annual report **2016**



LEVERAGING CORE STRENGTHS

Eastern Bank Ltd.
Simple Math®

LEVERAGING CORE STRENGTHS

Banking industry as a whole is going through a rough patch with almost all key indicators giving a not-so-promising figures. Navigating this rough banking weather and maintaining a sustainable growth is a challenging task. Despite the challenges, we have been sailing through with equanimity, maintaining a sustainable growth by leveraging our core strengths. Our sound corporate governance, strong compliance culture, service excellence, and state-of-the-art IT platform are sources of our strength. We strongly believe that an institution with strong ethical values and great culture survives market shocks better than others. We are the first bank in the country to achieve Ba3 rating by one of the top rating agencies of the world, Moody's. This achievement speaks for our strong corporate governance and compliance culture. Our winning run at Asian Banker Retail Banking Excellence Award for four consecutive years since 2013 is a mark of our excellence in service delivery. Our accolade of the Best Bank in Bangladesh from prestigious Euromoney magazine is recognition of our passion for performance. And our recent PCI DSS certification will aid us in securely setting up the process of card businesses and payments with the prime purpose of reducing card fraud activities.

OUR AWARDS AND RECOGNITIONS DEFINE WHO WE ARE

We are very much under the grip of this age of digitization and virtual reality. The market place, be it product or financial, is undergoing rapid changes. The challenge is to ride the bandwagon of digitization and at the same time carry on with age-old values. The guiding idea for EBL to meet the new challenges of contemporary market place is to focus on the power of personal touch and relationship banking. No digital innovation can take the place of human touch. But that does not stop us to use the most up-to-date IT solutions for banking infrastructure.

State-of-the-art IT solutions is one of the key sources of strength for the bank. The second key area of our strength is our corporate governance. Effective corporate governance in accordance with high international standards is of paramount importance to Eastern Bank. 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). We have got recognition for last three consecutive years at the ICSB National Award for Corporate Governance Excellence award.

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

The third source of our strength is service excellence. In retail banking we are now considered by everyone as a leader in the market. The Singapore-based Asian Banker Awards for Excellence in Retail Banking found our performance as a retail bank at par with the best in banking. We have been awarded with the Best Retail Bank in Bangladesh accolade for the last four consecutive years.

Our financial stability is a tell-tale story of our sustainable growth over the 25 years journey. This year EBL is officially turning 25 on 19 August.

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 sovereign of Bangladesh. EBL is the first company in the country to achieve this commendable feat.

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 2016 at 2.69% we kept the ratio well below 3% with our prudential risk management. Moody's has also vested their confidence in us for the second year by reconfirming Ba3 ratings with stable outlook.

We at EBL are not going to rest on our laurels and achieve new grounds and highs through leveraging our core strengths in different areas of functioning. As we are turning 25 this year we would like to make it special in every way possible.



Euromoney Best Bank in Bangladesh Award 2016



Best Retail Bank in Bangladesh 2016
awarded by the Asian Banker



Moody's awards EBL long-term rating Ba3.



ICSB National Award for Corporate Governance Excellence 2014.



The 16th ICAB National Awards for the Best Presented Annual Reports 2015



ICSB National Award for Corporate Governance Excellence 2015.



ICAB Corporate Governance Award 2015



SAARC Anniversary Awards for Corporate Governance Disclosures 2015

AMARSTOCK

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MAYAR STOCK

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 2016.

We are pleased to present before you the Bank's (EBL) Annual Report 2016 along with the audited Financial Statements (Consolidated and Separate) for the year ended 31 December 2016 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

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SCOPE AND BOUNDARY OF INTEGRATED REPORT

EBL's Integrated Annual Report aims to provide a balanced and comprehensive review on the financial and non-financial performance of the Bank and its subsidiaries. This is different from conventional annual report as it deals more with strategic and forward looking issues, maps out how each decision in terms of resource allocation, capital planning, business strategy, stakeholder relationships, governance structure adds value to the bank in the short, medium and long run.

Scope and Boundary

This Report covers the period from January 01 to December 31, 2016 focusing on our history, achievements, sustainability, strategy, relationship with stakeholders, risk management, corporate governance, external environment, financial performance, segmental overview, senior management team and plans for the 2017 financial year and beyond.

Basis of Preparation and Presentation

Integrated Report is presented based on Integrated Reporting Checklist prescribed by the Institute of Chartered Accountants of Bangladesh (ICAB) in line with International Integrated Reporting Council -IIRC's Integrated Reporting Framework. Consolidated financial statements of the Bank and its subsidiaries and the separate financial statements of the Bank are prepared and presented in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Bank Companies Act 1991 (amended up to 2013), Relevant Rules and Regulations issued by Bangladesh Bank (BB), Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations. Moreover, corporate governance report has been prepared based on the guidelines issued by Bangladesh Bank as well as Bangladesh Securities and Exchange Commission (BSEC). And, the details of sustainability issues have been disclosed in sustainability report that sticks to the guidelines of Global Reporting Initiative (GRI).

Materiality

In the integrated report, we have considered the requirements and expectations of external and internal stakeholders and prioritized material topics and indicators relevant to them. There are many issues that affect the business on a daily basis. We have highlighted those issues that have the potential to impact our performance. In this case, all material matters relating to the Bank have been identified and disclosed in this report.

External Assurance

EBL has obtained external assurance on the following reports:

Topics	Assurance Providers
Financial Statements 2016 and Audit Report thereon	Rahman Rahman Huq, Chartered Accountants, a member firm of KPMG International
Corporate Governance	Hoda Vasi Chowdhury & Co, Chartered Accountants
Credit Rating	Moody's (An International rating agency)
	Credit Rating Information and Services Limited (CRISL)
PCI DSS (Payment Card Industry Data Security Standard)	World's cyber security leader NCC group, UK

Responsibility for an Integrated Report

I take the responsibility to ensure the integrity of the disclosures made in the integrated report and presented information should be read in conjunction with the audited financial statements. The financial and non-financial information disclosed in the integrated report has been assessed and reviewed as per the content of the integrated report and it reasonably addresses the material matters which impact the Bank and its subsidiaries showcasing fair presentation of integrated performance.



Ali Reza Iftekhar
Managing Director & CEO

DISCLAIMER

This Report contains consolidated and separate audited financial statements of the Bank (EBL) and its four subsidiaries. Review of business and financials presented in the Directors' Report and Management Discussion & Analysis section is based on audited financials as well as management information (mostly unaudited unless otherwise specified) of the Bank.

As a scheduled and listed Bank in Bangladesh, the Bank has to comply with relevant circulars and instructions issued by two of its key regulators i.e. Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) while reporting its annual audited financial statements and Annual Report/ Integrated Report. The Bank follows applicable 'Bangladesh Financial Reporting Standards (BFRSs)' while preparing and reporting financial statements except in some cases where BB has case-specific instructions for banks to follow. Treatment of mark-to-market of govt. treasury securities under HFT category, provision against quoted shares and mutual funds, unclassified loans and contingent assets etc. are the major areas where requirement of BFRSs and those of BB contradict. However, the bank follows instructions from Bangladesh Bank, being the prime regulator for banks, and makes adequate disclosures of the deviations (Please see Note 2.1 of financial statements).

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

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

- **Changes in macro-economic conditions:** Under prevailing condition of political calmness and macro-economic stability largely blessed by low oil prices, it is expected that confidence in business environment will grow to accelerate GDP growth. Then again, it's an expectation about some uncertain variables.
- **Changes in government and regulatory policy:** To meet up rising govt. budget, NBR may deepen or broaden new avenues of tax and VAT mostly shouldered by banks and corporates. In addition to enforcing banks to lower fees and provide rebate to good borrowers, BB may persuade or restrict banks to further cut interest rates on deposits.
- **Opportunities to invest in Capital market increased:** Through exclusion of equity investment in subsidiaries from Bank's exposure in the capital market, BB has created some space for banks with associated risks involved.
- **Energy crisis and weak infrastructure:** Infrastructure bottlenecks, lack of adequate supply of energy to production facilities, rising cost of doing businesses may continue to hinder growth of manufacturing and industrial activities.
- **Challenges in asset-liability management:** Banking industry in Bangladesh has been burdened with excess liquidity for different reasons. Dearth of credit demand from acceptable borrowers as well as lower yield on govt. securities may undermine profitability of the bank.
- **Rising liquidity and capital requirement under Basel III:** Under Basel III regime, stringent liquidity standards may impact profitability of the banks while under Pillar II of Basel III (Supervisory Review Process) Banks may have to maintain more capital to cushion extended areas of risks.
- **Capital market volatility:** Although the capital market exposure of the Bank never exceeds 3% of total assets, volatility of share price might cause earnings to decrease.
- **Directed lending:** Regulators or govt. may direct banks to take credit exposure to agricultural, renewable energy, eco-friendly projects or some other under-served sectors at prescribed rates which may not produce reasonable risk-adjusted return.
- **Climate change effect and natural calamity:** Bangladesh is one of the most vulnerable countries to climate change effects and natural disaster. Agriculture sector, which contributes around 16 percent of GDP, is the most susceptible sector to such risk.
- **Risk of Fraud:** Internal fraud and external financial crime are increasing in the industry due to weak corporate governance, control weakness, and increasing use of technology by criminals. EBL remains highly vigilant to prevent any type of surprises with heightened control measures, strong corporate governance and risk management practices.

VISION & MISSION



Vision

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

Mission

- We will deliver service excellence to all our customers, both internal and external.
- We will ensure to maximize shareholders' value.
- We will constantly challenge our systems, procedures and training to maintain a cohesive and professional team in order to achieve service excellence.
- We will create an enabling environment and embrace a team based culture where people will excel.

VALUES



Service Excellence

- We passionately drive customer delight.
- We use customer satisfaction to accelerate growth.
- We believe in change to bring in timely solution.

Openness

- We share business plan.
- We encourage two-way communications.
- We recognize achievements, celebrate results.

Trust

- We care for each other.
- We share knowledge.
- We empower our people.

Commitment

- We know our roadmap.
- We believe in continuous improvement.
- We do our task before we are told.

Integrity

- We say what we believe in.
- We respect every relationship.
- We are against abuse of information power.

Responsible Corporate Citizen

- We are tax-abiding citizen.
- We promote protection of the environment for our progeny.
- We conform to all laws, rules, norms, sentiments and values of the land.

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STRATEGIC PRIORITY



- Maintaining a pool of motivated workforce through equitable reward programs.
- Striking a fine balance between liquidity and profitability through judicious ALM practices.
- Designing suitable products and services to meet the client's financial needs and aspirations as well as to ensure adequate risk-adjusted return for the bank.
- Pursuing a moderately aggressive asset growth strategy without compromising asset quality.
- Making people more responsive to the growing needs of our clients, regulators and the society at large.
- Ensuring corporate governance in conformity with laws and regulations and undertaking all our activities honestly, responsibly and ethically.
- Devising suitable programs and action plans to accelerate our recovery drive and cost rationalization initiatives.

CORPORATE DIRECTORY

Name of the Company

Eastern Bank Limited

Legal Form

A public limited company incorporated in Bangladesh on August 08, 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 August 16, 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 9 relationship units: 6 in Dhaka and 3 in Chittagong. 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.

SME Banking

SME Banking primarily targets SME clients to meet up their financial needs offering tailor-made banking solutions through 57 SME Centers located across the country. It also facilitates farmers and women entrepreneurs directly through women cell and agri unit.

Consumer Banking

Consumer Banking offers a wide range of depository, loan and card products to cater the demands of individual customers. It simplifies daily banking needs and satisfies lifestyle aspirations of consumers by extending suitable loan products. We serve our customers through a network of 82 branches, 13 priority centers, 4 student centers, 202 ATMs and 58 CDMs.

Treasury

This business segment predominantly deals with managing cash flow and liquidity of the bank. It also deals with fixed income securities, foreign exchange, currency trade, asset-liability management, fund transfer pricing etc., a complete package of treasury solutions to both internal and external customers.

Centralized Operations & Risk Management

EBL follows centralized model of operations in processing voluminous customer information, monitoring and assessing credit risk, trade finance operations, cards operations to ensure better control and compliance, service excellence and good governance. Branch managers having no authority to take credit decision are expected to focus on sales and service.

Board of Directors

Chairman

M. Ghaziul Haque

Directors (Other than chairman)

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

Company Secretary
Safiar Rahman, FCS

Committees of the Board of Directors

Executive Committee

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

Secretary: Safiar Rahman, FCS

Audit Committee

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

Secretary: Safiar Rahman, FCS

Risk Management Committee

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

Secretary: Safiar Rahman, FCS

Credit Rating

Rating by Moody's

For the first time in private sector banks in Bangladesh, EBL has been awarded Ba3 rating by world renowned ratings agency Moody's with a stable outlook. This rating is equivalent to that of our sovereign rating (Ba3), also assigned by Moody's.

Rating by CRISL

The Bank has completed its credit rating by Credit Rating Information and Services Limited (CRISL) based on the Financial Statements 2015 and was awarded 'AA' in the Long Term and 'ST-2' in the Short Term.

Rating	Long term	Short term
Surveillance Rating 2015	AA	ST-2
Surveillance Rating 2014	AA	ST-2
Outlook	Stable	

Ownership Composition

As on December 31, 2016, shareholding position of EBL by the Directors, General Public & Financial Institutions is presented below:

Composition	Status	
	Number of Shares	% of total shares
Directors	221,820,064	31.56%
General Public	407,869,621	58.03%
Financial Institutions	73,167,067	10.41%
Total	**702,856,752**	**100.00%**

Stock Exchange Listing

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

Capital (December 31, 2016)

Authorized Capital	BDT 12,000,000,000 (Face value per share: BDT 10)
Paid-up Capital	BDT 7,028,567,520 (Face value per share: BDT 10)

Accounting Year-end

December 31

Auditors

Rahman Rahman Huq
Chartered Accountants

Tax Consultant

ACNABIN
Chartered Accountants

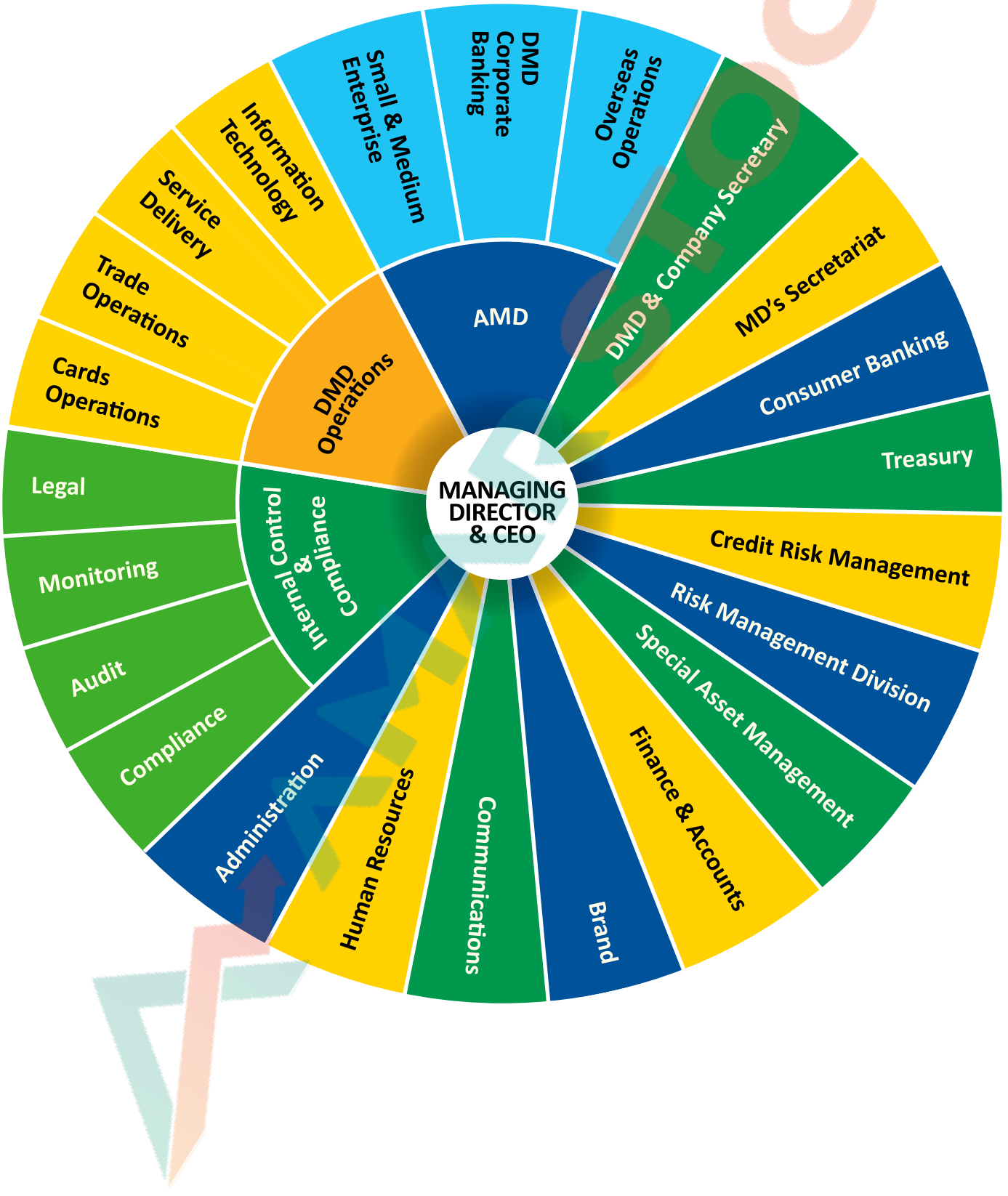
Legal Advisors

Sadat, Sarwat & Associates and
Sadia Rowshan Jahan

Registered & Head Office

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

EBL ORGANOGRAM



BOARD OF DIRECTORS

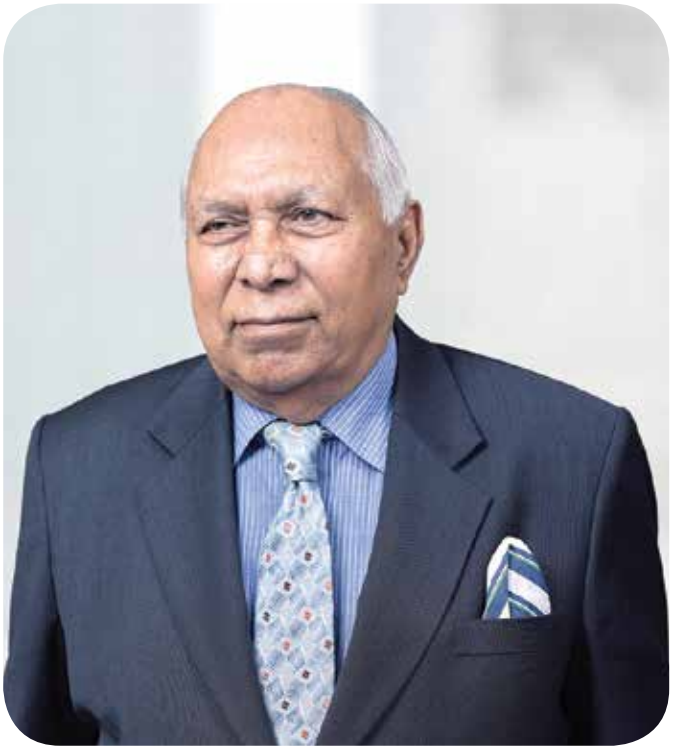


As the key agent to supervise and advise and also to get involved in decisions of fundamental importance to the bank, the board of directors works closely with management in a cooperative relationship of trust for the sustainable growth of the company. A major responsibility of the board is to ensure the financial statement of the company and all its subsidiaries are prepared and presented in accordance with Bangladesh Financial Reporting Standards, central bank guidelines, and all other relevant regulations.

BOARD OF DIRECTORS







M. Ghaziul Haque
Chairman

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

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

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

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



Mir Nasir Hossain
Director

A leading entrepreneur of the country, Mir Nasir Hossain has a diverse range of business interest in the fields of construction, real estate, telecom, ICT, ceramic tiles manufacturing, banking and insurance. He excelled as a meritorious student in his academic career and accomplished his post graduate degree in Accountancy from the University of Dhaka with flying colors. He joined EBL Board of Directors in 1993.

MIR TELECOM LTD., one of the business concerns under his dynamic leadership won the National Export Gold Trophy 2012-13 & 2013-14 in Service Sector. He received the Trophy from the Hon'ble Prime Minister of the People's Republic of Bangladesh. Mir Nasir was also declared as CIP (Commercially Important Person) by the Ministry of Industry for the years 2012-2013 as an industrialist.

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 & 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 President of the Faridpur Diabetic Association and Chairman of the Governing Body of Faridpur Diabetic Association Medical College.

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

AM 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 various projects of World Bank and Asian Development Bank 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. He is a PHF of Rotary Club of Buriganga Rotary Club, Dhaka

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.



Md. Showkat Ali Chowdhury

Director

A renowned business leader of the country, Md. Showkat Ali Chowdhury is successfully running a business conglomerate with diverse interest in ship breaking and recycling, tea plantation and production, RMG industries, real estate, agency business and engineering services, container terminal and handling, commercial banking, insurance, shares and securities.

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

He completed his graduation from the University of Chittagong and is associated with many local and international organizations including a life member of SAARC Chamber of Commerce & Industry (SAARC CCI), Bhatiary Golf & Country Club Limited, Chittagong Press Club Limited, Chattagram Maa O Shisu General Hospital, First Vice President of Chittagong Metropolitan Chamber of Commerce & Industry (CMCCI) and member of Chittagong Club Limited, Chittagong Senior's Club Limited, Chittagong Boat Club and Bangladesh Ship Breakers and Recyclers Association.

His involvement in many social activities is noteworthy and widely acclaimed.



Salina Ali
Director

Salina Ali is the Chairperson of the Unique Group, a renowned business conglomerate in Bangladesh, having business interest in Real Estate, Ceramic Industry, Tourism, Manpower Export, Banking Services and Human Resources Development. She is also the Chairperson of Unique Hotel and Resorts Limited.

She is a member of the Executive Committee of the Board of Directors of Eastern Bank.

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

She is involved in many social and philanthropic activities.



Anis Ahmed
Director

Anis Ahmed is the founder and group CEO of MGH Group, having its owned operations in 17 countries in South Asia, Central Asia, Indo-Chine, Middle East and Africa respectively. A 1992 start-up, MGH has business interest spanning from Regional Supply Chain Logistics of Global Fast Fashion Brands, Discount Retailers, Automotive Brands, TCM (Total Cargo Management), Computer Reservation Systems, FM-Radio stations, Tea & Rubber Plantations, Food & Beverage Retail, and Commercial & Retail Banking.

Suhana and Anis Ahmed Foundation has undertaken projects related to detection of cancer at early stages to Complete Remission (CR) to modernization as well as set up of schools for children with Autism, Multiple Sclerosis, and Down Syndrome to School Pocket Money Funds to numerous initiatives which both Anis and his wife Suhana consider priorities of their lives.

MGH has gone international under his leadership by leveraging the transactional goodwill with global brands like H&M, Inditex (Zara), Carrefour, Metro, C&A, Renault, Nissan, GDS Brand Travel Port, Low Cost Carrier Air Arabia, Spice Jet and Turkish Airlines.

He holds a Bachelor degree in Finance from University of Utah, Salt Lake City, Utah and an MBA from Arkansas State University, USA.



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.

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

He is also Chairman of the Chittagong Club Limited.

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



Mufakkharul Islam Khasru
Director

Born in a respected family of Chittagong, Mufakkarul Islam Khasru did his Bachelor's degree in Commerce from Chittagong Commerce College and MBA from Institute of Business Administration, Dhaka. Currently, he is the Managing Director of Finlay Properties Ltd., an affiliate of JF (Bangladesh) Ltd. Before taking up the 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 also a member of the Audit Committee of the Board of Directors of Eastern Bank Ltd.

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 Chittagong Club, Bhatiary Golf & Country Club, Chittagong Boat Club, Bangladesh Diabetic Society, his contributions are noteworthy.



Ormaan Rafay Nizam
Independent Director

Ormaan Rafay Nizam joined the Board of Eastern Bank Limited in 2008 as 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.

He served as the Director of National Brokers Limited, the oldest Tea Broking Company in Bangladesh established in 1948 and a member of Chittagong Club and Bhatiary Golf & Country Club. He is a cricket organizer at national level.

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

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



Gazi Md. Shakhawat Hossain
Director

A noted business executive, Gazi Md. Shakhawat Hossain wears multiple hats. He is the Managing Director of Purnima Construction (Pvt.) Limited and 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 and Risk Management Committee of the Board of Directors of Eastern Bank.

He obtained his M. Com in Accounting from the University of Dhaka. He has 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 sustainable development. As the Managing Director and CEO of Eastern Bank Limited he has successfully introduced international best practices and ethical banking and transformed the organization into the most valuable financial brand of the country. Under his leadership, the bank has achieved many a laurel including the Best Bank in Bangladesh 2016 from prestigious Euromoney magazine, Ba3 rating by Moody's in March 2016, the Best Retail Bank in Bangladesh awarded by The Asian Banker for five consecutive years 2013 - 2017; the IFC Global Award for the Best Partner for Working Capital Systemic Solution; ICSB National Award 2014 for Corporate Governance Excellence; the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award.

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

A 1982 graduate from the University of Dhaka in Marketing, his specialization in risk management, corporate banking, operations and retail made him one of the leading bankers of the country. To keep him updated with the current management thoughts, he attended Harvard Business School Program on Leadership in Financial Organizations in 2012, participated in the Strategic Leadership Program at University of Oxford, UK in 2013, and took part in Executive Program in Corporate Governance and Strategic Management at Haas School of Business, University of California, Berkeley in 2014. In 2015, he has participated in the Value Creation in Banking and Strategic Management Program at INSEAD Business School, France.

VAR STOCK

MANAGEMENT COMMITTEES



MANCOM

Standing from left to right

Hassan O. Rashid
Additional Managing Director

Mehdi Zaman
EVP & Head of Treasury

S. M. Akhtaruzzaman Chowdhury
SEVP & Head of Internal Control & Compliance

Monjurul Alam
SVP & Head of Human Resources

Sitting from left to right

Md. Khurshed Alam
SEVP & Head of SAM

Omar F. Khandaker
EVP & Head of Information Technology

Safiar Rahman
DMD & Company Secretary



Standing from left to right

Habibur Rahman
EVP & Area Head, Corporate Banking, Chittagong

Masudul Hoque Sardar
SVP & Head of Finance

Nazeem A. Choudhury
SEVP & Head of Consumer Banking

Sitting from left to right

Ahmed Shaheen
DMD & Head of Corporate Banking

Akhtar Kamal Talukder
DMD-Operations

Ali Reza Iftekhar
Managing Director & CEO

Expanded Management Team (EMT)

Sl No.	Name	Designation	Status in EMT
1	Mehbub Benazir	EVP & Head of SME Banking	Chairman
2	Mohammad Musa	EVP & Head of Consumer Credit Administration	Member Secretary
3	Tareq Refat Ullah Khan	EVP & Unit Head, Corporate Banking, Dhaka	Member
4	Faisal Rahman	EVP & Head of Structured Finance, Corporate Banking	Member
5	Usman Rashed Muyeen	EVP & Head of CRM	Member
6	Mahiuddin Ahmed	EVP & Head of Business Process Re-engineering	Member
7	Syed Sazzad Haider Chowdhury	EVP & Head of Operations	Member
8	Hemanta Theotonius Gomes	EVP & Head of CAD	Member
9	Iftekhar Uddin Chowdhury	EVP & Branch Area Head, Chittagong	Member
10	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
11	Ziaul Karim	SVP & Head of Communication	Member
12	Md. Mokaddas	SVP & Head of Trade Operations	Member
13	Md. Obaidul Islam	SVP & Head of Financial Institutions, Corporate Banking	Member
14	Ashraf- Uz-Zaman	SVP & Head of Monitoring, ICCD	Member
15	Sheikh Mohammed Faruk Hossain	SVP & Head of Consumer Risk	Member
16	Md. Rezaul Karim	SVP & Head of Service Management, IT	Member
17	Md. Rezaul Islam	SVP & Head of Audit, ICCD	Member
18	Md. Asaduzzaman	SVP & Deputy Head of SAM, Corporate & SME-M	Member
19	Md. Abdul Awal	VP & Head of Compliance, ICCD	Member
20	S. K. M. Shariful Alam	VP & Head of Core Banking Application, IT	Member
21	Oli Ahad Chowdhury	VP & Branch Area Head, Dhaka	Member
22	Mohammed Moinul Islam	VP & Head of Small Business, SME	Member
23	Md. Safiqul Islam Zahid	FAVP & Head, Financial Operations & Control	Member
24	Riyadh Ferdous	FAVP & Head of Brand	Member
25	Rishad Hossain	FAVP & Head, Employment & Strategy	Member

Asset Liability Committee (ALCO)

Sl No.	Name	Designation	Status in ALCO
1	Ali Reza Iftekhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member
5	Md. Abdul Hakim	EVP & Head of RMD	Member
6	Mehbub Benazir	EVP & Head of SME Banking	Member
7	Mehdi Zaman	EVP & Head of Treasury	Member Secretary
8	Masudul Hoque Sardar	SVP & Head of Finance	Member
9	Md. Maskur Reza	VP & Head of Business Information System	Member
10	Md. Nurul Islam Limon	Manager, ALM & FTP	Head/Manager of ALM Desk

Bank Risk Management Committee (BRMC)

Sl No.	Name	Designation	Status in BRMC
1	Usman Rashed Muyeen	EVP & Head of CRM (Acting Chief Risk Officer)	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of ICCD	Member
4	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member
5	Md. Abdul Hakim	EVP & Head of RMD	Member Secretary
6	Omar F. Khandaker	EVP & Head of Information Technology	Member
7	Mahiuddin Ahmed	EVP & Head of Business Process Re-engineering	Member
8	Mehdi Zaman	EVP & Head of Treasury	Member
9	Syed Sazzad Haider Chowdhury	EVP & Head of Operations	Member
10	Hemanta Theotonius Gomes	EVP & Head of Credit Administration	Member
11	Masudul Hoque Sardar	SVP & Head of Finance	Member
12	Ashraf- Uz-Zaman	SVP & Head of Monitoring	Member

Purchase Committee (PC)

Sl No.	Name	Designation	Status in Committee
1	Akhtar Kamal Talukder	DMD - Operations	Member
2	Omar F. Khandaker	EVP & Head of IT	Member
3	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Convenor
4	Ziaul Karim	SVP & Head of Communication	Member
5	Masudul Hoque Sardar	SVP & Head of Finance	Member

Credit Risk Management Committee

Sl No.	Name	Designation	Status in Committee
1	Usman Rashed Muyeen	EVP & Head of CRM (Acting Chief Risk Officer)	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Md. Khurshed Alam	SEVP & Head of SAM	Member
4	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member
5	Md. Abdul Hakim	EVP & Head of RMD	Member
6	Mehdi Zaman	EVP & Head of Treasury	Member
7	Mehbub Benazir	EVP & Head of SME Banking	Member
8	Masudul Hoque Sardar	SVP & Head of Finance	Member

Green Banking Cell

Sl No.	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman
2	Usman Rashed Muyeen	EVP & Head of CRM (Acting Chief Risk Officer)	Member
3	Omar F. Khandaker	EVP & Head of Information Technology	Member
4	Mehbub Benazir	EVP & Head of SME Banking	Member
5	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
6	Ziaul Karim	SVP & Head of Communication	Member
7	Monjurul Alam	SVP & Head of Human Resources	Member
8	Saiful Islam	FAVP & Sr. Manager, RMD	Member Secretary

BASEL Unit*

Sl No.	Name	Designation	Status in Unit
1	Usman Rashed Muyeen	EVP & Head of CRM (Acting Chief Risk Officer)	Chairman
2	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Member
3	Omar F. Khandaker	EVP & Head of Information Technology	Member
4	Mehdi Zaman	EVP & Head of Treasury	Member
5	Masudul Hoque Sardar	SVP & Head of Finance	Member Secretary

*It has a Working Team consisting four members.

Cost Olympic Committee

SL NO	Name	Designation	Status in Committee
1	Safiar Rahman	DMD & Company Secretary	Chairman
2	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member
3	Omar F. Khandaker	EVP & Head of Information Technology	Member
4	Syed Sazzad Haider Chowdhury	EVP & Head of Operations	Member Secretary
5	Maj Md. Abdus Salam, psc, (Retd)	SVP & Head of Administration & Security	Member
6	Masudul Hoque Sardar	SVP & Head of Finance	Member
7	Monjurul Alam	SVP & Head of Human Resources	Member

Central Compliance Unit (CCU)

Sl No.	Name	Designation	Status in Unit
1	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of Internal Control & Compliance	CAMLCO and Head of CCU
2	Ashraf- Uz-Zaman	SVP and Head of Monitoring, ICCD	Deputy CAMLCO
3	Md. Abdul Awal	VP and Head of Compliance, ICCD	Deputy CAMLCO
4	Md. Mokaddas	SVP and Head of Trade Operations	Member
5	Shuvra Kanti Saha	SVP and Area Head Trade Operations, Chittagong	Member
6	Md. Zahid Hossain	VP and Area Head, Service Delivery	Member
7	Md. Enayet Karim Chowdhury	VP and Head of Off-Shore Banking Operations	Member
8	S. K. M. Shariful Alam	VP & Head of Core Banking Application, IT	Member
9	M. Mostafiduzzaman	VP & Head of Liability, SME Banking	Member
10	Md. Moshiul Haque	FAVP & Acting Head of Business Risk Management	Member

Integrity Committee

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman
2	Akhtar Kamal Talukder	DMD-Operations	Member
3	Safiar Rahman	DMD & Company Secretary	Member
4	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member & Focal Point
5	Ziaul Karim	SVP & Head of Communication	Member
6	Masudul Hoque Sardar	SVP & Head of Finance	Member
7	Rishad Hossain	FAVP & Head, Employment & Strategy	Member

CODE OF CONDUCT AND ETHICAL GUIDELINES

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



Compliance of Laws: All our employees are to follow and comply with the laws of the land and internal rules and regulations of the bank.



Integrity of Records: All our employees are expected to maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They should shore up the privacy of the customers' affairs. Then as well, employees must not divulge the bank's plans, methods, and activities, considered by the employer to be proprietary and classified 'confidential'. Moreover, employees are not expected to disclose such information without proper authorization.



Misappropriation of Assets: 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 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.

COMPANY MILESTONES

08 August 1992
Incorporated.

16 August 1992
Commenced banking operations.

20 March 1993
Listed with Dhaka Stock Exchange Ltd.

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

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

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)', a renowned core banking solutions of Oracle Financials.

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', a fully-owned first foreign subsidiary of EBL incorporated with Hong Kong authority.

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.

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 awarded by the Institute of Chartered Secretaries of Bangladesh (ICSB).

16 March 2016
Adjudged the 'Best Retail Bank in Bangladesh' award for 2016 consecutively for four times awarded by The Asian Banker.

11 September 2004

Listed with Chittagong Stock Exchange Ltd.

30 November 2005

Partnered with IFC under Global Trade Finance Program (GTFP) for better handling of complex trade transactions.

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.

30 December 2009

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

19 July 2012

Crowned with Asia's Best Employer Brand Awards 2012 in the category of 'Best HR Strategy in line with business' at the World HR Congress.

25 September 2012

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

03 October 2013

First to introduce Commercial Paper, a short-term, unsecured money market instrument, issued in the form of promissory note for corporate houses.

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.

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.

14 July 2016

EBL won Euromoney Best Bank in Bangladesh Award at a ceremony of Euromoney Awards for Excellence 2016 held in Hong Kong.

01 October 2016

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

24 December 2016

EBL won the second prize in 'ICSB National Award for Corporate Governance Excellence 2015' in the 'Banking Companies' category by the Institute of Chartered Secretaries of Bangladesh (ICSB).

