.S.K Road, Feni.  
Phone: 0331-73563,0331-73564, Fax: 0331 73562  
Branch Email: fenisme@ebl-bd.com

#### Halishahar Branch

House # 01, 1st Floor, Road # 01, Block # L, Halishahar  
Housing Estate, Chattogram  
Phone: 031-2513895, PABX: 031-2513896-7,  
Fax: 031-2513895

#### Hathazari Branch

Haji Sultan Market, Hathazari Bus Stand, Hathazari,  
Chattogram.  
PABX: 031-2601956-57, Direct/ Fax: 031-2601958  
Email: hathazari@ebl-bd.com

#### Jamal Khan Branch

CPDL AM Majesta (1st Floor), 84, Jamal Khan Road,  
Chattogram.  
PABX : 031-2866603-04, FAX-88 031-2866605  
Branch E-Mail: jamalkhan@ebl-bd.com

#### Jubilee Road Branch

Mannan Bhaban (Ground Floor), 156, Nur Ahmed Sarak,  
Jubilee Road, Chattogram  
Phone: 031- 614442, 621480 FAX: 031-615594  
Branch E-Mail: jubileeroad@ebl-bd.com

#### Khatunganj Branch

173 Khatunganj, Badsha Market, Chattogram  
Branch E-Mail: khatunganj@ebl-bd.com  
Phone PABX : 031-621316, 031-630229 , Fax: 031-638743

#### Khulshi Branch

10 Zakir Hossain Road, Khulshi, Chattogram – 4212  
PABX: 031-623411-12, Direct-031-623410|  
Group E-Mail: khulshi@ebl-bd.com

#### Lohagara Branch

M. K. Shopping Center (01st FL), Bottali, Lohagara,  
Chattogram  
PABX: 0303 456681, 0303 456682 FAX: 0303 456682  
Email:lohagara@ebl-bd.com

#### Maijdee Branch

Alif Plaza, Main Road, Maijdee, Noakhali.  
Phone PABX : 0321-71115, 0321-71116  
FAX No.088 0321 71137  
Branch E-Mail: maijdee@ebl-bd.com

#### Mehedibag Branch

Epic Emdad Heights, 38 Chatteshwari Circle, Mehdibagh,  
Chattogram.  
PABX : 031-2869451-2,  
Fax 031-2869453  
Branch E-Mail: mehdibagh@ebl-bd.com

#### Muradpur Branch

Jumairah Fairmont Trade Centre, 327 (Old), CDA Avenue  
Muradpur, Chattogram-4203  
Phone: +88-031-653973-74, FAX: +88-031-653975  
Branch E-Mail: muradpur@ebl-bd.com

#### Nazirhat Branch

Zaria Community Center (Adjacent to Darbar Gate),  
Nazirhat, Fatikchari, Chattogram.  
Branch E-Mail: nazirhat@ebl-bd.com  
PABX: 09666777325

#### New Market Branch

904/731, H S S Road (New Market More), Alkaran,  
Kotwali, Chattogram-4000  
Phone: 031-621898, 620519, 636986 PABX: 031-620519  
Branch E-Mail: newmarket@ebl-bd.com

#### OR Nizam Road Branch

Avenue Centre, 787 CDA Avenue, Chattogram  
Phone: 031- 2857073-75 , FAX: 031-617083  
Branch E-Mail: ornizamroad@ebl-bd.com

#### Panchlaish Branch

Al-Hakim Plaza, 14, Panchlaish R/A, Chattogram-4203  
Phone: 031-655523 031-655524 FAX: 031-655524  
Branch E-Mail: panchlaish@ebl-bd.com

#### Raozan Branch

Bharetoshowri Market, Kaptai Road, Noapara, Raozan,  
Chattogram -4346  
Phone: 031-671522 FAX: 031-671511  
Branch E-Mail: raozan@ebl-bd.com

#### Sirajuddowla Road Branch

94 Sirajuddowla Road, Dewan Bazar, Chandanpura,  
Chattogram.  
Phone PABX : 031-2865261,031-2865263-4  
FAX No.088 031 2865263  
Email:sirajuddowla@ebl-bd.com

## Sylhet

### Bishwanath Branch

Khurshid Ali Shopping Complex, Notun Bazar,  
Bishwanath, Sylhet  
Phone: 08224-56005 (PABX) Fax: 08224-56006  
Branch E-mail: bishwanath@ebl-bd.com

### Brahmanbaria Branch

Malek Khayer Plaza; 95, Paik Para, Jame Masjid Road  
(North Side of Kumarshil Point), Brahmanbaria  
Tel: (0851)-61648-49, 58614, Fax: 88-0851-58614  
Email: brahmanbaria@ebl-bd.com

### Chouhatta Branch

Plot 01, Tea Board Building, Zindabazar Road, Chouhatta  
Point, Sylhet  
Phone: 0821 723242, 721386 FAX: 0821- 717545  
Branch E-Mail: chouhatta@ebl-bd.com

### Fenchuganj Branch

Tuta Miah Mansion (1st Floor), Fenchuganj Bazar,  
Fenchuganj, Sylhet  
Tel: 08226-56413, 08226-56411, 08226-56412 Fax:  
08226-56413  
Branch E-Mail: Fenchuganj@ebl-bd.com

### Moulvi Bazar Branch

26 Sylhet Trunk Road, Moulvibazar  
PABX: 0861 52034, FAX: 0861 52226  
Branch E-Mail: moulvibazar@ebl-bd.com

### Upashahar Branch

504 Gas Bhaban [GF], Mehdi Bagh, Sylhet  
PABX +880821-719573 Fax +880821-719584  
Branch E-Mail: upashahar@ebl-bd.com

## Khulna

### Fulbarigate Branch

Altaf Plaza, Jogipole, Fulbari Gate, Khan Jahan Ali, Khulna  
Tel-041-775080, 775082 Fax-775083  
Branch E-Mail: fulbarigate@ebl-bd.com

### Jashore Branch

25/A R.N. Road (1st Floor), Jashore  
Phone: 0421-64533 Fax / Phone: 0421-68843  
Branch E-Mail: jessore@ebl-bd.com

