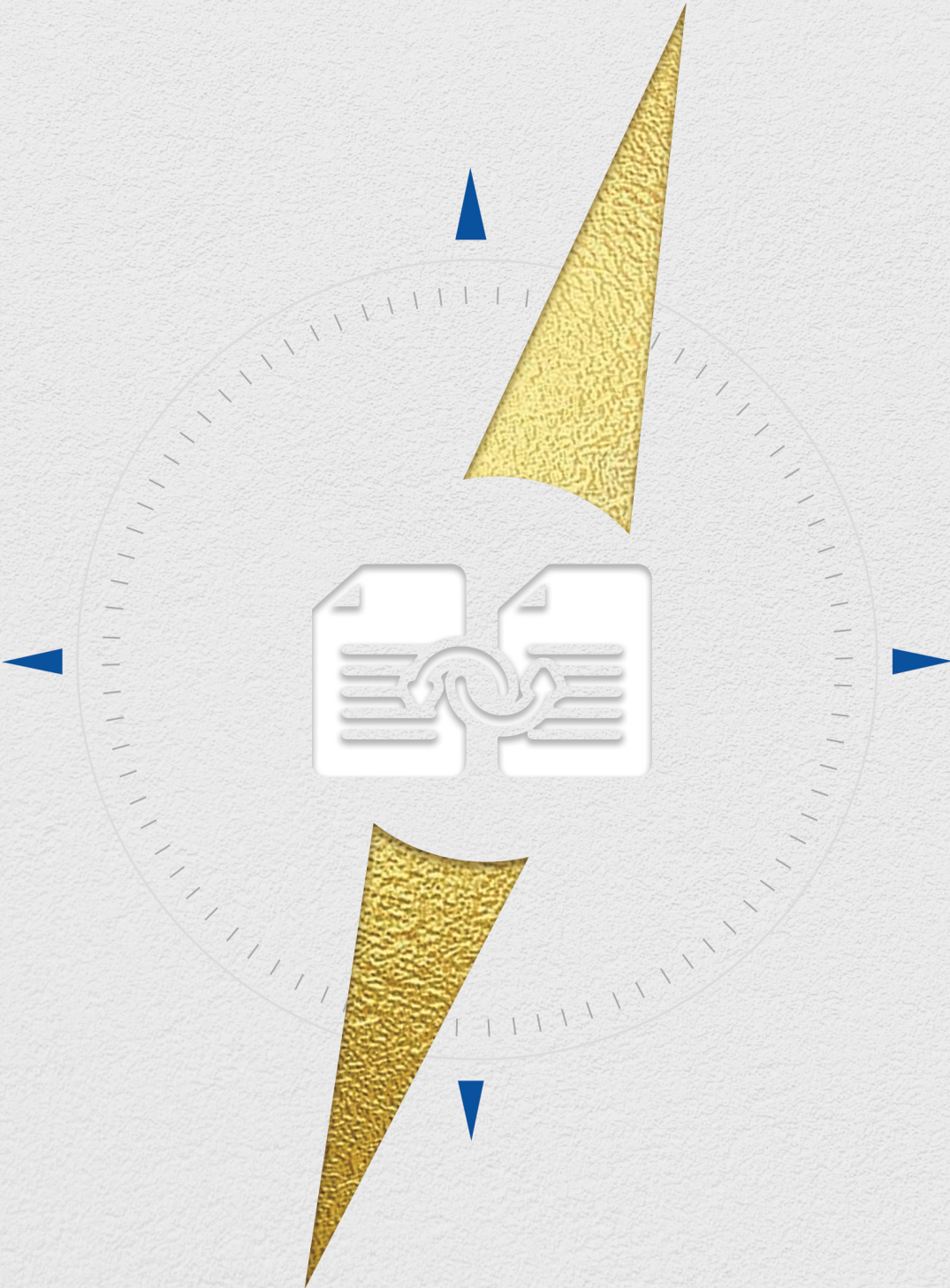


INTEGRATED REPORT



Business Model and Value Creation

Essentially a business model is the core strategy of a company for doing business profitably. For banks in general, it centers around making positive spread between the 'return on loans and investments' and 'cost of deposits and borrowings' and a commensurate non-funded earnings. With around 75% corporate and 25% SME & Retail loan portfolio for years, EBL has been producing approximately 3% plus spread with one of the lowest cost-to-income ratio in the industry. What made EBL's business model sustainable is its unwavering commitment to good governance practices and upholding commendable compliance cultures. Our prudent asset-liability management, judicious credit underwriting practices, proactive stress asset management, cost-effective centralized business operations, innovative product & services, people centric HR values, sustainable financing and pragmatic leadership by senior management and the Board of Directors have made our business model one of the most effective and successful ones in the industry.



Financial capital

Total shareholders' equity BDT 39,767.45 million.

Total deposit BDT 366,103.73 million where a 34% stable funding source consists of priority banking segment.

Total borrowing BDT 71,667.84 million among which 37% credit line/limit from foreign financial institution such as ADB, DEG, ITFC, OEEB etc.

Manufactured capital

State of the art building, corporate head office located at 100 Gulshan avenue.

85 branches, 33 sub-branches & 102 agent banking outlets where all of the channels are online.

Phygital banking services that include 296 ATMs & CRMs, 38 dropbox & 9,500 no. of POS across the country.

Upgraded core banking system and digital banking network.

Enhance existing digital services: EBL-self service hub & Skybanking app as well as integrat digital services with other digital financial channels/networks.

INPUT

OUTCOME



Financial capital

- Profit after tax BDT 6,109.20 million with a 19.61% growth from previous year.
- Cost to income ratio 44.22%
- Return on average assets (ROA) 1.27%
- Return on average equity (ROE) 16.33%, an increase of 87 basis points from 2022 which reflects our efficiency in generating income.
- Dividend amount proposed in 2023 BDT 3,018.09 million.
- NPL 2023: 3.10% with NPL coverage ratio of 147.61%



Manufactured capital

- Managed transaction volume of BDT 78,500 million through Skypay gateway.
- Implemented Bangla QR code transaction through NPSB by EBL's in-house solution.
- More than BDT 50,000 million of salary disbursement to our payroll clients through "EBLConnect", a highly sought after solution by corporate clients.
- Enabled static data update through Skybanking reducing customer's footprint to branches.
- Disbursement of inward remittance through MFS: bKash and Nagad



Intellectual capital

- Earned gold award for outstanding corporate governance practices and compliance at 10th ICSB National Award.
- ISO certification: Operations, HR, Finance & Accounts and ICT division.
- Earned PCI DSS certification for eight years in a row increasing our compliance on card security.
- Launched country's first ever wearable device WEAREBL in 2023, an innovative product making transaction through devices such as ring, a versatile phone holder and a grip, a stylish and fashionable wristband, and a compact portable fob sleeve.



Human capital

- Salary & allowances of BDT 5,370.85 million paid.
- Arranged 21 foundation programs for 1,005 participants.
- Ensured average training per employee 3 day/employee in 2023.
- Training investment of BDT 9.51 million made in 2023 where we arranged in-house training for 10,694 participants, almost 90% of total learning & development program participants.
- High vigilance to maintain a healthy work-life balance.
- Operating profit per employee is BDT 4.55 million.



Social and relationship capital

- Initiated first ever pilot project on carbon accounting for any local bank in Bangladesh in collaboration with KfW DEG.
- Contributed BDT 2,879 million loans to CMSME clients focusing on handicrafts handloom, rice processing and production of organic fertilizer
- Contributed to BDT 280 million in CSR expenditure which is higher than our minimum allocation.
- Contributed to national exchequer as corporate tax of BDT 10,646 million in due time.
- Customer service rating stands at 98.05% as well as ensured all complaints received from complaint cell are in resolve status.
- Increased financial awareness regarding security among customers through multiple digital campaigns.
- Our number of foreign correspondents stands at 556.



Natural capital

- Optimizing resources through establishing water treatment plant and solar panel at the head office.
- Cost of water consumed by the Bank in 2023 was BDT 3.58 million.
- Encouraging plastic free premise through replacing plastic files and bottles.
- Installed 16 kilowatt capacity of solar energy to run bank premises and ATMs.
- Auto sensor lights and promoting use of natural light at head office
- Disbursed BDT 7,444 million towards sustainable agriculture programs.
- EBL financed in 4 new LEED project.

Intellectual capital

Maintaining strong brand value through integrating best banking practices.

Good corporate governance framework embedded in all aspect of banking operations.

Held 42 sessions in EBLNEST, one of the unique capacity building centers.

Effective ICT security management that follows international standards meticulously.

Product innovation to ensure customer needs.

Human capital

3,857 no. of employees among them 18.56% represents female employees.

On-boarded 40 new future leaders under future leader program.

Comprehensive appraisal system that ensures fair & equal opportunity for all.

E-certification & E-learning exams help to keep updated on general banking knowledge.

HR policy that advocates "People first" motto.

Social and relationship capital

At least 2% of the latest distributed profit is being allocated as CSR expenditures every year which is in accordance with our policy.

Regular & timely contribution to national exchequer.

Ensuring customer delight through providing quality service.

Conducted multiple customer survey throughout 2023.

Continuous communication and engagement through digital medium.