ARSHOCK

BUSINESS MODEL AND VALUE CREATION

EBL is an established brand in the financial industry of the country. Over a period of quarter century, the bank has been growing with the people, economy and society at large catering financial needs of versatile group of economic players. Apart from using centralized banking operations model which is proven to be more efficient than branch-based banking, the bank has established itself as a corporate bank with growing focus on retail and SME businesses. Having placed strong emphasis on good governance, effective control, compliance and risk management, innovative financial solutions and service excellence, the bank has been quite consistent in creating value for its stakeholders. Creating stronger bondage on the basis of mutually beneficial relationship with customers, agility and ability to sense and respond to changing business needs and service excellence (the true differentiator) have been the dominant forces of our business model. The Diagram/Chart presented below demonstrates business model of EBL in brief:

Inputs

BDT 20,572 Million	Shareholders' Equity
BDT 39,061 Million	Borrowing
BDT 140,284 Million	Deposits
2671 (Both Permanent & Contractual)	No. of Employees
82 Branches	No. of Branches
Around 25 years	Years of experience
BDT 4.30 Million	Consumption of Water
BDT 3.67 Million	Consumption of Paper
BDT 119.59 Million	Energy Consumption

Key Businesses

- Corporate
- Consumer
- SME
- Treasury

Our Communication Channels

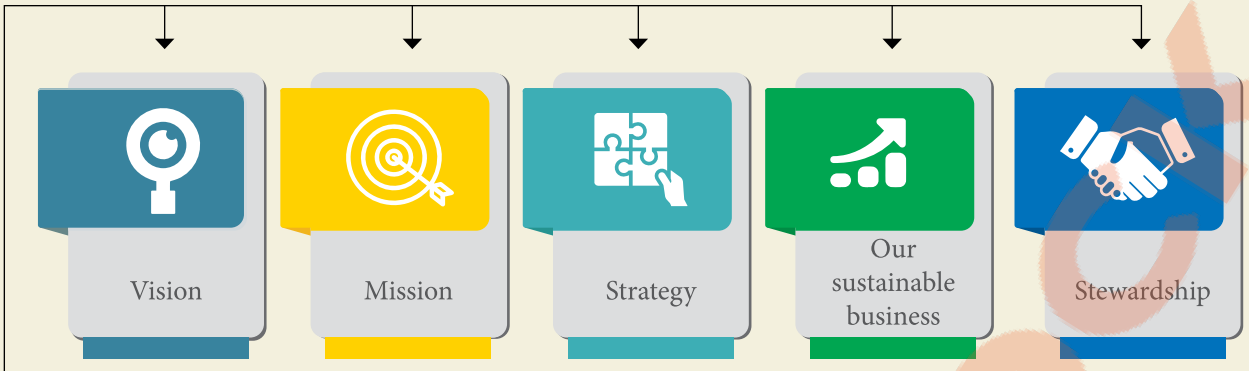
- Branches
- ATMs
- Internet Banking
- Mobile Banking
- SMS Banking
- Call Centers
- Electronic Cards

Support Services

- Administration
- Risk Management Division (RMD)
- Special Assets Management Division (SAMD)
- Operations
- Off-Shore Banking
- Brand and Communication

Risk and Capital Management

Corporate Governance



- Capital Market Operations
- International Operations
- EBL Subsidiaries

- Bills Pay Machines
- Priority Centers
- SME Centers
- Foreign Correspondents
- SKY Banking
- POS Machines

- Internal Control and Compliance (ICC)
- Information Technology (IT)
- Human Resources (HR)
- Finance and Accounts (F&A)
- Credit Risk Management (CRM)
- Credit Administration (CAD)

- Work Environment

Outputs

Key Products and Services (See Page No- 39-40)

Outcomes

- Profit After Tax: BDT 2,656 Million
- Credit Rating: Ba3 long-term rating by Moody's Long-term- AA, Short-term- ST-2 by CRISL
- Growth in Parmanent Headcounts: 0.44%
- CSR Projects in 2016: BDT 31.94 million
- Govt. Taxes Paid in 2016: BDT 1,834.39 million
- Total Deposits Growth: 9.61%
- Loans & Advances Growth: 16.78%
- Total Assets Growth: 11.41%
- Total Dividends Paid: BDT 1,757 million
- ROA, ROE, EPS: ROA: 1.33%, ROE: 12.94%, EPS: BDT 3.78

A snapshot of value created for the stakeholders



STAKEHOLDER ENGAGEMENT

Stakeholders	Key Issues	Mode of Communication	Frequency
Customers	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	Continuous
	Affordability and convenience	Different channels- Branches, Call Centre, Priority Centre, ATM Booth,Internet Banking, Skybanking and others	Continuous
	Relationship with customers	Mails, meet up, arranging different occasions for customers	On a regular basis
Shareholders/ Investors	Sustainable Growth	Company Website	Continuous
	Financial Performance	Annual Reports, Interim Financial Statements	Quarterly, Semi-annually,Yearly
	Corporate Governance	Annual Report	Annually
	Risk Management	Annual Report	Annually
	Business expansion plan	EGM	As required
	Relationship	Meetings	As Necessary
	Company Information	1. Website of EBL 2. Annual Report	1. On a regular basis 2. Annually
Employees	Worklife Balance	Mails, Cultural programs	As necessary
	Diversity and Career Progression	Different Engagement Programs	As required
	Performance Evaluation and Rewards	Letters , Arrnaging programs for outstanding performers	Semi annually
	Recruitment and Retention	Exams, Interview, Training programs, financial and non-financial benefits	As required
	HR information	HR Links (Intranet)	Continuous
Govt. and Regulatory Bodies	Compliance with Regulations	Report Submission	Within the Reporting date
	Awareness and Knowledge	Training and workshops	As required
	Communication	Telephone conversations, emails, visits	on a regular basis
Society and Environment	Financial Inclusion	Interact through branches, SMS, Mail	As required
	Ethics and code of conduct	EBL Website	Continuous
	Sustainability Initiatives	1. EBL Website, Newsletters 2. Annual Report	1. Continuous 2. Annually
	Community Investment	1. EBL Website, Newsletters 2. Annual Report	1. Continuous 2. Annually
Suppliers	Relationship with suppliers	Meetings, Telephone conversation, Periodic visits	On a regular basis
	Performance of a contract	Meetings	As required
	Networking	Regular commnunication, Periodic visits	Continuous
	Future Business Opportunities	Meetings, On site Visits	As required

EXTERNAL ENVIRONMENT

PESTEL Analysis

Key Areas	Influencing Factors	Our approach to deal with the factors
Political	Political stability, Security of common people, Govt. regulations	To ensure smooth flow of business, political stability is a prerequisite. Political influence may very well undermine asset quality, governance practices and sustainability in the banking sector. A perceived sense of security among commoners helps grow entrepreneurship and creativity. Govt. regulations have direct and profound impact on businesses too. Although political stability prevailed all through the year, rise of militancy created a sense of panic and discomfort. However, nothing stood as a major obstacle to EBL. The bank has the right mix of agility and strategic pursuits to cope up with any unforeseen issues.
Economic	GDP Growth, Forex Reserve, Interest rate, Inflation	All the major macro-economic indicators of the country have been stable with healthy FX reserve (USD 32 billion apprx.). Our business has continued to reap good benefits from this stability. Though banking sector is burdened with excess liquidity and high NPL, EBL still managed to do business well keeping NPL below 3%. The bank will continue to focus on maintaining quality growth of assets and take right strategic move benefitting our stakeholders.
Social	Standard of Living, Per Capita Income, Quality Service	Though Bangladesh is moving forward in terms of standard of living, lifestyle and per capita income of the people, a large section of population still remains out of formal financial system. EBL being one of the leading banks in the industry always provides diverse products and quality services to its customers through conventional and alternate delivery channels. During 2016, EBL spent more than BDT 30 million on various social causes in different areas such as education, entrepreneurship, sports, women empowerment, art and culture as part of social responsibilities.
Technological	Technological advancement, Investment in Technology	Banking sector has changed significantly because of the advancement of technology. It has made people's life smoother when doing regular banking activity. However, growing threat to cyber security and digital fraud can invite sudden havoc. Keeping that in mind, EBL brings new technology with resilient security to provide better and safer customer service and outperform competition. Moreover, EBL continuously reviews and upgrades systems to cater the needs of different stakeholders. Our recent certification on PCI DSS from world's cybersecurity leader NCC Group, UK has given us another weapon to secure our customers information.
Environmental	Green Banking, Impact on environment through business deals	Physical environment has a profound impact on the sustainability of businesses. EBL always discourages industries those are threatening our habitat when providing loans and always emphasizes practicing green banking in terms of usage of electricity, recycling and less use of papers, online bill payment, internet banking and so on.
Legal	Regulatory requirements, Level of communication	Banking sector is one of the most regulated ones in the country. Regulatory bodies try to impose more rules and regulations asking for additional disclosures to ensure transparency and good governance in the banking sector. In response to this, EBL always puts highest priority on following rules and regulations. However, to resolve anything conflicting EBL prefers to communicate and clarify with regulatory bodies.

Competitive Market Analysis

Industry Forces	Level of Measurement	Influencing Factors	Our approach to deal with the factors
Degree of rivalries	Medium to High	Intense competition. Customer loyalty fading fast.	Too many financiers chasing too few eligible borrowers. Understandably, customers are getting price (rate) sensitive than loyal. Facing this growing challenges, EBL has been focusing on offering innovative and value-added services to the customers to make customer bondage stronger. Our ability to reduce fund cost in order to offer competitive rates has also been enhanced.
Suppliers' Power	Medium to Low	Supply of technology (core banking software, hardware etc) and quality HR. Supply of tangible goods and services.	Banks being heavily dependent on quality human resources and technology face medium level of challenges. However, challenges remain low in procuring essential goods and services as the no of suppliers are adequate. Having a better brand image, EBL has been in a position to attract quality HR, use better technology and procure goods and services at competitive rates.
Customers' Power	Medium to High	Available sources of loans & deposits Switching cost getting lower.	Customers always expect better rates and efficient services. Because of good number of banks offering homogenous types of products and services, customers have more options to switch to get better rates and services. EBL does have seasoned experiences to serve its clientele better than most of the peers in terms of competitive rates as well as innovative solutions.
Threat of new entrants	Low to Medium	More licenses permitted to open new Bank & NBFI.	Though it requires huge amount of capital to open up a new bank, still some new banks were recently added in the list which definitely push up the competition. EBL, in response, brings some changes in its strategy to outperform competition.
Threat of substitute Products	Medium to High	Mostly homogenous products and services offered.	Since most of the banks offer similar types of products and services, competitors need to find out unique ways to attract customers. Apart from offering competitive rates, EBL always brings customized solution and value added services for its customers.

MATERIALITY

Material issues are those that have a strong influence on our stakeholders' assessments and related decisions on the Bank's long-term sustainability and the ability to deliver expected returns. Effective management of material issues is crucial for achieving our strategic objectives. Trust is a cornerstone of our banking business; therefore our shareholders and depositors rely on us with their capital and funding. They have confidence in us that we can manage our balance sheet aptly with adequate capital and meet up obligations with sufficient liquidity.

Material Issues	Influencing Factors	EBL's Approach
Economic Conditions	Demand for credit Non-performing loans Cost of fund Investment appetite Market volatility	EBL has strong capital base and liquidity in excess of the regulatory minimums to absorb economic downturns. We have strong focus on cost minimization and dedicated team for investment.
Regulatory requirements	Changes in laws and regulations	EBL is one of the most compliant Bank in terms of regulatory rules and regulations.
Quality Service	Market reputation Customer base	Client-focused service helps us understand our clients' requirements and fill up the demand accordingly. Moreover, diligent investment advice equips our clients to create and grow their wealth.
Recruiting, motivating and retaining the right people	To attract and retain the best talents Quality outcome Good work environment	EBL always tries to make sure to be an exciting place to work at and continue to invest heavily in our people to train, nurture and develop them within our caring culture. We reward our people in line with best practices and industry norms.
EBL's strategies, policies, systems, goals and values	Long–term sustainability Creating value for the stakeholders Way of doing business	EBL's activities are strongly aligned with its strategic goals and values. We step forward every stage focusing on our core strengths, bringing new stuffs in our products and services.
Increasing shareholders' value for the long run	Risk management Profitability Corporate Governance	We have a good culture and track record of sound risk management and cautious growth in profitability and good corporate governance which ensure to increase shareholders' value in near future.

OUR PRODUCTS AND SERVICES

CONSUMER BANKING

Deposit Products

Savings Account
- EBL Classic Savings
- EBL Power Savings
- EBL Max Saver
- EBL Premium Savings
- EBL 50+ Savings
- EBL Smart Women's Savings
- EBL RFCD (Resident Foreign Currency Deposit)

Current Account
- EBL Current Account
- EBL Current Plus

DPS Account
- EBL Confidence
- EBL Millionaire Scheme

EBL Fixed Deposit
- EBL Repeat
- EBL 50+ FD
- Fixed Deposit
- Extra Value Fixed Deposit

Loan Products

Personal Loan
- EBL Executive Loan
- EBL Women's Loan
- EBL Assure
- Fast Cash
- Fast Loan
- EBL Auto Loan
- EBL Home Loan
- EBL Education Finance pack

Card Products

EBL Consumer Credit Card
- EBL VISA Signature
- EBL MasterCard World
- JET Airways EBL Platinum
- EBL VISA Platinum
- EBL Mastercard Titanium
- EBL Diners Club International
- EBL VISA Gold
- EBL VISA Classic

EBL Corporate Credit Card

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

EBL Debit Card
- EBL VISA Signature
- EBL Mastercard Titanium
- EBL VISA Platinum
- EBL VISA Classic
- EBL VISA Business Debit
- EBL VISA Global Debit

EBL Pre-paid Card
- EBL Mastercard Aqua
- EBL VISA Lifestyle
- EBL Payroll
- EBL Hajj Card
- EBL ACCA Card

Co-branded card

Robi Co-Branded Platinum

Facilities
- EBL Zip (Zero % Installment Plan)
- EBL HIPO (Half Interest Pay Order)
- EBL Want2Buy
- EBL Debit EMI
- EBL CAS (Customer Authentication Service)
- EBL Acquiring

NRB Products & Services

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

NRB Deposits products
- EBL Global
- EBL NFCD (Non Resident Foreign Currency Deposit)
- EBL Shonchoy
- 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)

Consumer 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.

Digital Banking Services
- Payment Solution
- SKYBANKING
- Internet Banking
- EBL 365
- EBL Dropbox
- EBL Contact Center with Phone Banking facility
- EBL SMS Banking & SMS Alert Service

TREASURY

Money Market
- Call Money
- Term Money
- Re-purchase Agreement (Repo)
- Reverse Repo
- Commercial Paper
- Foreign Exchange Swap
- Treasury Bill to Inter-Bank

Fixed Income & Investment
- T-Bond to Inter-Bank
- Treasury Bonds
- T-Bond for foreign individual investors & Institutions
- Sub-ordinate Bond

Foreign Exchange & Corporate Sales
- Spot in Major Currency Pair
- Forward Contract
- Interest Rate Swap (IRS)

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 Purchase
- Foreign Documentary Bill Purchase
- EDF Loan

Non Funded Facilities-

Letter of Credit
- Sight Letter of Credit
- Usance/ Deferred Letter of Credit
- Structured Letter of Credit
- Guarantee
- Performance Guarantee
- Bid Bond
- Advance Payment Guarantee
- Retention Bond
- Security Bond

Long term Financing
- Regular Term Loan
- Refinance Term Loan
  - Investment Promotion & Financing Facility (IPFF)
  - Long Term Financing Facility (LTFF)
  - Japan International Cooperation Agency (JICA)
  - Asian Development Bank (ADB)

Offshore Financing
- 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
- Trustee and Agency Services
- Preference Shares
- Export Credit Agency (ECA) Backed Financing
- Bond
- Commercial Paper

SME BANKING

Small Segment Loan Products
- EBL Asha
- EBL Agrim
- EBL Mukti
- EBL Uddog
- EBL Uddom
- EBL Unnoti
- EBL Nobodoy
- EBL Udoy
- EBL Utpadon
- EBL Utkorsho
- EBL E Cash/Loan
- EBL Uddipon

Agri Business Loan Products-
- EBL KrishiRin
- EBL Projukti

Medium Segment Loan Products
- EBL Banijyo
- Cash Credit

Other Conventional Mid Segment Loan Products-
- EBL Invoice Factoring
- Secured Overdraft
- Overdraft
- Demand Loan
- Import Loan
- Time Loan
- Letter of Credit
- Loan against Trust Receipt
- Letter of Guarantee
- Usance Letter of Credit
- Acceptance
- Local Bill Purchased Documentary
- Foreign Bill Purchased Documentary

SME Deposit Products
- EBL Subidha
- EBL Equity Builder
- SME Double Return
- EBL Repeat SME
- EBL Alo
- Business Debit Card

STEWARDSHIP



Prudent banking is a result of the board's constructive engagement with management headed by managing director and CEO and their forward looking initiatives towards sustainability. They are also at the driving seat of the company. The reports of the Chairman, Directors, and CEO are therefore, a significant instrument which reflect their perception and understanding of the market and the risks it contains and present an in-depth survey of the bank's performance, internal control process, corporate governance framework, CSR initiatives and last but not the least statement of the bank's contribution to the exchequer.

CHAIRMAN'S STATEMENT

> Bangladesh economy has grown by more than 7% during fiscal year (FY) 2016 riding mainly on stable macro-economic and socio-political conditions. However, the spillover effects of this spectacular growth performance and stable macro-economy on the banking sector have largely been mixed. Private sector credit growth (around 16%) has been broadly in line with that envisaged in monetary policy statement of Bangladesh Bank (BB). However, growing competition among banks, deteriorating asset quality, weak governance, narrowing spread, cyber security threat have continued to put pressure on profitability of the banks. Despite numerous challenges, we have managed to grow our net profit (profit after tax) by 19.61% during 2016 and closed the year with an NPL ratio of 2.69%.

Dear respected shareholders,

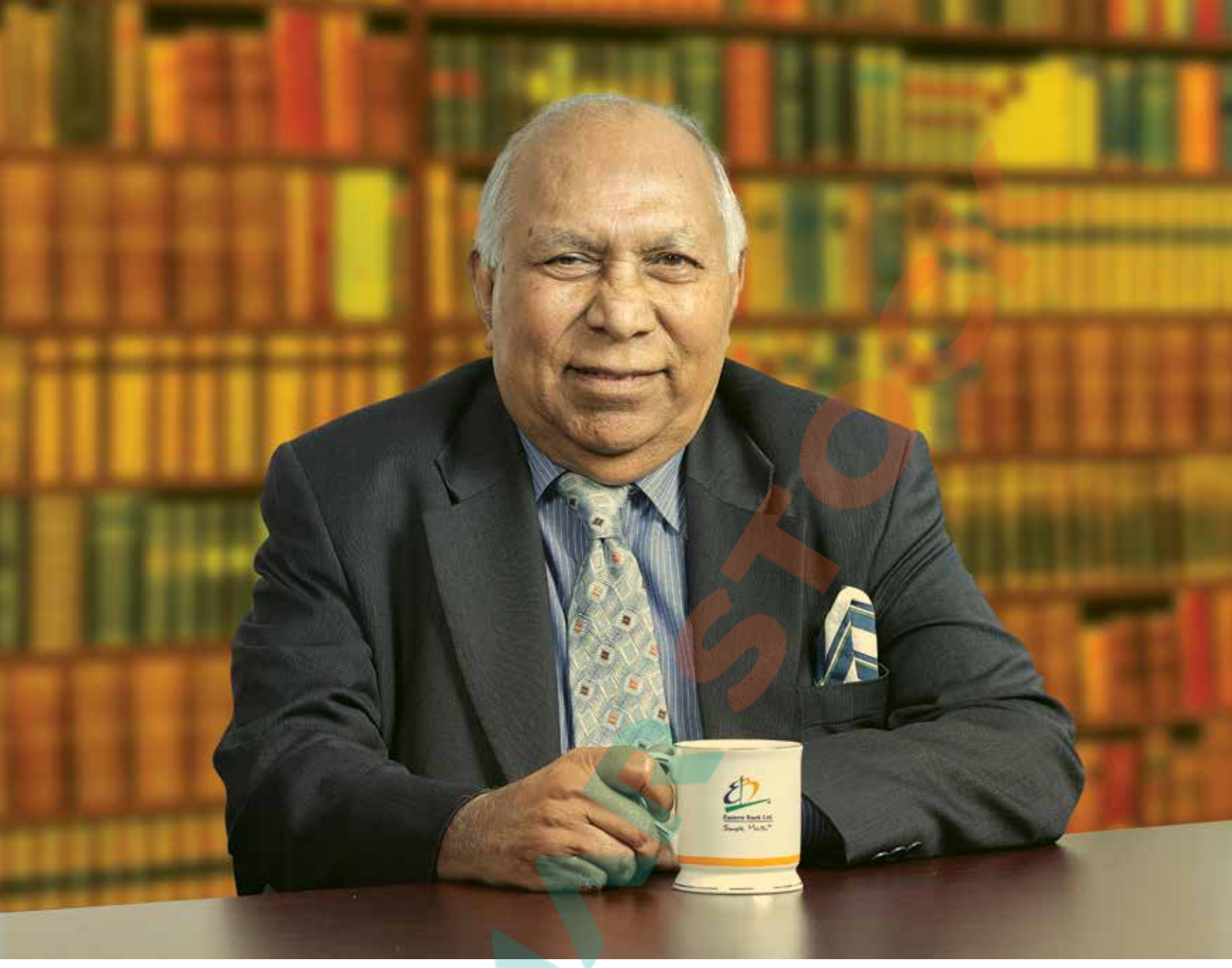
My heartiest welcome to the 25th Annual General Meeting of EBL. Along with this annual report a small effort has been made to share a few things that drove our business and have had an impact on financial performance during 2016.

Bangladesh Economy: A journey towards sustainable growth

With a sovereign rating Ba3 and 'stable' outlook by Moody's for consecutive years, Bangladesh economy remains on a stable growth path. Steady socio-political and macro-economic environment, enhanced business confidence, improved energy situation, sustained growth in export-import and vibrant public sector investment played an important role for 7% plus GDP growth. Average inflation came down to 5.5% in 2016 from 6.20% in 2015 supported by favorable domestic production and decreased global commodity prices. Despite shock exit of UK from EU, the trend of external trade (import-export) remains positive. The capital market has bounced back during the year to help restore investors' confidence. However, rising militant attack has become a cause of concern which could dampen the growth momentum of the country unless it is harshly dealt with. Among notable challenges Bangladesh is facing now are: declining remittances, rising default loans, weak institutional capacity to implement development projects, quality of spending govt. budget etc. Fortunately, our economy has the tenacity and resilience to withstand these kinds of challenges and move forward with a vision to earn middle income country status by 2021.

Banking Industry: Facing New Challenges

Political stability, improved energy situation, rising public expenditure in mega infrastructure projects and single digit lending rate --- all these helped entrepreneurs to regain business confidence, which is reflected around 16% private sector credit growth. On the other hand, rise of non-performing loans, deteriorating solvency (capital adequacy ratio), growing cyber security concern, weak governance, narrowing spread have continued to undermine sustainability of banking businesses. The banking industry NPL rose to 9.23% at year-end 2016 from 8.79% in 2015. Of the total NPL, eight state banks accounted for 59%. Some of the banks (mostly state-owned) are suffering from huge capital shortfall which is occasionally met by fresh capital



injection by the govt. In addition, comparing to the previous year, weighted average rate of deposits and loans declined to 5.22% from 6.34% and 9.93% from 11.18% respectively which led to shrink the spread and profitability of the banks.

Performance of EBL: Marked Improvement in 2016

The bank registered a healthy performance in terms of all the key financial parameters. Net Interest Income (NII) experienced a spectacular growth of 56% riding on sharp decline of cost of funds. Our efficiency in banking operations has improved. Cost to Income ratio decreased to 43.99% in 2016 which was 47.41% in the previous year. Operating profit grew by 23.32% and Profit after tax increased by 19.61% to reach BDT 2,656 million. ROA and ROE, two key profitability ratio, have also improved to 1.33% and 12.94% respectively while the basic earnings per share increased to BDT 3.78 from BDT 3.16 (restated).

One of the key indicators of good health NPL ratio declined to 2.69% which was 3.27% in 2015. Our prudent capital management practice continues to help us sustaining a capital to risk weighted assets ratio (CRAR) which is well over the required minimum as per Basel III guidelines. At year-end 2016, the CRAR was 15.10% compared to 14.24% in 2015.

Good Governance: A Recipe for Sustainable Development

Good governance is key to long term success. To maximize shareholders value, nothing works better than good governance. For us maintaining highest standard of ethics, compliance and values has always been a top priority. The bank has established its own set of internal benchmarks, processes and structures to adopt and adapt best practices in governance. The Board of Directors is committed to maintain highest standards of corporate governance within a framework of regulatory compliance and adherence to the highest ethical standards.

The bank recognizes that growth must be inclusive to become sustainable. As a good corporate we are committed to the causes of humanity and society at large. We have a collaboration agreement with Dhaka University Alumni Association (DUAA) under which we have been awarding scholarships to meritorious and disadvantaged students since 2007. During the year we contributed BDT 31.94 million, a lion share through 'Prime Minister's Relief & Welfare Fund', to CSR in different areas such as education, health care, disaster relief, sports, women empowerment, art and culture what we care about most.

Human Capital: Our employees, our brand

We encourage hiring right attitude, develop skill set, nurture talents and retain best people through competitive package and suitable reward programs. To develop strong human capital base, we have always identified the individual need, sharpen the skill through learning and development programs to ensure greater productivity. To cope up with changing HR needs, the human resource policy of the bank is reviewed from time to time. To maintain a professional, cohesive and motivated team, a variety of reward programs are in place. A fresh pool of talents are on-boarded each year to make sure future leaders are ready to fill up the key positions of the bank.

Recognitions: Those fill us with pride

I am delighted to share that for the first time any of the local commercial banks has been rated by Moody's, one of top three rating agencies of the world. EBL showed the courage to go for an international rating and was assigned Ba3 rating with 'stable' outlook. This is equivalent to Ba3 sovereign country rating for Bangladesh. We got PCIDSS (Payment Card Industry Data Security Standard) certification from world's renowned cyber security leader NCC Group of UK which provides assurance that all the information and transactions of debit and credit cards are secure.

We also won the coveted Euromoney award for the best bank in Bangladesh which recognizes how EBL thrived in a challenging environment and demonstrated excellence with a commitment to innovation. In a commendable continuity, we have been awarded with ICSB National Award for Corporate Governance for last 3 years . This recognition is a testimony to our unwavering adherence to good governance practices. And, these awards and recognitions will definitely ignite our passion to perform in order to take our bank to newer height.

In gratitude

My sincere thanks and gratitude to team EBL, which is well-led by Ali Reza Iftekhar. The level of dedication, hard work and passion they have shown is simply unparalleled. I convey my sincere appreciation to my colleagues in the Board, their wealth of knowledge and foresight helped us overcome multiple challenges and showed us the right direction. We are grateful to regulators especially Bangladesh Bank for their constant support and prudent guidance all the way.



M. Ghaziul Haque
Chairman of the Board of Directors

AMARSTOCK

THE RECOGNITIONS MADE US PROUD

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Moody's INVESTORS SERVICE

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NOTE: On April 26, 2016, the press release was corrected as follows: In the third sentence, the phrase "Local and foreign currency deposit ratings of Ba3/NP" was changed to "Local currency deposit ratings of Ba3/NP; Foreign currency deposit ratings of B1/NP". In the "Ratings Rationale" section, the following phrase was added to the first paragraph: "However, its foreign currency deposit rating remains positioned at B1 because Bangladesh's foreign currency deposit ceiling is capped at that level". In the "summary of Eastern Bank's first-time ratings" section, the phrase "- Ba3 local currency and foreign currency long-term deposit ratings; outlook stable " was changed to "Ba3 local currency long-term deposit ratings; outlook stable, B1 foreign currency long-term deposit ratings; outlook stable". Revised release follows.

Singapore, March 21, 2016 -- Moody's Investors Service has assigned the following first-time ratings to the Bangladesh-based Eastern Bank Limited:

- Global local and foreign currency issuer ratings of Ba3/NP;
- Local currency deposit ratings of Ba3/NP; Foreign currency deposit ratings of B1/NP
- A standalone baseline credit assessment (BCA) of b1; and
- An adjusted BCA of b1

The ratings outlook is stable. Moody's has also assigned a Counterparty Risk Assessment (CR Assessment) of Ba3(cr)/NP(cr) to the bank.

RATINGS RATIONALE

The Ba3 long-term ratings assigned to Eastern Bank incorporate its BCA of b1 and a one notch uplift to reflect Moody's assumption of moderate systemic support to the bank in case of stress. However, its foreign currency deposit rating remains positioned at B1 because Bangladesh's foreign currency deposit ceiling is capped at that level

Eastern Bank is a corporate-focused bank, with around a 2%-3% share of total loans in the domestic market. Its key credit strengths comprise its profitability profile, strong balance sheet buffers and record of good asset quality. On the other hand, its liquidity profile is weak.

The bank's asset quality has been consistently better than its peers, as measured by gross non-performing loans (NPLs). However, as is the case with other banks in the system, Eastern Bank has seen a pickup in its NPL ratio since 2011.

Moody's notes that in the case of Eastern Bank, its rise in NPLs has consistently registered at lower levels than its peers. Importantly, asset quality is stabilizing, with a better performance during the nine months to 30 September 2015 when compared to the same period in 2014.



REVIEW OF THE MANAGING DIRECTOR & CEO

> We consider our people as the core brand of the company. Our philosophy regarding human capital is 'people first.' The inherent spirit of the philosophy is to inspire our people to serve our customers. Consequently, people engagement with brand is a key component of EBL culture.

The big picture

The year under review was shaped by a series of unprecedented events. In 2016 Britain voted to leave the European Union, Donald Trump became president of America, and the world witnessed an intense refugee crisis. Volatile global and gulf region politics and troubled European economy pose threat to export and remittance-two major drivers of Bangladesh economy. Following the debt crisis in Europe and depreciation of some major currencies against USD, the pace of recovery of the EU economies - the primary destination of Bangladesh exports - will be critical somewhat in 2017 as well.

Despite internal and external challenges, Bangladesh economy continued to show its resilience due mostly to indomitable enterprising spirit of its people. Stable macro economy and political stability helped us achieve 7% plus GDP growth in FY 2016 with a below 6% inflation rate. Rising public expenditure in certain mega infrastructure projects, single digit lending rate, increased access to finance and improvement in working conditions at garment factories have made businesses confident to take up new challenges and provide impetus for export earnings.

Banking sector of the country

But the macro-economic stability of the country belies the health of the banking sector. Around 10% industry NPL clearly doesn't go with the underlying strength inherent in our economy that drives 6% plus GDP growth for decades quite consistently. Unhealthy competition (too many banks chasing too few eligible borrowers), poor risk management and weak governance appear to be responsible for deteriorating health of the financial sector. Banks have been more liquid than expected. Reciprocally, profitability has been moderate mainly because of narrowing spread and increased provisioning against rising NPL. Growing threats to cyber security has added more vulnerability to the industry.

Our bank remains strong — and getting stronger

Last year was a year of bouncing back for our company. We managed through the rough ride in competition while never losing sight of the reason we are here to serve our clients, our society and of course, to earn a fair profit for our shareholders.

Despite numerous challenges we have produced impressive results in 2016. Our judicious ALM practice and effective balance sheet management helped us grow the core banking income (net interest income) by 55.98% while overall loans grew by 16.78% with a balanced share among corporate, retail and SME. Our efficiency in cost management has also been reflected in the reduction of cost to income ratio to 43.99% from around 47.41%. Operating profit increased by 23.32% while profit after tax reached to BDT 2,656 million with 19.61% growth. As a result, Return on Asset (RoA) and Return on Equity (RoE) have increased to 1.33% and 12.94% respectively (2015: RoA 1.23%; RoE 10.95%). NPL, both in absolute and relative terms, decreased in 2016 and stood at 2.69% (31-12-15: 3.27%) at year-end 2016 because of stringent evaluation and monitoring of lending portfolio and strong collection drive. Our position has also improved in the most important solvency ratio. Our Capital to Risk Weighted Assets Ratio (CRAR) has gone up to 15.10% (2015: 14.24%) on solo basis with a strong CET 1 ratio (10.80%).

We protect our company and those we serve

Effective corporate governance in line with local and global standards is of paramount importance to Eastern Bank. We give utmost importance to key parameters of corporate governance such as Board system and its independence, function of board sub-committees, fair financial reporting, disclosure and compliance, and consistency of shareholders value enhancement. All our banking activities center on these key principles of good governance. 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). EBL has won accolades in all three editions of the corporate governance excellence award with distinction.

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

The world is fast changing, so does the banking landscape. Changes bring challenges. One such major challenge of the contemporary world is security of banking transactions. As a responsible corporate, we put safety and security of our customer card on top of our safety issues. EBL last year achieved PCI DSS certification from NCC Group, a UK-based security company to set global standards in bank-card safety.

We always support our communities and people

As a corporate citizen, Eastern Bank has been working for a better future since 1992 to support the drivers of prosperity for individuals, the society, and the economy. The UN describes education as key to social and economic development, and has put educational progress at the center of its Sustainable Development Goals (SDGs). In emerging economies, access to education has the potential to raise those at the bottom of the economic pyramid out of poverty. We at EBL focus on tertiary level of education because we believe that it is where youth are prepared for entering the job market. 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 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 help them grow as skilled workforce.

We consider our people as the core brand of the company. Our philosophy regarding human capital is 'people first.' The inherent spirit of the philosophy is to inspire our people to serve our customers. Consequently, people engagement with brand is a key component of EBL culture. We organize annually a host of programs to instill a sense of camaraderie and team spirit. We have annual photography contest, musical talent hunt, and art competition for the children of our employees. To motivate and inspire our people and learn leadership excellence, we have a 'Leadership Lecture Series' program where we invite luminaries of the society to talk about the challenges in their life and how they have overcome those hurdles. We also organize sessions, on a regular basis, to promote speak-up policy, invite experts to train our people on effective communication, team building, and customer service.

In closing

I am honored to work at EBL along with its outstanding people. What they have accomplished during the difficult circumstances has been extraordinary. It was a remarkable year in our journey to excellence: we were awarded long-term Ba3 rating with stable outlook by the world renowned ratings agency Moody's, got Euromoney's the Best Bank in Bangladesh accolade, and won the Best Retail Bank in Bangladesh crown for four consecutive years from the Asian Banker magazine. I am indebted to the board of directors of the bank for their forward looking views and guidance. Our regulators, especially, Bangladesh Bank has always been forthcoming in their prudential guidance. I am grateful to them. And finally, I look forward to another success story in 2017.

Ali Reza Iftekhar
Managing Director & CEO

DIRECTORS' REPORT 2016

The Board of Directors welcomes you all to the 25th Annual General Meeting (AGM) of the Bank and presents before you the Annual Report along with the Audited Financial Statements for the year 2016. A review of business and financial performance and the forces (global as well as local business, economic and financial condition) affecting these have been briefly pointed out.

Global economy and its outlook

Global economy passed another difficult year due to stagnant global trade, subdued investment and heightened policy uncertainty. Subdued outlook for advanced economies following UK vote for Brexit in June 16 and weaker-than-expected growth in the US played an important role to sluggish performance of global economy. The condition of emerging and developing economies remains quite varied: growth in China was a bit stronger than expected supported by continued policy stimulus; overall activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp reduction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices. Many economies in the Middle East and Sub-Saharan Africa, however, continued to face challenging conditions. India's economy continued to recover strongly, benefiting from a large improvement in the terms of trade, effective policy actions, and stronger external buffers, which have helped boost sentiment.

As per IMF projections, the global growth is expected to be 3.4% in 2017 and 1.9% for advanced economies. Growth in the US economy is projected to be 2.3% with the highest likelihood among a wide range of possible scenarios. Growth projections for 2017 also have been made upward for Germany, Japan, Spain, and the UK, mostly on account of a stronger than expected performance during the later part of 2016. The growth in China is projected to be 6.5% on expectations of continued policy support while in India, the growth forecast (7.2%) is trimmed primarily due to rattle effects induced by recent 'currency shock'. In the Middle East, growth in Saudi Arabia is expected to be weaker as oil production is cut back in line with the recent OPEC agreement, while civil strife continues to take a heavy toll on a number of other countries. Geopolitical risks and a range of other noneconomic factors continue to weigh on the global economic outlook in various regions - civil war and domestic conflicts in parts of the Middle East and Africa, the tragic plight of refugees and migrants in neighboring countries and in Europe and the rising acts of terror worldwide.

Bangladesh economy: A brief review

Bangladesh economy has been enduring well with a 7% plus GDP growth in FY 2016 (6.5% in FY 2015) despite slowing private investment and weak remittances. Both the industrial and service sectors registered higher growth (11.1% and 6.3% respectively)in FY 2016 compared to those of FY 2015, while manufacturing sector registered the highest growth (11.7%) since FY 1996.

Export showed a strong growth of 9.7% in FY2016(3.4% in FY 2015) crossing the annual growth target of 7.3% set for FY 2016. Traditional markets including the EU, USA and Canada contributed 7% out of this 9.7% growth in the total export. Both the ready made garment (RMG) and non-RMG exports met respective growth targets and attained growth rates of 10.2% and 7.5% respectively. After registering slow growth during the first five months, import growth rebounded in the last two quarters reaching 4.3% in the overall FY 2016.

Inflow of remittance experienced a major setback in FY2016 and recorded a negative growth of 2.5% while it was 7.6% positive growth in FY 2015. The overall balance of payments position was comfortable in FY 2016 with overall surplus of USD 5.04 billion partly due to narrowing trade deficit. Trade deficit declined to USD 6.27 billion in FY 2016 from USD 6.97 billion in FY 2015 driven by strong export growth but subdued growth in import payments.

The high inflow of foreign currencies from the financial account and lack of payment demand resulted in a continuing rise in the foreign exchange reserves which stood at USD 30.1 billion in FY 2016 which is equivalent to eight months' imports of Bangladesh.

Banking industry in 2016

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 free fall of interest rates and rising NPL have been the major challenges facing the industry. Weak governance, poor risk management and control measures in certain banks (dominantly SCBs) have continued to cast a shadow on the overall health and sustainability of this sectors. Private sector credit growth has declined to 15% by the end of November 2016 from 16.8% of June 2016 despite falling interest rates on lending (average lending rate was 9.9% in November 2016). Industry NPL ratio closed at 9.23% at year-end 2016 from 10.34% at 30 September 2016.

The Capital to risk weighted assets ratio (CRAR) stood at 10.3% in September 2016, same as the level of June 2016. On the other hand, monthly interest rate spread for all banks continued to stay below 5% during September 2016. The spread has been decreasing since June 2016; it was 4.85% in June 2016 and 4.76% in September 2016. Monthly weighted average call money rate decreased marginally from 3.70% in June 2016 to 3.64% in September 2016.

Deposit growth slowed to 13.5% at the end of September 2016 against 14.1% at the end of June 2016. Similarly, the growth of loans and advances decreased from 15.4% to 14.5% during the same period. The advance-deposit ratio (ADR) stood at 73.9% at the end of September 2016 and remained far below the maximum regulatory ceiling. The liquidity position in

the banking sector as a whole was comfortable at the end of September 2016; leading to a further easing of money market conditions.