### Khulna Branch

Tayamun Centre & Properties, 181, Jashore Road , Khulna  
Tel-041-720041-2, 721069, 723506, 723418, 725020  
Branch E-Mail: khulna@ebl-bd.com

## Rajshahi

### Rajshahi Branch

Doinik Barta Complex (Ground Floor), Alupotti, Natore  
Road, Rajshahi-6000  
Tel: 0721-772372, FAX: 0721-772356  
Branch E-Mail: rajshahi@ebl-bd.com

### Bogura Branch

1020/1092, Satani Mega Centre, Sherpur Road, Bogura-5800  
Phone: 051-78373, 051-78887 FAX: 051-63892  
IP Phone: 9666777325  
Branch E-Mail: bogra@ebl-bd.com

## Rangpur

### Rangpur Branch

House # 11, Road # 01, Dhap Jail Road, Rangpur  
PABX: 052155289, 052155290 FAX: 052155291  
Email: rangpur@ebl-bd.com

## Barishal

### Barishal Branch

Bishnu Priya Bhaban, 69, Sadar Road, Barishal  
, Bangladesh  
Tel: PABX-0431-2177644, 0431-2177643, Fax-0431-61059  
Branch E-Mail: barisal@ebl-bd.com

# Correspondent Bank Network

## AUSTRALIA

### SYDNEY

MUFG BANK, LTD.  
JPMORGAN CHASE BANK, N.A., SYDNEY BRANCH  
CITIGROUP PTY LIMITED, SYDNEY  
COMMONWEALTH BANK OF AUSTRALIA SYDNEY  
HSBC BANK AUSTRALIA LIMITED

## AUSTRIA

### VIENNA

DEUTSCHE BANK AKTIENGESELLSCHAFT FILIALE WIEN  
(VIENNA BRANCH)  
RAIFFEISEN BANK INTERNATIONAL AG  
RAIFFEISENLANDESBANK NIEDEROESTERREICH-WIEN AG

### EISENSTADT

RAIFFEISENLANDESBANK BURGENLAND UND  
REVISIONSVERBAND EGEN

### BREGENZ

RAIFFEISENLANDESBANK VORARLBERG

### KLAGENFURT

RAIFFEISENLANDESBANK KAERNTEN, REG.GEN.M.B.H.

### LINZ

RAIFFEISENLANDESBANK OBEROESTERREICH  
AKTIENGESELLSCHAFT

### GRAZ

RAIFFEISEN-LANDESBANK STEIERMARK AG

### INNSBRUCK

RAIFFEISEN-LANDESBANK TIROL AG

## BAHARAIN

### MANAMA

ALUBAF ARAB INTERNATIONAL BANK B.S.C. (C)  
BMI BANK BSC (C)  
ICICI BANK LTD  
ARAB INVESTMENT COMPANY, THE  
UNITED BANK LIMITED

## BELGIUM

### BRUSSELS

ABN AMRO BANK N.V. BELGIAN BRANCH  
ING BELGIUM NV/SA (FORMERLY BANK BRUSSELS  
LAMBERT SA), BRUSSELS  
BYBLOS BANK EUROPE S.A.  
COMMERZBANK AG  
COMMERZBANK AG, THE BRUSSELS BRANCH  
CBC BANQUE S.A.  
BNP PARIBAS FORTIS (FORTIS BANK SA/NV)  
BELFIUS BANK SA/NV  
ICICI BANK UK PLC  
KBC BANK NV  
LLOYDS TSB BANK PLC

## BHUTAN

### PHUNTSHOLING

BANK OF BHUTAN LIMITED

### THIMPU

BHUTAN NATIONAL BANK LTD

## BRAZIL

### PORTO ALEGRE

BANCO DO ESTADO DO RIO GRANDE DO SUL S/A

## CANADA

### TORONTO

BNP PARIBAS, CANADA BRANCH  
BANK OF MONTREAL, THE  
HSBC BANK CANADA  
ICICI BANK CANADA  
BANK OF NOVA SCOTIA  
TORONTO-DOMINION BANK, THE

## CAYMAN ISLANDS

### CAYMAN ISLANDS

COMMERZBANK AG,CAYMAN ISLANDS BRANCH

## CHINA

### BEIJING

WOORI BANK (CHINA) LIMITED  
INDUSTRIAL AND COMMERCIAL BANK OF CHINA  
AGRICULTURAL BANK OF CHINA, THE  
BANK OF CHINA  
BANK OF MONTREAL (CHINA) CO. LTD.  
COMMERZBANK AG BEIJING BRANCH  
CHINA CONSTRUCTION BANK CORPORATION  
WEIFANG RURAL COMMERCIAL BANK CO., LTD

### GUANGDONG

GUANGDONG NANHAI RURAL COMMERCIAL BANK  
COMPANY LIMITED

### GUANGZHOU

BANK OF MONTREAL (CHINA) CO. LTD.  
JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED,  
GUANGZHOU BRANCH

### HUZHOU

NANXUN BANK

### JIANGSU

JIANGSU JIANGNAN RURAL COMMERCIAL BANK  
CO.,LTD.(FORMALY JIANGSU WUJIN RURAL BANK)

### JINING

BANK OF JINING CO.LTD

### PUDONG

DBS BANK (CHINA) LIMITED

### SHANGHAI

AXIS BANK LIMITED SHANGHAI BRANCH  
BANK OF MONTREAL (CHINA) CO. LTD.  
JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED,  
SHANGHAI BRANCH  
CITIBANK (CHINA) CO., LTD.  
COMMERZBANK AG  
BANK OF COMMUNICATIONS  
DEUTSCHE BANK (CHINA) CO. LTD.  
HSBC BANK (CHINA) COMPANY LIMITED  
ICICI BANK LIMITED  
THE BANK OF NEW YORK MELLON, SHANGHAI BRANCH  
JIANGSU JIANGYIN RURAL COMMERCIAL BANK  
MIZUHO BANK (CHINA),LTD.  
ZHEJIANG PINGHU RURAL COMMERCIAL BANK  
COMPANY LIMITED  
WELLS FARGO BANK, NA, SHANGHAI BRANCH  
RURAL COMMERCIAL BANK OF ZHANGJIAGANG  
STANDARD CHARTERED BANK (CHINA) LIMITED

### TIANJIN CHINA

SUMITOMO MITSUI BANKING CORPORATION (CHINA)  
LIMITED TIANJIN BRANCH

### ZHEJIANG

BANK OF RUIFENG

## COTE D'IVOIRE

### COTE D'IVOIRE

CITIBANK N.A.