As one of the most chosen banks in Bangladesh by multilateral organizations such as IFC, DEG, ADB, FMO, Proparco, OeEB, CDC, Norfund etc., we are working diligently with them.

Natural capital

An Environmental & Social Risk Management (ESRM) Policy and environmental & social risk management procedure in place to ensure sustainable financing in Bangladesh.

8R approach to sustainability.

Conducted Environment & Social Due Diligence (ESDD) for 6,746 clients as our on going process for sustainable financing.

Arranged green banking training program for all new employees.



OUTPUT

Key products & services (Page 40)



STRATEGIES

- Reducing liquidity risk & manage interest rate risk.
- Effective management of foreign currency.
- Embedding compliance culture and good governance practices.
- Strict monitoring to contain NPL.
- Diversification of revenue sources.
- Investing cautiously in technology.
- Utilizing market intelligence and data analytics for unique product & services.

ACTIVITIES

- Corporate banking
- Retail & SME banking
- Treasury, FIs & Offshore banking
- Physical customer points & digital channels

IMPACT ON STAKEHOLDERS

Investor Employee Supplier/partner Customer Society Regulator

Financial Capital



Manufactured Capital



Intellectual Capital



Human Capital



Social and relationship Capital



Natural Capital



INTERNAL STRENGTH

Risk & Capital management

Corporate governance

Work environment

EXTERNAL FACTORS

Political environment

Economic slowdown

Climate change

Technological disruption

Regulatory intervention

Strategy and Resource Allocation Plan

To win over competition and to meet organizational goals, banks have to make certain strategic choices and make resource allocation plan accordingly. EBL has certain strategic choices spanning over short, medium and long term keeping in mind the expectations and well-being of our valued stakeholders. We have devised our strategies and resources allocation plan accordingly as follows:

Strategic pursuit

EBL has been delivering stable performance despite the turmoil in the overall banking industry for quite some time. Our centralized banking model, strong corporate governance culture, good working environment, strive towards innovative product and services and compliance towards regulatory requirements --- all have worked together to make EBL formidable. Our business model is aligned with our short, medium and long term strategies.

Short term

- Maintain adequate liquidity in local and foreign currency to settle claims on time and to comply with regulatory liquidity ratio.
- Boosting inward remittance from NRB customer segment through attractive and special propositions.
- Maintain asset quality through intensified efforts for recovery of non-performing assets.
- Expand digital and low-cost physical channels to increase customer reach.
- Utilize market intelligence and data analytics to offer unique value propositions for diverse group of customers.

- Delight employees to serve customers better.
- Promote and take action for green banking activities and encourage our clients through financing to adopt low carbon emission initiative.

Medium term

- Increase in investment in technology to deepen and broaden digital footprints to enrich customer service and penetrate retail segment better.
- Increase SME client base to reduce concentration risk.
- Expand operations beyond borders to diversify revenue streams.
- Explore the unbanked segment through appropriate financial inclusion strategies.
- Implement the carbon footprint statistic to assess EBL's environmental impact and alter business through sustainable decision-making.

Long term

- Invest in technology and self-directed platforms to go green placing clients and the environment at the forefront of operations and strategic planning.
- Integrating human intelligence with IT solutions to simplify the key processes of EBL.
- Diversify investment portfolio to reduce the concentration risk.
- Create an environment that will help to attract and retain quality people.

Resource allocation plan

To meet the said goals, following priorities, resource allocation & resulting key performance indicator are set

Capital	Strategic Priorities	Resource allocation plan	Key performance indicators (KPIs)
Financial Capital	<ul style="list-style-type: none"> • Enhance risk-adjusted return on capital employed. • Improve asset quality, rationalize cost of fund and operating expenses. 	<ul style="list-style-type: none"> • Intensify efforts to improve credit discipline, collection efforts to improve asset quality. • Frequent review of recovery status of non-performing assets. • Offering useful value propositions and cash management solutions to attract low cost fund. 	<ul style="list-style-type: none"> • Capital to risk weighted assets ratio (CRAR): 15% Plus • Return on average equity (ROE): 16% Plus • Return on average assets (ROA): 1.20% Plus • Cost to income ratio: less than 45% • NPL: 3%
Human Capital	<ul style="list-style-type: none"> • Maintain work-life balance. • Ensure a fair, equitable and performance based appraisal system. • Hire and retain qualified, suitable people with right kind of attitude. 	<ul style="list-style-type: none"> • Ongoing efforts to keep HR policy & practices dynamic and transparent to maintain a conducive work environment. • Enhance cooperation and cohesion among cross-functional teams to deliver faster. • Hiring people with right expertise and attitude offering competitive benefit packages. • Increasing investment in HR development through training and experience. 	<ul style="list-style-type: none"> • Increase number of professionally qualified employees among peer banks. • Among top 3 peer banks in terms of per employee productivity (business and profitability). • No breach of regulatory compliance.

Capital	Strategic Priorities	Resource allocation plan	Key performance indicators (KPIs)
Manufactured Capital	<ul style="list-style-type: none"> Widen customer reach through cost-effective banking and alternate channels. 	<ul style="list-style-type: none"> Investing in digital banking technology to increase customer touch points. Revamp Skybanking App with exciting and comprehensive features. Increase low-cost physical outlets. 	<ul style="list-style-type: none"> Increase number of customers. Sub-branches, agent banking outlets, ATM/CRMs in suitable locations to enhance customer conveniences.
Social and relationship Capital	<ul style="list-style-type: none"> Uphold the image of a 'responsible corporate citizen' in terms of ethical business, compliance and good governance practices. Ensure delight for customers and employees as well. Improve and sustain investors' confidence. 	<ul style="list-style-type: none"> Investing in appropriate CSR activities to impact the society positively. Dealing with customer complaints properly. Ensuring commensurate contribution to national exchequer. Arranging various financial literacy programs/workshops. 	<ul style="list-style-type: none"> Allocate at least 2% of latest distributed profit as CSR expenditure as per policy. Turnaround time to resolve complaints: 0-3 days. Pay tax/VAT/excise duty in time. Redressal of investors and customers complaints.
Intellectual Capital	<ul style="list-style-type: none"> Enrich brand value. To maintain a strong corporate governance framework. To improve risk management framework. 	<ul style="list-style-type: none"> To improve organizational efforts to ensure regulatory compliance and follow good governance practices. To enhance communication and rapport with key regulators to be updated with upcoming regulations and guidance. To enhance digital security. 	<ul style="list-style-type: none"> Enhance customers' loyalty. Earn reputation as the most compliant bank (may not be the most profitable one). Most sought after local banking partner for global banks and multilateral agencies.
Natural Capital	<ul style="list-style-type: none"> Reduce carbon footprint through our banking service. Ensure energy efficiency at all premises. Ensure green and sustainable financing in line with regulatory requirement. 	<ul style="list-style-type: none"> Through carbon accounting measure carbon emission by our portfolio and take initiatives to reduce carbon footprint. Green features at head office. Provide beneficial service & propositions to customers that advocates for environmental sustainability. 	<ul style="list-style-type: none"> Sustainable financing: min. 20% of total loan target except staff loan. Green financing: min 5% of total term loan except staff loan. Increase financing in green projects Plastic free premise.

Key resource allocation status

BDT in million

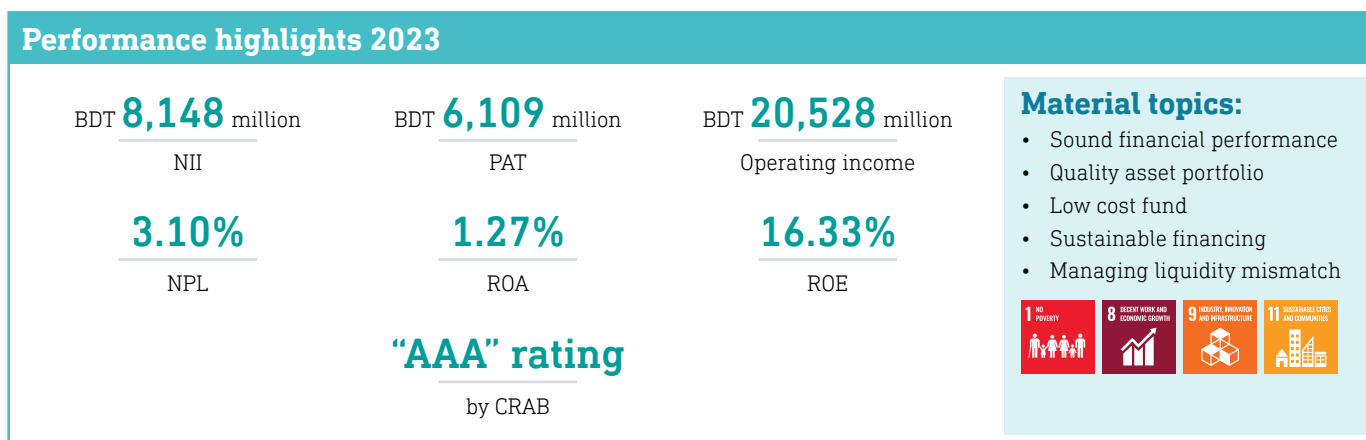
Particulars	EBL Asset Management Limited	EBL Finance (HK) Limited	EBL Investments Limited	EBL Securities Limited	Eastern Bank PLC.
Total Assets	253.58	5,175.44	850.50	8,774.48	508,554.06
Total Loans & Advances	-	3,786.58	51.80	3,736.38	353,356.93
Total Investment	222.77	-	715.63	3,515.14	94,022.83
Number of Employees	05	05	10	85	3,857
Number of Branches	-	-	-	-	85
Number of Agent Banking outlets	-	-	-	-	102
Number of ATMs & CRMs	-	-	-	-	296
Number of Foreign Correspondents	-	-	-	-	556

Six Capitals

The conventional thoughts on the process of organizational value creation emphasizes solely on financial aspects which provides a narrow and only monetary-focused definition of value. Today, the concept of value encompasses a wider scope. As per the International Integrated Reporting Council (IIRC) Framework, organizations generate value through diverse interactions, activities, relationships, and their various impacts. According to this framework, there are six categories of capital which help the organization to create value: financial, manufactured, intellectual, human, social and relationship, and natural. As suggested we must report these 6 different capitals to allow the stakeholders in assessing the company's holistic performance and predict its future performance. This will provide our shareholders with insight into how Bank's strategy, governance, performance, and future outlook, in the context of its external environment, contribute to value creation over short, medium, and long-term horizons.