Economy and business outlook 2017

Bangladesh Bank's (BB) second half yearly (H2, FY 2017) monetary policy stance has been formulated to accommodate GDP growth target of 7.2% and to fix a monetary growth path aiming at average inflation below 5.8%. This would require a monetary program that limits reserve money growth to 14% and broad money growth to 15.5% by June 2017. This is consistent with domestic credit growth of 16.4% and private sector credit growth of 16.5% by June 2017.

Several indicators point to robust economic activity in the first half of FY 2017 amid macroeconomic and political stability and strong domestic demand. Private sector credit growth of 15-16% is at a three-year high, with strong demand coming from trade, construction, and small and medium enterprise (SME) sector, which helps productivity and job creation. Medium and large-scale manufacturing industry also grew robustly. Export growth moderated but has held up relatively well (4.4 percent in December 2016), compared to peers and is expected to pick up. Looking ahead, the government's reform initiatives to improve the business climate and ease infrastructure bottlenecks, including by developing special economic zones, should help crowd in both private domestic and foreign direct investments that can create more jobs, raise productivity, and potential growth.

In line with the government's SDG priorities of an inclusive, environmentally sustainable growth, BB is promoting inclusive, green financing (targeting SME, agriculture and green initiatives). BB has taken up a consultative initiative of formulating Guidance Notes on the do's and don'ts of socially responsible financing to better foster social cohesion, with output initiatives that promote entrepreneurship, create more and better jobs, and protect environment.

Eastern Bank: financial performance highlights

Despite heightened challenges, EBL managed its portfolio efficiently closing the year 2016 with an NPL of 2.69% (3.27% in 2015) which is way lower than that of industry average (9.23%). The prime focus during the year has been improving asset quality, enhancing service excellence, recovering classified and written off loans and rationalizing costs. A brief review of financial performances are as follows:

- Net interest income (NII) which contributed 48% of total operating income increased 56% in 2016 compared to last year(interest income increased by 2% and interest expense decreased by 18%).
- Non-interest income which contributed rest 52% decreased by 7% as both income from investment as well as commission, exchange and brokerage decreased by 7% in 2016.
- Due to lower growth of operating expense (7%) and higher growth of operating income (16%), operating profit of the Bank increased by 23% and reached at BDT 6,418.21 million in 2016.
- Total provision increased by 13% in 2016 compared to last year (specific provision decreased by 6%, general provision increased by 58% for increased volume of loans and contingent liabilities, provision for equity investments and other assets decreased by 44% mainly due to increase of market price of quoted securities and sale of securities fully provided for).
- Provision for tax increased by 46% mainly due to increase of profit before tax (PBT) by BDT 982.96 million or 29% compared to last year.
- Finally Bank's profit after tax (PAT) increased by BDT 435.57 million or 20% in 2016 compared to 2015.

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)
	2016	2015	2016	2015		
Total operating income	11,688.27	10,154.56	11,459.02	9,895.70	15%	16%
Total operating expense	5,172.34	4,800.52	5,040.81	4,691.21	8%	7%
Operating profit (Profit before provision and tax)	**6,515.94**	**5,354.04**	**6,418.21**	**5,204.49**	**22%**	**23%**
Provision for loans and contingent assets:						
Specific provision	1,906.89	2,020.59	1,902.68	2,020.59	-6%	-6%
General provision	384.89	243.41	384.89	243.41	58%	58%
Provision for equity investments and other assets	-292.88	-457.43	-268.87	-476.06	-36%	-44%
Total provisions	1,998.89	1,806.56	2,018.70	1,787.93	11%	13%
Profit before tax for the year	**4,517.05**	**3,547.47**	**4,399.51**	**3,416.56**	**27%**	**29%**
Tax provision for the year	1,800.71	1,264.87	1,743.03	1,195.64	42%	46%
Profit after tax (PAT)	**2,716.34**	**2,282.61**	**2,656.49**	**2,220.92**	**19%**	**20%**
Earnings per share (EPS)	**3.86**	**3.25**	**3.78**	**3.16**	**19%**	**20%**

ROA and ROE have increased in 2016 due to increase in PAT by 20%. Cost to income ratio has decreased due to higher growth of operating income than that of operating expense. The Capital to risk weighted assets ratio (CRAR) has increased to 15.10% in 2016 from 14.24% in 2015. Following table presents some of the key financial ratios:

Particulars	Bank	
	2016	2015
Return on average equity	12.94%	10.95%
Return on average assets	1.33%	1.23%
Cost to income ratio	43.99%	47.41%
Capital to Risk Weighted Assets Ratio	15.10%	14.24%
NPL ratio	2.69%	3.27%
EPS (BDT)	3.78	3.16
Price to book value ratio	99.08%	85.28%

Appropriation of profit

Profit after tax (PAT) of the Bank stands at BDT 2,656.49 million during the year including a deferred tax income component of BDT 30.14 million out of which BDT 25.79 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. After a mandatory transfer of BDT 879.90 million to statutory reserve, current year profit available for distribution stands at BDT 1,750.79 million and accumulated profit available for distribution stands at BDT 1,785.85 million. The Board of Directors, therefore, recommended 25% dividend (20% cash and 5% stock) amounting BDT 1,757.14 million for the year 2016.

Capital adequacy status under Basel III

The Bank issued a 7-year Non-convertible Subordinated Bond of BDT 2,500 million (a recognized component of tier-ii capital) in the first quarter of 2015 to enhance capital base. Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within the comfort zone during 2016 (13% plus) against the minimun requirement of 10% during four quarters of 2016. Bank's strength in capital base is also signified in the fact that the ratio of Tier 1 capital to RWA was always hovering above 9% throughout the year. For details please see Market Discipline (Basel III) section of this annual report.

History of raising capital

As on the reporting date (31-12-2016), the bank had paid up capital of BDT 7,028,567,520 of which 81.60% was raised through stock dividend. The history of raising paid up capital to BDT 7,028.57 million as on year-end 2016 is presented below:

AGM Date	Particulars	No. of Shares*	Volume in Taka	Cumulative Paid up Capital in Taka
9-Dec-93	As per MOA & AOA	60,000,000	600,000,000	600,000,000
5-Aug-01	20% Bonus Share	12,000,000	120,000,000	720,000,000
8-Dec-03	15% Bonus Share	10,800,000	108,000,000	828,000,000
12-Jun-07	25% Bonus Share	20,700,000	207,000,000	1,035,000,000
25-May-08	34% Bonus Share	35,190,000	351,900,000	1,386,900,000
25-May-08	Right Share 2:1 at Par	69,345,000	693,450,000	2,080,350,000
28-Apr-09	20% Bonus Share	41,607,000	416,070,000	2,496,420,000
30-Mar-10	17% Bonus Share	42,439,140	424,391,400	2,920,811,400
30-Mar-11	55% Bonus Share	160,644,627	1,606,446,270	4,527,257,670
29-Mar-12	35% Bonus Share	158,454,018	1,584,540,180	6,111,797,850
19-May-16	15% Bonus Share	91,676,967	916,769,670	7,028,567,520
27-Apr-17	5% Bonus Share (Proposed)	35,142,837	351,428,370	7,379,995,890

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

Variance between quarterly and annual financial performance

To gauge the said variance, seven key financial information of each quarter of 2016 (Q1 to Q4) was analyzed using Quarterly Average (QA) as the base. Following table presents stand-alone quarterly information with average of four quarters.

(Figures are in Million BDT)

Particulars	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016	QA*, 2016	Annual 2016
Net Interest Income	1,219	1,399	1,422	1,490	1,382	5,529
Non-Interest Income	1,990	1,852	1,055	1,032	1,482	5,930
Operating Income	3,209	3,251	2,477	2,522	2,865	11,459
Operating Expense	1,191	1,310	1,244	1,296	1,260	5,041
Operating Profit	2,018	1,941	1,233	1,226	1,605	6,418
Profit Before Tax	1,460	1,249	918	773	1,100	4,400
Profit After Tax	838	756	430	632	664	2,656

*Quarterly Average

Setting 25% variance as threshold for being significant, there was no significant variance in interest income during 2016. However, non-interest income significantly increased in Q1 mainly due to booking hefty amount of capital gain from sale of govt. treasury securities under HFT. On the other hand, there was no significant variance in operating expense over the four quarters. Therefore, operating profit increased in Q1 and Q2 by 25.74% and 21% respectively than that of QA. Simultaneously, Profit before Tax (PBT) increased by 32.73% and 13.56% in Q1 and Q2 respectively than that of QA. Although, PBT was affected by higher provision in Q3 and Q4, Profit after Tax (PAT) in Q1 and Q2 increased by 26.23% and 13.80% respectively than QA.

Status of asset quality

As on 31 December 2016, NPL ratio of the banking industry stood at 9.23% which was 8.79% one year back. The NPL ratio of EBL was 2.69% at the end of 2016 which was 3.27% at end of 2015. The status of unclassified and classified loan of the Bank is as follows:

(Figures are in million BDT)

Particulars	31-12-2016	31-12-2015	% Change
Unclassified loans:	**147,988**	**125,963**	**17.49%**
Standard (Including staff loan)	144,482	122,213	18.22%
Special Mention Accounts (SMA)	3,506	3,750	-6.51%
Classified loans:	**4,096**	**4,263**	**-3.92%**
Sub-standard (SS)	731	317	130.94%
Doubtful (DF)	281	278	0.99%
Bad/loss (BL)	3,084	3,669	-15.93%
Total loans	**152,084**	**130,226**	**16.78%**
NPL %	**2.69%**	**3.27%**	

Subsidiaries businesses

In pursuance of an inorganic growth route and to open up diversified earnings stream, EBL established or acquired four subsidiaries, all of them fully owned, till the reporting date i.e. 31 December 2016. A brief review of subsidiaries business during 2016 has been presented in a separate section titled **'Review of EBL Subsidiaries'.**

Internal control system

EBL has a sound system of internal controls to safeguard shareholders' investments and the Bank's assets. The Board retains the ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls. The key functionalities that have been established in reviewing adequacy and integrity of the system of internal controls 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 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 the 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 quarterly basis and is sent to Bangladesh Bank according to DOS Circular Letter No. 17, dated 07 November 2012 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 2016 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 Bangladesh Financial Reporting Standards (BFRSs) 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 2016 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 Bank (BB) and 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, Hoda Vasi Chowdhury & Co., Chartered Accountants, has certified the compliance status of EBL on the BSEC's corporate governance guidelines during 2016 which is mentioned in page 97 of this annual report.

Major awards and recognitions

Rating by Moody's: International rating agency Moody's assigned EBL with Ba3 long-term rating which is the sovereign rating of Bangladesh. EBL is the first Bangladeshi Company that has been rated by Moody's.

PCI DSS compliant bank: EBL has achieved PCI DSS certification for implementing global information security standard from world's cyber security leader NCC Group, UK.

Best retail bank in Bangladesh: EBL adjudged the 'Best Retail Bank in Bangladesh' award for 2016 consecutively for the fourth time by The Asian Banker.

Euromoney best bank in Bangladesh: EBL won Euromoney Best Bank in Bangladesh Award at the gala ceremony of Euromoney Awards for Excellence 2016 held in Hong Kong.

National award for corporate governance excellence: EBL won the second prize in 'ICSB National Award for Corporate Governance Excellence 2015' in the 'Banking Companies' category by the Institute of Chartered Secretaries of Bangladesh (ICSB).

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.

- Donated BDT 22.5 Million to Prime Minister's Relief & Welfare Fund.
- Donated 25,000 pieces (costing BDT 7.12 Million) of blankets to Prime Minister's Relief & Welfare Fund for distribution among cold-hit people.
- Donated BDT 2.5 Million to 'Law & Order Coordination Committee' for CCTV surveillance Project at Gulshan, Banani and Baridhara Residential Areas by DMP.
- Donated BDT 2.5 Million to ICC Bangladesh.
- 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 every year to 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 as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from employees' salary as well as on bills from third parties including vendors. During the calendar year 2016 we contributed BDT 2,939.50 million to national exchequer as tax, VAT and excise duty. We paid advance corporate tax of BDT 626.08 million while deposited withheld tax of BDT 1,638.65 million, VAT of BDT 421.05 million and Excise Duty of BDT 253.73 million during the year 2016.

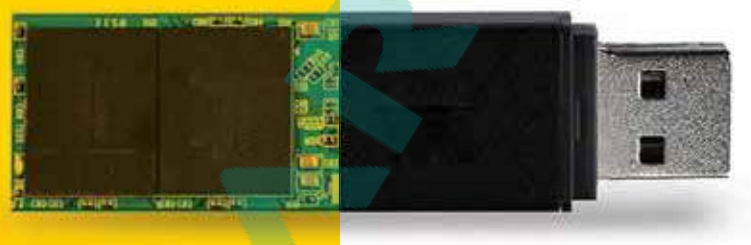
On behalf of the Board of Directors



M. Ghaziul Haque
Chairman of the Board of Directors

Dhaka, 20 March 2017

STAKEHOLDERS' INFORMATION



As a good corporate, our goal is to be responsive to the expectations of our stakeholders and to safeguard our business from potential future shocks such as economic or climate change. We believe in constructive engagement and sharing information of the bank in a transparent way with stakeholders within and outside the bank. It helps us to decide on the issues to prioritize throughout the year.

FINANCIAL HIGHLIGHTS

BDT in Million

Particulars	Group			Bank		
	2016	2015	Change %	2016	2015	Change %
Performance During the Year						
Net interest income	5,607	3,683	52.26%	5,529	3,545	55.98%
Non interest income	6,081	6,472	-6.04%	5,930	6,351	-6.63%
Operating income	11,688	10,155	15.10%	11,459	9,896	15.80%
Operating profit	6,516	5,354	21.70%	6,418	5,204	23.32%
Profit after tax	2,716	2,283	19.00%	2,656	2,221	19.61%
Year End Financial Position						
Loans and advances	156,371	134,449	16.30%	152,084	130,226	16.78%
Investment	22,940	23,902	-4.03%	21,449	23,398	-8.33%
Deposits	140,205	127,906	9.62%	140,284	127,990	9.61%
Shareholders' equity	20,832	20,707	0.60%	20,572	20,496	0.37%
Total asset	212,377	191,091	11.14%	211,185	189,563	11.41%
Information Per Ordinary Share						
Earmings per share (BDT) Not restated	3.86	3.73	3.61%	3.78	3.63	4.01%
Dividend (%)	25%	35%	0.00%	25%	35%	0.00%
Price earning ratio (times) Not restated	7.50	7.66	-2.04%	7.67	7.87	-2.51%
Net asset value per share (BDT) Not restated	29.64	33.88	-12.52%	29.27	33.54	-12.72%
Market price per share (BDT)	29.00	28.60	1.40%	29.00	28.60	1.40%
Ratios (%)						
Capital to RWA ratio (CRAR) (as per Basel III)	14.96%	13.92%	7.43%	15.10%	14.24%	6.05%
Non performing loan	2.76%	3.26%	-15.50%	2.69%	3.27%	-17.73%
Cost to income ratio	44.25%	47.27%	-6.39%	43.99%	47.41%	-7.21%

FIVE-YEAR PROGRESSION OF EBL (BANK ONLY)

BDT in Million

Balance Sheet Metrics	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Authorised capital	12,000	12,000	12,000	12,000	12,000
Paid up capital	7,029	6,112	6,112	6,112	6,112
Shareholders' equity	20,572	20,496	20,087	18,450	17,109
Loans and advances	152,084	130,226	118,291	102,910	96,720
Deposits	140,284	127,990	116,792	117,102	91,781
Borrowing	39,061	30,543	26,021	14,080	31,158
Credit to deposit ratio (Gross)	108.41%	101.75%	101.28%	87.88%	105.38%
Credit to deposit ratio - Gross (excluding OBU)	92.54%	87.99%	91.48%	85.57%	95.36%
Statutory liquidity ratio (SLR)	14.81%	16.71%	22.23%	29.88%	22.93%
Cash reserve ratio (CRR)	6.70%	6.42%	7.27%	6.10%	5.98%
Liabilities to shareholders' equity (times)	9.27	8.25	7.57	7.56	7.60
Investment	21,449	23,398	24,655	25,904	21,655
Fixed assets	5,940	5,943	7,087	6,897	5,970
Interest bearing assets	183,761	163,993	146,689	133,057	119,334
Total assets	211,185	189,563	172,124	157,882	147,148
Income Statement Metrics	**2016**	**2015**	**2014**	**2013**	**2012**
Net interest income	5,529	3,545	4,009	4,892	4,814
Non-interest income	5,930	6,351	5,980	4,491	3,849
Investment income	3,315	3,576	3,343	2,071	1,495
Commission, exchange, brokerage & Other income	2,614	2,774	2,637	2,420	2,354
Operating income	11,459	9,896	9,989	9,382	8,663
Operating expense	5,041	4,691	4,214	3,594	3,199
Operating profit	6,418	5,204	5,775	5,788	5,464

BDT in Million

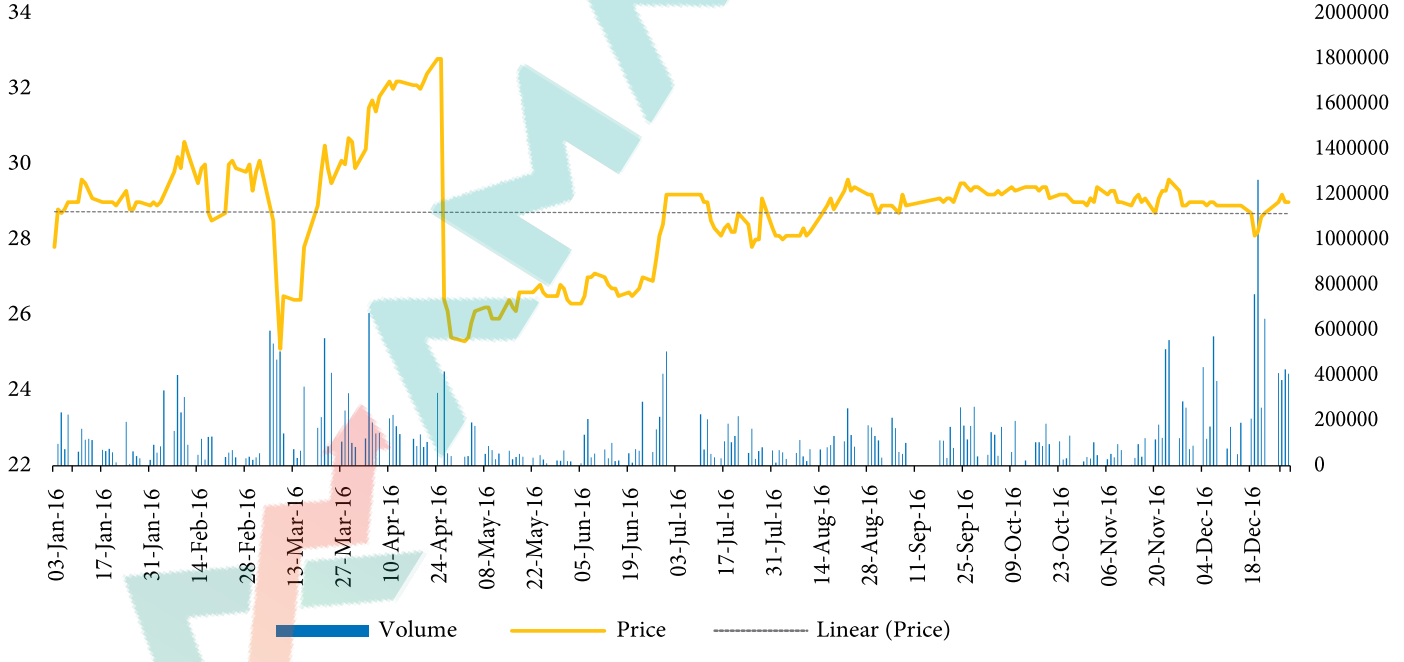
Income Statement Metrics	2016	2015	2014	2013	2012
Provision for loans, investment and other assets	2,019	1,788	1,802	953	1,244
Profit before tax	4,400	3,417	3,973	4,836	4,220
Profit after tax	2,656	2,221	2,107	2,568	2,275
Capital Metrics	**31-Dec-16**	**31-Dec-15**	**31-Dec-14**	**31-Dec-13**	**31-Dec-12**
Total risk weighted assets (RWA)	148,811	143,707	137,037	140,279	129,812
Common equity tier-1 capital	16,078	14,688	13,958	13,245	12,232
Tier-2 capital	6,394	5,776	4,163	3,519	3,414
Total regulatory capital (Tier 1 and Tier 2)	22,472	20,463	18,121	16,764	15,646
Statutory capital (Paid up capital and statutory reserve)	14,020	12,224	12,224	11,474	10,507
Capital to risk weighted assets ratio (CRAR)	15.10%	14.24%	13.22%	11.95%	12.05%
Common equity Tier - 1 capital to RWA	10.80%	10.22%	10.19%	9.44%	9.42%
RWA to total assets	70.46%	75.81%	79.62%	88.85%	88.22%
Credit Quality	**31-Dec-16**	**31-Dec-15**	**31-Dec-14**	**31-Dec-13**	**31-Dec-12**
Non performing loan	4,096	4,263	5,157	3,697	3,071
Specific provision (cumulative)	3,475	2,821	2,409	1,929	1,387
General provision (cumulative)	2,546	2,160	1,916	1,644	1,563
NPL Ratio	2.69%	3.27%	4.36%	3.59%	3.17%
NPL coverage ratio (Specific provision + General provision) / Gross NPL	146.99%	116.84%	83.86%	96.66%	96.07%
Trade Business Metrics	**2016**	**2015**	**2014**	**2013**	**2012**
Export	91,834	84,302	77,452	74,003	67,518
Import (LC)	121,421	113,770	104,939	112,977	103,171
Guarantee	8,508	8,534	5,573	6,307	6,528
Efficiency / Productivity Ratios	**2016**	**2015**	**2014**	**2013**	**2012**
Return on average equity (ROE)	12.94%	10.95%	10.93%	14.44%	14.44%
Return on average assets (ROA)	1.33%	1.23%	1.28%	1.68%	1.72%
Cost to income ratio	43.99%	47.41%	42.18%	38.31%	36.93%
Weighted average interest rate of loan (year-end)	9.98%	11.29%	12.43%	14.57%	14.80%
Weighted average interest rate of deposits (year-end)	4.87%	6.12%	7.26%	8.84%	9.50%
Spread (year-end)	5.11%	5.17%	5.17%	5.73%	5.30%
Operating profit per employee	4.05	3.30	3.70	3.86	4.07
Operating profit per branch	78.27	65.06	75.99	81.52	81.55
Share based metrics	**2016**	**2015**	**2014**	**2013**	**2012**
Earnings per share in BDT (Not restated)	3.78	3.63	3.45	4.20	3.72
Operating profit per share in BDT (Not restated)	9.13	8.52	9.45	9.47	8.94
Price earning ratio (times)	7.67	7.87	7.89	6.93	8.52
Market price per share (BDT) as on close of the year at DSE	29.00	28.60	27.20	29.10	31.70
NAV (book value) per share in BDT (Not restated)	29.27	33.54	32.87	30.19	27.99
Dividend Cover ratio: (EPS/DPS)	1.51	1.04	1.72	2.10	1.86
Dividend (%)	25	35	20	20	20
Cash (%)	20	20	20	20	20
Stock (%)	5	15	-	-	-
Market capitalization (at close of year)	20,383	17,480	16,624	17,785	19,374
Market price to NAV per share (times)	0.99	0.85	0.83	0.96	1.13
Other Information	**31-Dec-16**	**31-Dec-15**	**31-Dec-14**	**31-Dec-13**	**31-Dec-12**
Number of branches	82	80	76	71	67
Number of employees (regular)	1,584	1,577	1,559	1,498	1,343
Number of deposit accounts	426,685	367,487	380,156	352,627	305,363
Number of loan Accounts	305,611	234,185	179,328	178,896	132,238
Number of foreign correspondents	727	713	697	715	663
Number of ATM	202	197	191	175	160
Number of priority centers	13	15	14	11	8

MARKET PRICE INFORMATION

Month	DSE			CSE			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	
Jan-16	29.80	26.50	1,845,700	29.50	27.50	92,545	1,938,245
Feb-16	31.30	27.70	2,526,176	30.50	28.10	65,895	2,592,071
Mar-16	30.80	25.00	5,211,417	30.80	25.00	259,197	5,470,614
Apr-16	33.30	25.10	3,404,520	35.00	24.90	270,855	3,675,375
May-16	27.00	24.90	1,213,668	26.80	24.20	275,026	1,488,694
Jun-16	29.80	25.70	2,592,224	30.00	24.50	604,628	3,196,852
Jul-16	30.40	27.70	1,850,727	29.50	27.10	74,675	1,925,402
Aug-16	29.90	27.90	2,042,378	29.00	26.00	283,410	2,325,788
Sep-16	29.80	28.50	2,178,428	29.50	28.50	723,087	2,901,515
Oct-16	30.00	28.40	1,782,649	29.50	27.00	206,434	1,989,083
Nov-16	31.00	28.50	3,005,164	30.50	28.60	466,188	3,471,352
Dec-16	29.50	27.90	7,023,975	29.90	27.40	499,145	7,523,120

DSE PRICE VOLUME CHART OF EBL SHARE 2016

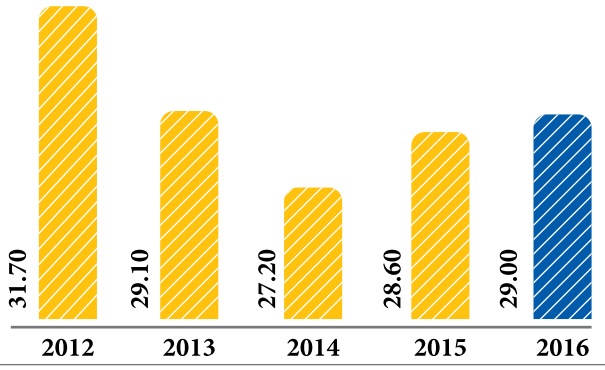
Price-Volume Movement of EBL



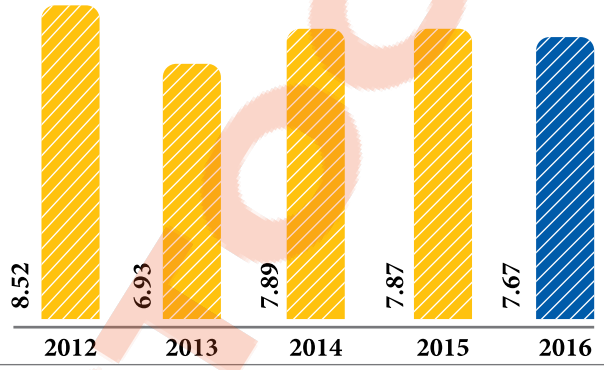
VITAL GRAPHS

Key Performance Indicators

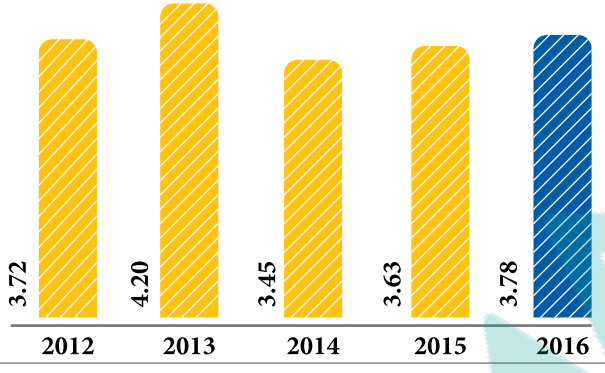
Market price per share (BDT)



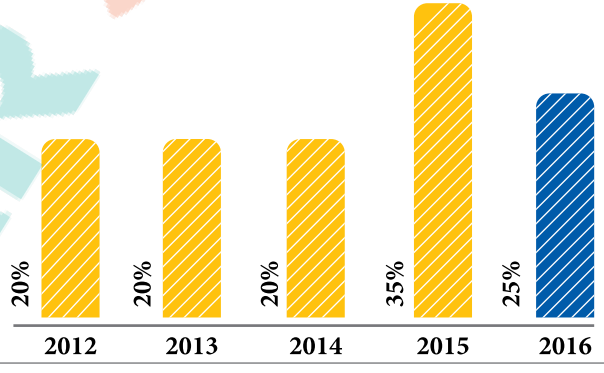
Price earning ratio (Times)



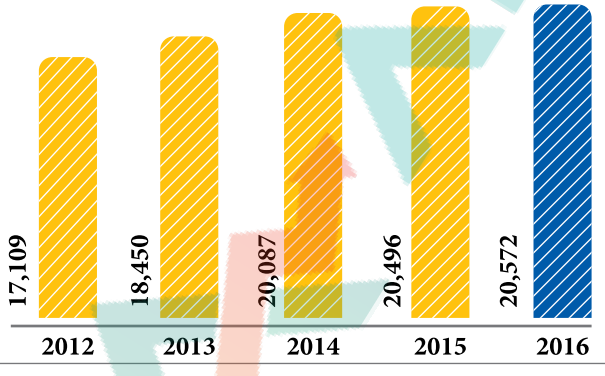
Earnings per share (BDT)- not restated



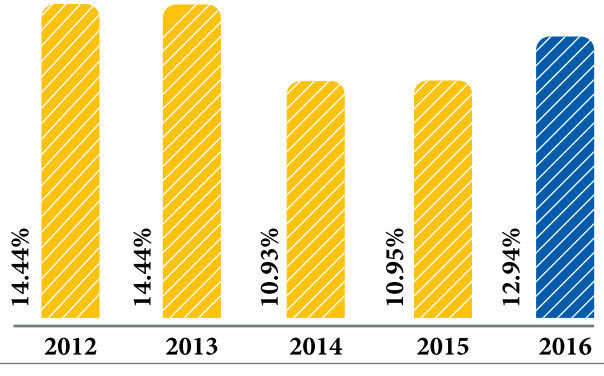
Dividend (Percentage)



Shareholders equity (BDT million)



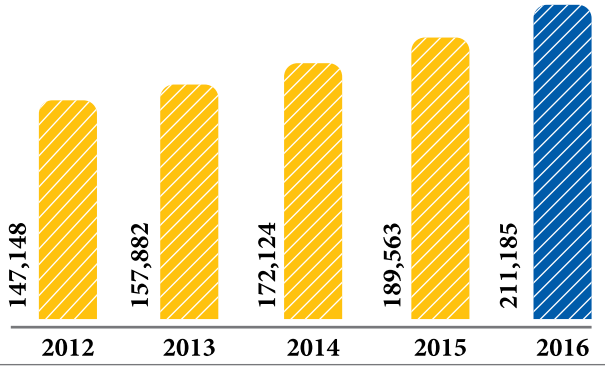
Return on average equity (Percentage)



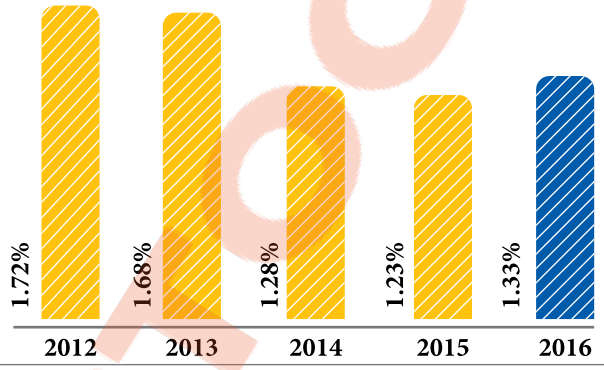
VITAL GRAPHS

Key Performance Indicators

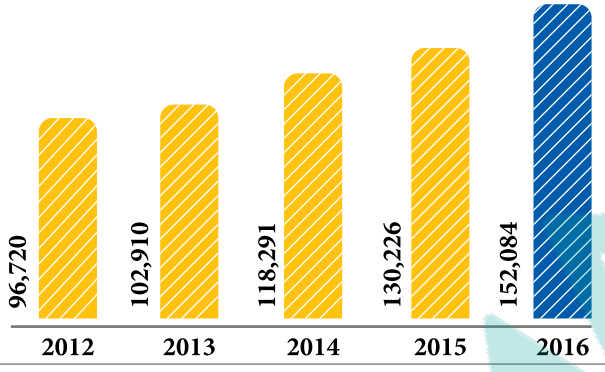
Total asset (BDT million)



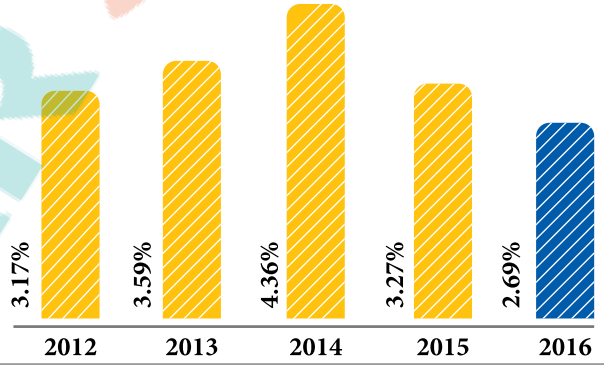
Return on average asset (Percentage)



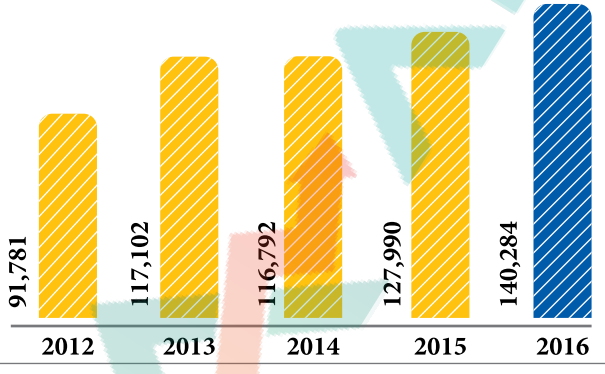
Loans and advances (BDT million)



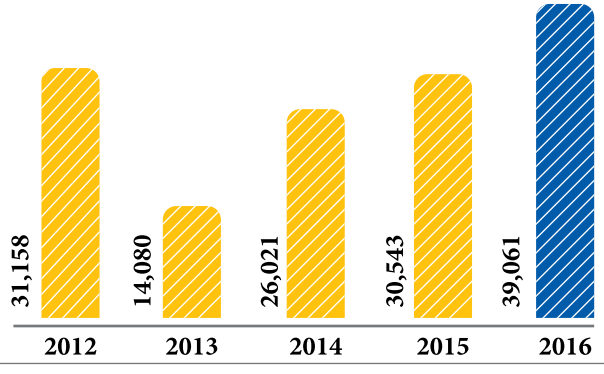
Non performing loan (percentage)



Deposits (BDT million)



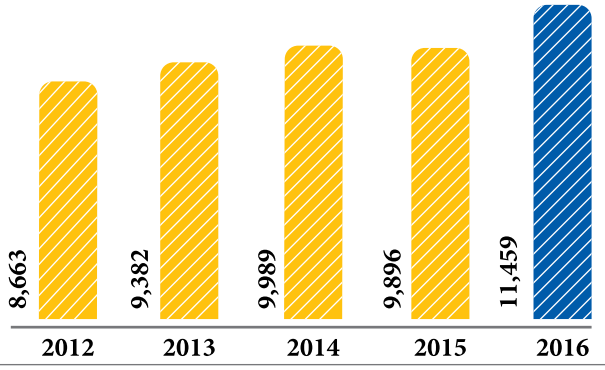
Borrowing (BDT million)



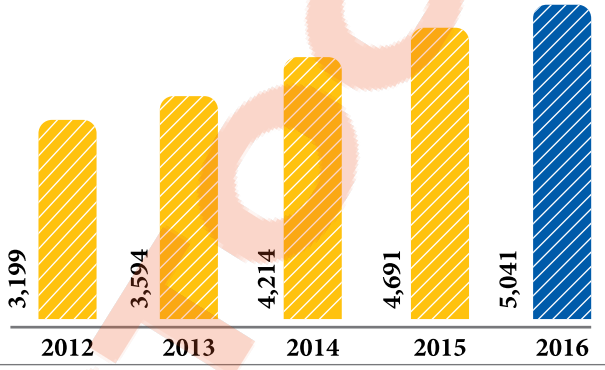
VITAL GRAPHS

Key Performance Indicators

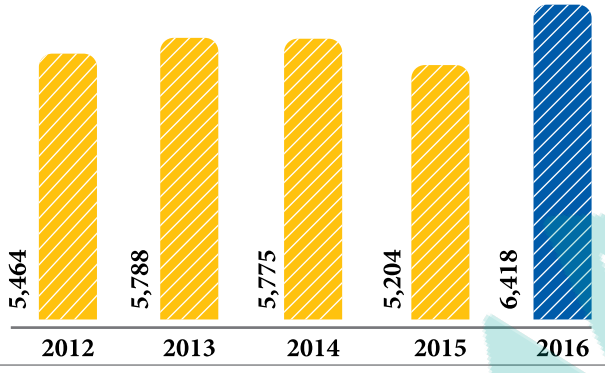
Operating income (BDT million)



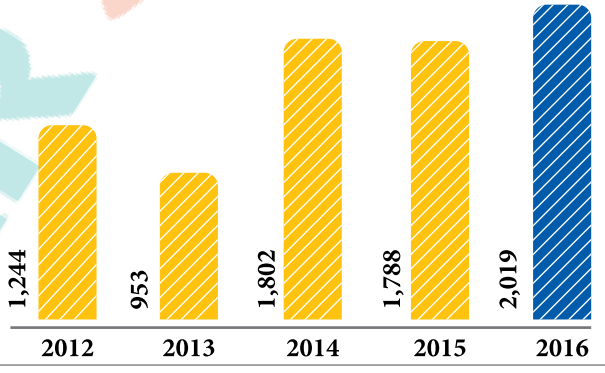
Operating expense (BDT million)



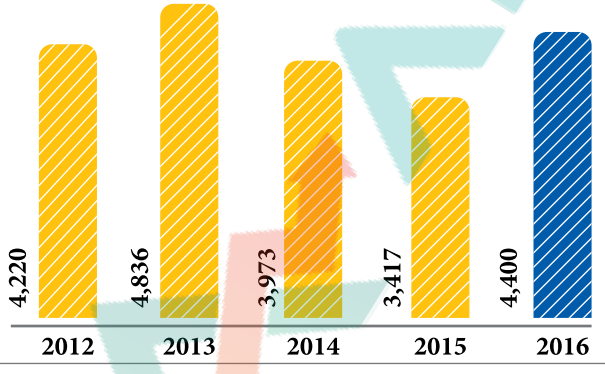
Operating profit (BDT million)



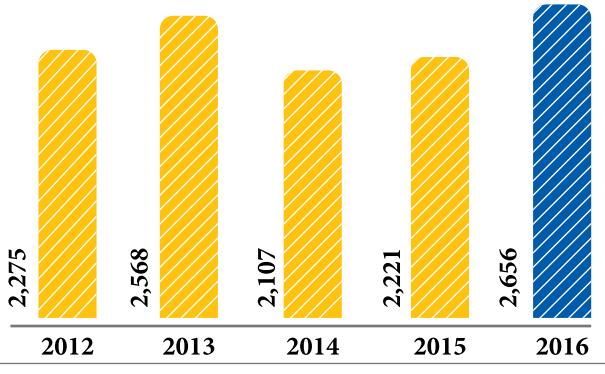
Total provision (BDT million)



Profit before tax (BDT million)



Profit after tax (BDT million)



HORIZONTAL ANALYSIS OF BALANCE SHEET (BANK ONLY)

BDT in Million

Particulars	2016	2016 Vs 2015	2015	2015 Vs 2014	2014	2014 Vs 2013	2013	2013 Vs 2012	2012
Cash	12,199	11.46%	10,944	6.24%	10,302	25.93%	8,181	-24.23%	10,797
Balances with other Banks and FI	13,572	-0.87%	13,691	114.45%	6,384	-38.63%	10,403	15.76%	8,986
Money at call and short notice	100		-		1,060		-		100
Investments	21,449	-8.33%	23,398	-5.10%	24,655	-4.82%	25,904	19.62%	21,655
Loans and advances	152,084	16.78%	130,226	10.09%	118,291	14.95%	102,910	6.40%	96,720
Fixed assets	5,940	-0.04%	5,943	-16.14%	7,087	2.75%	6,897	15.54%	5,970
Other assets	5,688	9.23%	5,207	25.37%	4,153	22.34%	3,395	25.60%	2,703
Non banking assets	154	0.00%	154	-19.65%	192	0.00%	192	-11.94%	218
Total assets	**211,185**	**11.41%**	**189,563**	**10.13%**	**172,124**	**9.02%**	**157,882**	**7.29%**	**147,148**
Borrowing	39,061	27.89%	30,543	17.38%	26,021	84.81%	14,080	-54.81%	31,158
Deposits	140,284	9.61%	127,990	9.59%	116,792	-0.26%	117,102	27.59%	91,781
Other Liabilities	11,268	6.97%	10,534	14.19%	9,225	11.82%	8,250	16.19%	7,100
Total liabilities	**190,614**	**12.74%**	**169,067**	**11.20%**	**152,037**	**9.04%**	**139,431**	**7.22%**	**130,039**
Shareholders' equity	**20,572**	**0.37%**	**20,496**	**2.04%**	**20,087**	**8.87%**	**18,450**	**7.84%**	**17,109**
Total liabilities and shareholders' equity	**211,185**	**11.41%**	**189,563**	**10.13%**	**172,124**	**9.02%**	**157,882**	**7.29%**	**147,148**

Horizontal Analysis of Balance Sheet refers to the analysis of growth of each component of Balance Sheet items from the previous period.