## CZECH REPUBLIC

### PRAGUE

UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.  
CESKOSLOVENSKA OBCHODNI BANKA, A.S.

## DENMARK

### COPENHAGEN

CITIBANK EUROPE PLC DENMARK BRANCH  
DANSKE BANK A/S  
NORDEA DANMARK, FILIAL AF NORDEA BANK AB  
(PUBL), SVERIGE

## EGYPT

### CAIRO

BNP PARIBAS SAE, EGYPT  
CITIBANK CAIRO  
EMIRATES NATIONAL BANK OF DUBAI SAE (FORMERLY  
BNP PARIBAS SAE,EGYPT)  
HOUSING AND DEVELOPMENT BANK  
MASHREQ BANK

## FINLAND

### HELSINKI

DANSKE BANK A/S, FINLAND BRANCH  
SKANDINAVISKA ENSKILDA BANKEN  
NORDEA BANK AB (PUBL), FINNISH BRANCH  
OP CORPORATE BANK PLC

## FRANCE

### PARIS

BNP-PARIBAS SA (FORMERLY BANQUE NATIONALE DE  
PARIS S.A.)  
BANQUE PALATINE  
HSBC FRANCE (FORMERLY HSBC CCF)  
CREDIT MUTUEL  
CREDIT MUTUEL - CIC BANQUES  
CM - CIC BANQUES  
COMMERZBANK AG  
NATIONAL BANK OF PAKISTAN  
SOCIETE GENERALE  
UNION DE BANQUES ARABES ET FRANCAISES

## GERMANY

### BERLIN

BERLINER VOLKSBANK EG

### BIELEFELD

DEUTSCHE BANK AG

### BREMEN

DEUTSCHE BANK AG

### DUESSELDORF

DEUTSCHE BANK AG  
DZ BANK AG (FORMERLY WGZ BANK AG)  
HSBC TRINKAUS UND BURKHARDT AG

### FRANKFURT AM MAIN

ODDO BHF AKTIENGESELLSCHAFT  
J.P.MORGAN AG  
CITIBANK EUROPE PLC, GERMANY BRANCH  
COMMERZBANK AG  
DEUTSCHE BANK AG  
SEB AB (PUBL.) FRANKFURT BRANCH  
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE  
STANDARD CHARTERED BANK GERMANY BRANCH

### HAMBURG

JOH. BERENBERG,GOSSLER UND CO.KG  
COMMERZBANK AG  
DANSKE BANK  
DEUTSCHE BANK AG  
HSH NORDBANK AG

### HANNOVER

DEUTSCHE BANK AG

### KOELN

DEUTSCHE BANK AG

### MAINZ

DEUTSCHE BANK AG

### MANNHEIM

DEUTSCHE BANK AG

### MUNICH

DEUTSCHE BANK AG  
UNICREDIT BANK AG (HYPOVEREINSBANK)

### STUTTGART

DEUTSCHE BANK AG  
LANDESBANK BADEN-WUERTTEMBERG

### WUPPERTAL

DEUTSCHE BANK AG

## GREECE

### ATHENS

CITIBANK EUROPE PLC GREECE BRANCH

## HONG KONG

### HONG KONG

AB INTERNATIONAL FINANCE LTD  
ABN AMRO BANK N.V. HONG KONG BRANCH  
AXIS BANK LIMITED  
INTESA SANPAOLO SPA HONG KONG  
BNP PARIBAS  
BANK OF AMERICA, N.A. HONG KONG  
MUFG BANK, LTD.  
UNICREDIT BANK AG HONG KONG BRANCH  
(HYPOVEREINSBANK HONG KONG BRANCH)  
JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH  
CITIBANK N.A.  
COMMERZBANK AG  
DEUTSCHE BANK AG  
DBS BANK (HONG KONG) LIMITED  
EBL FINANCE (HK) LIMITED  
FORTIS BANK  
HABIB BANK ZURICH (HONG KONG) LIMITED  
HONGKONG AND SHANGHAI BANKING CORPORATION  
LIMITED, THE  
ICICI BANK LTD  
ING BANK N.V.  
MIZUHO BANK, LTD. HONG KONG BRANCH  
MASHREQBANK PSC., HONG KONG BRANCH  
NATIONAL BANK OF PAKISTAN HONG KONG  
BANK OF NOVA SCOTIA, THE  
WELLS FARGO BANK, N.A., HONG KONG BRANCH  
STANDARD CHARTERED BANK (HONG KONG) LIMITED  
SUMITOMO MITSUI BANKING CORPORATION  
OCBC WING HANG BANK LIMITED

## HUNGARY

### BUDAPEST

CIB BANK LTD. (FORMERLY CENTRAL-EUROPEAN INT.  
BANK LTD.)

## INDIA

### KOLKATA

SONALI BANK

### MUMBAI

AB BANK LIMITED  
AXIS BANK LIMITED  
BNP PARIBAS INDIA  
BANK OF AMERICA, N.A. MUMBAI  
JPMORGAN CHASE BANK, N.A., MUMBAI BRANCH  
CITIBANK N.A.  
DBS BANK LTD, MUMBAI BRANCH  
DEUTSCHE BANK AG  
EXPORT-IMPORT BANK OF INDIA  
FEDERAL BANK LIMITED, THE  
HDFC BANK LIMITED  
THE HONGKONG AND SHANGHAI BANKING  
CORPORATION LIMITED  
IDBI BANK LIMITED  
ICICI BANK LIMITED  
INDUSIND BANK LIMITED  
KOTAK MAHINDRA BANK LIMITED  
MASHREQ BANK  
BANK OF NOVA SCOTIA, THE  
PUNJAB NATIONAL BANK  
RBL BANK LTD.  
STANDARD CHARTERED BANK  
SYNDICATE BANK  
TAMILNAD MERCANTILE BANK LIMITED  
UNION BANK OF INDIA  
UNITED BANK OF INDIA  
YES BANK LIMITED

### NEW DELHI

MUFG BANK, LTD.