Financial capital

The financial capital is defined as the pool of fund available to the Bank for generating value for the stakeholders. It is an integral component to run business & service smoothly. Generally, for a bank, the financial capital consists of shareholder's equity, borrowing from external sources and customer deposit. The proper management of these funds helps an organization to grow profitably.



Managing financial capital

EBL has always been focused on generating values for the shareholders through proper utilization of financial capital. The financial capital mix of EBL shows that the lion share i.e. 77% of it comes from customer deposit, 15% from borrowing from external sources and 8% from shareholder's equity. Due to the very nature of banking business, a commercial bank funds its lending primarily through customer deposit. Therefore, a stable sourcing of such fund is vital to ensure a sustainable growth of the organization. EBL for its brand strength and better customer service has achieved almost 34% of its customer deposit from priority banking, a premium banking segment which is stable in nature. Borrowing from other banks and financial institutions consists of 15% of the financial capital of which 37% is from renowned foreign banks outside of Bangladesh.

Particulars	BDT in million	Mix
Shareholder's equity	39,767.45	8%
Borrowing	71,667.84	15%
Deposit	366,103.73	77%
Total financial capital	477,539.83	100%

Although 2023 has been a challenging year for the banking industry with rising NPL, liquidity stress, and foreign currency crisis along with economics & political turmoil, EBL has managed fairly well while surfing through the challenges and has delivered positive outcome in all financial performance indicators with lowest NPL in the industry, sustainable PAT, improved ratio of ROA and ROE, stable cost to income ratio and attractive dividend distribution to the shareholders. Hence, EBL has been recognized with “AAA” credit rating by CRAB.

The culture of good governance is embedded in EBL at its core that has enabled us to win the trust of the stakeholders, especially the customers & investors to keep their money with us and in return, we also have been successfully keeping our promises to them which is reflected in our financial outcomes.

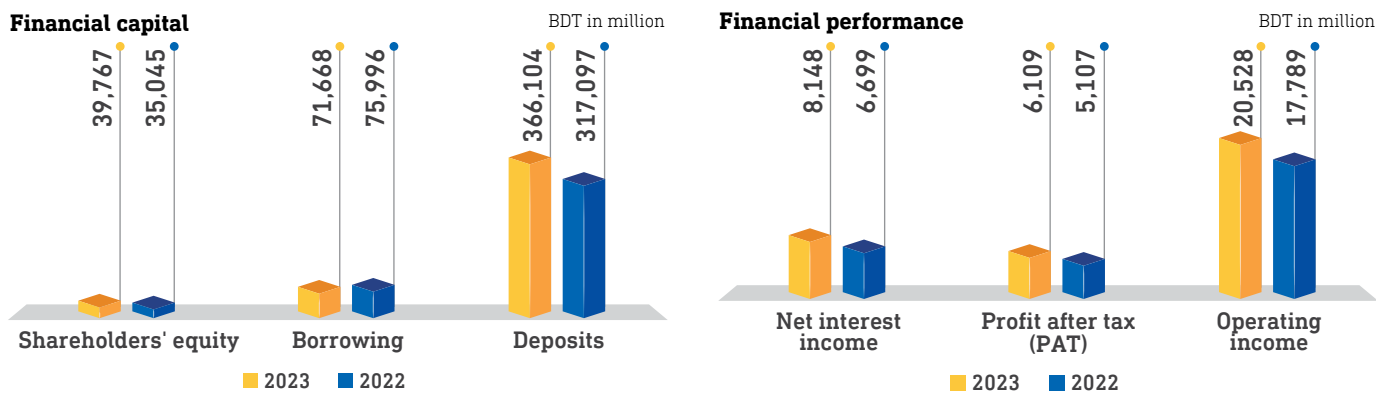
Impact on other capitals

The financial capital is affected by the use of all other capitals, that is, if we increase our input in manufactured, human, and intellectual capital there will be an outflow in financial capital in the short run. On the other hand, appropriate investment in these three capitals has positive impact on the financial capital as well as on its outcome in the long run. As EBL has always utilized financial capital keeping an eye to achieve long term growth, reflection can be seen in the stable financial performance indicators of the Bank.

Associated risks & risk management practices

Credit risk & liquidity risk are two of the vital risks in banking sector and managing these two risk makes a bank stable. Financial capital is used for providing loan & advances, these two risks are prominent under this capital component. In EBL, credit risk is managed rigorously through following credit policy manual, credit instruction manual & risk appetite. The establishment of credit risk culture is a prerequisite for maintaining effective management of credit risk in any organization. Details of credit management practice can be found at page 157-158.

The liquidity risk arises from inability to meet short time financial obligation to borrowers/depositors. To manage this risk several indicators are used and necessary steps are taken accordingly. We also have liquidity contingency plan, a set of policies & procedures, which helps to guide us to meet funding requirement. Details of liquidity management practice can be found at page 159.



Manufactured capital

Bank's physical & digital infrastructure, that is, all touchpoints that help to provide services to the customers are represented as the manufactured capital. To increase customer's reach and to enable banking services available to the customers through multiple & convenient ways, investment in manufactured capital is necessary. An increase in manufactured capital is one of the outflows of financial capital. To make banking services easy & available to the unbanked segment of the economy, it is crucial to invest in manufactured capital mindfully.

Performance highlights 2023

42
New agent outlets

2
New branches

10
New sub-branches

34%
Increase in POS count

BDT **78,500** million
Transaction volume through Skypay gateway

40
New EBL365 booths

BDT **50,000** million+
Salary disbursement through EBL

Material topics:

- Business channel expansion
- Financial inclusion
- Green building



Physical network

To cover all the major locations of Bangladesh effectively, we have strategically mapped our physical network with 85 branches, 33 sub-branches and 102 agent banking outlets across the country providing comprehensive banking services to the customers. To utilize our resources effectively in expanding channels, we have shifted our focus on expansion to sub-branches & agent outlets for reaching areas that have few branch banking activities. To have competitive edge over loan & deposit growth and minimizing cost, we transformed 3 branches to sub-branches in 2022 and have opened 2 new branches in 2023: one located in Mongla, near one of the southern ports of Bangladesh and another one is located near the largest economic zone in Mirsarai.

Digital network

The expansion of our customer touchpoints through digital network is our prime tactic to make banking services available 24/7. As a leading bank for product innovation in the industry, EBL has invested its resources in expanding the digital banking network to connect the customers to banking services 24/7. We have Skybanking app, EBL-self-service Hub, EBL SkyPay gateway and EBLConnect some of the most sought after digital banking services that cater various customer segments according to their financial service needs.

Phygital (Physical+Digital) network

EBL has increased its footprint to the customers through Phygital services that provide banking services to them without putting step to branch and wait in line. We have 242 ATMs & 54 CRMs across the country as well as 38 dropbox services that ensure customer over the counter banking service through these Phygital touch points.

Impact on other capitals

Investment in manufactured capital has a short run negative impact on financial capital. As we are looking to integrate more digital services in our bank, it requires resources to be deployed in enhancing & introducing such product & services through digital channel. But the outcome of such investment will have long run positive impacts on all capitals, that is, increasing financial capital, enriching intellectual capital, retaining skilled human capital & building better social & relationship capital. So it is crucial to invest in manufactured capital mindfully.

Associated risks & risk management practices

Manufactured capital faces risk of technology failure and regulatory breach if proper regulatory compliance is not maintained while expanding branches which are part of operational risk. EBL has a comprehensive guideline to reduce such operational risk & our risk management team rigorously monitors & escalates when necessary. While expanding business, environmental risk arises to manufactured capital. As expansion of physical network requires use of land, water & fuel that is why EBL consciously expands its branches across the country instead of aggressive expansion that is happening in the banking industry. It is also notable that if strategies taken to expand manufactured capital fail to provide benefits in the long run, it gives rise to strategic risk. As EBL has always made decision thoughtfully regarding expansion of manufactured capital, we have been reaping its benefit. The detail of these risks can be found at page 159-160.