VERTICAL ANALYSIS OF BALANCE SHEET (BANK ONLY)

BDT in Million

Particulars	2016	2016 (%)	2015	2015 (%)	2014	2014 (%)	2013	2013 (%)	2012	2012 (%)
Cash	12,199	5.78%	10,944	5.77%	10,302	5.99%	8,181	5.18%	10,797	7.34%
Balances with other Banks and FI	13,572	6.43%	13,691	7.22%	6,384	3.71%	10,403	6.59%	8,986	6.11%
Money at call and short notice	100	0.05%	-	0.00%	1,060	0.62%	-	0.00%	100	0.07%
Investments	21,449	10.16%	23,398	12.34%	24,655	14.32%	25,904	16.41%	21,655	14.72%
Loans and advances	152,084	72.01%	130,226	68.70%	118,291	68.72%	102,910	65.18%	96,720	65.73%
Fixed assets	5,940	2.81%	5,943	3.13%	7,087	4.12%	6,897	4.37%	5,970	4.06%
Other assets	5,688	2.69%	5,207	2.75%	4,153	2.41%	3,395	2.15%	2,703	1.84%
Non banking assets	154	0.07%	154	0.08%	192	0.11%	192	0.12%	218	0.15%
Total assets	**211,185**	**100.00%**	**189,563**	**100.00%**	**172,124**	**100.00%**	**157,882**	**100.00%**	**147,148**	**100.00%**
Borrowing	39,061	18.50%	30,543	16.11%	26,021	15.12%	14,080	8.92%	31,158	21.17%
Deposits	140,284	66.43%	127,990	67.52%	116,792	67.85%	117,102	74.17%	91,781	62.37%
Other liabilities	11,268	5.34%	10,534	5.56%	9,225	5.36%	8,250	5.23%	7,100	4.83%
Total liabilities	**190,614**	**90.26%**	**169,067**	**89.19%**	**152,037**	**88.33%**	**139,431**	**88.31%**	**130,039**	**88.37%**
Shareholders' equity	**20,572**	**9.74%**	**20,496**	**10.81%**	**20,087**	**11.67%**	**18,450**	**11.69%**	**17,109**	**11.63%**
Total liabilities and shareholders' equity	**211,185**	**100.00%**	**189,563**	**100.00%**	**172,124**	**100.00%**	**157,882**	**100.00%**	**147,148**	**100.00%**

Vertical Analysis of Balance Sheet refers to the components of Balance Sheet items as a % of total Assets over the periods which would be termed as common sizing of Balance Sheet.

HORIZONTAL ANALYSIS OF PROFIT & LOSS ACCOUNT (BANK ONLY)

BDT in Million

Particulars	2016	2016 Vs 2015	2015	2015 Vs 2014	2014	2014 Vs 2013	2013	2013 Vs 2012	2012
Interest income	13,546	1.56%	13,338	1.35%	13,160	-11.12%	14,807	8.10%	13,698
Interest expenses	8,016	-18.14%	9,793	7.02%	9,151	-7.71%	9,916	11.61%	8,884
Net interest income	**5,529**	**55.98%**	**3,545**	**-11.58%**	**4,009**	**-18.04%**	**4,892**	**1.61%**	**4,814**
Income from investments	3,315	-7.30%	3,576	6.97%	3,343	61.45%	2,071	38.56%	1,495
Commission, exchange and brokerage	2,449	-6.85%	2,629	5.74%	2,487	9.53%	2,270	1.54%	2,236
Other operating income	165	13.87%	145	-3.43%	150	0.22%	150	26.44%	118
Operating income	**11,459**	**15.80%**	**9,896**	**-0.94%**	**9,989**	**6.47%**	**9,382**	**8.30%**	**8,663**
Operating expenses	5,041	7.45%	4,691	11.33%	4,214	17.24%	3,594	12.35%	3,199
Operating profit	**6,418**	**23.32%**	**5,204**	**-9.89%**	**5,775**	**-0.22%**	**5,788**	**5.94%**	**5,464**
Specific provision	1,903	-5.84%	2,021	31.19%	1,540	118.08%	706	-3.05%	728
General provision	385	58.13%	243	-10.18%	271	222.03%	84	252.19%	24
Provision for loans and advance	**2,288**	**1.04%**	**2,264**	**25.00%**	**1,811**	**129.14%**	**790**	**5.06%**	**752**
Other provision	(269)	-43.52%	(476)	5285.30%	(9)	-105.45%	162	-67.05%	492
Total provisions	**2,019**	**12.91%**	**1,788**	**-0.80%**	**1,802**	**89.22%**	**953**	**-23.45%**	**1,244**
Profit before tax	**4,400**	**28.77%**	**3,417**	**-14.01%**	**3,973**	**-17.84%**	**4,836**	**14.60%**	**4,220**
Tax provision	1,743	45.78%	1,196	-35.94%	1,867	-17.70%	2,268	16.63%	1,945
Profit after tax	**2,656**	**19.61%**	**2,221**	**5.43%**	**2,107**	**-17.97%**	**2,568**	**12.87%**	**2,275**

Horizontal Analysis of Profit & Loss Account refers to the analysis of growth of each component of Profit & Loss Account from the previous period.

VERTICAL ANALYSIS OF PROFIT & LOSS ACCOUNT (BANK ONLY)

BDT in Million

Particulars	2016	2016 (%)	2015	2015 (%)	2014	2014 (%)	2013	2013 (%)	2012	2012 (%)
Interest income	13,546	69.55%	13,338	67.74%	13,160	68.76%	14,807	76.73%	13,698	78.06%
Interest expenses	8,016	41.16%	9,793	49.74%	9,151	47.81%	9,916	51.38%	8,884	50.63%
Net interest income	**5,529**	**28.39%**	**3,545**	**18.01%**	**4,009**	**20.95%**	**4,892**	**25.35%**	**4,814**	**27.44%**
Income from investments	3,315	17.02%	3,576	18.16%	3,343	17.47%	2,071	10.73%	1,495	8.52%
Commission, exchange and brokerage	2,449	12.58%	2,629	13.35%	2,487	12.99%	2,270	11.77%	2,236	12.74%
Other operating income	165	0.85%	145	0.74%	150	0.78%	150	0.78%	118	0.67%
Operating income	**11,459**	**58.84%**	**9,896**	**50.26%**	**9,989**	**52.19%**	**9,382**	**48.62%**	**8,663**	**49.37%**
Operating expenses	5,041	25.88%	4,691	23.83%	4,214	22.02%	3,594	18.62%	3,199	18.23%
Operating profit	**6,418**	**32.96%**	**5,204**	**26.43%**	**5,775**	**30.17%**	**5,788**	**29.99%**	**5,464**	**31.14%**
Specific provision	1,903	9.77%	2,021	10.26%	1,540	8.05%	706	3.66%	728	4.15%
General provision	385	1.98%	243	1.24%	271	1.42%	84	0.44%	24	0.14%
Provision for loans and advance	**2,288**	**11.75%**	**2,264**	**11.50%**	**1,811**	**9.46%**	**790**	**4.10%**	**752**	**4.29%**
Other provision	(269)	-1.38%	(476)	-2.42%	(9)	-0.05%	162	0.84%	492	2.80%
Total provisions	**2,019**	**10.37%**	**1,788**	**9.08%**	**1,802**	**9.42%**	**953**	**4.94%**	**1,244**	**7.09%**
Profit before tax	**4,400**	**22.59%**	**3,417**	**17.35%**	**3,973**	**20.76%**	**4,836**	**25.06%**	**4,220**	**24.05%**
Tax provision	1,743	8.95%	1,196	6.07%	1,867	9.75%	2,268	11.75%	1,945	11.08%
Profit after tax	**2,656**	**13.64%**	**2,221**	**11.28%**	**2,107**	**11.01%**	**2,568**	**13.31%**	**2,275**	**12.97%**

Vertical Analysis of Profit & Loss Account refers to the components of Profit & Loss Account as a % of total income (Interest income + Investment Income + Commission, exchange, brokerage and others) over the periods which would be termed as common sizing of Profit & Loss Account.

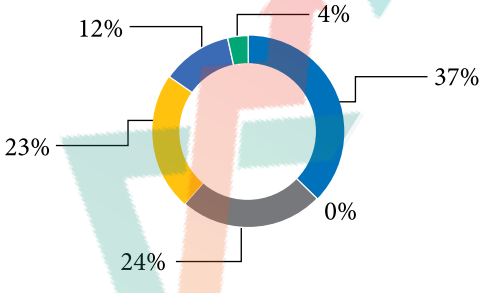
VALUE ADDED STATEMENT

Value added is the wealth accretion made by Eastern Bank Limited through providing banking and other financial services in 2016 for its employees, directors, government and shareholders in the form of salaries & allowances, remuneration, duties & taxes, net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

Figures in BDT

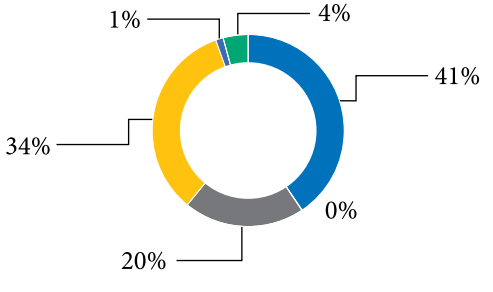
Value Added for the year ended 31 December		
Particulars	**2016**	**2015**
Wealth creation		
Revenue from Banking services	19,402,801,421	19,618,285,474
Less: Cost of services & supplies	(9,878,152,092)	(11,531,291,043)
	9,524,649,329	8,086,994,431
Non-banking income	72,441,754	70,547,147
Provision for loans & other assets	(2,018,702,613)	(1,787,934,882)
Total Wealth Creation	**7,578,388,470**	**6,369,606,697**
Wealth distribution		
Employees & Directors		
Employees as salaries & allowances	2,821,251,248	2,579,982,209
Directors as fees	3,769,127	3,926,740
Government	**1,834,397,794**	**1,297,539,994**
Coporate tax	1,743,025,267	1,195,639,458
Service tax / Value added tax	87,434,575	98,795,553
Municipalties / local taxes	2,452,952	1,896,383
Excise duties	1,485,000	1,208,600
Shareholders		
Dividend to shareholders	1,757,141,880	2,139,129,248
Retention for future business growth		
Retained earnings	899,344,944	81,786,952
Depreciation and amortization	262,483,477	267,241,554
Total Wealth Distribution	**7,578,388,470**	**6,369,606,697**

Wealth distribution(%): 2016



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

Wealth distribution(%): 2015



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

ECONOMIC VALUE ADDED STATEMENT

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

EVA is equal to Profit after Tax (PAT) plus the provision for loans & other assets less written off during the year minus cost of equity where cost of equity is the opportunity cost that the shareholders forego. This cost of equity is calculated considering the risk free rate based on weighted average rate of 10 years Treasury bond issued by Bangladesh Government plus 2% risk premium.

EVA statement for the year ended 31 December

Figures in BDT

Particulars	2016	2015
Shareholders equity	20,571,642,404	20,496,092,411
Add: Accumulated provision for loans & advances and other assets	6,150,252,324	5,392,915,112
Capital Employed	**26,721,894,728**	**25,889,007,522**
Average Capital Employed	26,305,451,125	25,594,227,933
Earnings:		
Profit after tax	2,656,486,826	2,220,916,202
Add:Provision for loans & advances and other assets charged during the year	2,018,702,613	1,787,934,882
Less: Written off loans during the year	1,957,170,216	2,129,901,812
Net earnings	**2,718,019,223**	**1,878,949,272**
Cost of equity:		
Average cost of equity (Based on weighted avergae rate of 10 years treasury bond issued by the Bangladesh Government) Plus 2% risk premium	9.16%	9.40%
Capital charge (Cost of average equity)	2,409,579,323	2,405,857,426
Economic Value Added	**308,439,900**	**(526,908,154)**

MARKET VALUE ADDED STATEMENT

Market value added statement reflects the company's performance evaluated by the market through the share price. This amount is derived from the difference between market capitalization and book value of the shares outstanding. It signifies the enhancement of financial solvency as perceived by the market.

Market Value Added statement as at 31 December

Particulars	2016	2015
Face Value per share (BDT)	10.00	10.00
Market value per share (BDT)	29.00	28.60
Number of shares outstanding	702,856,752	611,179,785
Total market capitalization (BDT million)	20,382.85	17,479.74
Book value of paid up capital (BDT million)	7,028.57	6,111.80
Market value added (BDT million)	**13,354.28**	**11,367.94**

FINANCIAL GOALS AND PERFORMANCES

Parameters	Goals 2017	Actual 2016	Actual 2015
Capital to risk weighted assets ratio (CRAR)	13% Plus	15.10%	14.24%
Return on average equity (ROE)	12% Plus	12.94%	10.95%
Return on average assets (ROA)	1.50% Plus	1.33%	1.23%
Cost to income ratio	Less than 45%	43.99%	47.41%
NPL (%)	Less than 3%	2.69%	3.27%
Year-end deposits (BDT million)	177,384	140,284	127,990
Year-end loans and advances (BDT million)	169,330	152,084	130,226

FINANCIAL CALENDAR

Quarterly Results

Particulars	Submission Date to BSEC
Un-audited consolidated results for the 1st Quarter ended 31 March 2016	5 May 2016
Un-audited consolidated results for the 2nd Quarter and half-year ended 30 June 2016	28 July 2016
Un-audited consolidated results for the 3rd Quarter ended 30 September 2016	20 October 2016

Dividends

24th Annual General Meeting	Notice Date	10 April 2016
Distribution of 35% Dividend (20% Cash & 15% Stock) in respect of Financial Year ended 31 December 2015	Record Date	25 April 2016
24th Annual General Meeting	Held On	19 May 2016
Distribution of Cash Dividend	Date of Disbursement	26 May 2016
Issuance of Stock Dividend	Date of Issuance	9 June 2016

Taxation on Dividend Income

Stock dividend is tax exempted. In case of cash dividend, following is the current deduction of tax at source on dividend income as per current fiscal act:

- If the shareholder is a company, either resident or non-resident 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%

Since stock dividend is out of the loop of withholding tax deduction, its effective rate of return is much higher than cash dividend.

Taxation Arising From Capital Gain

Capital gain arising from transfer or sale of Government securities is tax exempted. Capital gain arising from transfer or sale of Stocks and shares of public companies listed with stock exchanges is taxable at the rate of 10%.

Stock Details

Particulars	DSE	CSE
Stock Symbol	EBL	EBL
Company Code	148	22025
Listing Year	1993	2004
Market Category	A	A
Electronic Share	Yes	Yes
Market Lot (Nos)	1	1
Face Value (Taka)	10	10
Total Number of Securities (Nos)	702,856,752	702,856,752

Information Sensitive to Share Price

Particulars	Date of Disclosure
Corporate Disclosure for approval of Financial Statements 2015, Recommendation of Dividend, Record Date for Dividend entitlement of 24th AGM (19.05.2016) of EBL	3 April 2016
Corporate Disclosure for First Quarterly Financial Information (Un-Audited) ended on 31 March 2016	4 May 2016
Approval for setting up Representative Office of Eastern Bank Limited (EBL) in Guangzhou, Guangdong Province in China	26 June 2016
Corporate Disclosure for Second Quarterly Financial Information (Un-Audited) ended on 30 June 2016	27 July 2016
Corporate Disclosure for 3rd Quarterly Financial Information (Un-Audited) ended on 30 September 2016	19 October 2016

Accessibility of Annual Report 2016

Annual Report 2016 and other information about EBL may be observed on EBL's website www.ebl.com.bd. EBL provides copies of Annual Reports to the Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange and Chittagong Stock Exchange for their reference. Respectable stakeholders may read them at their public reference room or library.

GLIMPSES FROM 24TH AGM



Chairman of the board M. Ghaziul Haque gives his inaugural speech at the 24th AGM



Safiar Rahman, DMD & Company Secretary gives his welcome speech at the 24th AGM



Shareholders pose for a group photograph with the Directors and MD and CEO of EBL.



A shareholder gives her feedback on the annual report.



A shareholder gives his views on the performance of the bank.



A section of the shareholders attending the 24th AGM of EBL

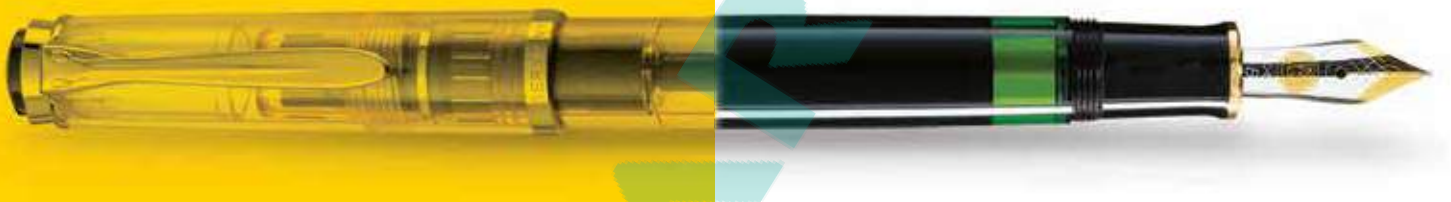


Registration for the AGM in progress



A section of the shareholders applauding the announcement of dividend at the 24th AGM.

GOVERNANCE REPORTS



We give utmost importance to key parameters of corporate governance such as board system and its independence, function of board sub-committees, fair financial reporting, disclosure and compliance, and consistency of shareholders value enhancement. All our banking activities center on these key principles of good governance. Corporate governance gives the board and the management the knowledge and control of organization.

DIRECTORS' RESPONSIBILITY STATEMENT

Apart from discharge of oversight responsibilities, Board of Directors has to ensure that the Financial Statements of the Bank and its subsidiaries are prepared in accordance with applicable Bangladesh Financial Reporting Standards (including Bangladesh Accounting Standards), relevant provisions of the Companies Act 1994, Bank Company Act 1991 (amended up to 2013), rules and regulations of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), listing rules of 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 2016' 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 2016 and Management Discussion and Analysis (MD&A) section with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 879.90 million has been transferred to 'Statutory Reserve' being 20% of Profit before Tax (PBT) as per section 24 of Bank Company Act 1991 (amended up to 2013).
- **Recommended dividend:** The Board has recommended 20% cash dividend and 5% stock dividend for the completed year 2016.
- **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 2016.

In compliance with BSEC Corporate Governance notification dated 07 August 2012 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 2016.
- **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 "Financial Performance Highlights" part of the Directors' Report 2016.
- **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 2016.
- **Utilization of proceeds from public issues, rights issues and/or through any others 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 sub-ordinated bonds in the first quarter 2015. The proceeds were utilized to generate liquidity and provide additional capital cushion in light of risk weighted Capital Adequacy Ratio of the Bank.
- **Deterioration of financial results after the company goes for IPO, Rights Offer, Direct Listing, etc.:** Refer to the earlier paragraph, the bank issued Right Share in 2009 but after that financial results of the Bank did not deteriorate.
- **Explanation of variances between Quarterly and Annual Financial performance:** A brief discussion along with financial information in this regard has been presented in the Directors' Report 2016.
- **Remuneration to directors including independent directors:** Remuneration provided to directors has been presented in the Corporate Governance Report and Note 35 and Note 36 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 2016 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. Rahman Rahman Huq, 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. Rahman Rahman Huq, Chartered Accountants also provided their opinion on the same in point (d) 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)/ Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, in preparation of financial statements and any departure there from has been adequately disclosed:** Details description including disclosure of departures has been presented in Note 2.1 to the Financial Statements 2016.
- **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 2016.
- **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 2016 have been adequately discussed in the Directors' Report 2016 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 5% stock dividend for the year 2016.
- **No. of Board meetings and directors' attendance in 2016:** 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 2016.
- **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 2016.

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

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2016 together with the Directors' Report and the Financial Statements have been prepared in compliance with applicable governing Acts, rules, regulations, guidelines and laws of various regulatory bodies including Bangladesh Bank and BSEC.

On behalf of the Board of Directors



M. Ghaziul Haque
Chairman

REPORT OF THE AUDIT COMMITTEE

Audit Committee of the Board

An Audit Committee (AC) of the Board was formed and its roles and responsibilities were defined in line with Corporate Governance Notification issued by Bangladesh Securities and Exchange Commission (BSEC) on 07 August 2012 and BRPD Circular No.11 issued by Bangladesh Bank (BB) on 27 October 2013. 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 for effective functioning of the bank.
- To review the financial reporting process, the system and effectiveness of internal control process, compliance status of inspection report from Bangladesh Bank and assessment of the overall processes and procedures for monitoring compliance with laws and regulations and its own code of business conduct.

Composition and Qualifications

The AC was last re-constituted on 19 May 2016 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	08/11
02.	A.M. Shaukat Ali	Director	Member	B. Sc (Engg.), Civil	10/11
03.	Mufakkharul Islam Khasru, (Representing Namreen Enterprise Ltd.)	Director	Member	MBA (IBA)	10/11
04.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction Pvt. Ltd.)	Director	Member	M.com (Accounting)	11/11
05.	Ormaan Rafay Nizam	Independent Director	Member	Commerce Graduate	08/11

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 alignment with the relevant provisions of Corporate Governance Guidelines/Notification issued by BB and BSEC, two paramount regulators for the bank, and other corporate governance best practices and standards. 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 the 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 11 (Eleven) meetings in 2016 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.	80 Audit Committee Meeting	31 January 2016
02.	81 Audit Committee Meeting	29 February 2016
03.	82 Audit Committee Meeting	3 April 2016
04.	83 Audit Committee Meeting	4 May 2016
05.	84 Audit Committee Meeting	19 June 2016
06.	85 Audit Committee Meeting	27 July 2016
07.	86 Audit Committee Meeting	31 August 2016
08.	87 Audit Committee Meeting	29 September 2016
09.	88 Audit Committee Meeting	19 October 2016
10.	89 Audit Committee Meeting	23 November 2016
11.	90 Audit Committee Meeting	28 December 2016

Major areas focused by Audit Committee in 2016

- Reviewed and approved the 'Annual Audit Plan 2017' and 'Risk Based Audit Plan 2017'.
- Reviewed the status of Suspicious Transaction Reports (STR) which was sent to Bangladesh Bank in 2015.
- Reviewed Annual Financial Statements of the Bank for the year ended 31 December 2015 as certified by the External Auditors, Rahman Rahman Huq, Chartered Accountants, before submission to the Board of Directors for approval.
- Evaluated performance of External Auditors (Rahman Rahman Huq) before recommending for their re-appointment in 2016 to the Board to be finally approved in the 24th AGM held on 19 May 2016.
- Reviewed the Corporate Governance Compliance Report for the year ended 31 December 2015 as submitted by Hoda Vasi Chowdhury & Co, Chartered Accountants.
- Reviewed First Quarter (Q-1), Half-yearly (H-1) and Third Quarter (Q-3) Financial Statements (Unaudited) of the Bank for the year 2016 before submission to the Board for approval.
- Reviewed Management Report on the Bank for the year ended 31 December 2015 submitted by the External Auditors, Rahman Rahman Huq, Chartered Accountants, and its subsequent compliance by management thereof.
- Reviewed Bangladesh Bank Comprehensive Inspection Report on EBL Head Office as on 31 December 2015 and subsequent compliance by the management thereof.
- Reviewed the effectiveness of Internal Control System of the Bank.

- Reviewed the audit ratings and summary of audit findings of all branches, departments and subsidiaries done in 2015.
- Reviewed the list of Top 20 defaulters as on 31 January 2016 and advised the management to submit quarterly status report of Top 20 defaulters.
- Reviewed the compliance status and related risk level of branches, departments, subsidiaries and 6 (six) Core Risks of the Bank.
- Reviewed the revised 'Guidelines on Internal Control & Compliance' of the Bank in accordance with BRPD Circular No. 3 dated 8 March 2016 and BRPD Circular No. 6 dated 4 September 2016.
- Reviewed the (revised) Audit Policy and Guidelines of EBL.
- Reviewed the Money Laundering & Terrorist Financing Risk Management Guidelines and recommended for submission to the Board for approval.
- Reviewed 'Fraud & Theft Risk Prevention and Management Policy' and recommended for submission to the Board for approval.
- Reviewed the responsibilities of Board in strengthening measures for prevention of Money Laundering & Terrorist Financing as per Section 16(2) and 16(4) of the Anti-Terrorism Act-2009.
- Reviewed the annual report on financial health of the bank-2015.
- Reviewed the compliance statue of Bangladesh Bank, DOS Circular Letter to No. 17, dated 7 November 2012.
- Made thorough and item-wise review of Budget of the Bank for 2017 and recommended to submit the same 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

AMARSTOCK

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) of Eastern Bank Limited (EBL) formed a three-member Risk Management Committee (RMC) of the BoD on 07 November 2013 and thereafter last reconstituted in 577 meeting of BoD held on19 May 2016. The objective of the committee is to reduce probable risks arising during implementation of Board approved policies, procedures and strategies.

Composition and Qualifications

All 3 (three)members of RMC are Non-Executive Directors. The qualification of members, their status in RMC and attendance in the meetings are noted below:

SL	Name	Status with the Bank	Status with the Committee	Educational Qualification	Meeting Attendance
1	Mir Nasir Hossain	Director	Chairman	M.com (Accounting)	4/4
2	Meah Mohammed Abdur Rahim	Independent Director	Member	Bachelor of Commerce/ A.I.C.S, B.Sc. in Economics & Finance	3/4
3	Gazi Md. Shakhawat Hossain	Director	Member	M.com (Accounting)	3/4

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 and standards. 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 modify the same as per requirement from time to time.
- RMC ensures maintenance of suitable administrative structure at the bank to control risks. 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, the RMC forms separate management committees and also monitors their activities.
- 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 the 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 4 (Four) meetings during 2016 and had detailed discussions and review sessions with the management regarding their findings, observations and recommendations on the issues related to bank affairs that need improvement. Meeting dates were as follows:

SL	Meetings	Date of Meeting
01.	RMC Meeting 01	25 April 2016
02.	RMC Meeting 02	04 August 2016
03.	RMC Meeting 03	09 November 2016
04.	RMC Meeting 04	28 December 2016

Major areas focused by RMC in 2016

Major area of focus by RMC of EBL BoD during 2016 are highlighted below:

- Reviewed and approved formation of 'Risk Management Division (RMD)' in place of Risk Management Unit (RMU) with new organogram in compliance with DOS Circular Letter No. 13 of Bangladesh Bank (BB) dated 09 September 2015.
- Reviewed monthly Risk Management Reports, half yearly Comprehensive Risk Management Report (CRMR) and reviewed recommendations of BRMC (Bank Risk Management Committee) made during December 2015 to November 2016 and with certain directions endorsed the same for onward submission to Bangladesh Bank.
- Reviewed Stress Test Reports from quarter ending December 2015 to quarter ending September 2016 and endorsed the same for onward submission to BB on regular basis.

- Reviewed and approved ICAAP (Internal Capital Adequacy Assessment Process) and SRP (Supervisory Review Process) return of the bank for the year 2015 for onward submission to BB.
- Reviewed Bangladesh Bank's recommendations as highlighted in SRP-SREP dialogue on ICAAP Return for the year 2014 and advised Management for proper implementation/compliance of the same.
- Reviewed Enterprise Risk Management (ERM) Policy of EBL and followed-up implementation status of the same.
- Reviewed risk performance against approved Risk Matrix (Key Risk Indicators) for the year ending December 2015 and half year ending June 2016 respectively.
- Monitored regularly outstanding balances 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 for the Risk Matrix (KRI) for the year 2016.
- 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.
- Reviewed Bangladesh Bank's report on EBL's Comprehensive Risk Management Ratings and Stress Test Report.

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

On behalf of RMC,

Mir Nasir Hossain
Chairman of the Risk Management Committee

AMARSTOCK

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 practices of the Bank

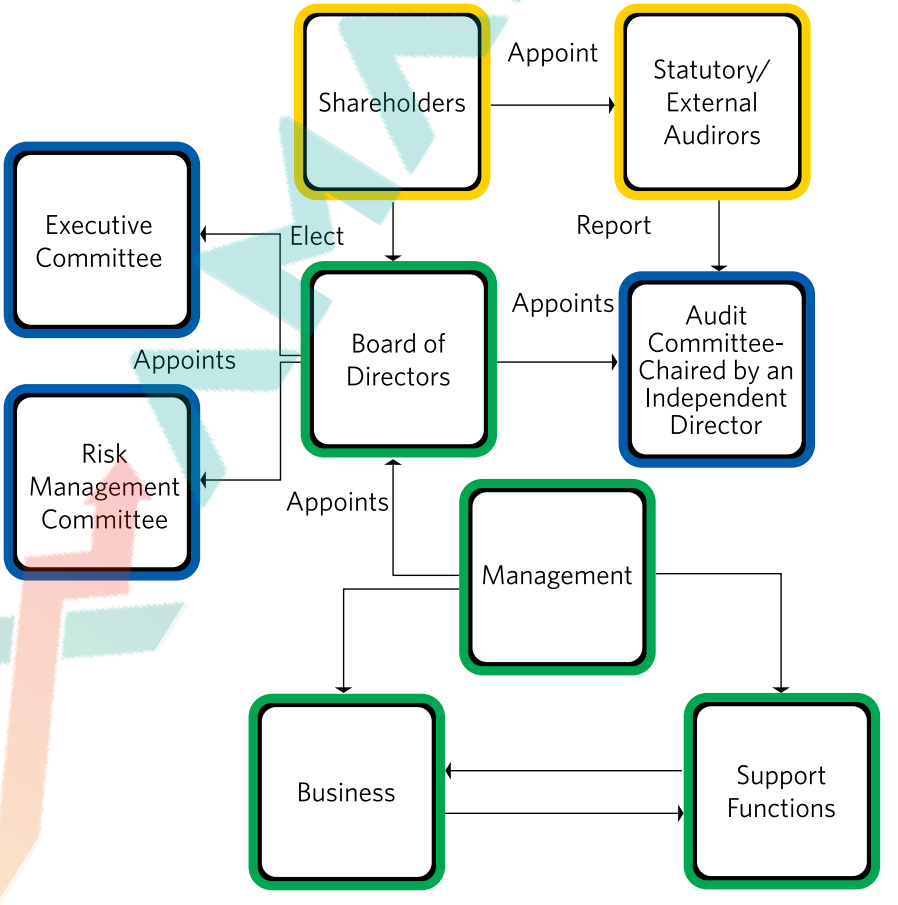
Board of Directors occupies the center stage of overall governance practice of an organization and is responsible for establishing an appropriate governance structure in the company while the shareholders' role is to appoint the suitable directors and the auditors.

Principles of good governance are embedded in the core values of EBL, a bank that strongly believes in inclusive and sustainable growth. 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 principles on corporate governance of Basel Committee as well as two local regulators (Central Bank and Securities Regulator) have been taken into consideration while designing overall governance mechanism of EBL. Due importance has also been given to major parameters of corporate governance such as board system and its independence; function of board sub-committees, internal control over financial reporting; transparency, disclosure and compliance. All our banking activities are guided by these key principles of good governance.

Guiding Philosophy of Governance Practices

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 (amended up to 2013).

Policy on Appointment of Directors

Directors are appointed following relevant provision/clause of Companies Act 1994, Bank Company Act 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC 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 24thAnnual General Meeting (AGM) held on 19 May 2016.

SL. No.	Name of Director	Mode of Change
1.	M. Ghaziul Haque	Re-elected
2.	Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Re-elected
3.	Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Re-elected

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

The tenure of the office of an Independent Director shall be 3 (three) years, which may be extended for a further 1 (one) term only. Accordingly, the tenure of 1st Term as Independent Directors expired in the last 24th AGM held on 19 May 2016. Being eligible, they were also reappointed in the same AGM for another 3 (three) years term after obtaining due clearance from BSEC and thereafter from Bangladesh Bank.

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 25th AGM. All the retiring Directors are eligible for re-election in the ensuing 25th 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 in 24th Annual General Meeting (AGM). The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities. With them they have brought in more than 12 years of corporate management/ professional experiences to the BoD.

Board 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 2016, a total 22 Board Meetings were held; the attendance records are as follows:

Sl.	Name	Position	No. of Meetings attended
1.	M. Ghaziul Haque	Chairman	21/22
2.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	18/22
3.	A. M. Shaukat Ali	Director	20/22
4.	Md. Showkat Ali Chowdhury	Director	20/22
5.	Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	16/22
6.	Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	11/22
7.	Meah Mohammed Abdur Rahim	Independent Director	15/22
8.	Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	17/22
9.	Ormaan Rafay Nizam	Independent Director	13/22
10.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Director	17/22
11.	Ali Reza Iftekhar	Managing Director & CEO	19/22

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

Attendance of HoF and CSin Board Meeting

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

Ownership Composition

As on 31 December 2016 the Directors of EBL held 31.56% of total shares whereas Financial Institutions and General Public held 10.41% and 58.03% respectively:

		31-12-2016		31-12-2015	
Sl.	Composition	No of Shares Held	% of total shares	No of Shares Held	% of total shares
1	Directors	221,820,064	31.56%	192,923,886	31.57%
2	General Public	407,869,621	58.03%	351,754,162	57.55%
3	Financial Institutions	73,167,067	10.41%	66,501,737	10.88%
	Total	**702,856,752**	**100.00%**	**611,179,785**	**100.00%**

Directors' Shareholding Status

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

Shareholding structure of directors is as follows:

Sl.	Name	Position	31-12-2016	
			No of Shares Held	% of total shares
1.	M. Ghaziul Haque	Chairman	22,569,438	3.21%
2.	Mir Holdings Ltd. (Represented by Mir Nasir Hossain)	Director	35,047,671	4.99%
3.	A. M. Shaukat Ali	Director	14,396,264	2.05%
4.	Namreen Enterprise Ltd. (Represented by Md. Showkat Ali Chowdhury)	Director	70,044,522	9.97%
5.	Namreen Enterprise Ltd. (Represented by Mufakkharul Islam Khasru)	Director		
6.	Borak Real Estate (Pvt.) Ltd. (Represented by Salina Ali)	Director	33,713,313	4.79%
7.	Aquamarine Distributions Ltd. (Represented by Anis Ahmed)	Director	14,336,815	2.04%
8.	Meah Mohammed Abdur Rahim	Independent Director	-	-
9.	Ormaan Rafay Nizam	Independent Director	-	-
10.	Purnima Construction (Pvt.) Ltd. (Represented by Gazi Md. Shakhawat Hossain)	Director	31,712,041	4.51%
11.	Ali Reza Iftekhar	Managing Director & CEO	-	-
	Total		**221,820,064**	**31.56%**

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

Please refer to Note 14.1 to the Financial Statements of 2016.