## INDONESIA

### JAKARTA

BANK MANDIRI (PERSERO), PT  
BANK NEGARA INDONESIA - PT (PERSERO)

MUFG BANK, LTD. JAKARTA BRANCH  
BANK CENTRAL ASIA  
JPMORGAN CHASE BANK, N.A., JAKARTA BRANCH  
CITIBANK, N.A.  
PT BANK HSBC INDONESIA  
PAN INDONESIA BANK PT.  
BANK MEGA PT  
STANDARD CHARTERED BANK

## IRELAND

### DUBLIN

BANK OF AMERICA MERRILL LYNCH INTERNATIONAL  
LIMITED  
BANK OF IRELAND  
CITIBANK EUROPE PLC  
DANSKE BANK A/S  
WELLS FARGO BANK INTERNATIONAL UNLIMITED  
COMPANY

## ITALY

### MILAN

BANCA INTESA SPA  
BANCA POPOLARE DI MILANO S.C.A.R.L.  
COMMERZBANK AG  
UNICREDITO ITALIANO SPA  
CREDITO EMILIANO S.P.A. REGGIO NELL EMILLA  
BANCA POPOLARE DI SONDRIO  
UBI BANCA  
DEUTSCHE BANK S.P.A  
CASSA DI RISPARMIO DI RAVENNA S.P.A.  
BANCA MONTE DEI PASCHI DI SIENA SPA,  
CREDITO VALTENLLINESE SOC COOP.  
CREDIT AGRICOLE FRIULADRIA SPA  
BANCA PASSADORE  
CREDIT AGRICOLE CARISPEZIA SPA  
CREDIT AGRICOLE CARIPARMA SPA  
ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO  
COOPERATIVO  
UBI BANCA S.P.A. (FORMERLY BANCA ADRIATICA S.P.A.)  
BANCO BPM SPA

### ROME

BANCA NAZIONALE DEL LAVORO S.P.A.  
BANCA UBAE SPA

## JAPAN

### TOKYO

MUFG BANK, LTD.  
UNICREDIT BANK AG TOKYO BRANCH  
(HYPOVEREINSBANK TOKYO BRANCH)  
CHIBA KOGYO BANK, LTD., THE  
CITIBANK N.A., TOKYO BRANCH  
COMMERZBANK AG TOKYO  
DEUTSCHE BANK AG  
MIZUHO BANK, LTD.  
WELLS FARGO BANK, N.A., TOKYO BRANCH  
STANDARD CHARTERED BANK  
SUMITOMO MITSUI BANKING CORPORATION  
U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES  
TOKYO BRANCH

## KUWAIT

### KUWAIT CITY

OMAN EXCHANGE CO. WLL

## LATVIA

### LATVIA

LUMINOR BANK AS LATVIA (FORMER NORDEA BANK  
AB LATVIA)

## LEBANON

### BEIRUT

CITIBANK NA-BEIRUT BRANCH

## MACAO

### MACAO

THE HONGKONG AND SHANGHAI BANKING  
CORPORATION LIMITED

## MALAYSIA

### KUALA LAMPUR

MUFG BANK (MALAYSIA) BERHAD  
J.P.MORGAN CHASE BANK BERHAD  
CIMB BANK BERHAD  
CITIBANK BERHAD  
DEUTSCHE BANK (MALAYSIA) BERHAD  
HSBC BANK MALAYSIA BERHAD  
MALAYAN BANKING BERHAD (MAYBANK)  
STANDARD CHARTERED BANK MALAYSIA BERHAD  
SUMITOMO MITSUI BANKING CORPORATION  
SUMITOMO MITSUI BANKING CORPORATION MALAYSIA  
BERHAD

## MALTA

### ST. JULIAN'S

FIMBANK PLC

## MAURITIUS

### PORT LOUIS

BANK ONE LTD  
THE MAURITIUS COMMERCIAL BANK LIMITED

## MEXICO

### MEXICO CITY

SCOTIABANK INVERLAT, S.A.

## MYANMAR

### MYANMAR

AYA BANK LIMITED  
CO-OPERATIVE BANK LIMITED (PUBLIC BANK)  
KANBAWZA BANK LTD  
YOMA BANK LIMITED

## NEPAL

### KATHMANDU

NEPAL BANGLADESH BANK LIMITED  
STANDARD CHARTERED BANK NEPAL LIMITED

## NETHERLANDS

### AMSTERDAM

ABN AMRO BANK N.V.  
ING BANK N.V.  
COMMERZBANK AG KANTOOR AMSTERDAM  
DEUTSCHE BANK AG  
CREDIT EUROPE BANK N.V.

### ROTTERDAM

ABN AMRO BANK N.V.

### UTRECHT

RABOBANK

## NEW ZEALAND

### AUCKLAND

ASB BANK LIMITED  
CITIBANK NA NEW ZEALAND BRANCH

## NIGERIA

### LAGOS

CITIBANK NIGERIA LIMITED

## NORWAY

### OSLO

DNB BANK ASA  
SKANDINAVISKA ENSKILDA BANKEN  
NORDEA BANK AB (PUBL), FILIAL I NORGE  
SWEDBANK AB

## OMAN

### MUSCAT

BANK MUSCAT SAOG

## PAKISTAN

### KARACHI

BANK ALFALAH LIMITED  
BANK AL HABIB LIMITED  
BANKISLAMI PAKISTAN LIMITED  
HABIB BANK LIMITED  
MEEZAN BANK LIMITED  
HABIB METROPOLITAN BANK LIMITED  
MCB BANK LIMITED  
STANDARD CHARTERED BANK (PAKISTAN) LIMITED  
SUMMIT BANK LTD  
UNITED BANK LIMITED

## PHILLIPINES

### MANILA

ASIAN DEVELOPMENT BANK

## POLAND

### WARSAW

RAIFFEISEN BANK POLSKA S.A.