Human capital

Human capital is defined as the capacity of individuals working in the Bank and their awareness about governance, ethical matters & risk management practices. Banking industry relies on people with specific expertise and characteristics that uphold good governance culture which in turn helps to run a bank sustainably in the long run. Investing in human capital has an impact on the outflow of financial capital but it positively affects intellectual, Social & relationship capital that drives an organization to have better footprint in the industry. So, it is very crucial to recruit, nurture & retain human capital that adds value to the organization. As it is costly to recruit & train new employees, we make sure the process is as efficient as possible and through this strategy we are able to reap benefits throughout all capital outcome.

Performance highlights 2023

BDT **5,370.85** million

Salary & allowances disbursed

18.56%

Female employees

BDT **9.51** million

Training investment

3 days/employee

Average training

40 people

Recruited under Future Leader program

21

No. of Foundation trainings

Material topics:

- Employee morale
- Health & safety
- Diversity & equal opportunity
- Competitive benefit package



Nurturing human capital

The motto of eblHR is "people first", it shows the commitment we have to our employees for having strong footprint in the industry with best banking practices and good corporate governance.

In 2023 we recruited 1,141 employees among them 40 were recruited under future leader program, a unique program designed to recruit fresh graduates, and train them for shaping the future of the leadership at EBL. We highly encourage women to join EBL team and progress their career here where the working environment support work life balance for all. Our commitment to diversity & equal opportunity ensures that every employee is treated fairly.

Grade wise total employees	Male	Female	Total
Senior Level (SAVP & Above)	232	29	261
Mid -level (SPO-FAVP)	610	105	715
Entry Level (AO-PO)	1,141	377	1,518
Trainee Level (TAO)	1,133	205	1,338
Support Staff	25	0	25
Grand total	3,141	716	3,857

In 2023, our comprehensive appraisal covered all employees who were eligible for performance review. The appraisal covers quantitative as well as qualitative aspect of an employee while reviewing his/her performance. It ensures all employees are reviewed properly.

Our e-learning exams take place twice a year and e-certification on ICT security, AML and etiquettes and professionalism once a year, ensuring all employees have required banking knowledge & are updated on issues crucial for the banking industry. In 2023, there were 17,593 participants in these exams which reflects our effort to increase the value of our employee. Details on our human resource management are given at page 255 “eBLHR: The Trendsetter in Caring HR Practices”.

Impact on other capitals

Investment in human capital has a short run outflow from financial capital. But effective investment always returns in positive inflow in all other capitals. So, selecting & training right group of employees is crucial for the overall benefit of the bank. EBL has cautiously recruited & placed the right person at right place that has made the Bank to be recognized as one of the best employers in the industry.

Associated risks & risk management practice

Human capital is one of the key capitals for a business organization. And it is important for bank to have ethical & responsible human resources in place, otherwise there rises risk of fraud, money laundering and data breach which if occurs repetitively poses reputational risk. For a bank to sustain and win trust of the stakeholders, these risks must be mitigated. EBL is known as one of the most compliant banks in the industry due to the strong governance & risk culture. The approach of the Board & senior management’s zero tolerance against non-compliance has set the tone at the top and is embedded in our corporate culture which is reflected in our financial stability in the industry. The detail of these risks can be found at page 160.

Intellectual capital

Creative approach to work, brand value, innovative product & services for the customers, in-built team expertise and customer satisfaction -- all these intangible assets are referred to as Intellectual capital. It is a hidden driver of the Bank that provides a competitive edge in the industry and helps to sustain in the long run. The intellectual capital is difficult to quantify, yet the impact of nurturing intellectual capital can be seen throughout all the capitals. It helps to build trust among the stakeholders which is a key element for banking industry to withstand. In the long run, to reap the benefit of having a competitive footprint in the industry, EBL is focused on process smoothening, upholding strong corporate governance & technological innovation.

Performance highlights 2023

ICSB gold award 2022

For corporate governance excellence

ICMAB gold award 2022

Best Corporate Award in the private commercial Bank category



Launched country’s first ever wearable device

International Finance Banking Awards 2023

Under the category of ‘Most Innovative Retail Bank in Bangladesh’

98.05%

Rating score on customer service quality through a survey by contact center

Material topics:

- Product & service innovation
- Brand value
- Good governance
- Customer delight



Product & service innovation

Bank requires to offer innovative banking products and structures to respond to customer requirements and changing demands. Embracing the global trends & technology in 2023, EBL launched contactless payment system in Bangladesh and has taken it to a new level through integrating its functionality to wearable devices. WEAREBL is the first of its kind in Bangladesh that has simplified payment system with lifestyle which is available in compact payment ring, a versatile phone holder and a grip, a stylish and fashionable wristband, and a compact portable fob sleeve.

We have also introduced a new service proposition for customers, "Super saver" with various complementary services which will become a source of stable fund of financial capital.

Strong corporate governance

One of the vital pillars of a successful bank is its corporate governance. It either makes or breaks the strength of a bank in the long run. In general, good corporate governance encompasses through ethical business norms, firm commitment to values and compliance with applicable laws and regulations. "Tone at the top" - plays a vital role in shaping a bank's growth path. Fortunately, we have been able to nurture a strong governance culture through best banking practice as we are consistently encouraged by the Board to uphold such values at all levels. Our Board believes that compliance is not a cost rather it gives us competitive advantage in the industry.

EBL Nest

A unique capacity building center of EBL, EBL Nest, is a brainchild workshop house of our Managing Director that started in 2015. This center helps generate ideas from different departments of EBL through multiple sessions of brain storming that help EBL to have better footprint in the industry. In 2023, there were 42 Nest sessions that generated ideas for the betterment of the Bank.

Impact on other capitals

Intellectual capital is inter-related with human & financial capital. A positive inflow of such capital is a result of outflow from financial capital & inflow of skilled human capital and has far reaching positive impact on social & relationship capital as well. To have a strong brand reputation intellectual capital plays a pivotal role.

Associated risks & risk management practice

Strategic & reputational risk are major risks associated with intellectual capital. Ineffective strategy as well as inefficient implementation of strategies regarding intellectual capital can have financial cost. On the other hand, if corporate governance becomes volatile it will pose reputational risk which will incur financial loss. To mitigate these risks, EBL consciously safeguards its core values, that is, uphold good governance practice and set strategies according to the current & future banking industry scenario.

Social & relationship capital

Social & relationship capital is an intangible capital which consists of the relationships, values & interests commonly shared with stakeholders of the Bank. For ensuring collective well-being of customer, regulator, local community as well as of the Bank, investing in social & relationship capital is essential. The social cohesion established by building relationship & networks with the stakeholders helps an organization to rely on them that has multiple benefits in pursuing long term growth.

Performance highlights 2023

Top tax-paying bank

EBL honored as one of the top tax-paying banks in 2022-23

BDT **10,646** million

Contribution to national exchequer

BDT **280** million

CSR expenditure

Inspiring Women Award 2023

Awarded "Inspiring Women Award 2023" 15 disable women for their success

6 customer surveys

Conducted 6 customer surveys on product & service

Material topics:

- Regulatory compliance
- Responsibility towards society
- Customer delight



Ensuring customer delight

EBL's core objectives is to ensure customer delight. As customer deposit consists of 77% of our financial capital, it emphasizes the importance of upholding customer trust. Through maintaining good corporate governance and compliance culture, we have been able to provide the customers comfort to keep their hard earned money with us. EBL not only looks out for customers in providing quality service but also to ensure customer delight through simplifying process, digitalizing services and analyzing customer feedbacks. Regardless of the segment, EBL ensures every customer is treated with utmost care, fairness and equity which results in long term relationship with them. Details are provided at page 269 under "Customer delight: A journey towards excellence"

Regulatory compliance

EBL is one of the few banks that strictly maintains all of the regulatory compliance & always have proactive discussion with the respective regulators, whenever necessary, in implementing any new instruction, law and commitment. In 2023, we did not have any regulatory compliance issue raised by the regulators.

EBL, a responsible corporate entity, pays corporate tax regularly and in some cases before the due time. We also deposit excise duty, withholding tax and VAT to govt. exchequer deducted from customers, employees' salary as well as on bills from third parties including vendors in due time. As a result, we were honored as one of the top tax-paying banks in the banking sector by National Board of Revenue (NBR) for the fiscal year 2022-2023.

Giving back to the society

As a responsible corporate citizen, EBL has been giving back to the society where it is needed most. By devising policies to guide selection of CSR projects, expense as per regulatory guidance, EBL is working towards becoming a bank that creates value not only for itself but also for the community. As per our Board approved policy, at least 2% of the latest distributed profit is being allocated as CSR expenditures every year. However, the actual expenditures are much higher which reflects our obligation to the society. In 2023, EBL made BDT 280 million expenditure in various segment of CSR. We also have initiatives taken for women empowerment through various engagement program & financing. Details on our endeavors to giving back to the society are given at page 221 under "Corporate Social Responsibility" segment.

Impact on other capitals

Investing in social & relationship capital has a short run out flow of financial capital. But there is a ripple effect in the long run in all of the remaining capitals through increase of the inflow of financial capital, human capital, intellectual capital as well as natural capital to some extent. This intangible capital can be harnessed to maintain the stability of the business entity.