Separation of Chairman and Chief Executive Officer Roles

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

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 Notification issued by BSEC on 07 August 2012 has been taken into consideration.

The overall responsibility of the Chairman is to:

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

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

- Provide overall leadership to the Board, setting vision and driving innovation, working closely with the CEO.
- Take a leading role in determining the composition and structure of the Board which will involve regular assessment of the:
  - ✔ size of the Board,
  - ✔ 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 Notification issued by BSEC on 07 August 2012 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 actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Annual Appraisal of the Board's Performance

At AGM shareholders critically appraise the performance of the Board and evaluate financial position and performance of the bank, its adequacy and effectiveness of internal control system and overall governance mechanisms. The shareholders also ask questions and make queries to the BoD during AGM and the Chairman of BoD gives a patient hearing and respondsto all their queries.

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

Annual Evaluation of 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 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 as a Director of the Bank. 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.

Directors' Report on Compliance with Best Practices on Corporate Governance

The status of compliance of corporate governance guidelines issued by Bangladesh Bank has been presented in page no. 87-92 and the guidelines issued by BSEC have been presented

in page no. 92-96. Hoda Vasi Chowdhury & Co., Chartered Accountants, duly certified the compliance status of corporate governance guidelines and issued a report which is presented in page no. 97.

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. 9 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. 11 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) restricting banks to form more than 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. 13.

Executive Committee (EC)

- **Appointment and Composition:** In Compliance with Section 15B (2) of Bank Company Act 1991 (amended up to 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has re-constituted the Executive Committee (EC) of the Board in 2014 with four members (maximum limit is seven members). None of them are the members of Audit Committee of the Board. The Company Secretary acts as the secretary of the committee.

  The EC is comprised of 3 (Three) Non–Executive Directors and Managing Director & CEO of the Bank. Details of EC members are stated in page no. 13.

- **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 2016. Hence, no EC meeting was held in 2016.

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.11dated 27 October 2013 and BSEC's Corporate Governance Guidelines dated 07 August 2012, Audit Committee (AC) of EBL Board has been re-constituted by the BoD from time to time to review and oversee company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. independently. Details of AC members are stated in page no. 13.
- **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 Guidelines issued by BESC on 07 August 2012, and other best practice corporate governance guidelines and standards. Some important roles and responsibilities of AC as per ToR have been described in **"Report of the Audit Committee"** section of this 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 11 (eleven) meetings in 2016 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 2016 have been presented in **"Report of the Audit Committee"** section of this annual report.

Risk Management Committee (RMC)

- **Appointment and Composition:** In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has reconstituted a three-member Risk Management Committee (RMC) of the Board in 2016 (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 three members of this RMC are Non–Executive Directors of the Board and details of RMC members are stated in page no. 13.

- **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 2016 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 4 (Four) meetings during 2016 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 2016 have been presented in **"Report of the Risk Management Committee of the Board"** section of this report.

No Remuneration Committee but Activities

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

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

Benefits provided to Directors and Managing Director

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

- **Chairman:** The Chairman of the Board of Directors may be provided an office chamber, 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 36 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 35 to the Financial Statements).

The Bank (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 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 Report"** section of this report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2016 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 24th AGM held on 19 May 2016 appointed Rahman Rahman Huq, Chartered Accountants, as the statutory auditors for the year 2016.

Services not provided by External Auditors

In compliance with the provision 4 of BSEC guidelines, we declare that Rahman Rahman Huq, Chartered Accountants, was not engaged in any of the following services during 2016while 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 service, actuarial services or internal audit services.
- Audit/certification services on compliance of corporate governance guidelines issued by BSEC.
- Any other service that the Audit Committee determines.

No partner or employee of Rahman Rahman Huq, Chartered Accountants, possesses any share of EBL during the tenure of their audit assignment at EBL.

Highlights on Central Bank Inspections

Like every year, a comprehensive inspection was carried out by Bangladesh Bank in 2016 covering Head Office and some branches and departments of EBL. Bangladesh Bank has 28 Inspection reports and their follow ups during 2016. 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 utmost 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 BAS 24 (Related Party Disclosures) and relevant provisions of Bank Company Act 1991 (amended up to 2013) and Bangladesh Bank BRPD Circular No. 14 dated 25 June 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiaries, non-funded exposures to some current and ex-directors and credit card limit to some of its Directors. Besides, the Bank had procured some goods and services from the entities of related party (ies) during 2016. Please refer to Annexure C1 of financial statements for details of related party transactions.

Ethics and Compliance

- **Code of Conduct and Ethical Guidelines:** EBL has 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. The management relies on each of the employees to make a judgment of what is right and proper in any particular situation.
- **Compliance of Code of Conduct and Ethical Guidelines:** The Board of Directors complies with all applicable laws and regulations of the land and with the Memorandum and Articles of 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. They are to maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They must not share the Bank's plans, procedures, practices and activities considered by the management to be proprietary and confidential. An employee is discouraged to accept gift, benefit, hospitalities, and invitation to meals or offers for travel and lodging from our customers or persons intending to have business dealings with the Bank.
- **Effective Anti-Money Laundering and Anti-terrorism Program:** The Bank has established a separate Central Compliance Unit (CCU) and appointed a senior official as Head of CCU to ensure compliance of Anti-Money Laundering Prevention Act and Anti-Terrorism Act. The AML Risk Management and Assessment Guideline of the Bank has been approved by Board of Directors.

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

  The CCU arranges DAMLCO and BAMLCO conference and train up bank employees through in-house experts and also hires experts from BB. In line with that, CCU arranged Training for 1,035 employees to raise their awareness in 2016.
- **Whistle blowing 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.

Human Capital

Employee first is the bracing motto of EBL. We believe that the source of our competitive advantage lay deep inside our company, in our people. Our core brand has always been our employees, appreciated for their passion to perform. For us employees are the best brand. We do not offer our employees a job, we offer them a career. In 2012 our HR policy and practices got international recognition when we were awarded the Asia's Best Employer Brand Award at World HRD Congress in Singapore. Our Human Resources Division is also the first in Bangladesh to achieve ISO certification for its commitment to quality HR Practice in People Management.

The details discussion on the bank's "Human Capital"has been presented in page 173-177 of this annual report.

Communication with stakeholders

- **Communication with shareholders:** The Share Department (which is under the Board Secretariat) of the Bank plays an instrumental role to make effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact to this Department during office hour for any sort of information and queries. Common services include but not limited to allow or rejection of transfer or transmission of shares, issue of duplicate certificates, allotment of shares issued from time to time, opening and operation of bank accounts for payment of dividend, redemption of paper shares and the listing of securities on stock exchanges etc. Furthermore, EBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.
- **Policy on ensuring participation of shareholders at AGM:** To ensure effective and efficient participation of shareholders in AGM, EBL publishes notice of AGM in daily newspapers with necessary details within reasonable time-frame. The 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 24th 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.

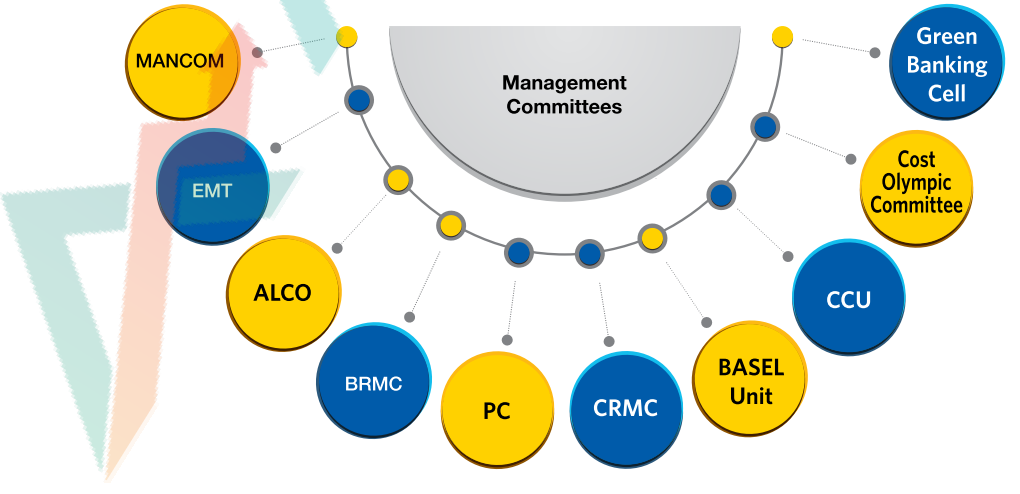
  The Company Secretary of EBL plays the role as a Chief Compliance Officer in handling any such issue related to our shareholders, investors etc.

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.

Management committees and their responsibilities

In an effective Corporate Governance structure, Bank management has a collective mandate under the leadership of MD & CEO to carry out daily operations to the best interest of the shareholders. Besides conventional segregation of functional departments, EBL has some designated committees entrusted with specific objectives. The composition of all these committees is presented in the **"Management Committees"** section of this annual report.



The Management Committee (MANCOM)

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

- Setting suitable strategies for the Bank as well as for business segments, guiding and monitoring for effective discharge of management responsibilities.
- Strategic and tactical decisions relating to business, credit, operations, administration, HR, internal and financial control and compliance etc.
- Analysis of business and financial performance of the Bank.
- Review and discussion of policies and procedures of the Bank and make changes if necessary before taking to the Board (if needed).
- Finalize periodic (usually once in a year) employee performance appraisal and promotions.
- Discuss and approve Budget before forwarding to Board.
- Consider and propose innovative projects, products and services as well as management methodology and business strategies to the Board of Directors (if needed).
- Acting Managing Director can preside over the MANCOM meeting in absence of the MD.

Expanded Management Team (EMT)

Expanded Management Team (EMT) is a platform to enhance leadership capability of the potential individuals to drive business results. The team is represented by member(s) from every division and is accountable to Management Committee for its deliverables. Chairman of this EMT is a MANCOM member by default who acts as a bridge between EMT and MANCOM. EMT comprises mid-level managers (25 members at present) from cross sections nominated by their respective divisional heads on yearly basis. The scope of this team is to excel the projects and initiatives approved by the MANCOM.

Bank Risk Management Committee (BRMC)

Following BB instructions (DOS EW 1164/14 EBL/2009-449 dated 10 June 2009 and DOS EW 1164/14 EBL/2009-590 dated 24 September 2009), the Bank formed a separate risk management committee named 'Bank Risk Management Committee (BRMC)' to ensure proper and timely identification, measurement and mitigation of risks exposed by the Bank in a comprehensive way. The major roles and responsibilities of BRMC are as follows:

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

Asset Liability Committee (ALCO)

ALCO of EBL is dedicated to oversee the asset-liability position, interest rate risk, liquidity risk, investment portfolio composition and compliance with key ALM ratios. ALCO is also engaged in setting strategies and revamping previously taken strategies to cope with current & future market scenario. The major roles and responsibilities of ALCO are as follows:

- Reviewing balance sheet movements and taking measures for sound balance sheet management.
- Forecasting interest rate and taking suitable strategies accordingly.
- Measuring liquidity of the Bank in various time buckets and taking strategic and proactive actions to meet the requirements.
- Formulating Fund Transfer Pricing Policy and measuring business unit and customer wise profitability.
- Monitoring status of ALM ratios (LCR, NSFR, MCO etc.) and taking steps for compliance with these ratios.
- Monitoring the interest rate risk of the Bank and taking actions to keep the interest rate gap at the desired level.
- Measuring overall risk appetite of the Bank.
- Monitoring the movement of macro variables and yield curve shift and taking strategy for short, mid and long term interest rate risk management.
- Keeping the balance sheet mix at desired level for Main Operation and OBU.
- Measuring and monitoring concentration risk, diversification and product profitability.

Purchase Committee (PC)

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

- This committee recommends the lists of vendors for annual enlistment after thorough investigation of submitted

documents and physical visit of vendors' facilities (if required) to the Managing Director & CEO for final approval.

- As per Procurement and Disposal Manual, sealed quotations are opened by the PC which recommends the vendors considering price and quality of the goods and services.
- In case of large procurement such as renovation of branches, PC opens the sealed quotations in front of vendors and declares the name of winning vendor. This practice has increased competitiveness among vendors which resulted in cost effectiveness in procurement of goods and services which ultimately increased the value to all stakeholders.

BASEL Unit

In compliance with Bangladesh Bank letter no. DOS(CAMS)1157/01(II)-A-2015-9344 dated 25 June 2015, EBL Board of Directors in its 565th meeting held on 21 October 2015 approved the formation of 'BASEL Unit' with a 'Working Team' in order to strengthen BASEL implementation activities leading to adopting a better capital management and risk culture. Accordingly as per outline provided by Bangladesh Bank, BASEL Unit was formed comprising six personnel from Risk, ICCD, IT, Treasury, Credit and Finance & Accounts Division and the working team comprising four personnel from Finance, Risk and Treasury functions.

Terms of Reference (TOR) of BASEL Unit and Working Team are as follows:

- Implementation of BASEL Guidelines as per requirements of Bangladesh Bank from time to time. These regulatory requirements will be the minimum standards to be established.
- Coordination of functions related to risk review process and capital planning.
- Oversee the adequacy of risk governance framework to meet minimum requirements under BASEL guidelines applicable in the country.
- To attend Quantitative Impact Study (QIS) and accountability for the compliance of BASEL Accords.
- Arrangement of adequate training for related employees.
- Must meet at least quarterly to monitor BASEL implementation.
- Any other activity required to comply with Bangladesh Bank and other regulatory requirement.
- If required, MD & CEO may include more members in BASEL Unit/Working Team.

Credit Risk Management Committee

The nine-member Credit Risk Management Committee has been formed under the requirements of Core Risk Guideline on Credit of Bangladesh Bank for overall supervision of the credit risk of EBL including review of underwriting standards, lending practices, collection process and problem loan management. The members of the Committee are Chief Risk Officer, all Business Heads, Head of CRM and Head of Finance. However, MD & CEO can nominate any other executive in the committee. The major roles and responsibilities of Credit Risk Management Committee are as follows:

- Review of bank's credit risk appetite, tolerance and strategy considering current and prospective macroeconomic and business environment.
- Review of bank's Credit Risk Management policies and procedures.
- Review and monitor effectiveness and application of Credit Risk Management Policy related standards and procedures and the control environment with respect to credit decisions.
- Monitor credit risk on a bank wide basis and ensure compliance of the limits approved by the Board of Directors or any Board Committee.
- Review of prudential limits on large credit exposure, standards for loan collateral, credit concentration, loan pricing, early alert system, monitoring and evaluation of relationship techniques.
- Review and oversee the development in loan loss provision policy and assess appropriateness and adequacy of such policies in line with the credit risk embedded in EBL loan portfolio; while compliance of minimum regulatory requirement is to be ensured.
- Ensure regulatory and legal compliance in all aspects of credit operations.
- Review bank's problem loan management process and developments in delinquent portfolio.
- Investigate any classified loan relationship and to recommend accountability report, if such responsibility is assigned by the Board or MD & CEO on case to case basis.
- To monitor collection and recovery action for Stand Alone/ Single Product Lending through quarterly review of reports.
- To review provisions and releases taken and potential provisions and releases.

Cost Olympic Committee

The Cost Olympic Committee (COC) was formed on 07 January 2014 to steer rationalization of costs across the Bank. It's a supervisory committee entrusted to identify 'good cost and bad cost' and suggests eliminate the bad ones. The committee submitsa yearly "Action Plans" to MD & CEO highlighting the probable areas of improvement and cost saving associated with the actions.

With an aim of raising mass awareness on cost rationalization and build the right attitude in ensuring 'value for money' while spending for anything, COC organized first ever "Cost Olympic Conference" on 26 November 2016. COC invited and shared ideas and thoughts with leaders who are capable of adding values from their experiences and disseminate the same to their teams to apply those in their day to day activities. Senior Officials from Chittagong zone also participated in the half day program through video conference.

Since its inception, COC has been able to save more than BDT 6 crore directly or indirectly. COC is continuously working to contribute more in coming days.

Internal Controls: the watchdog of transparency and accountability

A sound control environment and suitable mechanism greatly assist an organization toidentify, measure, monitor and mitigate any material risk. Internal Control and Compliance Division (ICCD) of EBL continually recognizes and assesses all the material risks that could distract the banking operations from reaching its desired outcome. It ensures reliable financial and managerial information that promote better strategic decision for the Bank. ICCD ensures compliance by abiding with laws and regulations, policies and procedures issued by both the bank management and the regulatory bodies.

ICCD acts as a watchdog to ensure safe, sound and compliant operations of the Bank. It keeps the management and Board informed (where necessary) with any relevant update which is not routinely covered by financial reporting and other non-financial disclosures.

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: Monitoring Unit, Compliance Unit, Audit Unit and Legal Unit.

Compliance Unit: The compliance unit is responsible for ensuring compliance with applicable laws, regulations, policy and guidelines of relevant regulatory authorities (BB, NBR, BSEC etc.) by concerned employees/departments of EBL. The compliance team maintains liaison with the regulators at all levels and notifies relevant internal units/departments regarding any regulatory changes. This unit also develops various compliance policy and guidelines and takes necessary steps to keep people aware across EBL by arranging suitable training programs.

Compliance unit performs a diverse range of compliance and regulatory functions. Some major functions of this unit are as follows:

- Ensure regulatory compliance enforced by different regulatory bodies like the central bank, tax authority, Ministry of Finance, Law enforcing agencies and other regulators.
- Ensure compliance with the suggestions and instructions made by Bangladesh Bank based on comprehensive and special inspections.
- Support and advice departments and branches in complying with their various regulatory and other compliance issues as required.
- Respond to various queries from different authorities such as Bangladesh Bank, Tax Authority, Ministry of Finance, Anti-Corruption Commission, CID, Police, Central Intelligence Cell etc. regarding various customer information and transactions and activities and investigation of different cases.
- Ensure accurate, structured and timely reporting to different entities as per requirement.
- Follow up of Bank's regular and ad hoc submission of returns/reports/queries to Bangladesh Bank and other regulatory bodies.
- Checking whether the appropriate policies include a. top level review, b. appropriate activity controls for different departments, c. appropriate segregation of duties (people are not assigned with conflicting responsibilities).
- Review of Policies and Guidelines of the Bank.
- Arrange training and workshop on Anti Money Laundering as a "Lead Bank".
- Organize trainings on policies, procedures and internal control system to the employees of the Bank.

Monitoring Unit: This unit is dedicated to prevent and minimize the risk of loss arising from inadequate and/or ineffective internal process, people and system. Monitoring unit institutes the monitoring related strategies based on Bangladesh Bank guidelines and existing management policies, procedures, tools and techniques. It also collects relevant data, information, and reports and analyzes them to identify and assess operational risks of the bank and select course of action to mitigate them.

Monitoring Unit normally uses the following five steps to conduct their activities:

- ✔ Identification of operation risk through analysis of work flow and processes: Key/high risks items are identified and monitored as part of daily activities.
- ✔ Assessment of risk identified with its severity and probability of occurrence: Escalated based on severity in a timely manner to the appropriate level and addressed immediately.
- ✔ Corrective actions taken to mitigate the identified risks and malpractices through control choices and control decisions.
- ✔ Continuous monitoring, follow-up and control of operation risks.
- ✔ Proactively introduce various tools, techniques and reports to recurrence the operation risks.



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

- Customized frameworks for business and support functions to identify their major operational risks and mitigation plans.
- Branch/Departmental Control Function Checklist (DCFCL), End Of Day (EOD) and Business Object (BO) report.
- Loan Documentation Check list (LDCL).
- Prime Risk Indicator (PRI).
- Quarterly Operations Report (QOR).
- Spot check/surprise visit in branches and departments.
- Continuous monitoring and follow-up in Trade Ops/ Treasury/SD/Cards etc.
- Incident Reports from various areas etc.

Audit Unit: Audit unit of EBL is applying risk based internal audit methodology for doing their audit functions. Under risk-based internal audit, the focus shifts from the full-scale transaction testing to risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk assessment. The audit team of the ICCD assesses the effectiveness of the internal control system of the bank through periodic internal audit.

Annual audit plan is prepared by considering all risk areas and their prioritization based on the level and directions of risks. This annual audit plan is approved by the bank's senior management with concurrence of the Audit Committee of the Board before starting of New Year.

The internal audit unit of EBL is independent from the internal control process in order to avoid any conflict of interest and it is given appropriate standing within the bank to carry out its assignments. The management of EBL ensures that the internal audit staff performs their duties with objectivity and impartiality.

Results and status of internal audit in 2016: In 2016, 81 branches (77 branches in 2015) and 60 divisions/departments/ units (55 divisions/departments/units in 2015) were audited by the audit unit of the bank as per audit plan. After finalization of audit report, audit rating is calculated based on audit findings and EBL Audit Policy and Guidelines and this rating is informed to the related management with audit report.

Major audit findings include but not limited to different types of operational lapses due to human error, non-compliance of internal policies or circulars, lack of thorough knowledge about relevant laws and regulations etc. The deficiencies identified during the audits are notified to the appropriate level (business heads) and significant audit findings are reported to the Managing Director & CEO level and to the Audit Committee as well.

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 of various agreements including lease agreements and contracts for Business and Support Functions of the Bank.

BB guidelines for Corporate Governance: Our Compliance Status

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

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

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

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

Sl. No.	Particulars	Compliance Status
1	**Formation of BoD:** Prior approval from BB to be taken before appointment of new Directors, as well as dismissal, termination or removal of any Director from the post. Qualification and competency of Directors, maximum number of Directors of the Board, appointment of Independent Directors, appointment of maximum 02 (two) members from a family as Director.	Complied
1.1	**Appointment of New Directors:** Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing Directors should furnish the following information along with the application:	
	a. Personal information of the nominated person	Complied
	b. Declaration of nominated person	Complied
	c. Declaration for confidentiality by the nominated person	Complied
	d. In case of independent director, the approval letter from BSEC	Complied
	e. CIB report of the nominated person	Complied
	f. Updated list of Directors	Complied
1.2	**Vacancy of office of a Director**	
(a)	The office of a Director shall be vacated as per the provision of Section 108(1) of Companies Act 1994. Besides, provision of Section17 of Bank Company Act 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a Director.	No such case
(b)	If the office of a Director is vacated as per Section 17 of Bank Company Act 1991, s/he will not be eligible to become Director of that bank company or any other bank company or financial institutions within one year from the date of repayment of the total dues to the bank. The dues can be adjusted with the shares held by the Director in that bank company and he cannot transfer his shares of that bank company until he repays his all the liabilities of that bank company or financial institutions.	No such incident
(c)	BB can remove Directors or Chairman of a bank company other than the state-owned banks for doing any activity that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can also dissolve the Board of a bank company under Section 47 of Bank Company Act 1991.	No such instance as yet
1.3	**Removal of Directors from office:** With the prior approval of Bangladesh Bank, any Director of a bank company other than specialized banks can be removed from his office for the reasons specified in its Articles of Association. The reason and grounds of the dismissal/removal and the copy of such decision taken by BoD and a list of Directors shall be submitted to Bangladesh Bank. Such removal shall be effective from the date of BB's approval.	No such instance as yet
1.4	**Appointment of Alternate Director:** An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh by fulfilling instructions mentioned in sub-clauses (a) to (d).	No such Director in EBL
2	**Director from Depositors:** As per Bank Company Act 1991 (amended in 2013) appointment of Directors from depositors is no longer required. But, in compliance with the provision of section 15(9) of Bank Company Act 1991 (amended up to 2013), bank company may consider the tenure of existing Directors from depositors or may appoint them as the Independent Director of the company.	Complied. No Depositor Director in EBL
3	**Information regarding Directors:** Banks are advised to take the following steps regarding directors information:	
(a)	Every bank should keep an updated list of bank directors.	Complied
(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
(c)	Banks should display a list of directors on the website and update it on a regular basis.	Complied
4	**Responsibilities of the Board of Directors (BoD)**	
4.1	**Responsibilities and Authorities of the BoD:**	
(a)	**Work planning and strategic management** (i) The BoD shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied

Sl. No.	Particulars	Compliance Status
	(ii) The BoD shall have its analytical review presented in the Annual Report as regard to success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and executives immediate two tiers below the CEO and have it evaluated at times.	Complied
(b)	**Loan and Risk Management:** (i) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the BoD's approval under the purview of the existing laws, rules and regulations. The BoD shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied
	(ii)The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The BoD shall monitor the compliance of the guidelines of BB regarding key risk management.	Complied
(c)	**Internal Control Management:** The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory health or grade of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review at quarterly rests the reports submitted by its audit committee regarding the compliance of recommendations made in internal and external audit reports and the BB inspection reports.	Complied
(d)	**Human Resources (HR) Management and Development:** (i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the BoD. The chairman or the directors shall in no way involve themselves and interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the BoD shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the executives immediate two tiers below the CEO shall, however, rest upon the BoD. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied. EBL BoD approves HR policy from time to time which guides all actions or decisions related to HR management of EBL.
	(ii)The BoD shall place special attention to the development of skills set of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies, and the introduction of effective Management Information System (MIS). The BoD shall get these programs incorporated in its annual work plan.	Complied
	(iii)The BoD will compose Code of Ethics for every tier of employees and they will follow it properly. The BoD will promote healthy code of conducts for developing a compliance culture.	Complied
(e)	**Financial Management:** (i) The annual budget and the statutory financial statements will be prepared with the approval of the BoD. It will at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii)The BoD will frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be taken with the approval of the BoD.	Complied. EBL follows a Board approved'Procurement and disposal policy'.
	(iii)The BoD will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to BB guidelines.	Complied

Sl. No.	Particulars	Compliance Status
(f)	**Appointment of Chief Executive Officer (CEO):** In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the BoD is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The BoD will appoint a competent CEO for the bank with the approval of BB.	Complied
(g)	**Other responsibilities of the BoD:** In accordance to BB Guidelines issued from time to time.	The BoD fulfills any such requirement as and when required by BB.
4.2	**Meetings of the Board of Directors:** Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied.
4.3	**Responsibilities of the Chairman of the BoD:**	
(a)	As the Chairman of the BoD or Chairman of any committee formed by the BoD or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b)	The Chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the BoD. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the BoD or the executive committee and if deemed necessary, with the approval of the BoD, he shall effect necessary action thereon in accordance with the set rules through the CEO. However any complaint against the CEO shall have to be apprised to BB through the BoD along with the statement of the CEO.	Complied
(c)	The Chairman may be offered an office room, a personal secretary/assistant, a peon/MLSS, a telephone at the office, a mobile phone usable inside the country and a vehicle in the business interest of the bank subject to the approval of the BoD.	Complied
5	**Formation of Supportive Committees of the Board:** The BoD of every Bank Company can form only three supporting committees of the BoD i.e. Executive Committee (EC), Audit Committee (AC) and Risk Management Committee (RMC).	Complied
5.1	**Executive Committee (EC):** ECis to be formed for taking decision on urgent and day-to-day or routine activities between the intervals of two BoD meetings. The EC will perform according to the terms of reference set by the BoD. The EC will be formed with maximum of 07 (seven) members for a period of 03 (three) years. The Chairman of the BoD can also be the member of the EC. The company secretary of the bank shall act as the secretary of the EC. EC members, besides being honest and sincere, should have reasonable knowledge on banking business, its operations and risk management and be capable of making valuable and effective contributions in the functioning of the Committee. The Committee shall discharge responsibilities and take decision on the matters as instructed by the BoD except discharging of those responsibilities and taking decisions that are specifically assigned to the full BoD by the Bank Company Act 1991 or other related laws and regulations. The decisions taken by the Committee shall be ratified in the next BoD meeting. Upon necessity the Committee can call meeting at any time. The Committee may invite CEO, Chief Risk Officer or any executive to attend the Committee meeting.	Complied
5.2	**Audit Committee (AC):** The AC should have maximum five members and two of them shall be Independent Directors. It should be constituted of such members who are not members of the EC of the BoD. The members of the Committee may be nominated for three years and the company secretary of the bank shall act as the secretary of the Committee. Please see **'Report of the Audit Committee'** for details.	Complied

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

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

Sl. No.	Particulars	Compliance Status
A	**Rules and regulations for appointment of the CEO**	
1	**Moral Integrity:** In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:	Complied
	a) He has not been convicted by any Criminal Court of Law.	
	b) He has not been punished for violating any rules, regulations or procedures/ norms set by any regulatory authority.	
	c) He was not associated with any such company/organization; registration or license of which has been cancelled.	
2	**Experience and Suitability:**	Complied
	a) For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years' experience in a post immediate below the CEO of a bank.	
	b) He must have a Master's degree at minimum from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.	
	c) In respect of service, the concerned person should have excellent track record of performance.	
	d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.	
	e) Any director of any bank or financial institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of the CEO.	
3	**Transparency and financial integrity:** Before making appointment as a CEO, satisfaction should be ensured to the effects that:	Complied
	a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.	
	b. He has not deferred payment to creditors or has not compromised with his creditors to be relieved from debts or he is not a loan defaulter.	
	c. He is not a tax defaulter.	
	d. He has never been adjudicated a bankrupt by the Court.	
4	**Age Limit:** No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied

Sl. No.	Particulars	Compliance Status
5	**Tenure:** The tenure of the CEO shall not be less than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period.	Complied
6	**Guidelines in fixing the salary and allowances:** Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to BB:	Complied
	a. In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.	
	b. Total salary shall be comprised of direct salary covering 'Basic Salary' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to BB. In the proposal, Basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.	
	c. Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable.	
	d. Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.	
	e. The CEO so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.	
	f. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.	
7	**Incentive Bonus:** The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1 million in a year.	Complied
8	**Honorarium for attending the Board Meeting:** Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	**Evaluation Report:** For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.	Complied
10	**Prior Approval from Bangladesh Bank:** Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the BoD, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to BB. The selected person must also submit declarations as per Annexure A and Annexure B to BB.	Complied
11	**Decision of Bangladesh Bank is final:** The decision of BB for appointment of the CEO will be treated as final and the CEO such appointed cannot be terminated, released or removed from his/her office without prior approval from BB.	Complied
B	**Responsibilities and Authorities of the CEO:** The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	
	a. In terms of the financial, business and administrative authorities vested upon him by the BoD, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
	b. The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
	c. The CEO shall include clearly any violation from Bank Company Act 1991 and/or other relevant laws and regulations in the "Memo" presented to the meeting of the BoD or any other Committee (s) engaged by the BoD.	Complied

Sl. No.	Particulars	Compliance Status
	d. The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.	Complied
	e. The recruitment and promotion of all staffs of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the BoD.	Complied
	f. The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the BoD, he/she shall nominate officers for training etc.	Complied

3. Contractual appointment of Advisor and Consultant

Sl. No.	Particulars	Compliance Status
A	**Rules and regulations for appointment of an Advisor**	No such Advisor in EBL
1 to 6	Experience and Suitability of Advisor, Responsibilities of the Advisor, Prior approval from Bangladesh Bank before appointing an Advisor, Remuneration and other facilities of Advisor, Tenure of Advisor, Appointment of Ex-executive as Advisor.	N/A
B	**Rules and regulations for appointment of a Consultant**	No such Consultant in EBL
1 to 6	Terms of reference of Consultant, Responsibilities of Consultant, Appointment of Consultant, Tenure of Consultant, Remuneration/honorarium of Consultant, Appointment of Ex-executive as Consultant.	N/A

BSEC guidelines for Corporate Governance: Our Compliance Status

The Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance (CG) Guideline in 2012 which is being followed by listed companies on 'Comply' basis. Status of compliance by EBL with the said CG guidelines issued by BSEC through Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012and BSEC Notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 is as follows:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.0	**Board of Directors**			
1.1	Board's Size: No. of directors shall not be less than 5 (Five) and more than 20 (Twenty)	√		
1.2	**Independent Director**			
1.2 (i)	Independent Director: At least 1/5th	√		
1.2 (ii)	For the purpose of this clause "independent director" means a director:			
1.2 (ii) a)	Independent Directors do not hold any share or hold less than one percent (1%) shares of total paid up capital.	√		
1.2 (ii) b)	Independent Directors are not connected with the company's Sponsor or Director or Shareholder who holds 1% or more shares.	√		
1.2 (ii) c)	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its Subsidiary/Associated Companies.	√		
1.2 (ii) d)	Independent Directors are not the Members, Directors or Officers of any Stock Exchange.	√		
1.2 (ii) e)	Independent Directors are not the Shareholders, Directors or Officers of any member of Stock Exchange or an Intermediary of the Capital Market.	√		
1.2 (ii) f)	Independent Directors are/were not the partners or executives in the Statutory Audit Firm of the concerned company in preceding 3 (three) years.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (ii) g)	They are not the Independent Directors in more than 3 (three) listed companies.	√		
1.2 (ii) h)	They are not convicted by a Court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBFI).	√		
1.2 (ii) i)	They have not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	The Independent Directors shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	√		Done in the 24th AGM of EBL.
1.2 (iv)	The post of Independent Directors cannot remain vacant for more than 90 days.	√		
1.2 (v)	The Board shall lay down a Code of Conduct for all Board Members and Annual Compliance of the Code to be recorded.	√		
1.2 (vi)	The tenure of office of an Independent Director shall be a term of 3 (three) years which may be extended for 1 (one) term only.	√		
1.3	**Qualification of Independent Director**			
1.3 (i)	Independent Director shall be knowledgeable individual with integrity.	√		
1.3 (ii)	The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
1.3 (iii)	In special cases above qualification may be relaxed by the Commission (BSEC).	N/A		
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities.	√		
1.5	**Directors Report to Shareholders**			
1.5 (i)	Industry outlook and possible future developments in the industry.	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		Please refer to MD&A Section
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	Discussion on cost of goods sold, gross profit margin and net profit margin (being a banking company).	√		Discussion on interest income, expense, operating and net profit provided.
1.5 (v)	Discussion on continuity of any Extra-ordinary gain or loss.	√		
1.5 (vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report.	√		Please refer to Annexure C & C1.
1.5 (vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	N/A		
1.5 (ix)	If significant variance occurs between quarterly financial performance and annual financial statements the management shall explain about the variance on their Annual Report.	√		Please refer to Directors' Report
1.5 (x)	Remuneration to directors including independent directors.	√		Please refer to Note 36 of FS.
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		

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

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

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4	**External/Statutory Auditors:** The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	√		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7	√		
5	**Subsidiary Company**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review in the following Board meeting of the holding company.	√		
5 (iv)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also.	√		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the Subsidiary Company.	√		
6	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
6 (i)	They have reviewed financial Statements for the year and that to the best of their knowledge and belief:	√		Please refer to the Statement on Integrity of FS by MD & CEO and Head of Finance.
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	The company shall obtain a Certificate from a Professional Accountant/ Secretary (CA/CMA/CS)regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Please refer to the following page.
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Hoda Vasi Chowdhury & Co
Chartered Accountants

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

We have examined the compliance of condition of corporate governance guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Eastern Bank Limited (the "Bank") as stipulated in the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7thAugust 2012 and subsequent modification SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July as 2013 as at 31st December 2016.

The Bank's Responsibilities
Those charged with governance and management of the Bank are responsible for complying with the conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance in the annual report.

Our Responsibilities
Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the Bank for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

Conclusion
To the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of corporate governance stipulated in the above mentioned BSEC notification and reported thereon.

Hoda Vasi Chowdhury

Manzoor Alam, FCA
Senior Partner
ICAB Enrolment Number 132
For **Hoda Vasi Chowdhury & Co**
Chartered Accountants

Dhaka, 04 April 2017

National Office : BTMC Bhaban (7th & 8th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka- 1215, Bangladesh
Motijheel Office : Ispahani Building (3rd Floor), 14-15 Motijheel Commercial Area, Dhaka-1000, Bangladesh
Chittagong Office : Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chittagong-4100, Bangladesh

AMARSTOCK

RISK MANAGEMENT



We seek to promote a strong risk culture throughout our organization. Our aim is to identify and evaluate the internal and external factors that could affect our performance adversely. Our risk and capital are managed by risk management unit of the management under the supervision of risk management committee of the board. Risk management is like keeping everything safe under the lock and key and supervising it from time to time.

RISK MANAGEMENT REPORT

Business & Economy in Brief:

- Bangladesh economy has achieved a sustained spell of growth over 6% per year since Fiscal Year 2007.
- Bangladesh achieves Ba3 (Moody's) and BB- (Standard and Poor's) with stable outlook for six consecutive years. Stable real GDP growth and strong external balances have helped Bangladesh to achieve BB- rating with stable outlook from Fitch Ratings for the second time.
- Certain mega projects are on: 35% work of Padma Bridge has been completed, commencement of work of physical infrastructure of Rooppur Nuclear Power Plant, commencement of work of Metrorail project (MRT 6).
- Met Millennium Development Goal target and undertook Sustainable Development Goal (SDG).
- The gender gap has narrowed; poverty halved since 2000.
- The country has made progress in providing access to health and basic social services.
- Higher public sector salaries offset a decline in remittances in Bangladesh in FY2016.
- Private sector credit growth rose to 16.5% from declining trend of previous years.
- Declining trend of interest rate prevailed in financial sector.
- Stable exchange rate against US Dollar.