## PORTUGAL

### LISBON

BANCO BPI SA  
NOVO BANCO, SA

## QATAR

### DOHA

BARWA BANK  
COMMERCIAL BANK OF KUWAIT KPSC, THE  
DOHA BANK  
MASHREQ BANK  
UNITED BANK LIMITED, DOHA

## ROMANIA

### BUCHAREST

CITIBANK EUROPE PLC, DUBLIN-SUCURSALA ROMANIA

## RUSSIA

### MOSCOW

GAZPROMBANK (JOINT - STOCK COMPANY)  
PROMSVYAZBANK PJSC  
VTB BANK (PJSC)

## SAN MARINO

### SAN MARINO

BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO  
SAMMARINESE S.P.A.

## SAUDI ARABIA

### JEDDAH

NATIONAL COMMERCIAL BANK  
ISLAMIC DEVELOPMENT BANK

### RIYADH

BANK MUSCAT  
DEUTSCHE BANK AG  
NATIONAL BANK OF PAKISTAN  
ALAWWAL BANK  
AL-RAJHI BANK  
EMIRATES NBD PJSC

## SERBIA

### BEOGRAD

RAIFFEISEN BANKA A.D.

## SINGAPORE

### SINGAPORE CITY

ABN AMRO BANK N.V. SINGAPORE BRANCH  
AXIS BANK LIMITED  
INTESA SANPAOLO S.P.A. SINGAPORE BRANCH  
BANK OF AMERICA, N.A. SINGAPORE  
BANK OF MONTREAL, SINGAPORE BRANCH  
MUFG BANK, LTD.  
UNICREDIT BANK AG SINGAPORE BRANCH

(HYPOVEREINSBANK AG SINGAPORE BRANCH)

JPMORGAN CHASE BANK, N.A.  
CITIBANK, N.A.  
COMMERZBANK AG, SINGAPORE BRANCH  
CREDIT AGRICOLE CIB  
DBS BANK LTD.  
DEUTSCHE BANK AG  
DNB BANK ASA, SINGAPORE BRANCH  
EMIRATES NBD BANK PJSC (ENBD)  
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)  
FIRST ABU DHABI BANK PJSC (FORMERLY NATIONAL  
BANK OF ABU DHABI)  
HABIB BANK LIMITED  
THE HONGKONG AND SHANGHAI BANKING  
CORPORATION LIMITED  
ICICI BANK LIMITED  
MALAYAN BANKING BERHAD  
MIZUHO BANK, LTD. SINGAPORE BRANCH  
NORDEA BANK AB SINGAPORE BRANCH  
OVERSEA-CHINESE BANKING CORPORATION LIMITED  
WELLS FARGO BANK, NA  
QATAR NATIONAL BANK QNB  
RABOBANK SINGAPORE  
STANDARD CHARTERED BANK (SINGAPORE) LIMITED  
STANDARD CHARTERED BANK  
SUMITOMO MITSUI BANKING CORPORATION  
SOCIETE GENERALE  
U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES  
UNITED OVERSEAS BANK LIMITED

## SOUTH KOREA

### SEOUL

JP MORGAN CHASE BANK N.A.  
KOOKMIN BANK  
HONG KONG AND SHANGHAI BANKING CORPORATION  
LIMITED  
WOORI BANK LTD.  
INDUSTRIAL BANK OF KOREA  
ING BANK N.V.  
KOREA EXCHANGE BANK  
WELLS FARGO BANK N.A.  
STANDARD CHARTERED BANK  
SHINHAN BANK  
UBAF-UNION DE BANQUES ARABES ET FRANCAISES  
DEUTSCHE BANK AG

### BUSAN

BUSAN BANK

## SPAIN

### MADRID

BANCO DE SABADELL, S.A.  
CREDIT AGRICOLE CIB  
CAIXABANK, S.A.  
LABORAL KUTXA (CAJA LABORAL POPULAR COOP.DE  
CREDITO)  
COMMERZBANK AG  
DEUTSCHE BANK SOCIEDAD ANONIMA ESPANOLA  
UNICAJA BANCO, S.A.

## SRILANKA

### COLOMBO

AXIS BANK LTD.  
BANK OF CEYLON  
COMMERCIAL BANK OF CEYLON PLC  
PEOPLE'S BANK, HEAD OFFICE  
STANDARD CHARTERED BANK  
SEYLAN BANK PLC

## SWEDEN

### GOTEBORG

SKANDINAVISKA ENSKILDA BANKEN  
NORDEA BANK AB (PUBL)

### MALMO

SKANDINAVISKA ENSKILDA BANKEN

### STOCKHOLM

CITIBANK EUROPE PLC SWEDEN BRANCH  
DANSKE BANK  
SKANDINAVISKA ENSKILDA BANKEN AB  
NORDEA BANK AB (PUBL)

SWEDBANK AB (PUBL)

## SWITZERLAND

### GENEVA

ING BELGIUM, BRUSSELS, GENEVA BRANCH  
BANQUE CANTONALE DE GENEVE  
BANQUE DE COMMERCE ET DE PLACEMENTS S.A.

### LAUSANNE

BANQUE CANTONALE VAUDOISE

### LUGANO

EFG BANK SA, LUGANO BRANCH

### ZURICH

ARAB BANK (SWITZERLAND) LTD  
CREDIT SUISSE (SCHWEIZ) AG  
HABIB BANK AG ZURICH  
HSBC BANK PLC  
UBL (SWITZERLAND) AG  
ZUERCHER KANTONALBANK

## TAIWAN

### TAIPEI

BANK OF AMERICA, N.A. TAIPEI  
JPMORGAN CHASE BANK, N.A., TAIPEI BRANCH  
CITIBANK TAIWAN LIMITED  
CTBC BANK CO., LTD  
HSBC BANK (TAIWAN) LIMITED  
THE BANK OF NEW YORK MELLON, TAIPEI BRANCH  
WELLS FARGO BANK, N.A., TAIPEI BRANCH  
STANDARD CHARTERED BANK (TAIWAN) LIMITED  
STANDARD CHARTERED BANK, TAIPEI BRANCH  
TAICHUNG COMMERCIAL BANK CO., LTD.