Associated risks & risk management practice

Social & relationship capital is prone to reputational risk. To mitigate such risk, EBL has complaint management cell for customers & mechanism for redressal for investors. Also, our business activities are aligned with the guidelines of our regulators that ensures there is no regulatory breach. To avoid overlapping of CSR expenditure in all segments and ensuring transparency, EBL has a well-defined framework that is guided by the regulatory guidelines.

Natural capital

Natural capital is defined as the renewable & non-renewable resources like energy, water, air that are used by the Bank for its value creation process. To increase the well-being of human capital, it is imperative to embrace sustainable solutions regarding the use of natural capital. To increase a business entity's resilience against climate change, it is vital to invest in natural capital. The emissions and waste materials produced by EBL's activities also affects the natural capital.

Performance highlights 2023

 8R approach towards sustainability	 Auto sensor lights and promoting use of natural light at head office.	 Water treatment plant in head office	Material topics: <ul style="list-style-type: none"> Energy emission Resource optimization Green finance & sustainable investment Environmental awareness <div style="display: flex; justify-content: space-around; font-size: 8px;"> <div style="background-color: #009688; color: white; padding: 2px;">6 CLEAN WATER AND SAFETY</div> <div style="background-color: #ffc107; color: white; padding: 2px;">7 AFFORDABLE AND CLEAN ENERGY</div> <div style="background-color: #009688; color: white; padding: 2px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div style="background-color: #009688; color: white; padding: 2px;">13 CLIMATE ACTION</div> </div>
 Financed to 4 new LEED certified projects	 Country's first ever carbon accounting for any local bank in Bangladesh	 Contributed to the climate change project "Stories of Change".	

In-house green initiatives

EBL advocates for utilizing resources at optimum level reducing cost of acquiring them. As a result, we have taken several initiatives across the bank that ensure sustainable usage of resources with minimum waste. We have declared our premises plastic free since 2019 and have taken measures to replace all plastic office items, that is, plastic water bottle, plastic files etc. with eco-friendly bottle & paper files. Through this small step, we are encouraging our stakeholders to become more conscious while using eco-friendly materials. By incorporating auto sensor lights at head office & water treatment plant, we are ensuring resource optimization of fuel and water which are non-renewable in nature. Taking these initiatives, EBL ensures to leave a meaningful impact in the long run.

Sustainable financing

Banks can promote environment-friendly initiatives through financing in business entities that promote, adopt & adapt for sustainable environment. EBL has taken funding initiatives that have supported several projects in the energy and resource efficiency domains.

BDT in million	
Promoting sustainable finance	2023
Financed for installation of Effluent Treatment Plants (ETP) at operational plants	257
Financed in plants having ETP	34,415.80
Financed to solar panel/ renewable energy/alternative energy plants	2.00
Financed in Energy & Resource Efficiency	5,996
Financed to other green projects	5536.9
Total disbursement in sustainable initiatives	92,529
Total disbursement in green financing	1,180

More on our sustainable initiatives can be found at page 205 under “Sustainability report” segment.

Impact on other capitals

Investing in preserving natural capital has a long term benefit for the organization that penetrates through financial, intellectual, human and social and relationship capital. On the other hand, manufactured and natural capital are negatively related, so it is crucial to invest carefully in manufactured capital.

Associated risk & risk management practice

Environmental risk is posed by mismanagement of natural capital. Not only environmental risk, financing in projects or business entities that pose serious threat towards our environment also raises reputational risk as it makes a bank unethical and irresponsible in the eye of stakeholders. To reduce such risks, EBL has Sustainable banking/ Environmental & Social Risk Management (ESRM) Policy in place and a dedicated team to monitor overall financing. Also, our 8R approach to sustainability i.e. reduce, reuse, recycle, responsibility, respond, renew, refine and refuse lies at the core of managing environmental risks.



Stakeholders Engagement

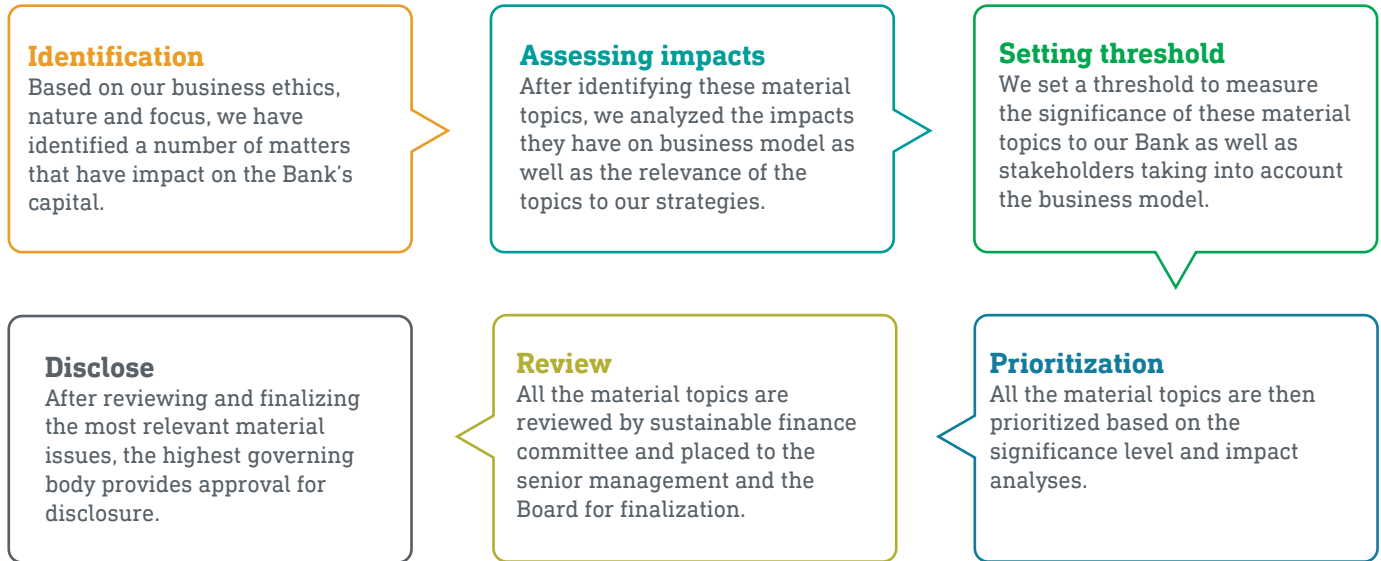
Alignment with SDGs	Stakeholders	Key interests	Mode of engagement	Frequency	EBL's response
	<p>Shareholders/ Investors</p>	<ul style="list-style-type: none"> Sustainable growth & strategy. Financial performance. Corporate governance. Risk management. Business expansion plan. Company information. 	<ul style="list-style-type: none"> EBL's website. Annual report. AGM. Board meeting. Investor's meeting. Press release for price sensitive information. 	<p>Continuous process. Quarterly, semi-annually & annually</p>	<ul style="list-style-type: none"> Setting long term goals to achieve steady growth. Maintaining ethical & compliant business practices. Upholding good corporate governance practice with effective control & compliance system. Maintaining transparency in flow of information to our investors. Monitoring asset quality.
	<p>Employees</p>	<ul style="list-style-type: none"> Work-life balance Diversity and career progression Performance evaluation and rewards Recruitment and retention Safe and healthy workplace Employee engagement/wellbeing HR information 	<ul style="list-style-type: none"> Induction program, employee engagement programs & awareness session. Appreciation letter and employee recognition program. Online exams, interviews, training programs & workshops. Career succession planning. Grievance management. ebHR portal & people/EBL app 	<p>Continuous process, quarterly, semi-annually, annually</p>	<ul style="list-style-type: none"> Managing employee's well being. Yearly employee recognition program to uplift employees morale. Ensuring fair & competitive appraisal system. Competitive salary and benefit package to have our employees the competitive advantage in the industry. Proper HR policy & code of conduct guidelines to lead good corporate culture. Transparent & easy flow of information.
	<p>Customers</p>	<ul style="list-style-type: none"> Quality service Privacy and information security Dispute resolution Product information Affordability and convenience Easy & hassle free banking 	<ul style="list-style-type: none"> Relationship managers. Mail, SMS, newsletter, ATM, Internet Banking, Skybanking & EBL Self service hub Direct customer feedback, customer s grievance management & complaint cell EBL's website, 24/7 call center (16230) & social media Different on-site channels—Branches, sub-branches, agent banking & Priority center. Customer engagement events 	<p>Continuous process</p>	<ul style="list-style-type: none"> Trained relationship officers to meet customers need. Focus on digital inclusion. New product development as per customer need. Expanding channels to reach & include new customers. Providing standard services to all customers. Arranging workshop and training programs for SME customers. Organizing financial literacy programs to raise awareness against financial fraud, reduce associated risk and enhance consumer protection.
	<p>Regulatory Bodies and Government</p>	<ul style="list-style-type: none"> Compliance with regulations. Awareness and knowledge. Good corporate governance. Addressing key issues 	<ul style="list-style-type: none"> Submission of returns and reports through online portal, hardcopy & emails. Training and workshops, circular & directives. Telephone conversations, emails & visits. Meetings and discussions with senior management and respective regulators 	<p>Continuous process, within the prescribed deadline</p>	<ul style="list-style-type: none"> Duly submission of all returns Proper submission of national exchequer Maintaining proper compliance & regulatory conducts Continuous implementation of government policies
	<p>Business partners</p>	<ul style="list-style-type: none"> Relationship with suppliers, networking & new business opportunities. Uninterrupted & ethical service. Sustainable financial growth of bank. 	<ul style="list-style-type: none"> Meetings, telephone/emails/letters and periodic on-site visits. Standard procurement policy & process. Reviewing & evaluating performance 	<p>On a regular basis</p>	<ul style="list-style-type: none"> Proper & timely payment settlement. Ensuring fair enlistment. Maintaining proper due diligence.
	<p>Society</p>	<ul style="list-style-type: none"> Financial inclusion. Ethics and code of conduct. Sustainable initiatives. Environmental protection through sound lending decision. Social welfare 	<ul style="list-style-type: none"> Banking through branches, agent banking, sub-branches, internet banking. Skybanking, Ebl Self service hub & contact center (16230). EBL's Website & annual report. CSR initiatives. Investing in green finance project. 	<p>As required, continuous process</p>	<ul style="list-style-type: none"> Expansion of channels through agent banking & sub-branches Student banking campaigns to increase financial inclusion Appropriate code of conduct guidelines for bank. CSR expenditure of BDT 280 million in 2023 Initiating carbon accounting to measure carbon footprints. Green financing of BDT 1,180 million in 2023