However, Country's NPL hovered around 10% during the year before settling at 9.23% at year-end 2016 (8.79% at year-end 2015) riding mainly on restructure and write-off of classified loans.

The major challenges facing Bangladesh now include:

- Accelerating the annual rate of growth to 7% and above to move closer to upper middle-income status,
- Diversifying the economic base and creating new sources of growth,
- Keeping momentum in implementing large infrastructure projects,
- Making growth more inclusive and reducing poverty by creating jobs and supporting rural development,
- Increasing transparency and accountability by addressing institutional and policy weaknesses, and
- Reducing vulnerabilities to environmental degradation and climate change,
- Maintaining stable capital market with investor's confidence.

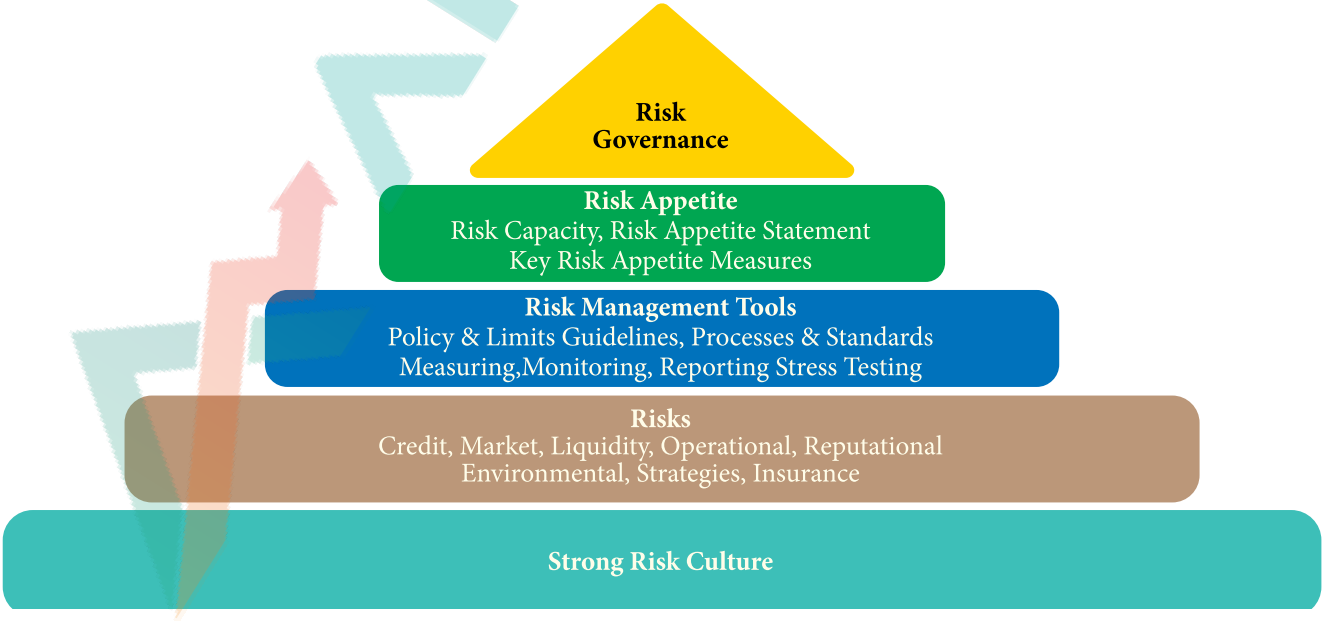
Risk Management

Effective risk management is fundamental to the success and sustenance of the Bank. EBL has a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all of the Bank's employees. A key aspect of this culture is diversification across business lines, products and industries.

Risk Management Framework

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholders' return. The Bank's enterprise-wide risk management framework provides the foundation for achieving these goals.

This framework is subject to constant evaluation to ensure that it meets the challenges and requirements of the market in which the Bank operates, including regulatory standards and industry best practices. The risk management programs of the Bank's subsidiaries conform in all material respects to the Bank's risk management framework, although the actual execution of their programs may be different.



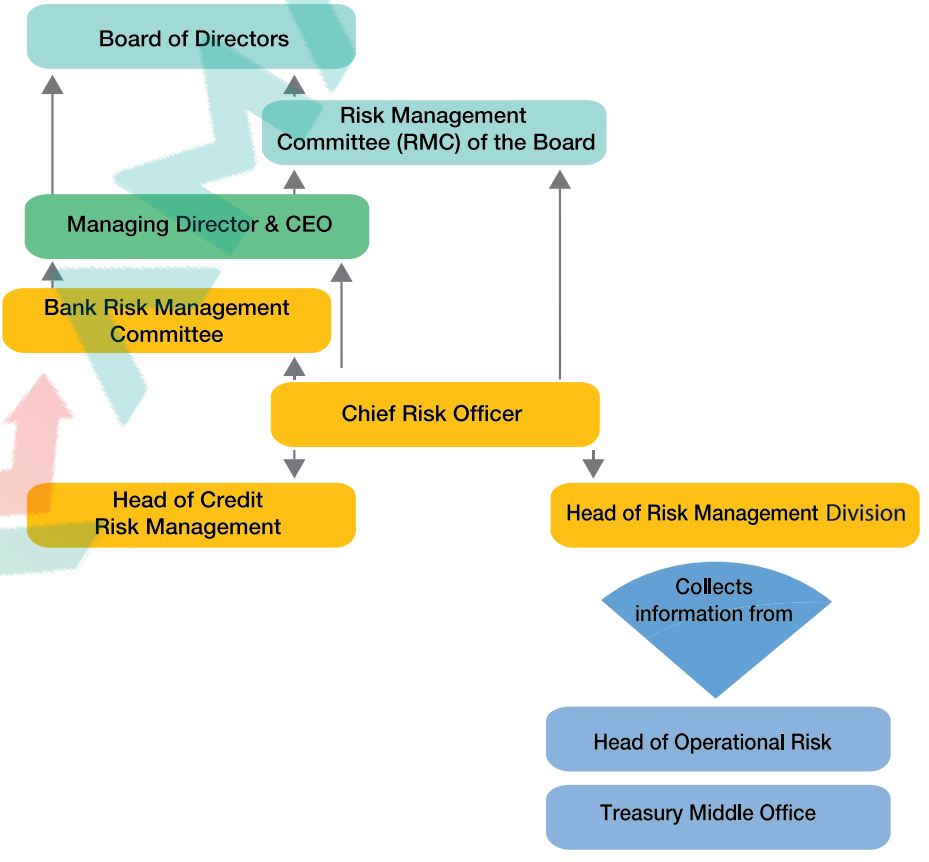
The Bank's risk management framework is predicated on the three-lines-of-defense. In this model, functional Business Line of management (the first line) incurs and owns the risks, while Risk Management and other control functions (the second line) provide independent oversight and objective challenge to the first line of defense. Internal Audit Department (the third line) provides assurance that control objectives are achieved by the first and second lines of defense.



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

A. Risk Governance,
B. Risk Appetite, and
C. Risk Management Tools.

A. Risk Governance:



Risk Management Culture

Effective risk management requires a strong, robust, and inclusive risk management culture. The business lines are responsible for development and execution of business plans that are aligned with risk management framework and are accountable for the risks they undertake. Understanding and managing these risks is a fundamental element of each business plan. Business lines work in partnership with Risk Management and Control Functions to ensure that risks arising from their business are thoroughly evaluated and appropriately addressed. Risk education programs, and documented policies and procedures are available to both the staffs in the business lines, Risk Management and Control Functions.

Decision making on risk issues is highly centralized. Head of CRM under supervision of Chief Risk Officer (CRO) is responsible for review, approval and monitoring of transactions and the related risk exposures. The flow of information and transactions to CRM keeps senior management well informed of the risks the Bank faces, and ensures that transactions and risks are aligned with the Bank's risk appetite.

B. Risk Appetite

Effective risk management requires clear articulation of the Bank's risk appetite and how the Bank's risk profile will be managed in relation to that appetite. EBL started preparing its risk appetite statement from 2016 as per Bangladesh Bank's guideline.

The Bank's Risk Appetite Framework consists of a risk capacity, risk appetite statement and key risk appetite measures. Together, application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stays within appropriate risk boundaries. The Bank's Credit Risk Appetite further defines the Bank's risk appetite with respect to lending, counter-party credit risk, and other credit risks (such as investments).



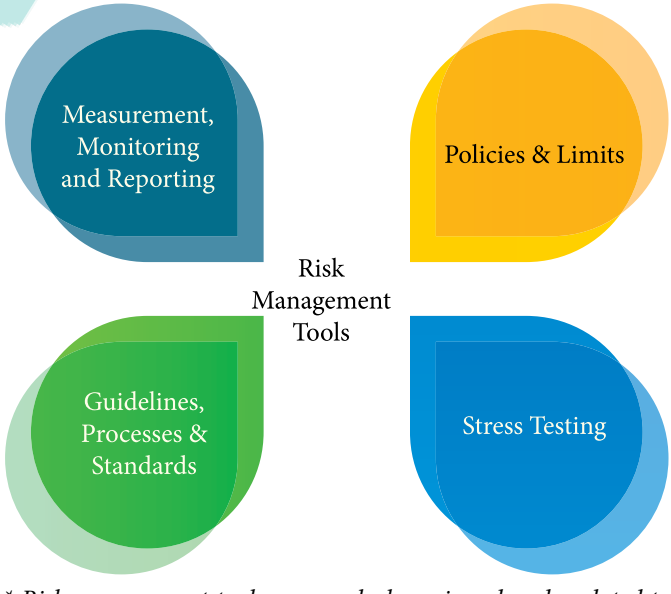
The Bank's Risk Appetite Framework combines qualitative and quantitative terms of reference to guide the Bank in determining the amount and types of risk it wishes to prudently undertake in pursuing the Bank's strategic and financial objectives. Key risk appetite measures provide clear idea of risk tolerance and risk limits, which are critical in implementing effective risk management. For major risks (credit, market, liquidity, and operational), the key risk appetite measures are supported by management level limit structures and controls. Management's dedicated attention to these risks creates a focus on forward-looking activities that keeps the Bank within its risk appetite on an on-going basis.

Core deliverables that the Bank must do on a daily basis are a key element of the Bank's enterprise strategy, e.g.:

1. Maintain appropriate financial strength and liquidity.
    - Diversity, quality and stability of earnings.
    - Focus on core businesses, with disciplined and selective strategic investments.
    - Maintain capital adequacy.
2. Measure, monitor and manage all aspects of the Bank's risk appetite and risk profile.
    - Dedicated attention to credit, market, liquidity, and operational risks.
    - Careful consideration of reputational, environmental, and other risks.
    - No tolerance for reputational risks that could affect our brand.
3. Meet the needs and expectations of our customers, employees, shareholders and other key stakeholders.
4. Ensure a deep, diverse and engaged pool of talented people.
5. Operate in an efficient, secure and compliant manner.

C. Risk Management Tools

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



** Risk management tools are regularly reviewed and updated to ensure consistency with risk-taking activities, and relevance to the business and financial strategies of the Bank.*

Policies and Limits

Policies

Establish the governance and risk management culture over the Bank's risk-taking activities, and apply to specific types of

risk or to the activities that are used to measure and control risk exposure. They are based on recommendations from risk management, internal audit, business lines, and senior executive management. 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.

Guidelines, Processes and Standards

Guidelines

Guidelines are the directives provided to implement policies as set out above. Generally, they describe the facility types, aggregate facility exposures and conditions under which the Bank is prepared to do business. 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

Processes are the activities associated with identifying, evaluating, documenting, reporting and controlling risks.

Standards

Define the breadth and quality of information required to make a decision, and the expectations in terms of quality of analysis and presentation. Processes and 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. Key processes cover the review and approval of new products, model validation and stress testing.

Measurement, Monitoring and Reporting

Risk Management Division (in coordination with different risk centric departments) is responsible for developing and maintaining an appropriate suite of risk management tools to support the operations of the various business lines, and for supporting the measurement of economic capital on an enterprise-wide basis. The risk sections explain the application of these techniques.

Risk measurement tools include the use of methods/models and stress testing. The Bank uses models for a range of 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 backed by sound 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, and are used to ensure compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types, and sensitivities of 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.

Stress Testing

The Bank's stress testing programs draw upon the principles set out under guidelines issued by Bangladesh Bank.

Stress Testing Guidelines

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. Enterprise-wide stress testing is also integrated with both the strategic and financial planning processes, as well as crisis management planning. 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.

Risk Mitigation Methodologies

Principal Risk Types

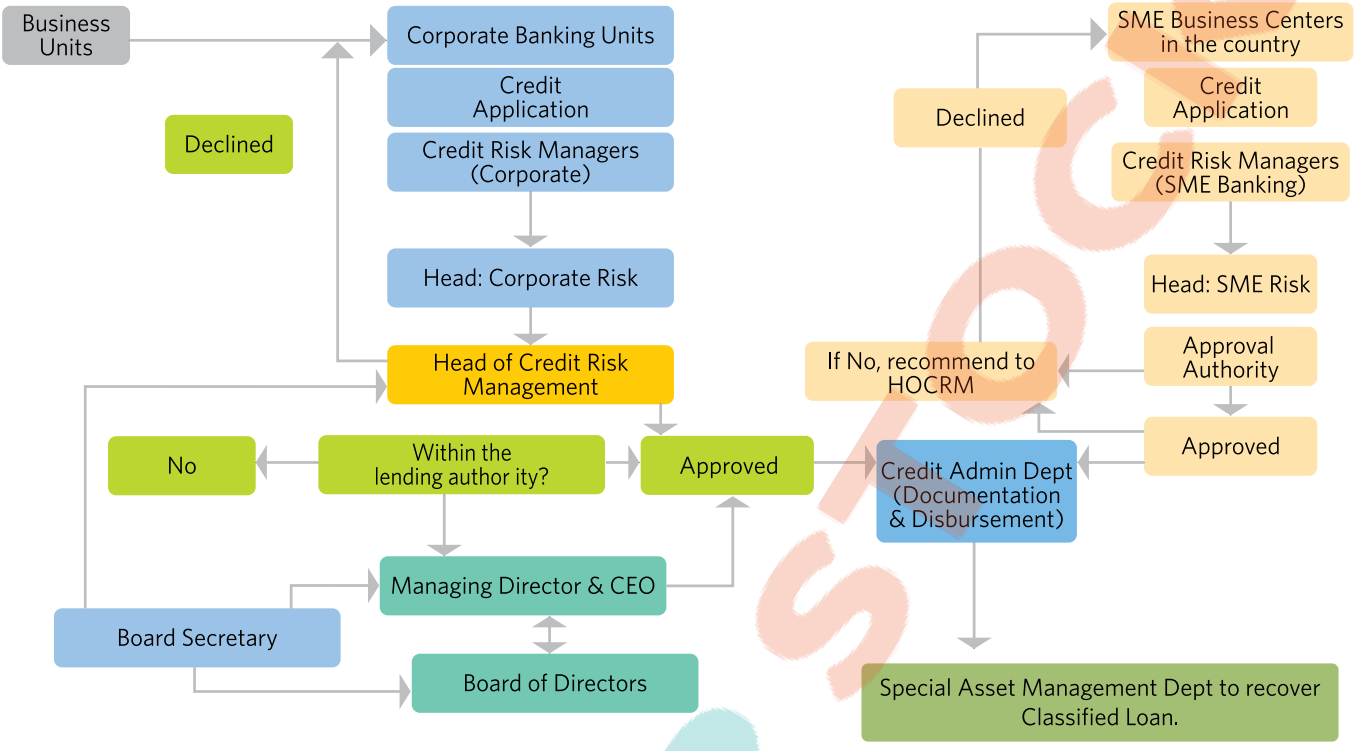
The principal risk types, their governing documentation, and their applicability to risk appetite are outlined in the table below.

Risk type	Governing Documentation	Application to Risk Appetite Quantitative limits/Tolerances
Credit Risk	Credit Risk Policy Credit Risk Appetite Collective Allowance Policy for Performing Loans	Exposure to a single customer or group of related parties. Country risk (exposure limits to control transfer/cross-border and sovereign default risks); and Industry concentrations (exposure and risk adjusted concentration limits).
Market Risk	Market and Structural Risk Management Policy	Quantitative limits/tolerances, such as various VaR limits, stress test results, equity and debt investment exposures, and structural interest rate and foreign exchange exposures.
Liquidity and Funding Risk	Liquidity Risk and Collateral Management policy	Quantitative limits/tolerances, such as: Appropriate hold levels of unencumbered high quality liquid assets that can be readily sold or pledged;Limits to control the maximum net cash outflow over specified short-term horizon; and Diversification of funding by source, type of depositor, instrument, term and geographic market.
Other Risks Operational Risk	Operational Risk Management Policy and Framework Internal Control Policy Fiduciary Risk Management Policy Model Risk Management Policy New Products and Services Risk Management Policy Information Technology Risk Management Policy Outsourcing & Other Arrangements	Systematic identification, measurement, mitigation and monitoring of operational risk, regardless of whether the risk is internal to the Bank or outsourced to a third party; Minimization of residual operational risk; and Expressed quantitatively by an aggregate loss limit.
Reputational Risk	Reputational Risk Policy Guidelines for Business Conduct Compliance Policy	Low tolerance for reputational, legal, or taxation risk arising in business activities, initiatives, products, services, transactions or processes, or from a lack of suitability of products for clients.
Environmental Risk	Environmental Policy	Consistency with the Equator Principles by requiring provisioning of project financing only to those projects whose borrowers can demonstrate their ability and willingness to comply with comprehensive processes aimed at ensuring that projects are developed in a socially responsible manner and according to sound environmental management practices.
Strategic Risk	Annual Strategy Report to the Board of Directors	Strategy report considers linkages among the Bank's Risk Appetite Framework with the enterprise strategy, business line strategies and corporate function strategies; also incorporates linkages to measuring progress against strategic priorities and implementation.
Insurance Risk	Insurance Risk Policy and Framework	Maintain minimal exposure to insurance risk; where insurance risks are taken, it is on a selective basis to achieve stable and sustainable earnings, the risk assumed is diversified geographically and by product, and the majority is short-term.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counter-party to honor its financial or contractual obligations to the Bank. Credit risk arises in the Bank's direct lending operations, and in its funding, investment and trading activities where counter-parties have repayment or other obligations to the Bank. Credit risk includes settlement risk, suitability risk and wrong way risk.

Credit Management Process



Credit Risk Summary

The Bank's overall loan book as of December 31, 2016 increased to BDT 152.08 billion versus BDT 130.23 billion as of December 31, 2015; growth mainly driven by Corporate Business. Consumer Business and SME. The corporate loan book, which accounts for 71.41% of the total loan while SME and Consumer exposures were BDT 43.48 billion as at December 31, 2016.

The Board of Directors, either directly or through the Risk Committee (of 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;
- the risk parameters for new under writings and for the portfolios as a whole are clearly specified;

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

- key credit risk management principles;
- delegation of authority;
- the credit risk management program;
- counter-party credit risk management for trading and investment activities;
- aggregate limits, beyond which credit applications must be escalated to the Board for approval; and
- single name/aggregation exposures, beyond which a summary of exposures must be reported to the Board.

Risk Management Division develops the credit risk management framework and policies that detail, among other things, the credit risk rating systems and associated parameter estimates; the delegation of authority for granting credit; the calculation of the allowance for credit losses; and the authorization of write-offs.

Corporate credit exposures are segmented by major industry group. Aggregate credit risk limits for each of these segments are also reviewed and approved annually by the Board. Portfolio management objectives and risk diversification are key factors in setting these limits.

Consistent with the Board-approved limits, borrower limits are set within the context of established lending criteria and guidelines for individual borrowers, particular industries, countries and certain types of lending, to ensure the Bank does not have excessive concentration in any single borrower, or related group of borrowers, particular industry sector or geographic region. Through the portfolio management process, loans may be syndicated to reduce overall exposure to a single name. Risk is also mitigated through the selective sale of loans.

Banking business units and Risk Management Division regularly review various segments of the credit portfolio on an enterprise-wide basis to assess the impact of economic trends or specific events on the performance of the portfolio, and to determine whether corrective action is required. These reviews include the examination of the risk factors for particular products, industries and countries. The results of

these reviews are reported to the Risk Policy Committee and, when significant, to the Board.

Risk Measures

The credit risk rating systems support the determination of key credit risk parameter estimates which measure credit and transaction risk. These risk parameters – probability of default, loss given default and exposure at default are transparent and may be replicated in order to provide consistency of credit adjudication, as well as minimum lending standards for each of the risk rating categories. The parameters are an integral part of enterprise-wide policies and procedures encompassing governance, risk management, and control structure, and are used in various internal and regulatory credit risk quantification calculations.

The Bank's credit risk rating system is subject to a rigorous validation, governance and oversight framework. The objectives of this framework are to ensure that:

- Credit risk rating methodologies and parameters are appropriately designed and developed, independently validated, and regularly reviewed; and
- The review and validation processes represent an effective challenge to the design and development process.

Internal credit risk ratings and associated risk parameters affect loan pricing, computation of the collective allowance for credit losses, and return on economic capital.

Risk Ratings

The Bank's risk rating system utilizes internal Credit Risk grading (CRG) codes – an 11 point scale used to differentiate the risk of default of borrowers, and the risk of loss on facilities.

A separate risk class is also assigned at the facility level, taking into consideration additional factors, such as security, seniority of claim, structure, term and any other forms of credit risk mitigation that affect the amount of potential loss in the event of a default of the facility. Security typically takes the form of charges over inventory, receivables, real estate, and operating assets when lending to corporate and commercial borrowers; and cash or treasuries for trading lines such as securities lending, repurchase transactions, and derivatives. The types of acceptable collateral, and related valuation processes are documented in risk management policies and manuals.

Other forms of credit risk mitigation include third party guarantees.

Internal borrower and facility risk ratings are assigned when a facility is first authorized, and are promptly re-evaluated and adjusted, if necessary, as a result of changes to the customer's financial condition or business prospects. Re-evaluation is an ongoing process, and is done in the context of general economic changes, specific industry prospects, and event risks, such as revised financial projections, interim financial results and extraordinary announcements.

Individual credit exposures are regularly monitored by both the business units and Credit Risk Management for any signs of deterioration. In addition, a review and risk analysis of each borrower is conducted annually, or more frequently for higher-risk borrowers. If, in the judgment of management, an account requires the expertise of specialists in workouts and restructurings, it will be transferred to a special accounts group for monitoring and resolution.

Credit Risk Mitigation – Collateral/Security

Traditional Non-Retail Products (e.g. working capital lines of Credit, Term Loans)

Collateral values are accurately identified at the outset and throughout the tenure of a transaction by using standard evaluation methodologies. Collateral valuation estimates are conducted at a triennial frequency by which the market value fluctuates, using the collateral type and the Borrower risk profile.

In addition, when it is not cost effective to monitor highly volatile collateral (e.g. accounts receivable, inventory), appropriate lending margins are applied to compensate (e.g. accounts receivable are capped at 80% of value, inventory at 50%). The frequency of collateral valuations is also increased when early warning signals of a Borrower's deteriorating financial conditions are identified.

Borrowers are required to confirm adherence to covenants including confirmation of collateral values on a periodic basis, which are used by the Bank to provide early warning signals of collateral value deterioration. Periodic inspections of physical collateral are performed where appropriate and where reasonable means of doing so are available.

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.

Retail Credit

Retail credit exposures arise in the country's banking business lines. The decision making process for retail loans ensures that credit risks are adequately assessed, properly approved, continually monitored and actively managed. For retail loans Bangladesh Bank's PPG guidelines work as a governing manual.

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 Factors

Interest Rate Risk

The risk of loss due to changes in the level and/or the volatility of interest rates. This risk affects instruments such as, but not limited to, debt securities, loans, mortgages and deposits.

Interest rate risks are managed through sensitivity, gap, stress testing, annual income and VaR limits and mitigated through portfolio diversification.

Credit Spread Risk

The risk of loss due to changes in the market price and volatility of credit, or the creditworthiness of issuers. This risk is mainly concentrated in loan and debt securities portfolios. Risk is managed through sensitivity, stress testing and VaR limits.

Foreign Currency Risk

The risk of loss resulting from exchange rate volatility. Foreign currency denominated debt and other securities as well as future cash flows in foreign currencies are exposed to this type of risk. Risk is managed through maximum net trading position, sensitivity, stress testing and VaR limits and mitigated through hedges using foreign exchange positions.

Equity Risk

The risk of loss arises due to changes in market prices, volatility or any other equity related risk factor of investment portfolio. This risk affects instruments such as, but not limited to, equities, mutual funds and other equity linked products. Risk is managed through sensitivity, stress testing and VaR limits.

Market Risk Governance

The Board of Directors reviews and approves market risk policies and limits annually. The Bank's Asset-Liability Committee (ALCO) and Bank Risk Management Committee (BRMC) oversee the application of the framework set by the Board, and monitor the Bank's market risk exposures and the activities that give rise to these exposures.

The Bank uses a variety of metrics and models to measure and control market risk exposures. These measurements are selected based on an assessment of the nature of risks in a particular activity. The principal measurement techniques are Value at Risk (VaR), NOP, NII, Stress testing, Sensitivity analysis, Duration analysis and Gap analysis. The use and attributes of each of these techniques are noted in the Risk Measurement Summary.

Risk Measurement Summary

Value at Risk (VaR)

VaR is a statistical method of measuring potential loss due to market risk based on 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.

Stress Testing

A limitation of VaR is that they only reflect the recent history of market volatility and a specific 6 months period. To complement these measures, stress testing examines the impact that abnormally large changes in market factors and periods of prolonged inactivity might have on trading portfolios. Stress testing scenarios are designed to include large shifts in risk factors as well as historical and theoretical multi risk market events. Historical scenarios capture severe movements over periods that are significantly longer than the one-day holding period captured in VaR.

Sensitivity Analysis

In trading portfolios, sensitivity analysis is used to measure the effect of changes in risk factors, including prices and volatility, on financial products and portfolios. These measures apply across product types and geographies and are used for limit monitoring and management reporting.

In non-trading portfolios, sensitivity analysis assesses the effect of changes in interest rates on current earnings and on the economic value of shareholders' equity. It is applied globally to each of the major currencies within the Bank's operations. The Bank's sensitivity analysis for limit and disclosure purposes is measured through positive and negative parallel shifts in the underlying interest rate curves. The Bank also performs sensitivity analysis using various non-parallel interest rate curve shifts. The Board reviews sensitivity results quarterly.

Gap Analysis

Gap analysis is used to assess the interest rate sensitivity of re-pricing mismatches in the Bank's non-trading operations. Under gap analysis, interest rate sensitive assets, liabilities and off-balance sheet instruments are assigned to defined time periods based on expected re-pricing dates. Products with a contractual maturity are assigned an interest rate gap term based on the shorter of the contractual maturity date and the next re-pricing date. Products with no contractual maturity are assigned an interest rate gap based on observed historical consumer behavior. The Board reviews gap results quarterly.

Duration Analysis

Duration is the time-weighted average maturity of the present value of the cash flows from assets, liabilities and off-balance sheet items. It measures the relative sensitivity of the value of these instruments to changing interest rates (the average term to re-pricing), and therefore reflect show changes in interest rates will affect the bank's economic value, that is, the present value of equity. Generally, the longer the term to maturity (next re-pricing date) of an investment and the smaller the payments that occur before maturity (e.g. coupon payments), the higher the duration (in absolute value) and vice versa. Higher duration implies that a given change in the level of interest rates will have a large impact on economic value.

Validation of Market Risk Models

Prior to the implementation of new market risk models, rigorous validation and testing is conducted. Validation is conducted when the model is initially developed and when any significant changes are made to the model. The models are also subject to ongoing validation, the frequency of which is determined by model risk ratings. Models may also be triggered for earlier revalidation when there have been significant structural changes in the market or changes to the composition of the portfolio. Model validation includes back testing, and additional analysis such as:

- Theoretical review or tests to demonstrate whether assumptions made within the internal model are appropriate;
- Impact tests including stress testing that would occur under historical and hypothetical market conditions;
- The use of hypothetical portfolios to ensure that the model is able to capture concentration risk that may arise in an undiversified portfolio. The validation process is governed by the Bank's Model Risk Management Policy.

Non-trading market risk

Funding and investment activities

Market risk arising from the Bank's funding and investment activities is identified, managed and controlled through the Bank's asset-liability management processes. The Asset-Liability Committee meets biweekly to review risks and opportunities, and evaluate performance including the effectiveness of different strategies.

Interest rate risk

Interest rate risks in the non-trading portfolios are predominantly driven by the interest rate mismatch (i.e. re-pricing frequency) in the asset and liability exposures.

Interest rate risk arising from the Bank's lending, funding and investment activities is managed in accordance with Board-approved policies and limits, which are designed to control the risk to net interest income and economic value of shareholders' equity. The annual income limit measures the effect of a specified change in interest rates on the Bank's annual net interest income over the next twelve months, while the economic value limit measures the impact of a specified change in interest rates on the present value of the Bank's net assets. These limits are set according to the documented risk appetite of the Bank.

Net interest income and the economic value of equity result from the differences between yields earned on the Bank's non-trading assets and interest rate paid on its liabilities. The difference in yields partly reflects mismatch between the maturity and re-pricing characteristics of the assets and liabilities. This mismatch is inherent in the non-trading operations of the Bank and exposes it to adverse changes in the level of interest rates. The Asset-Liability Committee provides strategic direction for the management of structural interest rate risk within the risk appetite framework authorized by the Board of Directors. The asset/liability management strategy is executed by ALM desk with the objective of enhancing net interest income within established risk tolerances.

Gap analysis, simulation modeling, sensitivity analysis and VaR are used to assess exposures and for limit monitoring and planning purposes. The Bank's interest rate risk exposure calculations are generally based on the earlier of contractual re-pricing or maturity of on-balance sheet and off-balance sheet assets and liabilities, although certain assets and liabilities such as credit cards and deposits without a fixed maturity are assigned a maturity profile based on the longevity of the exposure. Expected prepayments from loans and cashable investment products are also incorporated into the exposure calculations.

Exchange Rate Risk:

Exchange Rate Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Banks foreign exchange risk may arise from following activities:

Trading in foreign currencies as a market maker or position taker including the unhedged positions arising from customer driven foreign exchange transactions;

i. Holding foreign currency position in the banking book in the form of loans in foreign currency.

ii. Engaging in derivative transactions that are denominated in foreign currency for trading or hedging.

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 a different time zone.

Bank's foreign exchange risk management policies and procedure include:

i. accounting and management information systems to measure and monitor foreign exchange positions, foreign exchange risk and foreign exchange gains or losses;

ii. governing the management of foreign currency activities; and

iii. independent inspections or audits.

Measurement of foreign exchange risk:

Bank ensures that all the people dealing with foreign exchange transactions have clear understanding of the amount at risk and the impact of changes in exchange rates on this foreign currency exposure. The Bank has an effective accounting and management information system in place that accurately and frequently records and measures its foreign exchange exposure and the impact of potential exchange rate changes on the bank. At a minimum, the bank monitors and reports:

- the net spot and forward positions in each currency or pairings of currencies in which the bank is authorized to have exposure;
- the aggregate net spot and forward positions in all currencies; and
- transactional and translational gains and losses relating to trading and structural foreign exchange activities and exposures.

Investment portfolio risks

The 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. Debt investments primarily consist of government, agency, and corporate bonds.

Equity investments include common and preferred shares, as well as a diversified portfolio of third-party managed funds. The majority of these securities are valued using prices obtained from external sources. These portfolios are controlled by a Board-approved policy and limits.

Trading market risk

The Bank's policies, processes and controls for trading activities are designed to achieve a balance between pursuing profitable trading opportunities and managing earnings volatility within a framework of sound and prudent practices. Trading activities are primarily customer focused.

Market risk arising from the Bank's trading activities is managed in accordance with Board-approved policies, and aggregate VaR and stress testing limits. The quality of the Bank's VaR is validated by regular back testing analysis, in which the VaR is compared to both theoretical profit and loss results based on fixed end of day positions and actual reported profit and loss. A VaR at the 99% confidence interval is an indication of a 1% probability that losses will exceed the VaR if positions remain unchanged during the next business day. Trading positions are however managed dynamically and, as a result, actual profit/loss back testing exceptions is uncommon.

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, payments due under derivative contracts, settlement of securities borrowing and repurchase transactions, and lending and investment commitments.

Effective liquidity risk management is essential to maintain the confidence of depositors and counter parties, manage the Bank's cost of funds and to support core business activities, even under adverse circumstances.

Liquidity risk is managed within the framework of policies and limits that are approved by the Board of Directors. The Board receives reports on risk exposures and performance against approved limits. The Asset-Liability Committee (ALCO) provides senior management oversight of liquidity risk.

The key elements of the liquidity risk framework are:

- Measurement and modeling – the Bank's liquidity model measures and forecasts cash inflows and outflows, including off-balance sheet cash flows on a daily basis. Risk is managed by a set of key limits over the maximum net cash outflow by currency over specified short-term horizons (cash gaps), a minimum level of core liquidity, and liquidity stress tests.
- Reporting – Global Risk Management provides independent oversight of all significant liquidity risks, supporting the ALCO with analysis, risk measurement, stress testing, monitoring and reporting.
- Stress testing – the Bank performs liquidity stress testing on a regular basis, to evaluate the effect of both industry-wide and Bank-specific disruptions on the Bank's liquidity position. Liquidity stress testing has many purposes including:
  - Helping the Bank to understand the potential behavior of various on-balance sheet and off-balance sheet positions in circumstances of stress; and
  - Based on this knowledge, facilitating the development of risk mitigation and contingency plans.

The Bank's liquidity stress tests consider the effect of changes in funding assumptions, depositor behavior and the market value of liquid assets. The Bank performs industry standard stress tests, the results of which are reviewed at senior levels of the organization and are considered in making liquidity management decisions.

- Contingency planning – the Bank maintains a liquidity contingency plan that specifies an approach for analyzing and responding to actual and potential liquidity events. The plan outlines an appropriate governance structure for management and monitoring of liquidity events, processes for effective internal and external communication, and identifies potential counter measures to be considered at various stages of an event. A contingency plan is maintained both at the parent-level as well as for major subsidiaries.
- Funding diversification – the Bank actively manages the diversification of its deposit liabilities by source, type of depositor, instrument, term and geography.
- Core liquidity – the Bank maintains a pool of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings under stressed market conditions or due to Bank-specific events. The Bank also maintains liquid assets to support its intra-day settlement obligations in payment, depository and clearing systems.

We have identified several key liquidity risk indicators, which are monitored on a regular basis to ensure healthy liquidity position. These ratios are:

i. Statutory Liquidity Requirement (SLR)
ii. Liquidity Coverage Ratio (LCR)
iii. Net Stable Funding Ratio (NSFR)
iv. Asset to Deposit Ratio
v. Maximum Cumulative Outflow (MCO)
vi. Volatile Liability Dependency Ratio
vii. Liquid Asset to Total Deposit Ratio
viii. Liquid Asset to Short Term Liabilities

The second and third ratios mentioned above have been introduced by Bangladesh Bank under Basel III guidelines in order to achieve two separate but complimentary objectives. The first objective (of LCR) is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. The second objective (of NSFR) is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis.

Liquid assets

Liquid assets are a key component of liquidity management and the Bank holds these types of assets in sufficient quantity to meet potential needs for liquidity management.

Liquid assets can be used to generate cash either through sale, repurchase transactions or other transactions where these assets can be used as collateral to generate cash, or by allowing the asset to mature. Liquid assets include deposits at central banks, deposits with financial institutions, call and other short-term loans, marketable securities, precious metals and securities received as collateral from securities financing and derivative transactions. Liquid assets do not include borrowing capacity from central bank facilities.

Marketable securities are securities traded in active markets, which can be converted to cash within a time frame that is in accordance with the Bank's liquidity management framework. Assets are assessed considering a number of factors, including the expected time it would take to convert them to cash.

Other Risks

Operational risk

Operational risk is the risk of loss, whether direct or indirect, to which the Bank is exposed due to inadequate or failed internal processes or systems, human error, or external events. Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. The Bank is very successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

Reputational risk

Reputational risk is the risk that negative publicity regarding Eastern Bank'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.

Environmental risk

Environmental risk refers to the possibility that environmental concerns involving Eastern Bank or its customers could affect the Bank's financial performance.

Insurance risk

The Bank is both a distributor of third party insurance products and underwriter of insurance risk.

Insurance risk is the risk of potential financial loss due to actual experience being different from that assumed in the pricing process of the insurance products.

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.

Money Laundering & Terrorist Financing Risk Management:

Money Laundering is not an isolated issue in our country; rather it has become global and affects almost all countries. In the last decade, financial crime has become more organized, more sophisticated and has spread out internationally. It is therefore important that the management of banks and other financial institutions view Money Laundering and Terrorist Financing Prevention as a part of their risk management strategy. Eastern Bank always predicts, measures and assesses the probability of the occurrence of money laundering and terrorist financing risks to ensure early prevention. A separate Central Compliance Unit (CCU) has been formed to combat against these odds.

Functionalities of Central Compliance Unit (CCU)

- The Bank has a separate Central Compliance Unit (CCU) in place and a senior official has been designated as Head of CCU to ensure compliance with Money Laundering Prevention Act and Anti-Terrorism Act.
- AML Risk Management and Assessment Guideline has been prepared and approved by the Board of Directors.
- The CCU nominates Branch Anti-Money Laundering Compliance Officer (BAMLCO) for Branches and Department Anti-Money Laundering Compliance Officer (DAMLCO) for departments/divisions and sets their respective duties /responsibilities to ensure safety and compliance of AML/CFT Risk.
- The CCU arranges training for all bank employees through in-house experts and hired experts from Bangladesh Bank. In line with that, CCU arranged training for approx. 1,100 employees to raise awareness on these in 2016.