## THAILAND

### BANGKOK

BANK OF AYUDHYA PUBLIC COMPANY LIMITED  
INDIAN OVERSEAS BANK (FORMERLY BHARAT  
OVERSEAS BANK LTD.)  
BANGKOK BANK PUBLIC COMPANY LIMITED  
BANK OF AYUDHYA PUBLIC COMPANY LIMITED,  
BANGKOK OFFICE  
CITIBANK N.A.  
EXPORT-IMPORT BANK OF THAILAND  
KASIKORNBANK PUBLIC COMPANY LIMITED  
MIZUHO BANK, LTD., BANGKOK BRANCH  
STANDARD CHARTERED BANK (THAI) PCL  
SUMITOMO MITSUI BANKING CORPORATION

## TURKEY

### ISTANBUL

AKBANK T.A.S.  
ALBARAKA TURK PARTICIPATION BANK  
AKTIF YATIRIM BANKASI A.S.  
CITIBANK A.S.  
DENIZBANK A.S.  
QNB FINANSBANK A.S.  
HSBC BANK A.S.  
ING BANK A.S. (FORMERLY OYAK BANK A.S.)  
KUYEY TURK KATILIM BANKASI A.S.  
SEKERBANK T.A.S.  
TURKIYE GARANTI BANKASI A.S.  
YAPI VE KREDI BANKASI A.S.

## U.A.E

### ABU DHABI

FIRST ABU DHABI BANK PJSC  
NOOR BANK P.J.S.C.

### DUBAI

ABU DHABI COMMERCIAL BANK  
AXIS BANK LIMITED, DIFC BRANCH (REGULATED BY  
DFS)

MASHREQBANK PSC.  
COMMERCIAL BANK OF DUBAI  
CITIBANK N.A.  
DUBAI ISLAMIC BANK  
EMIRATES NBD BANK PJSC  
HABIB BANK LIMITED  
HABIB BANK AG ZURICH  
ICICI BANK LIMITED

EMIRATES ISLAMIC BANK  
NATIONAL BANK OF RAS AL-KHAIMAH, THE  
STANDARD CHARTERED BANK  
UNITED BANK LTD.

**FUJAIRAH**  
NATIONAL BANK OF FUJAIRAH

## UKRAINE

**KIEV**  
JSC 'BANK CREDIT DNEPR'

## UNITED KINGDOM

**LONDON**  
INTESA SANPAOLO SPA LONDON BRANCH  
BANK OF AMERICA, N.A. LONDON  
MUFG BANK, LTD.  
BANK OF BEIRUT (UK) LTD  
SONALI BANK (UK) LTD  
JPMORGAN CHASE BANK, N.A.  
COMMERZBANK AG  
CROWN AGENTS BANK LIMITED  
NORTHERN BANK LIMITED (TRADING AS DANSKE  
BANK)  
DEUTSCHE BANK AG  
HABIB BANK UK  
HSBC UK BANK PLC  
HABIB BANK ZURICH PLC  
ICICI BANK UK PLC  
MALAYAN BANKING BERHAD  
HSBC BANK PLC  
MASHREQ BANK PSC  
NEDBANK LTD  
WELLS FARGO BANK, N.A., LONDON BRANCH  
WELLS FARGO SECURITIES INTERNATIONAL LIMITED  
STANDARD CHARTERED BANK

## UNITED STATES

**BIRMINGHAM, ALABAMA**  
REGIONS BANK

**CHARLOTTE, NC**  
WELLS FARGO ADVISORS, LLC

**LOS ANGELES , CA**  
CATHAY BANK  
WELLS FARGO BANK, N.A.

**MIAMI, FLORIDA**  
WELLS FARGO BANK, N.A.

**NEW YORK, NY**  
DEUTSCHE BANK TRUST COMPANY AMERICAS  
BNP PARIBAS U.S.A - NEW YORK BRANCH  
BANK OF AMERICA, N.A.  
MUFG BANK LTD.  
BANCO DE SABADELL, S.A.  
BANK OF THE WEST  
JPMORGAN CHASE BANK, N.A.  
CITIBANK N.A.  
COMMERZBANK AG  
ABN AMRO CAPITAL USA LLC  
HABIB AMERICAN BANK  
WOORI BANK, NEW YORK  
ICICI BANK LIMITED  
THE BANK OF NEW YORK MELLON  
KEYBANK NATIONAL ASSOCIATION  
BANK LEUMI USA  
MIZUHO BANK, LTD. NEW YORK BRANCH  
HSBC BANK USA, N.A.  
MASHREQBANK PSC., NEW YORK BRANCH  
NATIONAL BANK OF PAKISTAN  
CAPITAL ONE, N.A.  
PEOPLES UNITED BANK, N.A.  
WELLS FARGO BANK, N.A.  
WELLS FARGO BANK, N.A.  
PNC BANK, N.A.

STANDARD CHARTERED BANK  
SUMITOMO MITSUI BANKING CORPORATION  
SANTANDER BANK, N.A.  
U.S. BANK N.A.

**SAN FRANCISCO**  
BANK OF AMERICA, N.A.  
WELLS FARGO BANK, N.A.

**TULSA, OK**  
BOKF, NA

**WASHINGTON**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION

## URUGUAY

**MONTEVIDEO**  
BANCO ITAU

## UZBEKISTAN

**TASHKENT**  
NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY OF  
THE REPUBLIC OF UZBEKISTAN

## VIETNAM

**HANOI**  
ASIA COMMERCIAL BANK  
JOINT STOCK COMMERCIAL BANK FOR INVESTMENT  
AND DEVELOPMENT OF VIETNAM  
WOORI BANK VIETNAM LIMITED  
VIETNAM JOINT STOCK COMMERCIAL BANK FOR  
INDUSTRY AND TRADE  
STANDARD CHARTERED BANK  
STANDARD CHARTERED BANK (VIETNAM) LIMITED  
VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK  
BANK