Material Topics

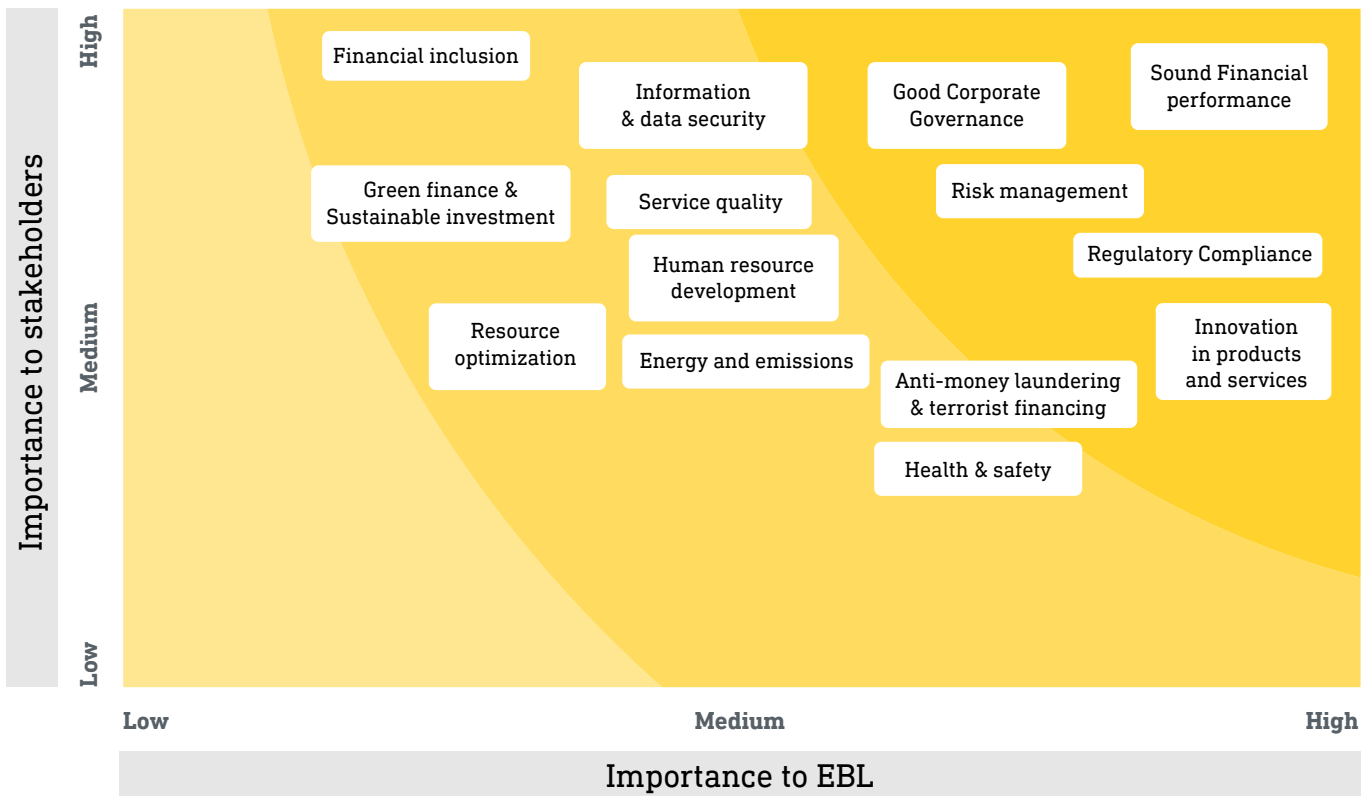
Material issues are those which are relevant to the Bank and has substantial impact on its capital and value creation over time, that is, in short term, medium term and long term. We used the Global Reporting Initiative (GRI) guidance to develop the material topic determination process. Determination of material topics is an ongoing process while running business affected by both internal and external catalysts. The material topics can change due to changes in strategic direction, business operation, macroeconomic landscape and the overall environment.

Material topics determination process

The significant material topics that have actual and potential impact on EBL as well as stakeholders are identified as per following process:



Materiality matrix





Material topics	Impact on stakeholders	Relevant SDGs	Impact on capital type	Topic details
Sound Financial performance	Investors, depositors, lenders		Financial	Information for Stakeholders, Financial Statements
Good Corporate Governance	All the key stakeholders		Intellectual, Financial	Corporate Governance Report
Financial inclusion	Customers (mainly the unbanked ones)		Social & Relationship	Retail and SME Banking, Sustainability Report
Anti-money laundering & terrorist financing	Employees, Customers		Intellectual	Corporate Governance Report
Risk management	Investors, Customers & Employees		All	Risk Management Report
Information & data security	Customers		Intellectual	Redefining Possibilities: Enabling Sustainable Growth through Technological Advancement
Health & safety	Employees		Human	ebIHR: The Trendsetter in Caring HR Practices
Human resource development	Employees		Human	ebIHR: The Trendsetter in Caring HR Practices
Service quality	Customers		Social & relationship	Customer Delight: Our Journey towards Excellence
Innovation in products and services	Customers		Intellectual	Managing Director's Review
Energy and emissions	Society		Natural	Sustainability Report
Resource optimization	Society		Natural	Sustainability Report
Green finance & Sustainable investment	Society		Natural	Sustainability Report
Regulatory Compliance	Regulator		Social & relationship	Corporate Governance Report, Sustainability Report

Human Resource Accounting (HRA)

Human resource accounting is intended to measure value added by the people of an organization and the corresponding cost incurred. It is a tool that quantifies human resources and helps to compare employee productivity across industry. To manage tangible and financial assets of an organization profitably, an organization highly relies on the quality, skill set and attitude of its people. We quantify HRA through measuring the cost incurred during recruitment, training & development, payments to employees and the eventual economic value generated by them.

At EBL, human resource is one of the key drivers for the sustainable growth we have achieved over years. It is evident in the consistency and sustainable business and financial performance that the quality of our people provides a competitive edge over other financial institutions and helps us to survive amidst numerous systemic and micro challenges. By setting motto, "People first", we nurture our human resources. We have achieved positive outcome in financial, intellectual, and social and relationship capital through investing in our employees appropriately from recruitment to retention. We consciously cascade down the ethos of good governance from the top to bottom of employee hierarchy.

Objectives of HRA

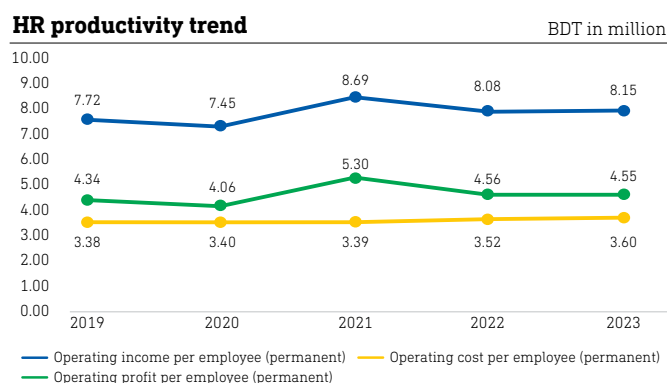
- Monitor human resources and their productivity efficiently.
- Facilitate human resource planning.
- Provide quantitative information on human resources for better policy implementation.

Importance of HRA at EBL

Being a people-centric bank, we understand the importance of employee well-being and how they add value to the organization. So, the impact of measuring HRA at EBL is crucial and can be identified as follows:

- It helps to monitor human resources efficiently in utilising their know-how and true potential.
- It helps the management to ensure sustainable human capital through planning and evaluation.
- It provides information on investments and return on investments on human resources which helps to plan training & developments program for the employees.
- It provides a tool to implement & understand the impact of a policy on human capital.
- It helps to plan recruitment and retention of human resources to have consistent positive impact on the success of the Bank.