Functions of Central Compliance Unit

The core duties and responsibilities of CCU are as follows:

- CCU oversees the full compliance of Bank's Anti-Money Laundering (AML) & Countering Financing of Terrorism

(CFT) Policy and reviews and updates the policy as and when required.

- It establishes strategies and designs programs to combat against Money Laundering and Terrorist Financing.
- It assures the implementation of anti-money laundering and countering terrorist financing programs and policies to mitigate such financial frauds and risks.
- CCU arranges appropriate training for the employees on AML issues so that employees are fully aware of the regulatory issues to discharge their responsibilities with competence and ethics.
- It examines and analyzes the STR report received from various branches and reports them to BFIU, Bangladesh Bank if needed.
- CCU addresses and satisfies any query from Bangladesh Financial Intelligence Unit (BFIU) for any account of a customer.
- It also performs various safety and regulatory functions as per the instructions of BFIU; for example, freeze/mark "no debit" or withdrawal option for suspicious transactions or criminal accounts.

Information Communication and Technology Risk Management:

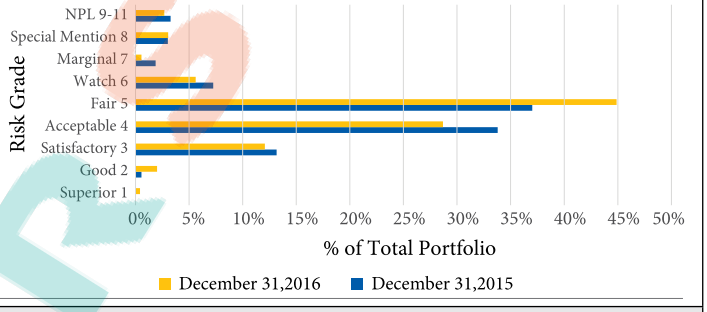
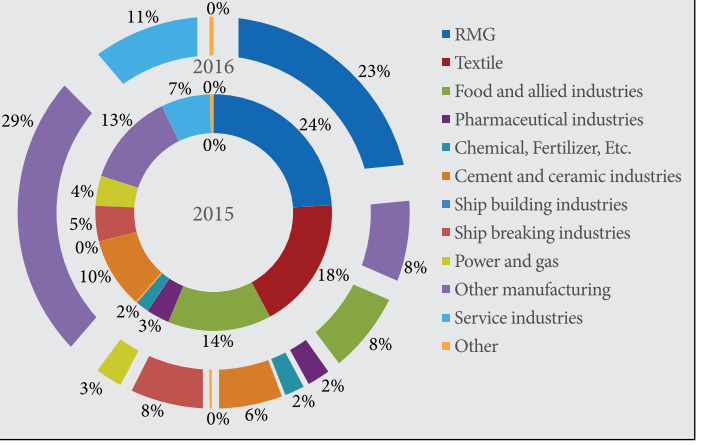
The purpose of managing ICT risk is to provide continuous assurance on EBL's information system security specifically on integrity, confidentiality and availability of information by ensuring appropriate security controls.

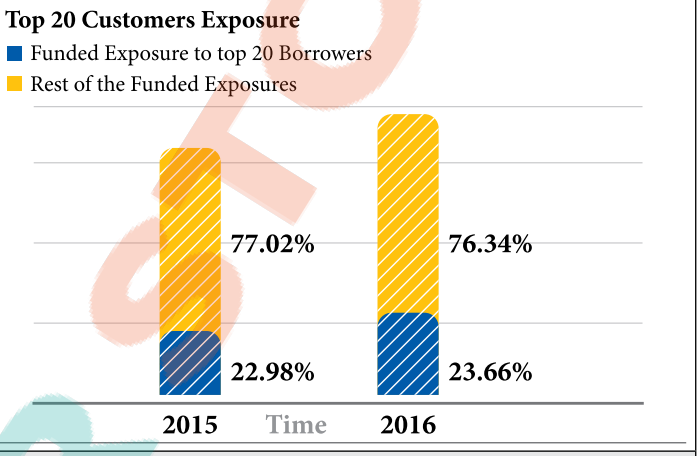
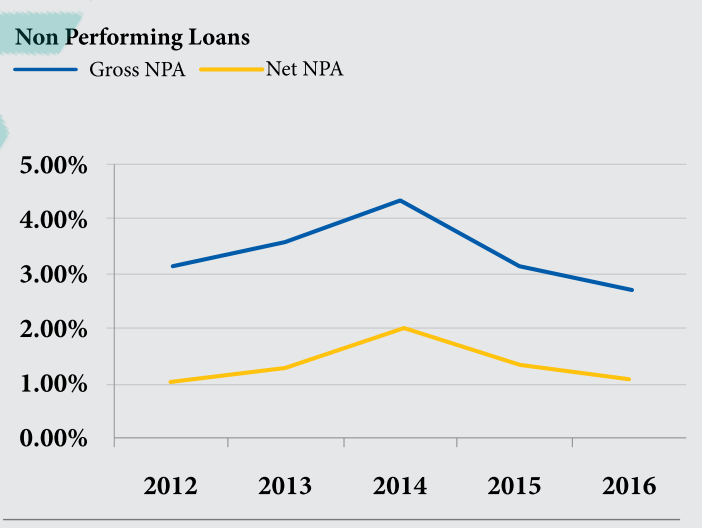
For many organizations ICT risk management is rapidly developing into a more forward looking, enterprise-wide approach. To ensure effective ICT risk management, EBL focuses on being proactive, rather than reactive, and use risk management to both drive competitive advantage and sustain profitability 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.

Treating information security as a process not product, EBL takes adequate information security initiatives to ensure the security of its processed information. The Bank is committed to protect customer information and assets from any type of unauthorized use and/or fraud. Following tasks are carried out to manage ICT risk of the Bank:

- Monitor access to all systems and maintains access control profiles on computer network and systems. Track documentation of access authorizations to all resources.
- IT Assets inventory is adequately maintained and reviewed periodically.
- Develop and/or maintain appropriate segregation of duties within and across applications.
- Research and investigate measures that address data security risks and potential losses for reporting purposes.
- Install, modify, enhance and maintain data system security software.
- 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.
- IT division manages all changes as per approved policy and process and also maintains all logs/forms.
- 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.
- Protection of Sensitive Area/Information Store & Processing Zone (ISPZ):
- EBL IT has established standard physical and environmental security measures (e.g. Locked Door, Locked rack, CCTV, AC, Fire Extinguisher, etc.) to all sensitive areas (e.g. Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.).
- IT has standard Logical Security Measures (e.g. Access card, Password Protected Server, Access Log, Measuring Device Logs, Periodic Testing Results, etc.) to all core device (server, PC, etc.), connecting device (switch, router, etc.), security device (firewall, IDS, etc.), all applications (core banking system, antivirus, firewall, VPN, utilities, etc.), databases, networks and others.
- EBL IT has prescribed access request and revocation form for security zone.
- IT has authorized and updated access list for security zones.
- IT maintains and reviews visitor book for accessing security zone.
- IT performs testing of measurement and control devices/ systems (e.g. smoke, fire, water detector).
- 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. Moreover, regular backup schedule and retention avoids the risk of data loss based on the criticality of the system. All incidents and failure logs are investigated and brought to resolution.

Risk Reporting:

Risk Category	Self -assessed risk rating 2016	Risk Analysis and Management Actions
Risk due to in effective credit policy arises when credit policy and any amendments thereto cannot keep pace with changes in the local and global environment.	Low	Credit policy manual is reviewed and effectiveness of credit policies is assessed regularly based on feedback from related departments. Amendments made to credit policies are approved by the Board of Directors; and procedures by the Managing Director & CEO. Performance against internally defined risk appetite and regulatory requirement is reviewed periodically. Potential risk exposures arising from changes in local and global economic environment are monitored. Reports are circulated to relevant Business Units, Bank Risk Management Committees and Board Risk Committee.
Adequacy of Portfolio monitoring Risk arises where systems and controls are not in place to regularly assess the health of the credit portfolio.	Low	The credit quality of the corporate banking portfolio has displayed a gradual improvement in 2015. Corporate loan portfolio represents 74% of bank's total loans and advances. Corporate portfolio distribution in terms of internal rating in the year 2015 & 2016 is presented below. **Portfolio by Internal Risk Rating** 
Credit Concentration Risk (Risk arises when Credit Portfolio is not sufficiently diversified)	Moderate	**Sectoral Exposure:** Concentration risk is measured by Harfindahl-Hirschman Index (HHI). As on 31 December 2016 index indicates moderate concentration. **Sectoral Concentration** 

Risk Category	Self -assessed risk rating 2016	Risk Analysis and Management Actions
	Moderate	Top 20 customer exposure: Fund based exposure to top 20 customers are measured as percentage of total loans and advances as mention in the balance sheet. Some consideration to top 20 customers exists since the EBL has about 74% exposure in corporate banking. The bank pursuing its business in SME sector since last seven years to reduce concentration on large borrower and SME portfolio now consists about 15 percent of total portfolio. Bank shall continue its priority in SME sector to reduce concentration risk on large borrowers. 
Adequacy of Recovery Process (Risk arises when systems and controls are not in place to monitor recoveries and maintain adequate bad debt provisioning)	Moderate	Gross NPL and Net NPL (Gross NPL less specific provision and interest suspense) as percentage of Loans and Advances for last five years are shown below:  The Bank got benefit of reduced NPA during the year from its different strategies along with all-out efforts for recovery of NPA at the same time arresting sliding of performing loan to NPA. Furthermore, the recovery processes were strengthened and minimum regulatory loan loss provision has been provided.
Risk arising from inability to raise capital in a liquidity crisis.	Low	We continuously review liquidity policy and contingency funding plan to address funding methods in an emergency situation. A 7-year non-convertible sub debt of BDT 2,500 million has been raised in 2015 to enhance the capital base.

Risk Category	Self -assessed risk rating 2016	Risk Analysis and Management Actions
Risk arising from inability to meet maturing deposit liabilities as they fall due.	Low	Asset Deposit (AD) ratio was around 80% at the end of the year. Adherence to the statutory liquid asset ratio (SLR) monitored. The SLR mandates that 19.5% of all liabilities excluding shareholder funds should be held in defined liquid assets.
Risk of potential losses which could arise from low liquidity in markets.	Low	Bank has implemented stress tests to measure the resilience of its liquidity if average withdrawal increased by six percent in consecutive five working days. Stress test result as on 31 December shows that the bank will remain liquid under such stress.
Risk arising from adverse movements in interest rates.	Low	The impact of interest rates on portfolios is minimal due to the Bank holding treasury bills and bonds with short maturities and mainly for maintenance of SLR.
Risk arising from Maturity Mismatch	Low	Contractual maturity mismatch of Assets and Liabilities reviewed monthly and implications identified. Risk from such mismatch was low in 2016 as the market was liquid and availability of customers' deposit was adequate.
General appetite for Market Risk based on Treasury activity	Low	We continuously review the Treasury Policy to incorporate regulatory developments and internal decision-making process.
Equity Risk (Risk arising from adverse movements in stock markets)	Low	Close monitoring of equity portfolio and benchmark indices by Investment Committee is the key tool for managing this risk. Adequate provision has been provided to offset the risk where market value of equity is lower than the investment.
Foreign Exchange Risk (arising from unhedged foreign exchange positions and poor treasury controls)	Low	Bank mainly holds USD and there is a regulatory limit for Net Open Position, time to time set by Bangladesh Bank. In 2016, local currency appreciated against US dollar and it remained stable thereafter till late October when US dollar marked slight gains against BDT. Value at Risk (VaR) is calculated following historical value method and limits are monitored regularly. If Fx VaR exceeds internal limit, the issue is immediately raised to Managing Director & CEO.
Effectiveness of Operational Risk Policy.	Moderate	Operational Risk Policy is reviewed and updated in line with regulatory developments and internal decisions.
Risks arising from a poor Control Environment.	Low	Bank's operational risk management team collects operational loss data from across all the business and operational functions of the bank.
Technology Risk (arising from system breakdowns and disruptions)	Moderate	Periodic review of information security is done to protect the Bank's data from unauthorized access,modification or deletion and to ensure its confidentiality, integrity and availability.
High Impact Unforeseen Events Risk arising due to lack of preparedness to natural disasters and terrorism.	Moderate	Risk Assessment and Business Continuity Plans reviewed across the Bank, including ITD is aster Recovery Plan.
Risk arising from inadequate risk mitigation strategies.	Moderate	Bank is working to introduce internal loss limit to track actual loss with the given appetite set by the Board of Directors.
People Risk(arising from inability to attract and retain skilled people)	Low	Talent sourcing, development, retention of top performers in all departments are key focus areas. Promoting leadership and succession planning are key mitigate of people risk.
Risk arising from outsourced security service Activities.	Low	KRIs on security service provider such as number of guards on duty, shifts worked monitored and feedback given to service provider.
Legal Risk(arising from litigation against the bank or faulty legal documentation)	Low	Review of legal charter and monitoring of court cases and recovery process are regularly done by Special Asset Management Division. Standard and Non-standard contracts and collateral documents are vetted by panel lawyers.

Stress Testing

Stress testing is a simulation technique to determine the reactions of different financial institutions under a set of exceptional, but plausible assumptions. EBL performs quarterly stress testing within the scope of Bangladesh Bank DOS (Department of Off-Site Supervision) Circular: 01 dated 23 February 2011.

Summary of Stress Testing Results as on 31 December 2016 is presented below:

Capital to Risk Weighted Asset Ratio (CRAR) after application of Individual Shock

Description of Individual Shock	Extent of Shock			CRAR after shock		
	Minor	Moderate	Major	Minor	Moderate	Major
Performing loan directly downgraded to Bad & Loss: Other Manufacturing Sector	3%	9%	15%	14.57%	13.48%	12.38%
Performing loan directly downgraded to Bad & Loss: RMG sector	3%	9%	15%	14.91%	14.51%	14.12%
Increase in NPLs due to default of top 10 large loan borrowers	Top 3	Top 7	Top 10	10.30%	4.29%	0.77%
Negative shift in NPLs categories	5%	10%	15%	14.87%	14.21%	13.93%
Decrease in the FSV of the collateral	10%	20%	40%	14.97%	14.84%	14.57%
Increase in NPL (Additional from UC Loan)	3%	9%	15%	13.23%	9.09%	3.99%
Change in interest rate	Interest Rate movement			14.90%	14.70%	14.50%
	1%	2%	3%			
Change in foreign exchange rate	Currency Exch. rate decreased by			15.09%	15.07%	15.06%
	5%	10%	15%			
Equity shock	Stock price of EBL's investment portfolio decreased by			14.94%	14.78%	14.45%
	10%	20%	40%			

CRAR after application of Credit Shock due to downgrade of External Rating

Description of Individual Shock	CRAR after shock		
	Minor	Moderate	Major
Balance Sheet Exposure	14.90%	14.70%	14.50%
Off Balance Sheet Exposure	15.02%	14.94%	14.85%

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 August 10 (based on June 30 data) and February 10 (based on December 31 data). Bank Risk Management Committee (BRMC) 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 BRMC meetings were held during 2016.

MANAGEMENT OF NON-PERFORMING LOAN (NPL)

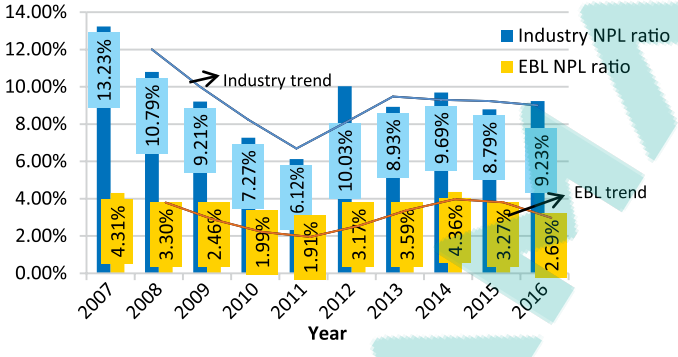
A Non-performing loan (NPL) is a financial asset of the bank that ceases to "perform" or generate income for the bank. NPL to total loan is the single most important ratio (lower the better) for a bank to measure its portfolio health or asset quality.NPL, due to its wide-scale repercussions, has enormous potential to deepen the severity and duration of financial crisis and to complicate macro-economic management. A high volume of NPLs causes a significant drag on a bank's performance in the form of:

- Reduction in net interest income;
- Increase in impairments costs (provision or credit costs);
- Additional capital requirement for high-risk weighted assets;
- Reduced risk appetite for new lending; and
- Additional management time and servicing costs to resolve the problem.

Industry NPL

After 2011, Non-performing loan started soaring due to commodity market volatility, political instability and inadequate infrastructure facility that holds back growth opportunity of investment. Changes in classification criteria (by central bank) in 2012 in line with international standards and some big volume loan scams in few state-owned banks also fueled the growth of NPL in the banking industry.

NPL trend: Industry vs. EBL



However, rescheduling of loans, writing off fully provided NPLs and restructuring of large loans allowed by the central bank in 2015 made banking industry NPL look slightly better in subsequent years.

NPL at EBL

- "Portfolio Health First"strategy of the bank helped achieve an enviable NPL ratio of 2.69% at year-end 2016, a marked improvement from 3.27% of year-end 2015, which is much lower than the industry average.
- A concerted effort by Business Divisions, Credit Risk and Special Asset Management Divisions under close supervision of Managing Director & CEO and effective oversight of the Board of Directors towards containing NPL played a crucial role in achieving such a feat.
- Movement of NPL accounts during the year 2016 and 2015 is appended below:

Particulars	Amount in BDT Million	
	2016	2015
Opening balance	4,263.32	5,157.06
Add: Addition of NPL during the year	3,022.33	2,380.27
Less: Reduction during the year	(3,189.65)	(3,274.02)
Closing balance (NPL)	**4,096.01**	**4,263.32**
NPL ratio	2.69%	3.27%

Written off loans

It is the policy of the bank to write off bad debts which have little prospect of recovery in regular course of business; where all possible recovery efforts have been exhausted including taking legal actions and for which the bank has already provided full provision – it is those loans which would have, otherwise, only been used to show the bank's balance sheet chubbier.

Cumulative amount of written off loans during the year 2016 and 2015 is appended below:

Particulars	Amount in BDT Million	
	2016	2015
Opening balance	5,668.00	3,538.10
Amount written off during the year	1,957.17	2,129.90
Closing balance	**7,625.17**	**5,668.00**
Written off loan (net off recovery)	6,172.47	4,602.20

Full recovery effort continues for recovery of written off loans. In 2016, BDT 410.60 million has been recovered from written off loans.

Our approach/strategies to deal with NPL

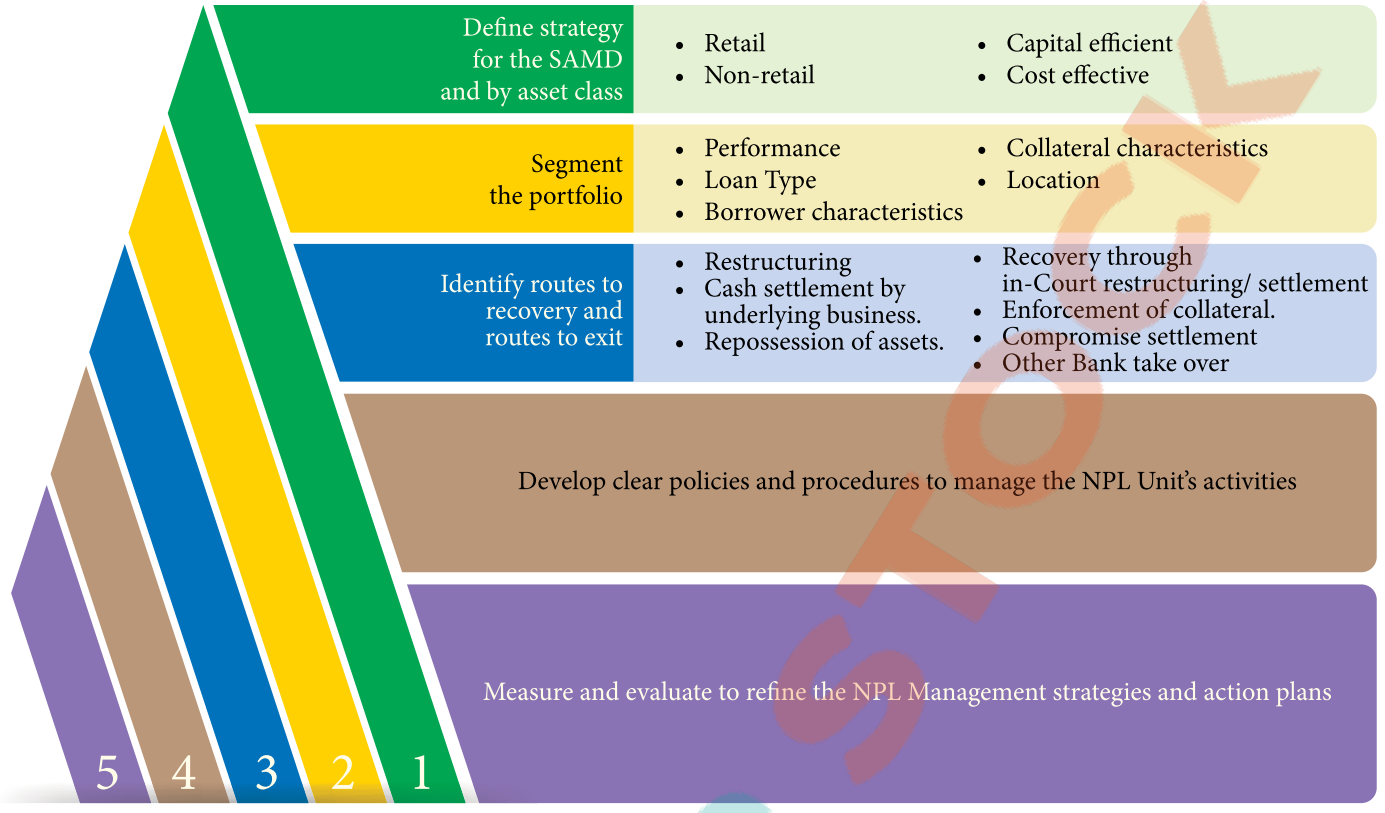
- A systematic, proactive and focused approach is imperative for management of NPL and therefore, EBL vows to adopt the best practices to do the same.
- At EBL, NPL management entails two approaches:

a. **Management of new NPL flow:** Two critical steps in controlling NPL flow –

i) **Robust underwriting criteria, policies and procedures:** The flow of new NPL is controlled by amending the risk appetite and lending underwriting criteria. Underwriting criteria, models, policies and procedures and NPL management procedures are being continuously reviewed and updated on the basis of actual performance.

ii) **Early alert system:** A robust early warning system is exercised to identify individual position and risk segments in the portfolio for immediate attention and remediation, with the goal of preventing these loans from converting into NPLs.

b. **Management of NPL stock:** Five step NPL Management methodology is being used for management of NPL Stock as follows:



Key priorities for NPL management in 2017

- "Quality First, Revenue will Follow"would be the guiding principle for management of credit portfolio of the bank in 2017.
- Combating with NPL is a continuous process and there is no room for complacence in improving portfolio heath.
- The Bank Management is committed to excel in NPL management by way of:
  - Arresting new NPL flow and
  - Reducing NPL stock.
- Aligning underwriting criteria with the economy and industry condition, enhancing credit principles and bringing dynamism in recovery will be the strategic priorities for NPL management in 2017.
- It is the bank's strategic intent to keep NPL ratio below 2.75% in the year 2017.

RECOVERY OF CLASSIFIED AND WRITTEN OFF LOANS

Industry overview and status of EBL

Banks in Bangladesh have been confronting the evils of rising default loans for quite some time. Financial health of the banks more affected by this menace is deteriorating drastically. Effects of rising NPL is twofold: loss of revenues and increased provision charged.

According to published information of Bangladesh Bank, default loan stood at BDT 65,700 crore as on 30 September 2016, which was 10.34% of the total outstanding loans. If the written-off and rescheduled loans were taken into consideration, the sum would easily cross the BDT 110,000 crore-mark. However, EBL default loan was BDT 484.81 Crore which was 3.33% of the total outstanding loans as of September 2016. With the whole-hearted efforts of management, the condition has improved further and default loan reduced to BDT 409.60 crore with NPL ratio of 2.69% as on 31 December 2016 (Industry NPL was 9.23% as on 31 December 2016).

SAMD, the recovery engine of EBL

Considering the gravity and impact of Non-performing Loan (NPL) in bank's profitability, EBL formed Special Asset Management Division (SAMD) in 2004 to look after Corporate & Medium segment NPL and now SAMD looks after NPL of all segments and it is contributing to the bottom line of the bank significantly. EBL has strengthened the SAM team and achieved significant growth in recovery from classified as well as written off loans in 2016.

The major segments of SAMD are as follows:

- Corporate & SME-Medium Team
- CNB (loan, Cards) & SME-S Team
- Legal Team
- MIS Team

Strategy and policy in action

The mission of SAMD is to maintain a professional, cohesive team to ensure collection and recovery promptly with minimum collection and write-off costs. Sustainable differentiation comes from intangibles like having an inspired group of committed people working together for a common cause.

The major strategies and policies:

- Holding recovery committee meeting every month involving senior management of the bank.
- Execution of law suits against the borrowers.
- Arrangement of regular meetings with panel lawyers to speed up legal process.
- Involving third parties i.e. recovery agencies to give extra pressure on defaulted borrowers.
- Running recovery campaign from time to time.

Steps taken in 2016 to recover classified and written off loans

The following initiatives have been taken by SAMD in 2016 to produce better result in collection and recovery to face the challenge of rising NPL trend:

- Engaged Recovery Agencies (3rd Party) side by side regular collection officials for collection.
- Brought back CNB recovery team under the umbrella of SAMD for efficient and effective monitoring.
- Holding regular follow-up meetings with Business, CRM and Recovery team.
- Regular meetings with bank's enlisted lawyers for having update of the progress of cases filed for speedy disposal of the same.
- Sorting out the Classified and Written-off accounts which are backed by good collaterals i.e. where the potentiality of recovery is higher.
- Going for attachment of unencumbered assets of the defaulted borrowers.

Recovery status at a glance

Particulars	Year- 2014	Year-2015	Year- 2016
Written off loan recovery	BDT 10.57 crore	BDT 28.17 crore	BDT 38.00 crore
Classified loan recovery	BDT 43.60 crore	BDT 49.90 crore	BDT 72.20 crore
Total	BDT 54.17 crore	BDT 78.07 crore	BDT 110.20 crore

Status of Legal Proceedings

Legal Unit of SAMD is now looking after 5,990 suits/cases filed against default borrowers involving an amount of BDT 1,730.67 crore. 13 dedicated Law Officers are monitoring the said suits/ cases as plaintiffs and complainants on behalf of the Bank. The mentioned suits/cases are filed and conducted by panel lawyers of the Bank. Moreover, 211 Writ Petitions/Criminal Misc. Case/ Appeal is pending before the Supreme Court of Bangladesh.

Collection performance highlights in 2016

- Disposal of highest number of High court cases (137 cases).
- Submitted 150 proposals to the Board and taken approval thereof in a single month (December 2016) for compromise settlement involving BDT 14.89 crore.
- Ran a Recovery Campaign for SME-S and CNB- Loan and Cards during last quarter 2016.
- Arranged a half day workshop for relevant officials of SAMD conducted by District Judge and Additional District Judge.

Strategic Outlook in 2017

- Overseeing unclassified overdue accounts from a single point (SAM-Head Office) for close monitoring.
- Initiatives for reversing movements (SS, DF, and BL) of classified accounts.
- Engagement of separate team to expedite sale process of Non-banking Assets (NBA).
- Assessment of viability of rescheduling classified loans in compliance with regulatory guidelines supported by cash flow of customer.
- Emphasizing to settle the accounts under suits/cases outside the court with the help of legal unit and panel lawyers.
- Engagement of an institution for Alternative Dispute Resolution 'BIAC' for settlement of dispute/ recovery from defaulting borrowers out of Court through negotiation.
- Strengthening activities to attach unencumbered assets of the default borrowers.

AMAR STOCK

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 some of the major causes behind recent financial crisis. 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 2016. They are prepared under relevant International Accounting and Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (EBL), eliminating inter company transactions. Assets of the subsidiaries 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). 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 foursubsidiaries of the Bank as on the reporting date i.e. 31December 2016.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 fully owned subsidiaries; three of them have been operational on the reporting date. These are EBL Securities Limited, EBL Investments Limited and EBL Finance (HK) Limited. Although the subscription of another fully owned subsidiary 'EBL Asset Management Limited' is completed, full-fledged operation of this company is yet to start.

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 (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. The principal activities of this subsidiary are buying, selling and settlement of securities on behalf of investors and in its own portfolio. Registered office of EBLSL is located at 59, Motijheel C/A (1st Floor), Dhaka-1000.

EBL Investments Ltd: EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from BSEC in January 2013 and started full-fledged operations of merchant banking, portfolio management, underwriting, etc. from June 2013. Registered office of EBLIL is located at 59, Motijheel C/A (1st Floor), 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 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 9 January 2011 to carry out asset management, capital market operation, equity investment etc. Subscription of this company was completed in 2015 but full-fledged business operation will start after getting license from BSEC.

The financials are fully consolidated and all inter company 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.*

As per Basel III guidelines, regulatory capital consists of Tier-1 (Common Equity Tier 1 and Additional Tier 1) and Tier 2 capital.

Conditions for maintaining regulatory capital: The Bank complied with all the required conditions for maintaining regulatory capital as stipulated in the Basel III guidelines as per the following details:

Particulars	Status of Compliance
The bank has to maintain at least 4.50% of total Risk Weighted Assets (RWA) as Common Equity Tier 1 capital	Complied
Tier 1 capital will be at least 5.50% of the total RWA	Complied
Minimum capital to RWA Ratio (CRAR) will be 10%	Complied
Maximum limit of tier-2 capital: Tier 2 capital can be maximum up to 4% of the total RWA or 88.89% of CET-1, whichever is higher	Complied

Quantitative Disclosures

BDT Million

Particulars	Solo (31-12-2016)	Consolidated (31-12-2016)
Common Equity Tier-1 (CET-1) Capital	17,258.21	17,518.85
Regulatory adjustments	(1,180.57)	(1,260.38)
Total Common Equity Tier -1 Capital	**16,077.64**	**16,258.47**
Additional Tier 1 Capital	-	-
Tier-2 Capital	7,293.37	7,293.37
Regulatory adjustments	(898.94)	-898.94
Total Tier-2 Capital	**6,394.43**	**6,394.43**
Total Regulatory Capital	**22,472.07**	**22,652.90**

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 the comfort zone during 2016 (13% 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/BRMC (Bank Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

Quantitative Disclosures

BDT Million

Particulars	Solo (31-12-2016)	Consolidated (31-12-2016)
Capital requirement for Credit Risk	12,648.58	12,559.23
Capital requirement for Market Risk	517.94	831.80
Capital requirement for Operational Risk	1,714.62	1,755.80
Minimum capital requirement (MCR)	14,881.15	15,146.83
Capital Conservation Buffer (@ 0.625%)	930.07	946.68
Available Capital under Pillar 2 Requirement	6,660.86	6,559.39
Total capital maintained	22,472.07	22,652.90
Risk weighted assets	148,811.45	151,468.32
Capital to Risk Weighted Asset Ratio	15.10%	14.96%
Common Equity Tier-1 (CET-1) Capital Ratio	10.80%	10.73%
Tier-2 Capital Ratio	4.30%	4.22%

D. Credit Risk

Qualitative Disclosures

(a) General Disclosure

Credit risk is defined as the probability of failure of counter party 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 ranging from 0.25% to 5% on unclassified loans (standard/SMA) and 1% on off balance-sheet exposures and specific provisions on classified loans (20% for substandard, 50% for doubtful and 100% for bad-loss) are made on the basis of quarter-end review by the management and instructions contained in BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012, BRPD Circular no.16 dated 18 November 2014 and BRPD circular no.08 dated 2 August 2015. 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		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan & Demand Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Fixed Term Loan of more than Tk. 10 lac	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	100%
Fixed Term Loan up to Tk.10lac	6 months or more but less than 9 months	20%	9 months or more but less than12 months	50%	12 months or more	100%
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	5%	36 months or more but less than 60 months	5%	60 months or more	100%

Specific 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
General provision on:	
Unclassified (including SMA) general loans and advances	1.00%
Unclassified (including SMA) loans to small and medium enterprises	0.25%
Unclassified (including SMA) loans to BHs/MBs/SDs against shares etc.	2.00%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2.00%
Unclassified consumer financing other than housing finance and loans for professionals	5.00%
Short term agri credit and micro credit	2.50%
Off balance sheet exposures	1.00%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20.00%
Doubtful loans and advances other than short term agri credit and micro credit	50.00%
Bad & loss loans and advances	100.00%
Substandard & Doubtful short term agri credit and micro credit	5.00%
Bad & Loss short term agri credit and micro credit	100.00%

Quantitative Disclosures

(b) Total gross credit risk exposures (by major types) of 31-12-16:

BDT Million

Particulars	Amount
Continuous loan (CL-2)	
Consumer Finance (CF)	4,430.28
Small & Medium Enterprise (SMEF)	3,281.73
Loans to BHs/MBs/SDs against shares	935.26
Other than SMEF, CF, BHs/MBs/SDs	5,980.48
	14,627.74
Demand loan (CL-3)	
Small & Medium Enterprise (SMEF)	5,011.22
Other than SMEF, CF, BHs/MBs/SDs	67,948.47
	72,959.69
Term loan (CL-4)	
Consumer Finance (including staff, other than HF)	8,094.48
Housing Finance (HF)	1,513.25
Small & Medium Enterprise	13,596.37
Other than SMEF, CF, BHs/MBs/SDs	39,189.94
	62,394.04
Short term agri credit and micro credit (CL-5)	
Short term agri credit	2,102.22
	2,102.22
Total	**152,083.69**

(C) Geographical distribution of exposures of 31-12-16:

Division	Amount
Dhaka Division	105,905.42
Chittagong Division	40,220.17
Sylhet Division	832.41
Rajshahi Division	2,401.19
Khulna Division	1,538.26
Rangpur Division	360.54
Barisal Division	131.94
Mymensingh Division	693.76
Total	**152,083.69**

(d) Sector wise exposure of Total loan:

BDT Million

Particulars	31-12-2016	Mix (%)
Commercial and trading	25,952.04	17.06%
Construction	2,976.99	1.96%
Cement and ceramic industries	5,027.42	3.31%
Chemical and fertilizer	1,813.98	1.19%
Sugar and edible oil refinery	2,391.56	1.57%
Crops, fisheries and livestock	3,226.08	2.12%
Food and allied industries	5,137.95	3.38%
Electronics and electrical goods	2,803.89	1.84%
Individuals	20,680.89	13.60%
Pharmaceutical industries	2,009.48	1.32%
Readymade garments industry	19,932.39	13.11%
Ship breaking industry	6,404.52	4.21%
Metal and steel products	13,796.49	9.07%
Transport and e-communication	7,666.59	5.04%
Textile mills	7,074.91	4.65%
Power and fuel	2,374.95	1.56%
Rubber and plastic industries	2,971.49	1.95%
Agri and micro credit through NGO	6,673.39	4.39%
Other manufacturing or extractive industries	4,717.63	3.10%
Others	8,451.05	5.56%
Total	**152,083.69**	**100.00%**

(e) Residual contractual maturity of credit exposure of 31-12-16:

BDT Million

Particulars	Amount
On demand	5,316.97
In not more than one month	12,474.10
In more than one month but not more than three months	24,605.45
In more than three months but not more than one year	53,706.21
In more than one year but not more than five years	50,598.20
In more than five years	5,382.77
Total	**152,083.69**

(f) Sector wise exposure of classified loans:

BDT Million

Particulars	2016	
	Amount	Mix (%)
Commercial and trading	1,651.71	40.32%
Sugar, edible oil refinery & food processing	7.15	0.17%
Crops, fisheries & livestock	1.62	0.04%
Electronics & electrical goods	22.77	0.56%
Individuals	337.74	8.25%
Readymade garments industry	166.91	4.07%
Ship breaking industry	717.82	17.52%
Metal & steel products	11.41	0.28%
Power & fuel	156.80	3.83%
Transport & e-communication	355.57	8.68%
Textile mills	270.55	6.61%
Agri & micro credit through NGO	15.97	0.39%
Others	380.00	9.28%
Total	**4,096.01**	**100.00%**

(g) Gross Non-Performing Assets (NPAs)

On the reporting date i.e. 31 December 2016, Gross Non-Performing Assets stood at BDT 4,096 million.

Non-Performing Assets (NPAs) to Outstanding Loans & advances

On the reporting date i.e. 31 December 2016, Non-Performing Assets (NPAs) to Outstanding Loans & advances was 2.69%.

Movement of Non-Performing Assets (NPAs)

BDT Million

Particulars	2016	2015
Opening balance	4,263.33	5,157.07
Additions during the year	3,022.33	2,380.28
Reductions during the year	(3,189.65)	(3,274.02)
Closing balance	**4,096.01**	**4,263.33**

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

BDT Million

Particulars	2016	2015
Opening balance	2,820.64	2,409.08
On fully provided debt written off during the year	(1,628.59)	(1,890.74)
On recovery from loans written off earlier	380.02	281.71
Specific provision for the year	1,902.68	2,020.59
Provision held at the end of the year	**3,474.76**	**2,820.64**

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 according to DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of BB.