## Abbreviations

ABB	Association of Bankers, Bangladesh
AC	Audit Committee
AD Ratio	Advance to Deposit Ratio
ADC	Alternative Distribution Channel
AML	Anti-money Laundering
ALCO	Asset Liability Committee
ALS	Assured Liquidity Support
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BAMLCO	Branch Anti-money Laundering Compliance Officer
BB	Bangladesh Bank (Central Bank of Bangladesh)
BRPD	Banking Regulation and Policy Department (of Bangladesh Bank)
CAMLCO	Chief Anti-money Laundering Compliance Officer
CMU	Cash Management Unit
CP	Commercial Paper
CRAR	Capital to Risk-weighted Assets Ratio
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.
DAMLCO	Department Anti-money Laundering Compliance Officer
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
ERMC	Executive Risk Management Committee
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
IAS	International Accounting Standard

ICAB	Institute of Chartered Accountants of Bangladesh.
ICAAP	Internal Capital Adequacy Assessment Process
ICCD	Internal Control & Compliance Division
IFC	International Finance Corporation
IFRS	International Financial Reporting Standard
IT	Information Technology
IPO	Initial Public Offering
IVR	Interactive Voice Response
LAPS	Loan Application Processing System
LC	Letter of Credit
LCR	Liquidity Coverage Ratio
MANCOM	Management Committee
MCO	Maximum Cumulative Outflow
MCR	Minimum Capital Requirement
MD&A	Management Discussion & Analysis
MFI	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition
NBFI	Non-bank Financial Institution
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NCBs	Nationalized Commercial Banks
NRB	Non Resident Business
NSFR	Net Stable Funding Ratio
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
SRP	Supervisory Review Process (Pillar II of Basel III)
TFP	Trade Finance Program
TREC	Trading Right Entitlement Certificate
UBS	Universal Banking System (Core Banking Solution)
WACRG	Weighted Average Credit Risk Grade

# Media Coverage

## EBL looks to expand regional footprint

**Chairman tells the FIC, marking the bank's 26th anniversary**

Current Bank Limited (EBL) has decided to expand its regional footprint in a strategic manner to reach out to the growing regional market. For several years, the bank has been making significant investments in infrastructure and technology to support its growth.

The bank's vision is to become a leading financial institution in the region, providing a wide range of services to its customers. Chairman Ali Raza Hashmi, in his address to the FIC, highlighted the bank's commitment to regional expansion and its plans to establish a strong presence in the Middle East and North Africa (MENA) region.

EBL has been successful in its regional expansion efforts, with a significant increase in its customer base and assets. The bank's regional footprint has grown from a few countries to over 15 countries, with a strong presence in the GCC and MENA regions.

The bank's expansion strategy is based on a deep understanding of the regional market and a commitment to providing high-quality services to its customers. EBL is confident that its regional expansion efforts will continue to yield positive results in the coming years.



In presence of Finance Minister Abdul Basit Abdul Muhittin, Eastern Bank Limited (EBL) Managing Director and CEO Ali Raza Hashmi and CEO of International Islamic Trade Finance Corporation (ITFC) Eng. Hani Salem Soudki signing a trade financing agreement at a ceremony at EBL, Dhaka in the capital on Sunday.

### EBL, ITFC sign trade financing agreement

Eastern Bank Limited (EBL) and the International Islamic Trade Finance Corporation (ITFC) have signed a trade financing agreement in Dhaka on Sunday to support the growth and development of international trade businesses in the country.

The agreement, signed by EBL Managing Director and CEO Ali Raza Hashmi and ITFC CEO Eng. Hani Salem Soudki, will provide a framework for the two institutions to collaborate on trade financing activities.

The agreement is expected to significantly support the growth of international trade businesses in Bangladesh, particularly in the areas of trade credit, trade insurance, and trade finance. It will also provide a platform for the two institutions to share best practices and expertise in trade financing.

The agreement was signed in the presence of Finance Minister Abdul Basit Abdul Muhittin, who expressed his support for the agreement and the collaboration between EBL and ITFC. He also praised the efforts of EBL and ITFC in promoting trade financing in Bangladesh.

## EBL, Summit strike interest rate swap deal

**Summit Group, a fine of its-kind agreement for a local bank**

An interest rate swap in a contract between two parties to exchange interest payments with the view to reducing or hedging a marginally lower interest rate.

The deal struck up yesterday at the EBL headquarters in Dhaka between the interest payment on the \$1.25 million loan taken by Summit Group - Rural Development Bank - and EBL.

The interest rate on the loan - taken from Bangladesh Development Bank (BDB) - is 3 months LIBOR plus 4.25 percent. As per the swap deal, the EBL will pay the interest to the BDB on the loan. In return, the BDB will pay the interest to the EBL on the loan. The swap deal will run for a period of 3 years.

The swap deal is expected to significantly reduce the interest cost of the loan for Summit Group, thereby improving its financial performance. It is also expected to provide a platform for the two institutions to collaborate on other financial activities.

The swap deal is a first of its kind in Bangladesh, marking a significant milestone in the development of the local financial market. It is also expected to encourage other banks to enter into similar swap deals, thereby promoting the growth of the local financial market.



Aziza Azis Khan, director of Summit Corporation Ltd, to General (retd) Abdul Waheed, managing director of Summit Power Ltd, and Ali Raza Hashmi, CEO of Eastern Bank, attend a programme of the bank's head office in Dhaka on Monday when the bank signed an interest rate swap deal with Summit Group.

## EBL WOMEN BANKING

### Banking on Women, Banking for Women

For the modern Bangladeshi women entrepreneurs and working women, financial institutions are now offering more and more facilities to take their ventures to the next step, or offering banking services to secure their financial future.

EBL, the regional services offered for women entrepreneurs, Eastern Bank Limited (EBL) has a new initiative to support women entrepreneurs and working women. EBL Women Banking is a dedicated service to provide financial support and guidance to women entrepreneurs and working women.

The service includes a range of financial products and services tailored to the needs of women entrepreneurs and working women. These include business loans, personal loans, and financial counseling. EBL Women Banking also provides a platform for women entrepreneurs and working women to share their experiences and knowledge.

EBL Women Banking is committed to providing high-quality services to women entrepreneurs and working women, helping them to achieve their financial goals and secure their financial future. The service is available to all women entrepreneurs and working women in Bangladesh.



EBL Women Banking is a dedicated service to provide financial support and guidance to women entrepreneurs and working women. The service includes a range of financial products and services tailored to the needs of women entrepreneurs and working women.



