

Chairman's Message



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- Md. Showkat Ali Chowdhury, Chairman of the Board of Directors

It is my privilege to welcome you to the 34th Annual General Meeting of Eastern Bank PLC. and to present the Annual Report and audited financial statements for the year ended 31 December 2025.

This report arrives at a defining moment for the banking industry in Bangladesh. The year under review did not merely test financial performance; it tested credibility. Across the sector, weaknesses that had accumulated over time became harder to conceal, revealing themselves in deteriorating asset quality, shaken depositor confidence and the decisive regulatory response that followed. In such a time, results matter but what matters more is what those results reveal about the institution that produces them.

For EBL, 2025 was the strongest year in our history. That outcome was not just the product of luck. In banking, resilience is rarely improvised. It is built quietly through discipline in judgment, consistency in conduct, and the steady earning of trust over many years. If there is one conviction the year reaffirmed, it is this: trust is not merely a virtue in banking; it is a form of capital in its own right.

The year in context

The economy in 2025 was demanding. Growth slowed, inflation remained high, and tighter monetary conditions left limited room across the banking system. But the deeper story of the year was not macroeconomic. It was what the year revealed about the banking sector itself.

The industry's non-performing loan ratio reached 30.60% by December 2025. That was not a sudden deterioration. It was the surfacing of weaknesses that had been building for years through classification practices that did not always reflect underlying risk, provisioning that lagged behind reality, and governance that at several institutions had not kept pace with their responsibilities. When the true picture emerged, depositor behavior changed. People and businesses began to look more carefully at where they placed their money. Funds moved, not in panic, but in considered judgment, toward institutions perceived to be soundly governed, adequately capitalized, and professionally managed. I do not believe this shift is temporary. It marks a lasting change in how the market evaluates banks.

The period ahead is not simpler. But it is clearer. Exchange rate stability has improved, national remittance inflows have reached record levels, and the completion of the national election marks an important step in the country's broader transition. Within the banking sector, the process of aligning reported figures with actual conditions will be uncomfortable in the near term but it is ultimately the path toward a more credible and resilient financial system. The next phase of Bangladesh's economic progress will be shaped not by any single forecast, but by the credibility of the institutions that serve the economy.

What discipline built for us

Profit after tax (solo) reached BDT 9,010 million in 2025, a 20.07% increase over the preceding year. This is not just a number achieved by chasing volume, or by accepting risk we did not understand. It

is the product of an institution built deliberately over many years through conservative credit origination, diversified revenue streams, and a cost discipline that helped maintain a cost-to-income ratio at 40.36% in 2025, among the lowest in the industry.

Our deposit base grew by 21.58% to BDT 556,454 million, a net inflow of BDT 98,762 million in a single year. In any year, that would be a strong result. In a year when depositors across the country were actively reassessing which institutions deserved their savings, it carries a different meaning. That volume of deposits did not arrive through pricing. It arrived through judgment, the judgment of individuals and businesses who decided that Eastern Bank was the institution that had earned their trust.

On the asset quality side, our non-performing loan ratio stood at 2.24% at year-end, against the industry average of 30.60%. That gap is not the result of a single year's effort. It is the accumulated return on a credit culture built over decades, tested in every cycle, tightened after every lesson, and consistently upheld even when the market rewarded less disciplined approaches.

Our Capital to Risk-Weighted Assets Ratio of 15.49% remained well above the regulatory minimum, and return on equity stood at 19.13%. We continued to serve as one of the country's leading facilitators of international trade, and our remittance business grew 65.46% to BDT 138,919 million, contributing to national economic resilience at a moment when that resilience was needed most. Our AAA credit rating was reaffirmed by CRAB in 2025 with a stable outlook, the highest assessment available, reflecting not a single year's result but the consistency of governance, risk management, and financial discipline sustained over many years.

Good governance that makes us stronger

In a year when confidence in banking came under unusual strain, governance ceased to be an abstract virtue and became a source of institutional strength. At Eastern Bank, governance is not practiced for optics, nor disclosed for compliance alone. It is visible in the quality of our oversight, the independence of our control functions, and the discipline with which risk is examined across the Bank. In such a year, these things define how a bank is judged, how much its disclosures are relied on, and whether its standing commands confidence.

That discipline was evident throughout 2025. The Board and its committees remained engaged throughout the year, exercising its oversight responsibilities with agility and prudence. Our Three Lines of Defense operated as designed, and internal audit continued to report directly to the Audit Committee, preserving the independence on which assurance depends. Internal controls, risk-based audit, and compliance supervision were treated as the substantive safeguards as they are meant to be.

External affirmations followed. Eastern Bank has been the most recognized institution in the General Banking category at the Institute of Chartered Secretaries of Bangladesh's National Awards for Corporate Governance Excellence since the award's inception



1.31% ROA



15.49% CRAR



BDT 31.86 NAV per share



19.13% ROE



BDT 5.65 EPS



28% Dividend (proposed)



in 2013, winning Gold six times, the highest count in this category. Euromoney named Eastern Bank the Best Bank in Bangladesh for the sixth time. We were also among four banks selected by the central bank to help shape the country's Risk Based Supervision framework and to mentor fourteen peer institutions in its adoption. These recognitions matter because they affirm standards we have worked deliberately to build and intend to uphold.