Particulars	2023	2022	2021	2020	2019
No. of total employees	3,857	3,550	3,087	3,044	3,128
No. of permanent employees	2,519	2,202	1,975	1,896	1,892
% of permanent employee to total employee	65.31%	62.03%	63.98%	62.29%	60.49%
Employee remuneration (BDT in million)	5,371	4,875	4,129	3,950	3,764
Training investment (BDT million)	9.51	9.58	7.81	4.05	12.65
Female representation to total employee	18.56%	20.76%	20.54%	20.24%	19.98%
Average length of service (permanent) in years	5.77	6.17	6.65	6.38	6.18



76.71%

Employee retention rate

40

Future leaders
(Future Leader Program)

8.65%

Employee growth rate

217

Employees absorbed as permanent

To increase employee morale and job satisfaction, we have a structured competitive financial benefit package as well as comprehensive HR policy at place. Along with such benefits, EBL also ensures health and safety of employees by taking multiple initiatives on employee wellness program, employee engagement program, recognition program and appreciation actions. We believe in inclusive culture and promote good corporate governance values through policy implementation and the benefits of such measures are reflected in our productivity.

SWOT Analysis

A SWOT analysis serves as a strategic compass, a self-reflection of an organization's strengths, weaknesses, opportunities, and threats. This often helps to make strategic choice and set direction towards achieving organization's goals and missions.

In examining a bank's strengths, weaknesses, opportunities, and threats, we take key qualitative and quantitative factors into consideration including resilience and growth. Strengths illuminate the firm's competitive advantages, showcasing its ability to innovate, command, penetrate and adapt to industry demands. Weaknesses reveal areas for improvement prompting a strategic focus on bolstering internal capabilities. Opportunities indicate offering avenues for expansion and diversification while threats underscore the probability and impact of inherent risks and different stress scenarios. Together, these insights paint a holistic picture of the bank's position in the industry, guiding informed decision-making and fostering long-term sustainability.

STRENGTHS

- Unwavering commitment to good governance and compliance (including all the regulatory ratio).
- Eminent, experienced and harmonious Board of Directors.
- Led by a seasoned and experienced Managing Director honored with the prestigious Kotler CEO of the Year award.
- Strong brand value with highest credit rating 'AAA'.
- Consistent business and financial performance.
- Prioritizing innovation, EBL champions IT solutions and customer-centric strategies.
- Maintains impressively low cost to income ratio and NPL levels compared to peers banks.
- Robust capital base, with a CRAR exceeding 15% as of Dec'23.
- Recognized both locally and internationally through numerous prestigious awards.
- Superior asset quality, steady profitability, strong solvency and liquidity.
- EBL's HR leadership is committed to compliance, driven by a 'People First' ethos.

WEAKNESSES

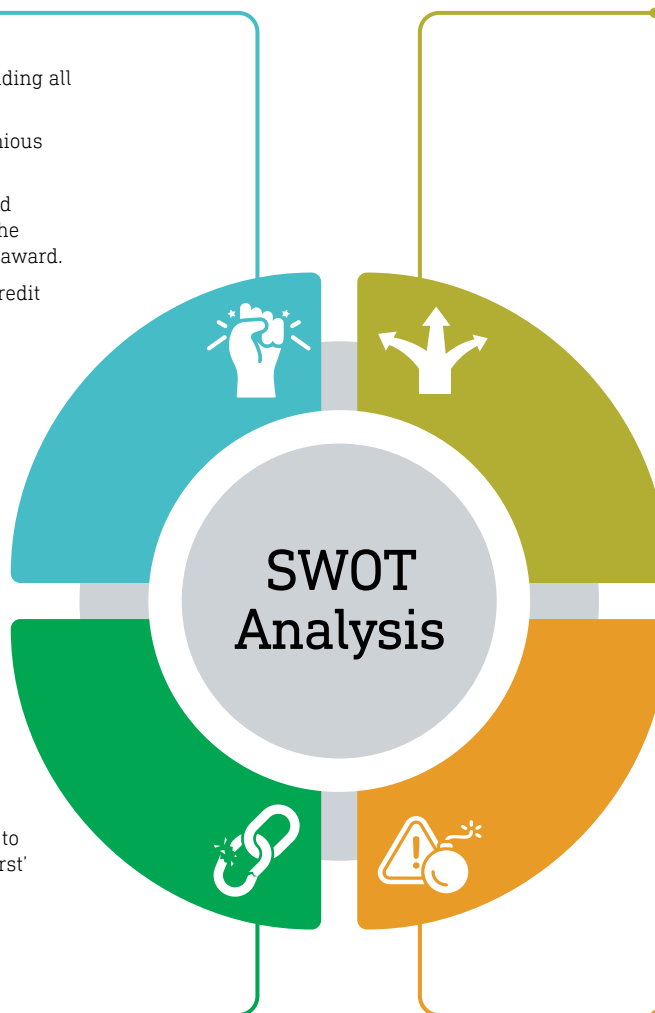
- Credit is concentrated among large corporates.
- Scope of diversifying revenue sources is limited.
- Branch network sparser than industry peers.

OPPORTUNITIES

- Leveraging strong brand value to drive business growth especially when many competitors suffer from lack of customers confidence.
- Formulating useful and exciting value propositions through digital evolution.
- Promoting financial inclusion through enhancing digital footprints.
- Harnessing huge potentials of Islamic banking services.
- Responding to the growing demand for sustainable finance solutions.
- Providing innovative and useful cash management solutions to enhance liquidity at lower cost.

THREATS

- Escalating geopolitical tensions affecting inflation, FX reserve and business conditions.
- Rapid digitalization may contribute to heightened cybersecurity risks.
- Intensified competition driven by disruptive technologies.
- Precarious conditions due to external frauds and irregularities.



PESTEL Analysis



POLITICAL

BANGLADESH'S POLITICAL HORIZON LOOKS CLOUD-FREE

In 2023, as Bangladesh approached its 12th national election, the country found itself enveloped in a cloud of uncertainty, affecting both its citizens and the echelons of power, despite a veneer of tranquility. Post-election, the air cleared up a bit, bringing a welcome sense of stability to the nation's complex political landscape. However, the specter of geopolitical pressures looms large, leaving the door open for potential economic repercussions, including the threat of stringent measures from international trade partners, which could affect the country's economy in many spheres.

OUR PERSPECTIVE

There is no denying that Bangladesh is at a pivotal moment, grappling with considerable political, economic, and geopolitical challenges. Its position as a significant arena of international interest underscores its role in superpower dynamics. This situation is especially significant for the banking industry, given Bangladesh's reliance on bank-based financing. In response, we adopt a stance of caution and vigilance, closely monitoring the economic landscape with a comprehensive concern for its overall vigor.



ECONOMIC

BANGLADESH'S BOLD JOURNEY FROM ECONOMIC STORM TO STEADY REVIVAL

In 2023, Bangladesh contended with formidable economic challenges, as global supply chain disruptions, surging fuel and commodity prices, and geopolitical tensions fueled widespread inflation, exposing vulnerabilities across various sectors. These issues precipitated a liquidity crisis, financial account deficits, exchange rate volatility, and a decline in foreign exchange reserves, undermining the nation's history of sturdy growth and moderate inflation.

In response, decisive measures were undertaken. The Central Bank's decision to remove interest rate ceilings and introduce a "crawling peg" system aimed to stabilize exchange rates, while the government's execution of transformative infrastructure projects promised economic revitalization, job creation, and credit expansion. Efforts to curb luxury imports were designed to reduce the current account deficit and improve trade balances.

The resolution of electoral uncertainties ushered in a renewed sense of optimism. Despite the anticipated drag on economic growth in 2023-24 due to monetary tightening and slowing export growth, projections are cautiously optimistic. IMF financial assistance is set to preserve macroeconomic stability and support foreign exchange reserves. The Asian Development Bank (ADB) has revised GDP growth forecasts upward to 6.50% for 2024, with inflation expected to decrease to 6.60%.

OUR PERSPECTIVE

> EBL achieved a significant milestone by securing the prestigious AAA credit rating from the Credit Rating Agency of Bangladesh (CRAB) in 2023. This recognition, based on audited financial reports of 2022 and thorough qualitative assessments, underscores EBL's financial resilience and its steadfast commitment to meeting its responsibilities.

> In 2023, EBL skillfully steered through challenging banking conditions, achieving a remarkable 47% increase in money market income. By strategically leveraging the inter-bank market and optimizing remittances, the Bank successfully balanced trade flows, catalyzing significant income growth. Its Strategic Asset and Liability Management played a crucial role in insulating the Bank from market volatility, thereby ensuring uninterrupted customer service.

> The bank witnessed robust growth in deposits from Retail, Small and Medium Enterprises (SMEs), recording a 17% year-on-year increase, while its asset portfolio saw a substantial 20% rise. The corporate segment too showed solid performance, with an 11% growth in deposits and a 15% surge in loan portfolio.

> EBL's pivotal role in the economy was further emphasized by facilitating trade transactions worth USD 4.8 billion.

> Concluding the year with a remarkably decent Capital to Risk Weighted Assets Ratio (CRAR) exceeding 15%, EBL has clearly demonstrated its financial resilience and commitment to sustaining growth and stability.