## EASTERN BANK LIMITED

HEAD OFFICE  
100-GULSHAN AVENUE, GULSHAN  
DHAKA-1212.

### NOTICE OF THE 27<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 27th Annual General Meeting (AGM) of the Company (EBL) will be held on Thursday 23 May 2019 at 11.00 AM at Police Convention Hall, Eskaton Garden, Ramna, Dhaka-1000, 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, 2018 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, 2018 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.
5. To appoint the Auditors for Certification on the compliance on conditions of Corporate Governance Code (CGC) for the year 2019 of the Company (EBL) and to fix their remuneration.

By order of the Board of Directors

Safiar Rahman, FCS  
DMD & Company Secretary

Dated, Dhaka

16 April 2019

#### NOTES:

- The Board of Directors recommended for **payment of 20% (Twenty Percent) Cash Dividend and issuance of 10 % (Ten Percent) Stock Dividend (Bonus Shares)** on the profit of the Bank as at the close of business on 31 December 2018.
- The **'Record Date'** in lieu of Book Closure will be on **Monday, 6 May 2019**. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the **'Record Date'** (6 May 2019) will be eligible to attend the 27th AGM and entitled to the Dividend as mentioned above.
- A Member eligible to attend the Annual General Meeting (AGM) 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 Investors' Relationship Department (Share Department) of the Company at least **48 hours** before the time fixed for the Meeting.
- All Hon'ble Shareholders of EBL are also requested to update their respective BO Accounts [Mailing Address, Electronic Mail (e-Mail), Bank Account details, Taxpayer's Identification Number (e-TIN), Contact Number etc.] through Depository Participant (DP) latest by 5 May 2019 (Before Record Date). **As per Sec 54 of Income Tax Ordinance 1984, without having e-TIN, Income Tax will be deducted @ 15% (Fifteen Percent) instead of @ 10% (Ten Percent) from payable Cash Dividend.**
- The Annual Report-2018 of the Bank (EBL), Attendance Slip, Proxy Form along with the Notice will also be available in the website of the Bank at [www.ebl.com.bd](http://www.ebl.com.bd) within the stipulated time. The Members may also collect the Annual Report, Attendance Slip and Proxy Form from the Share Department of the Company (EBL).
- **No Gift/Gift Coupon/Food Box etc. to be distributed at the 27th AGM**, in Compliance with the Bangladesh Securities and Exchange Commission's (BSEC) Circular and also the Listing Regulations of both the Stock Exchanges (DSE & CSE).



## ইস্টার্ন ব্যাংক লিমিটেড

প্রধান কার্যালয়  
১০০, গুলশান এভিনিউ, গুলশান  
ঢাকা-১২১২

### প্রক্সি ফরম

আমি/আমরা-----ঠিকানা-----

ইস্টার্ন ব্যাংক লিমিটেড এর শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব/বেগম -----কে  
ঠিকানা-----অথবা  
তার অপারগতায় জনাব/বেগম -----কে  
ঠিকানা-----প্রক্সি হিসাবে

আমার/আমাদের পক্ষে ২০১৯ ইং সালের ২৩ মে, রোজ বৃহস্পতিবার, পুলিশ কনভেনশন হল, ইস্কাটন গার্ডেন, রমনা, ঢাকা-১০০০, ঢাকায় অনুষ্ঠিতব্য কোম্পানীর ২৭তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

অদ্য ২০১৯ ইং সালের ----- মাসের -----তারিখে আমার/আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

শেয়ারহোল্ডারের স্বাক্ষর-----

প্রক্সির স্বাক্ষর-----

ফোলিও/বিও নং-----

রাজস্ব টিকেট  
বিশ টাকা

#### লক্ষ্যনীয়ঃ

যথাযথভাবে পূরন করে এই প্রক্সি ফরম সভার আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর শেয়ার ডিপার্টমেন্টে জমা দিতে হবে। স্টাম্প ও স্বাক্ষরবিহীন প্রক্সি বৈধ বলে বিবেচিত হবে না। শেয়ারহোল্ডার ও প্রক্সির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রক্সির নাম সম্বলিত প্রক্সি নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা প্রদানপত্র বা নোটারী পাবলিক কর্তৃক সত্যায়িত ক্ষমতা প্রদানপত্রের অনুলিপি সভা অনুষ্ঠানের নির্ধারিত সময়ের আটচল্লিশ (৪৮) ঘন্টার পূর্বে কোম্পানীর শেয়ার ডিপার্টমেন্টে জমা দেয়া না হলে কোন ব্যক্তি উক্ত সভায় প্রক্সি হিসাবে বিবেচিত হবেন না।



## ইস্টার্ন ব্যাংক লিমিটেড

প্রধান কার্যালয়  
১০০, গুলশান এভিনিউ, গুলশান  
ঢাকা-১২১২

### শেয়ারহোল্ডার / প্রক্সির হাজিরা পত্র

আমি/আমরা ২৩ মে ২০১৯, রোজ বৃহস্পতিবার বেলা ১১.০০ ঘটিকায় পুলিশ কনভেনশন হল, ইস্কাটন গার্ডেন, রমনা, ঢাকা-১০০০ ঢাকায় অনুষ্ঠিতব্য ইস্টার্ন ব্যাংক লিমিটেড এর ২৭তম বার্ষিক সাধারণ সভায় আমার/ আমাদের উপস্থিত লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম----- স্বাক্ষর-----

শেয়ার সংখ্যা----- ফোলিও/বিও নং-----

প্রক্সির নাম----- স্বাক্ষর-----

#### লক্ষ্যনীয়ঃ

যে সকল শেয়ারহোল্ডারগন নিজে অথবা প্রতিনিধির মাধ্যমে সভায় উপস্থিত থাকতে চান, সভাস্থলে প্রবেশের পূর্বে এই হাজিরা পত্র যথাযথভাবে পূরন করে নির্ধারিত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রক্ষিত স্বাক্ষরের অনুরূপ হতে হবে।





## Eastern Bank Ltd.

100 Gulshan Avenue  
Dhaka-1212  
Bangladesh



eb1.com.bd



myebl