The road ahead

We do not expect the operating environment to ease quickly, and we have not built our plans on the assumption that it will. The IMF projects growth of 4.7% for Bangladesh in FY26 and a gradual return toward six percent over the medium term. Inflation will moderate, but slowly. The banking sector is in the early stage of a structural transition: toward stricter asset quality recognition, more forward-looking provisioning under the Expected Credit Loss framework, and a supervisory philosophy grounded in risk-based assessment rather than rule-based compliance. This transition will be demanding. It will require investment in systems, in data, in people, and in the institutional habits that no technology can substitute. For a bank that has operated by these principles long before they were codified, the transition represents not a disruption but a formalization of what we have always practiced.

Our strategic direction remains deliberate. We will continue to prioritize the quality of our asset book over the pace of its growth. We will deepen our digital capabilities not as an end in themselves, but as the infrastructure through which a modern bank delivers security, efficiency, and reach to its customers. Our investments in technology are designed to ensure that this infrastructure scales with the demands of the economy we serve.

The same discipline that has shaped our approach to credit now shapes our approach to sustainability. We were among the first banks in Bangladesh to disclose financed emissions, and to conduct a comprehensive climate risk assessment across our lending portfolio. We also published a standalone Sustainability Report. Extending this commitment beyond our own operations, we launched EBL Climate Change Action Awards to recognize exemplary climate initiatives across individuals, businesses, and organizations. These are not gestures toward a trend. They are the same institutional reflex applied to a new category of risk and a conviction that the long-term value of a financial institution will increasingly be measured not only by its returns, but by the responsibility with which those returns are generated.

Our people

At EBL, we are fortunate to have a team of 4,736 professionals whose expertise, integrity, and daily commitment to doing things the right way are the true source of every result in this report. We continued to invest in their development during the year through focused programs in leadership, technical capability, and risk and compliance. We deepened our commitment to their wellbeing through initiatives such as the Critical Illness Fund, a recognition that the people who build a bank deserve that bank's protection in return. We maintain a work environment built on merit, fairness, and equal opportunity, where performance is recognized and professional growth is supported. Our people are not merely employees of the Bank, they are what this Bank is made of.

Dividend

The Board has proposed a dividend of 28% for the year 2025, comprising 25% in cash and 3% in stock. This reflects our confidence in the Bank's earnings capacity and capital strength, balanced against the prudence of retaining resources for the investments and transitions the period ahead will require.

A legacy carried forward

Mr. Ali Reza Iftekhhar steps down as Managing Director in April 2026 after nineteen years in the role, the longest-serving Managing Director in the history of Bangladesh's banking industry. Having joined Eastern Bank as Deputy Managing Director in 2004, he has devoted more than two decades to shaping the institution that stands before you today. The simplest measure of what he built is the distance between where this Bank stood when he assumed leadership and where it stands now. But the truest measure is not in the numbers. It is in the reflexes of the organization, the instinct to choose long-term credibility over short-term convenience, to invest in risk culture when others neglected it, to pursue digital transformation when the sector was still debating its relevance, and to insist, year after year, that a bank's reputation is the one asset that cannot be reconstructed once lost.

He did not merely manage this Bank. He set its compass. On behalf of the Board of Directors, we owe him a profound debt of gratitude.

We have approached the process of succession with the seriousness and deliberation it demands and remain confident that the incoming leadership will bring fresh perspective and energy to an institution whose foundations are strong. The governance framework, the risk architecture, the digital infrastructure, and the professional culture that define Eastern Bank are institutional assets: they belong to the Bank itself.

The Board welcomes Mr. Hassan O. Rashid as the new Managing Director of Eastern Bank. Mr. Hassan returns to the Bank, having served previously as Additional Managing Director from 2016 to 2021, and brings to the role over three decades of banking experience across leading local and multinational institutions. His familiarity with the institution and the standing he carries within the industry give the Board strong grounds for confidence in the stewardship he will provide.

Gratitude

I express my sincere appreciation to all our regulators, especially Bangladesh Bank and the Bangladesh Securities and Exchange Commission, for their stewardship of the financial sector. To my fellow Directors on the Board, I am grateful for their counsel, their engagement, and their commitment to governance that is practiced, not merely professed. To our management team and every colleague across the Bank: the results we present today are yours.

And to our shareholders, customers, and partners: your confidence is not something we assume. It is something we work to deserve, every day, in every decision. In a year when confidence in the banking sector was tested as rarely before, your faith in Eastern Bank carried a weight we do not take lightly.

What this report demonstrates, above all, is that trust, carefully built and faithfully sustained, remains the most enduring form of capital in banking.

At Eastern Bank, we intend to go on earning it through performance, not promises.

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Md. Showkat Ali Chowdhury

Chairman of the Board of Directors