SOCIAL

BANGLADESH'S SOCIAL LANDSCAPE TRANSFORMED BY MIDDLE CLASS GROWTH AND DIGITAL INTEGRATION

Bangladesh is witnessing a social shift with its middle class set to grow by 33% within 2030, significantly impacting economic dynamics and banking needs. This growth fuels market diversification and demands for sophisticated banking services, reflecting developmental progress.

Societal changes, including increased women's workforce participation, challenge traditional norms, emphasizing the importance of governance for equitable growth.

The digital revolution enhances connectivity, necessitating innovative banking solutions for a burgeoning digital economy. Rising financial literacy and a shift towards digital transactions among the youth further highlight this evolution.

As preferences lean towards spending on experiences over savings, banks are adapting with targeted financial products. This landscape fosters a dynamic environment for entrepreneurship and innovation, particularly in mobile applications and agriculture, enhancing competitiveness and inclusivity in Bangladesh's future.

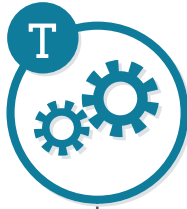
OUR PERSPECTIVE

> EBL has launched life and non-life insurance offerings under Bancassurance License in 2024.

> The Cards Business introduced unique services, including the EBL Visa Women Signature Credit Card and co-branded cards through strategic partnerships. Alongside, EBL enhanced customer benefits through collaborations with more than 250 brands, conducting 22 promotional campaigns in 2023.

> The bank is expanding with new EBL365 booths, ATMs, and CRMs, focusing on security and ease of service.

> In 2024, EBL plans to offer Islamic banking, embracing financial inclusivity with Shariah-compliant solutions.



TECHNOLOGY

BANGLADESH'S DIGITAL LEAP REDEFINES FINANCE AND IGNITES SOCIETAL TRANSFORMATION

In recent years, Bangladesh has embarked on a transformative journey toward digitalization, affecting key sectors such as governance, education, health, financial and the judiciary. This push toward digital governance has significantly amplified the GDP per capita and streamlined service delivery, showcasing the profound impact of digital adoption.

At the heart of this digital transformation is the financial sector, which has quickly moved to digitize, showcasing a strong digital foundation and innovative offerings. Bangladesh Bank's release of the "Guideline to Establish Digital Bank" in June 2023 marked a significant move towards digital innovation. It sets the goal for 75% of banking transactions to be cashless by 2027, leveraging cutting-edge technologies like Artificial Intelligence (AI), Machine Learning, and Blockchain. The issuance of digital banking licenses to 'Nagad Digital Bank' and 'Kori Digital Bank' highlights a groundbreaking change in banking, showing a deep commitment to embedding advanced technology in the nation's financial fabric.

The shift to digital banking, while challenging, offers numerous opportunities, requiring marketers to be both creative and agile in this new terrain to build consumer trust. This transition signifies not just a technological shift but a fundamental change in the banking experience, promising a future where digitalization promotes growth, inclusivity, and efficiency in Bangladesh's financial sector.

OUR PERSPECTIVE

> EBL is at the forefront of the banking sector's digital transformation in Bangladesh, introducing innovative solutions to enhance customer convenience and operational efficiency. In 2023, EBL pioneered the launch of WearEBL devices, exemplifying the commitment to simplifying banking by offering secure and effortless transactions on the go.

> EBL has revolutionized the transaction process with QR transactions through the NPSB channel and Skybanking app, eliminating the need for physical cards and reducing the risks of card skimming. Additionally, our Digi-Remit services and integrations with MFS providers like bKash and Nagad facilitate swift remittance disbursements, streamlining the process for our customers.

> EBL's dedication to data governance and security is evidenced by compliance with PCI-DSS and ISO/IEC 27001:2013 standards, reflecting our commitment to protecting sensitive information.

> We are focused on integrating AI and data science into our services, aiming to lead the bank into a dynamic, data-driven future that meets the evolving needs of our customers.



ENVIRONMENTAL

GREEN WAVE SHAPES SUSTAINABLE MARKETS AND FINANCE

Sustainability is becoming crucial for brands and consumers worldwide, driving a shift towards eco-friendly choices. Recent statistics show that sustainable products or services account for 17% of the global market share, growing 2.7 times faster than non-sustainable ones. A global survey of 10,281 consumers found that 78% view environmental sustainability as important and strive for sustainable living.

Sustainability is now a key focus in finance too, necessitating a unified language across stakeholders to meet objectives of the Paris Agreement and UN SDGs. Bangladesh Bank has led this shift through its sustainable finance policy, significantly advancing sustainable finance practices despite challenges.

OUR PERSPECTIVE

> EBL is aligning with global reporting standards by developing a GRI sustainability report based on the 2021 GRI Universal Standards.

> In 2023, we launched a significant carbon accounting initiative with DEG and the JIM Foundation, using the Joint Impact Model based on standards set by PCAF to assess our impact on the economy, society, and environment, demonstrating our commitment to climate action and the SDGs.

> We financed in four LEED-certified projects this year, indicating our focus on sustainable business practices. Our partnership with icddr,b on Bio-Hazardous Waste Management and our financing of BDT 5,996 million in importing energy-efficient machinery further showcase our efforts towards reducing carbon emissions and promoting sustainable development.



LEGAL

NUMEROUS REGULATORY REFORMS AND LEGAL MEASURES TO ENHANCE SUSTAINABILITY OF BANKING SYSTEM

In an effort to fortify Bangladesh's economic stride, the central bank has initiated a comprehensive suite of significant reforms. These actions have profoundly influenced the strategic and policy frameworks governing the banking sector.

A key development is the recent Bank Company (amendment) Act 2023. This amendment grants the power to the central bank to reorganize the boards of state-owned banks and conduct detailed reviews of banking transactions within public organizations. Importantly, the Act empowers the central bank to mandate bank mergers if it deems necessary to safeguard depositor interests, introducing a new layer of unpredictability for banks and their stakeholders. This underscores the importance of balancing legal adherence with operational flexibility.

Amid these reforms, there's a strong push towards digitalization, in line with the "Digital Bangladesh" initiative. This digital shift requires banks to adopt extensive and sometimes expensive measures to combat fraud, adding a new layer to regulatory compliance.

Furthermore, the banking sector's reliance on the judicial system for loan recovery, especially from willful defaulters, poses additional challenges. The ease with which some defaulters obtain stay orders under the current legal framework highlights the complexities of navigating legal hurdles in the financial landscape.

OUR PERSPECTIVE

> EBL is a leader in governance and compliance within Bangladesh's banking sector, consistently adhering to the central bank's standards. Our dedication to corporate governance was honored with a gold award in the general banking category at the 10th ICSB National Award 2022 for Corporate Governance Excellence. EBL has secured five gold awards from the ICSB since 2013, underscoring our role as a benchmark for corporate governance in the banking industry.

> In 2023, EBL made significant strides in handling legal issues, successfully recovering BDT 473 million from written-off loans and BDT 1,021 million from classified loans. Our skilled legal team is managing 9,554 cases against defaulting borrowers, involving a total of BDT 27,428 million. With 21 dedicated law officers at the helm, we achieved resolutions in 2,359 cases through judgments or settlements, showcasing our commitment to addressing and mitigating financial risks effectively.

Capital Adequacy Statement

All scheduled banks in Bangladesh are mandated to calculate their Capital to Risk Weighted Assets Ratio (CRAR) in accordance with the 'Revised Guidelines on Risk-Based Capital Adequacy (RBCA)' issued by the Bangladesh Bank in December 2014 and subsequent circulars. According to these guidelines, banks are required to maintain a minimum CRAR of 12.50% (which includes a Capital Conservation Buffer of 2.50%) of their overall Risk Weighted Assets (RWA) to ensure financial stability and to instill confidence among the key stakeholders.

BDT in million

Particulars	31/12/2023	31/12/2022
Tier-1 Capital		
i. Common Equity Tier -1 Capital (CET-1)		
Paid up capital	12,072.35	10,730.98
Statutory reserve	12,072.35	10,730.98
General reserve	603.49	603.49
Dividend equalization reserve	356.04	356.04
Retained Earnings	12,601.35	10,505.74
Less: Regulatory adjustments	3,690.29	2,985.65
ii. Additional Tier-1 Capital (AT-1)		
Non-cumulative irredeemable preference shares	-	-
Instruments issued by the banks that meet the qualifying criteria for AT1	-	-
Others (if any approved by Bangladesh Bank)	-	-
Less: Regulatory adjustments from AT-1 Capital	-	-
A.Total Tier-1 Capital	34,015.29	29,941.58
Tier-2 Capital		
General provision	6,854.45	5,869.00
Subordinated debt	6,020.00	4,950.00
Less: Regulatory adjustments	-	-
B.Total Tier-2 Capital	12,874.45	10,819.00
C.Total Regulatory Capital - [A+B]	46,889.75	40,760.58
D.Total Risk Weighted Assets (RWA)	311,848.62	279,015.85
E.Capital to Risk Weighted Assets Ratio (CRAR) - [C/D]	15.04%	14.61%
Tier-1 Capital to RWA	10.91%	10.73%
Tier-2 Capital to RWA	4.13%	3.88%

Year wise change of CRAR of EBL (Solo)