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	
	At Cost	At Market Value	At Cost	At Market Value
Value of Quoted shares and Mutual Funds	2,556.22	2,266.64	4,019.42	3,780.32
Value of Unquoted shares and Mutual Funds	31.80	-	59.80	-

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	(152.83)	(101.73)
Total unrealized gains (losses) / Provision for revaluation of shares (net)	79.97	91.62
Total latent revaluation gains (losses)	-	-
Any amount of the above included in Tier 2 capital	-	-
Capital charge required for quoted securities:	453.33	767.19
Specific risk	226.66	383.59
General market risk	226.66	383.59

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.

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 upward.
- 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.

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, 2016:

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 19.20 Million	BDT ± 95.40 Million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 38.50 Million	BDT ± 190.80 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, 2015	Dec-31, 2016
Duration of Asset	1.48	1.34
Duration of Liabilities	0.84	1.71
Duration Gap	0.75	-0.18

Changes in Market value of Equity due to an increase in interest Rates		
1%	2%	3%
BDT 311.30 Million	BDT 622.70 Million	BDT 934.0 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) presented below:

Particulars	Time horizon				
Confidence level	1 day	2 days	3 days	4 days	5 days
90%	235,425	350,485	478,434	602,845	709,645
95%	307,740	475,352	574,348	719,069	918,536
99%	469,061	574,348	773,070	957,631	976,691

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 (Solo basis) for market risk on the reporting date 31-12-16:

BDT Million

	Particulars	Amount
a	Interest rate risk	10.31
b	Equities	453.33
c	Foreign exchange risk	54.30
d	Commodity risk	
	Total	**517.94**

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. The bank captures some identified risk events associated with all functional departments of the bank through standard reporting format.

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), Bank Risk Management Committee and Risk Management Division regularly review different aspects of operational risks and suggest formulating appropriate policies, tools & techniques for mitigation of operational risk.

Policies and processes to mitigate operational risk: Operational Risk Management Unit is primarily responsible for risk identification, measurement, monitoring, control, and reporting of operational risk. This unit identifies risk issues primarily through review of Departmental Control Function Check List (DCFCL) and reports to Head of ICCD (Internal Control and Compliance Division). DCFCL is a self-assessment process for detecting 'high' risk areas and finding mitigation of those risks. The committee titled 'Bank Risk Management Committee (BRMC)' also oversees the operational risk issues. BRMC 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.

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	1,755.80	1,714.62

I) Liquidity Ratio

Qualitative Disclosures

Views of BoD on System to reduce liquidity risk

Liquidity Risk is the risk that the bank does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at excessive cost. 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 2016 are given below:

BDT Million

Particulars	Amount
Stock of High quality liquid assets	30,086
Total net cash outflows over the next 30 calendar days	29,021
Liquidity Coverage Ratio (%)	**103.67%**
Available amount of stable funding	147,613
Required amount of stable funding	143,869
Net Stable Funding Ratio (%)	**102.60%**

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 2016 is given below:

BDT Million

Particulars	Amount
On balance sheet exposure (A)	207,710.70
Off balance sheet exposure (B)	46,600.95
Regulatory Adjustments (C)	1,180.57
Total exposure (A+B-C)	253,131.08
Leverage Ratio	6.35%

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 5 (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 e post explicit adjustments.
- Total amount of reductions during the financial year due to ex post implicit adjustments.

Not applicable.

Note: Till 2016, 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.

SUSTAINABILITY REPORT



All our thoughts and actions stem from our sense of responsibility toward our stakeholders. With our robust monitoring system we create trust in the reliability, transparency, and self-controlling capabilities of our company and we strongly believe that all of which are essential for sustaining success. We are commitment to long-term environmental sustainability. This includes reducing the bank's own impact and supporting innovative new technology. Our social commitment is also an integral part of our business philosophy.

SUSTAINABILITY REPORT

Foreword

Every business must have a social purpose as well as a commercial one. EBL's social purpose is to serve the community by doing ethical businesses. When we disburse a home loan, we create a home. When we lend to a small business, we support the creation of a job. These are profound responsibilities. Today, technology is enabling us to fulfill our purpose at ever greater scale. The adoption of smart phones and digital technology is driving changes in consumer preferences. Every day, we are discovering new ways to engage with each other and with businesses.

This revolution is opening up tremendous opportunities for society as well as for EBL. We can communicate more easily, learn more rapidly, and deliver better products and services to more people than ever before. There are now many brilliant entrepreneurial minds, and many brilliant startups focused on improving financial technology. As a Bank with 427,902 customers and 2,671 employees, we can adopt and distribute at scale. Technology is expanding our reach. We can lend more to families and businesses and help societies to grow. We are already playing a major part in this revolution and want to do even more.

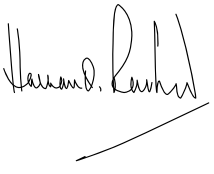
Our success is still based on a virtuous cycle of loyalty. It begins with our team. A team that is motivated and engaged will do everything in its power to help customers. When we help our customers by lending them, protecting their savings and providing excellent service, they reward us with their loyalty and their business. This drives up our profits and boosts the confidence of our shareholders. And when our business is strong, we can invest even more in the communities. It makes us a responsible Bank. Our goal is to ensure this is a company where our team is proud and happy to work.

EBL strives to be simple and fair in everything it does. That is the benchmark we set ourselves every day with our customers, shareholders and with each other. That culture is our most important asset. It drives the millions of daily choices we make to act responsibly. This takes us beyond the traditional notions of corporate social responsibility towards a more expansive vision of what a socially responsible business can be. I am especially proud of the work we do around our nation with universities and education. This is a powerful expression of our values.

We believe education is the best way to raise aspirations and provide opportunities for everyone, whatever their background. It is essential for developing free, creative and fair societies. Our support for innovation, science and research contributes to the discovery of solutions for humanity's major problems. EBL also contributes to a wide range of local initiatives in areas such as donating Bi-Cycle to poor school going girls at northern district, for education of disable children, entrepreneurship, financial literacy, art and culture in the communities where we operate. We also strive to expand access to financial tools and services. EBL's small credit program support some of the most underprivileged social groups by doing what banks do best: funding businesses, no matter how small they might be.

We are equally committed to protecting our environment. We have updated and enhanced our sustainability policies in sensitive sectors. We have brought our policies up to meet higher standards of international business and to align them better with our own corporate culture. Our policies are applied to more activities in each sector and to more customers, not just those seeking finance, but also socially responsible businesses operation.

As I said, every business must have a social purpose as well as a commercial one. We want to be profitable and sustainable. That way we can help more people and businesses prosper. We will continue to work every day to make EBL the best retail and commercial Bank for our people, customers, shareholders and communities.



Hassan O. Rashid
Additional Managing Director &
Chairman, Green Banking Cell

Sustainability: An Overview

EBL's sustainability ethos is one that is deeply embedded in the overall business strategy and therefore intrinsic to the way in which the Bank conducts its business. 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 and through careful customer segmentation that provide 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 Green Banking Cell chaired by 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. 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 Green Banking sustainability and Green Office Guideline.

Policies

EBL ensures ethical, social and environmental criteria that are properly followed when conducting business. It therefore avails of several policies, codes and internal rules inspired by the best practices, international conventions and protocols, codes of conduct and guides that are applicable in every area. Corporate sustainability policies were exhaustively reviewed and extensively overhauled in 2016.

Green Banking Policy:

This policy defines the Bank's general green 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". These policies lay down the criteria governing the Bank's financial activity with the defense, energy and soft commodities (products such as palm oil, soy and timber) sectors. They prohibit financing certain activities and establish restrictions for others (e.g. transactions needing special attention in light of their potential social and environmental impacts, and subject to certain requirements being met in order to be approved). The review took into account the best international banking practices, as well as the demands of, and issues of interest.

Human Resource Policy:

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

Green Office Guideline:

It explains the Bank's commitment to, and action in, combating climate change.

Performance highlights 2016

- 59.3 % are in permanent position
- Remaining 40.7% are on contract.



- 82% accounts facilitated with Mobile/SMS Banking
- 14% accounts facilitated with Internet Banking
- 178,062 customers getting E-statement instead of paper based statement

- Collaborations with social institutions for educational development, health and community development

- 20% cash dividend
- 5% stock dividend

Achievements in 2016	Simple l Personal l Fair	
■ 59.3% employees have a permanent employment. 18% are women. ■ 10,505 days of training round the year. ■ 64 fresh graduates recruited under PO and MTO program.	Simple, Personal and Fair is the essence of the Bank's corporate culture. It embodies how all professionals think and operate, and represents what our customers expect of us as a Bank. It defines how we go about our business and take decisions, and the way we interact with customers, shareholders and the community.	
■ 82% accounts facilitated with Mobile/SMS Banking; increased by 10.8% over 2015. ■ 14% accounts facilitated with Internet Banking. ■ 178,062 customers getting E-statement.	Simple	We offer an accessible service for our customers, with simple, easy to understand products. We use plain language and improve our processes every day.
■ 31.94 million donated for the community	Personal	We treat our customers in a personalized way, offering them the alternatives that best suit their needs. We want each and every one of our employees and customers to feel unique and valued.
■ 5.83% reduction in paper use per employee versus 2015 ■ 3.39 kilowatt installed capacity of solar energy to run bank premises and ATMs	Fair	We treat our employees and customers fairly and equally, are transparent and keep our promises. We establish relations in such a way that the Bank as well as its employees, customers and shareholders obtain benefits. Because we understand that what is good for them is also good for the Bank.

Key Strategic Issues

Our aim is to be the best retail and commercial Bank that earns the lasting loyalty of our people, customers, shareholders and communities.

WE SUPPORT OUR STRATEGIC GOALS THROUGH SUSTAINABILITY INITIATIVES

Strategic Priorities	Area of action regarding sustainability
Employees ▶ Be the best bank to work for and with a strong internal culture	▶ Employment And Diversity ▶ Developing Talent ▶ Engagement ▶ Active Listening ▶ Volunteering
Customers ▶ Earn the lasting loyalty of our individual and corporate customers improve our franchise ▶ Operational excellence and digital transformation	▶ Quality service and customer satisfaction ▶ Resolution of claims and incidents ▶ Multichannel strategy ▶ Products and services with a social and/or environmental focus
Shareholders ▶ Capital Strebgth and risk management ▶ Operational excellence and digital transformation	▶ Shareholder remuneration ▶ Ranking on main sustainability indexes
communities ▶ Support for people in the local communities in which the banks operates	▶ Education, focusing on higher education ▶ Entrepreneurship and job creative ▶ Welfare
environment ▶ Ensure our buesiness helps protect the environment	▶ Contribute to curbing climate change Reducting our environmental footprint
supplies ▶ Ethics, transparency and quality of service	▶ Manage the Bank's procurement processes rigorously and responsibly

AMARSTOCK

Material Aspects for Sustainability

EBL regularly analyses the social, environmental and ethical aspects while delivering banking services. This enables the Bank to build a matrix of relevant issues and to assess importance of the aspects identified. The quantitative analysis includes external and internal sources:

- Of all these, the external quantitative analysis considers the issues assessed by socially responsible investors, the sustainability objectives in the sector.
- The internal quantitative assessment considers and evaluates the issues dealt with by the Bank's green banking cell.
- Analysis is also carried out to identify the main stakeholders and relevant issues throughout the value chain.

The qualitative analysis, meanwhile, puts these issues in context and adds value to the conclusions drawn.

Main material concerns identified:



Talent attraction and retention, job rotation and promotion of active listening.



Customer satisfaction, service quality and correct management of complaints and incidents.



Transparency of information about products and services, simplicity and trust.



Products and services with an environmental/ social focus to help the development of local communities and protect the environment.



Multichannel structure and digitalization, innovation as a key strategic factor.



Compliance, reputational, social & environmental risk control and management.



Reducing consumption and emissions.



Antifraud and corruption mechanisms.



Community investment.



Corporate governance and adaptation to regulatory changes.

Commitment to Sustainable Development



The UN Sustainable Development Goals, adhered to by more than 190 countries, identified 17 key global issues. Bangladesh is one of the signatory of this. EBL is in a process of managing relationships with stakeholders in the context of the world's foremost sustainability challenges and committed towards these goals and is helping to achieve them through its business activities and its community investment program.



Collaborates with many social institutions to improve the quality of life of people and meet their needs.



Promotes an open attitude towards diversity, as a basic principle of its actions to ensure non-discrimination.



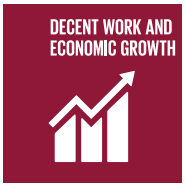
Promotes financial inclusion within communities and drives training, enterprise and job creation.



Ensures ethical, social and environmental criteria that are properly followed to develop responsible activities.



Promotes university education to help prosper the communities in which it is present.



Endeavors to attract and retain the best talent and wants its professionals to be motivated, committed and rewarded.



Helps people and businesses prosper in order to support the sustainable growth of communities.



Analyses the social and environmental risks in its transactions and promotes financing for renewable energy and projects to support the fight against 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.
- The risks associated with both environmental and social issues are being properly recognized, evaluated and where appropriate mitigated.
- The Businesses ensure 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 2016, we reduced office paper use by 6 percent 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 their debit or credit card. 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 check 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	Year 2016
% of total customers using Internet Banking	14%
% of total customers using SMS banking	82%
% of total accounts statements delivered through email	42%

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	Year 2016
Number of customers eligible for environmental due diligence	92
Number of customers appraised for environmental risk rating	92
Low	84
Moderate	6
High	2
Cost of water consumed by the Bank (BDT in Million)	4.30 million
Cost of paper consumed by the Bank (BDT in Million)	3.67 million
Cost of energy (electricity, fuel, and gas) consumed by the Bank (BDT in Million)	119.59 million
Installed capacity of solar energy to run Bank premises and ATMs (in Kilowatt)	3.39
Percentage of Bank branches connected online	100%
Number of staffs received training on Environmental and Social Risk Management	139

Economic Aspect

Employee Remuneration

BDT 2,821 million in staff costs



EBL has 2,671 employees; 52% are with EBL for less than 5 years, 31% are for 5 > 10 years, 7.57% are for 10 > 15 years and 9.21% are for over 15 years.

Loans granted (net)

BDT 22,750.2 million in loans awarded at year-end



The Bank has also financed a total of BDT 22,750.2 million Small & Medium businesses. EBL is a market leader when it comes to financing renewable energy projects.

Shareholders

BDT1,757 million in shareholder return



Distribute 20 % cash dividend and 5% stock dividend.

Taxes withheld and paid

BDT 2,225.99 million in taxes and other levies withheld and paid



EBL contributes both economically and socially to the countries in which it operates by paying all its withholding indirect taxes from third parties.

Social investment in the community

BDT 31.94 million in social investmentin the community



BDT 31.94 million in community support program.
14 MFI's are linked with EBL to mobilize agricultural loan.

Financial Inclusion	Year 2016
Cumulative Agricultural and Rural Credit extended through MFIs (BDT in Million)	3,508.94
Cumulative Agricultural Credit extended through own network (BDT in Million)	16.52
Cumulative Agricultural and Rural Credit extended from ADB fund (BDT in Million)	680.00
Total Number of individuals impacted	1,15,079
Total Number of MFIs partnered	14

Promoting Sustainable Finance	Year 2016
Amount financed for installation of ETP to plants in operations	-
Amount financed in plants having ETP (loan disbursed to projects having ETP)	20,247.0
Amount financed to solar panel/ renewable energy plants	-
Amount financed to Bio-fertilizer plants	-
Amount financed to brick kilns adopted cleaner technology	21.2
Amount financed to other green projects	-
Total Sustainable Finance	**20,268.2**
Note: All figures above are in Million Bangladesh Taka	
Number of employees trained in sustainable finance	6
Financial Assistance Received From Government	**Year 2016**
Borrowing from Bangladesh Bank under different Refinance programs (as of 31 December) (BDT in million)	1,306.65
Interest loss compensation received from Bangladesh Bank against disbursements in specified agricultural products @ 4% (BDT in million)	0.034
Governance	**Year 2016**
No. of Incidents of non-compliance with regulations resulting in fine or penalty	None

Social Impact

Employees 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	Year 2016
Headcount (permanent staff) on year-end	1,584
Percentage of female representation	18%
Percentage of voluntary attrition	8%
Number of permanent staff received training	4,683
Total number of training days	10,505
Average training days per employee	4
Percentage growth in headcounts	0.44%
Number of fresh graduates recruited as Management Trainee Officer (MTO)	25
Number of fresh graduates recruited as Probationary Officer	36
Number of fresh graduates recruited in other positions	28
Years of service with EBL as percentage of total permanent staff headcount	
Less than 5 years	52%
5 > 10 years	31%
10 > 15 years	7.57%
Over 15 years	9.21%
No. of Fire wardens	255

Knowledge

Training is one of the key tools for professional development at EBL. In 2016, for boosting employee knowledge, skills and alignment with the corporate culture total 4,683 training sessions received by permanent employees with an average of 4 training days per employee over the year.

Health and safety-Main occupational risk prevention measures:

Emergency drills and action plans involving personnel specifically trained to deal with emergencies.

Customers

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	Year 2016
Number of average customers*	427,902
Number of complaints received through all channels	1,423
Complaints per 1000 customers	3.33
Usual turnaround time to resolve any compliant	0-3 days
Total number of complaints regarding breaches of customer privacy and losses of customer data	NIL

** Simple average of numbers of customers at the beginning and ending of the year.*

Branches

Alongside the advances in the digital sphere, EBL is also working to enhance customer experience in the traditional channels. The 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, forge 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 accessto financial services for low-income groups, socially responsible investment, and financing of renewable energies and environment friendly products.

- Support to Small and Medium Enterprises (SMEs)
- Support to Students
- Partnership with community organizations
- Socially responsible initiatives
- Finance to renewable energy and energy efficiencies
- Financing low emission, electrical and hybrid technologies
- Products and services for agriculture

Service Quality

Customer's delight is at the center of EBL's business model. The Bank has over 428 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.

Employee Training and Consumer Awareness

Employee awareness and training on environmental and social risk and the relevant issues are continuous process as part of the Bank's employee training program. Awareness development among consumers and clients are continuous job of the Bank's employees across all functions. 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 2016, a total of 139 staffs have attended these trainings which was 39 in 2015.

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 our CSR activities are anchored on the principle of 'Building Social Capital'. We

recognize that we have some definite responsibilities to our customers, employees, government, environment, and to the communities at large. A detailed report on CSR has been presented separately in the annual report.

Corporate Social Responsibility	Year 2016
Major Expenditure for CSR (BDT in Million)	31.94

Tax Contribution

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.

Anti-money laundering and counter-terrorist financing

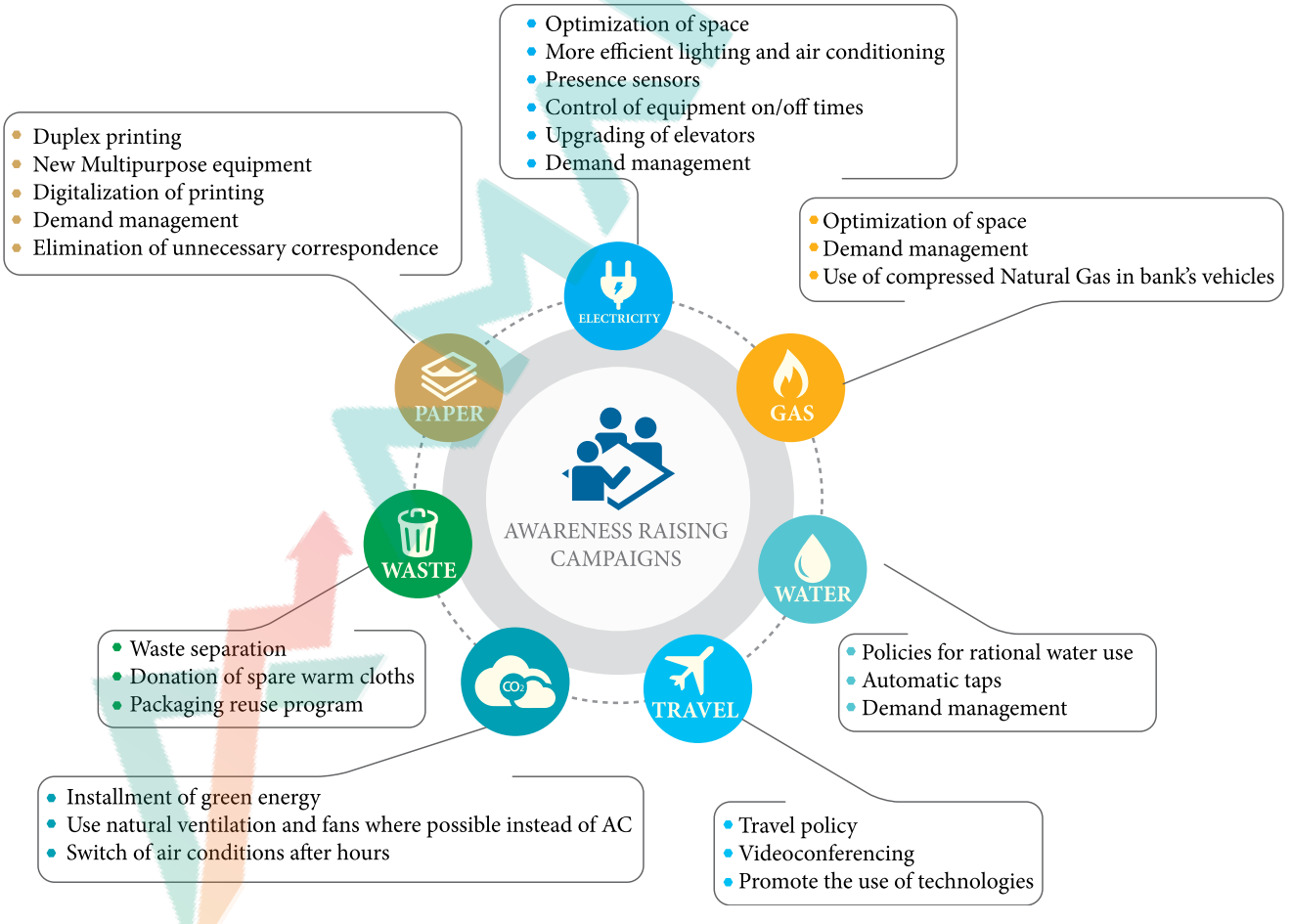
EBL has a system to prevent money laundering and the financing of terrorism. The system is kept constantly in line with the latest international regulations and is able to adapt to new techniques used by APG (Asia Pacific Group on Money Laundering). It also has a corporate framework in place for this 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	Year 2016
Number of staffs completed training on AML	1,035
Number of Suspicious Transactions reported to Bangladesh Bank	13
Number of accounts closed for unsatisfactory KYC	-

Sustainability Plan 2017-2020

EBL formed a Sustainable Finance Committee in compliance with regulatory guidance at the beginning of 2017. The plan entails deploying of over 200 measures designed to reduce energy consumption in EBL's new head office buildings, reduce the consumption of paper, emission of greenhouse gases, and raise awareness of and sensitivity towards environmental issues among the staffs in the period 2017-2020.

The main projects in the pipeline across the Bank's operations involve reducing paper use, reducing business trips, procuring green energy, and many others shown in the chart.



CORPORATE SOCIAL RESPONSIBILITY

The world is changing at an ever-increasing pace. This change is putting pressure on resources, and success in the labor market is also increasingly dependent on knowledge and skills. To cope up with the ever-transforming landscape of business and finance, new thinking and new business models are needed to overcome barriers to prosperity. As a corporate citizen, Eastern Bank has been working for a better future since 1992 to support the drivers of prosperity for individuals, communities, and economies.

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

Our corporate citizenship strategy

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

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 are and we will exercise utmost care to ensure that the CSR allocations do not end up financing militancy and terrorism.
- Our CSR engagement program has always special emphasis on education and healthcare. Our aim is to spend 40% of our fund for awarding scholarship and stipend for underprivileged students from renowned educational institutions and 25% to healthcare for underprivileged population of the society.
- We strongly feel that sports and arts and culture are key component for a healthy and sustainable society. We would like to commit 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 allocations should be used in areas such as emergency disaster relief, promoting adoption of environmentally sustainable output practices and lifestyles, promoting artistic, cultural, sports and recreational facilities for the underprivileged, upgrading facilities and lifesavings equipment in emergency rescue services like the fire brigades etc., infrastructure improvement for disadvantaged communities in remote far flung areas.

Education for social development

The UN describes education as key to social and economic development, and has put educational progress at the center of its Sustainable Development Goals (SDGs). In emerging economies, access to education has the potential to raise those at the bottom of the economic pyramid out of poverty. We at EBL focus on tertiary level of education because we believe that it is where youth are prepared for entering 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 too, because it enables people from a disadvantaged background to earn an income that can provide a better quality of life and inspire future generations. 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.

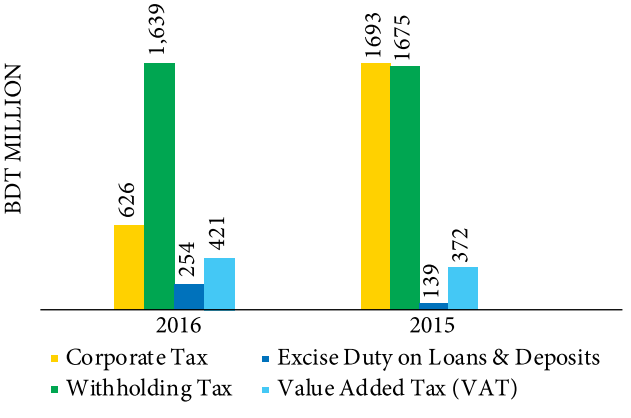
To reach out to meritorious and disadvantaged students of the University of Dhaka, we began a fruitful partnership with Dhaka University Alumni Association (DUAA) in 2007. We are offering a minimum of four scholarships to all 74 departments of University of Dhaka helping the meritorious but disadvantaged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

In 2016, we more than doubled the amount to BDT 4.5 million, but decided to provide the scholarship to only 150 student to have a greater impact on their lives. The actual event took place on 26 January, 2017. The scholarship presentation was held at the Senate Bhaban auditorium of the University of Dhaka attended by Finance Minister Abul Maal Abdul Muhith as chief guest and Professor AAMS Arefin Siddique, Vice-Chancellor of University of Dhaka as special guest. Deputy Governor of Bangladesh Bank SK Sur Chowdhury was present as guest speaker of the program.

Contribution to National Exchequer

Being a responsible and tax abiding corporate citizen, EBL regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from employees' salary as well as payments to customers and vendors. Following graph shows our contribution:

Contribution to National Exchequer



We are Environment-responsive

We believe that every small 'GREEN' step taken today would go a long way in building a greener future. As an environment-responsive bank we initiated Go Green campaign in our Bank. After reducing the use of electricity and paper at the office, EBL is now gearing up for carbon trading to show its commitment to environment-friendly funding. EBL is the first bank to claim refinance from the central bank for carbon credits. Some of our branches and ATM's of the bank are now run on solar power.

The Bank also ensures that 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.

Empowering women

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, up-to BDT 50 lac with collateral. EBL not only provides finance 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. As a part of CSR, we donated 10 computers among Women Entrepreneurs and 10 'Duranta Angellena Ladies Bicycle' for North Area Poor School girls in 2016.

Disaster Management and our commitment

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 succor. Our society is our first preference: be it distributing blankets to cold-hit people of the country, reaching out relief to flood-affect people, or responding to any national emergency. In 2016, we donated relief material worth over BDT 30 million to Relief & Welfare Fund of Prime Minister Sheikh Hasina.

We donated BDT 2.5 million to 'Law & Order Coordination Committee' for CCTV surveillance Project for Gulshan, Banani & Baridhara Residential Areas by DMP.

As a good corporate citizen we always feel it is our duty to stand by the people who are suffering or in difficulties. Every year we give a cheque for 4.8 lac taka to a family of one of the officers killed in the BDR carnage. We are committed to provide this support for ten years until 2018.



EBL hands over a scholarship dummy cheque for BDT 4.5 million to A K Azad, President of DUAA.

CSR 2016



EBL Director Meah Mohammed Abdur Rahim hands over blankets to Prime Minister Sheikh Hasina for Prime Minister's Relief and Welfare Fund. MD and CEO of the bank Ali Reza Iftekhar was also present.



Ormaan Rafay Nizam, Director of EBL hands over a Pay Order for BDT 15.00 (Fifteen) Million as part of CSR initiative of the bank to Prime Minister Sheikh Hasina for the Prime Minister's Relief and Welfare Fund.



Barrister Tania Amir; Rumi Ariyoshi, First Secretary, Embassy of Japan in Bangladesh along with others cut a cake to mark the International Women's Day.



Annual Women's Day celebration.



EBL donates a total of 10 bi-cycles to the poor and meritorious students of Gangachara Haji Delowar Hossain Girls High School of Rangpur district.



EBL hands over a scholarship dummy cheque for BDT 30,000 to a student of University of Dhaka.

MANAGEMENT AND DISCUSSION ANALYSIS



The discussion and analysis presented by the management is a core document to understand health of the bank. This should be read in conjunction with the consolidated and separate financial statements and the related notes to them. Our discussion highlights include qualitative and quantitative details of operating income, investment income, fees, commission and FX income, operating expenses, operating profit, specific provision on loan, provision for loss on revaluation of shares, provision for income tax and PAT.

FINANCIAL REVIEW

Apart from being one of the most regulated sectors, banks in Bangladesh are affected by a range of factors: regulations, overall macro-economic condition, monetary policy stance of central bank, business environment, legal framework etc. Political as well as macro-economic stability helped the country in achieving 7% plus GDP growth for the first time in fiscal year (FY) 2016. Industry played the primary role followed by the service sector to contribute higher growth. Low petroleum prices in the global market helped inflation rates to stay low since Bangladesh spends a significant amount on petroleum products. Export earnings increased at a higher rate than imports; in other words export-GDP ratio increased but import-GDP ratio declined in FY2016. Higher growth in RMG export also contributed to this.

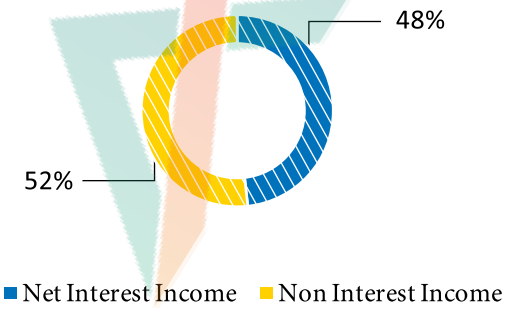
Despite visible signs of growth and improvement in macro economy, the banking sector continued to display its weaknesses. Lukewarm private sector credit demand despite single digit lending rate, rising NPL, falling profitability, stricter regulations on ALM practices, and certain governance issues continue to impact overall health of the banking industry. Government borrowing through savings certificates at a much higher rate is also crowding out banks' opportunity to invest in treasury securities in absence of vibrant credit demand. While the banking sector is struggling with many odds, new challenges continue to appear in new forms. Cyber-crime is one such element that emerged as a new threat for the banks in Bangladesh in 2016.

We continued to transform challenges into opportunities and grew sustainably. We are the first bank in the country to achieve a long-term rating Ba3 by Moody's, one of the top rating agencies of the world. From the financial point of view, EBL made the highest profit after tax so far (BDT 2,656 million with 20% growth) in 2016. Details are explained below:

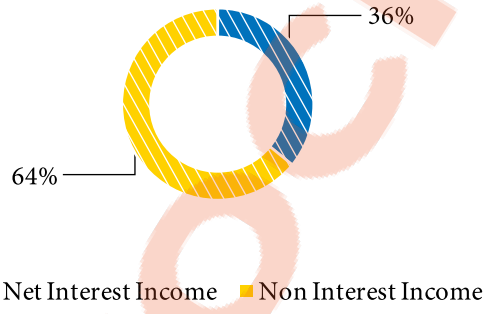
Operating Income (+16%)

Our core banking results showed a healthy sign of turnaround in 2016. Despite negative growth in investment income and Commission, exchange and brokerage income (both by 7%), an impressive growth in net interest income or NII (56%) resulted a double digit operating income growth (+16%). Share of NII in total operating income also increased from 36% in 2015 to 48% in 2016. Operating income mix for 2016 and 2015 is compared below:

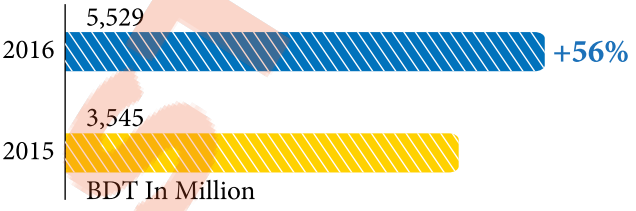
Operating Income Mix (%): 2016



Operating Income Mix (%): 2015



Net Interest Income



In 2016, Net interest income increased significantly (56% or BDT 1,984 million) mostly due to fall of interest expense by 18% (interest income grew marginally by 2%)which is explained below:

Interest Income (+2%)

Bank's interest income, mostly from loans, increased by 2% (BDT 207 million) mainly for following reasons:

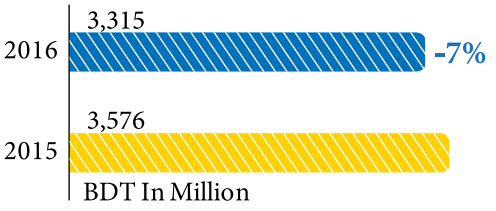
- Although loans and advances increased by 17% to BDT 152,084 million at year-end 2016, growth was slower during first half (H1) of 2016 but had a positive turnaround in the second half (H2) pulling down average loan balances.
- FCY loan which is mostly low yielding and occupies 15% of total loan (BDT 22,564 million) saw a significant growth (27%) during the year.
- Weighted average yield on loans decreased to 9.98% in December 2016 as compared to 11.29% in December 2015 mainly due to stiff competition.

Interest Expense (-18%)

Bank's interest expense, mostly on deposits and borrowing, decreased by 18% (BDT 1,777 million) mainly for following reasons:

- Although deposit increased by 10% to BDT 140,284 million at year-end 2016, overall deposit growth was negative during H1 of 2016 and positive but slower in H2, 2016 pulling down average deposit balances heavily.
- Greater mobilization of low cost deposit (current and savings deposit increased by 15% to BDT 55,086 million in 2016) and a gradual rate cut by ALCO during H1, 2016. As a result, weighted average cost of deposit reached 4.87% in December 2016 which was 6.12% same point previous year.

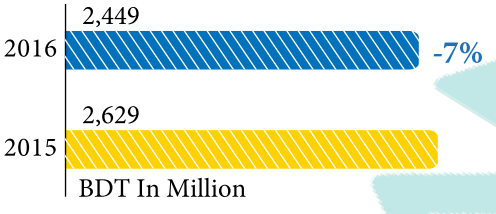
Investment income



Bank's investment income is generated from fixed income securities (mostly govt. treasury bills/bonds), secondary market portfolio, subordinated bonds, and investment in subsidiaries. Overall investment income in 2016 saw a decline for following reasons:

- Income from fixed income govt. securities (in the form of coupon and capital gain) decreased by 12% or BDT 451 million mainly due to sale of some high yielding govt. securities under HFT to avoid revaluation loss under rising yield curve scenario during the first half of 2016.
- However, after the first half yield curve moved downwards as govt. borrowed through sale of national savings certificate instead of issuing govt. securities and the bank also did not increase investment in govt. securities as return was much lower. Coupon income is taxed at prevailing rate (40%) but capital gain is tax exempted.
- Bank offloaded certain quoted securities and realized a net loss of BDT 153 million to go for some strategic investments within the regulatory limit of capital market investment. However, BDT 141 million was received as dividend from the subsidiaries in 2016 (BDT 100 million in 2015).

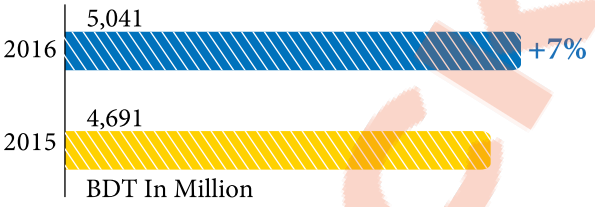
Fees, Commission and FX income



Fees and commission together with FX income experienced a negative growth (7% or BDT180 million) in 2016 because of:

- A sharp fall (24% or BDT 211 million) in FX income caused mainly by stable FX market during first ten months of 2016 and booking some forward sales to corporate customers supported by spot deal for which cost has been booked in 2016 but the forward agreement will mature in 2017 and so will be the revenue.
- Fees, commission and charges income witnessed a minimal growth of 2% or BDT 31 million mainly because of low commission income from trade business due to stiff competition and negative growth of service charges because of stricter regulations.

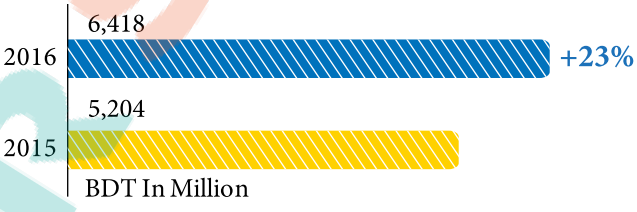
Operating expenses



Total operating expenses increased by 7% or BDT 350 million mainly for the following reasons:

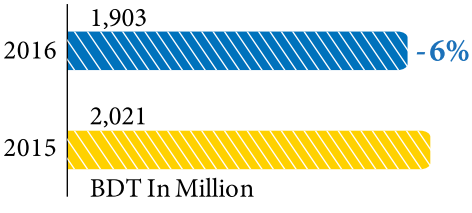
- Salary and allowances increased by 9% or BDT 241 million in 2016 due to regular increment in March 2016 and a biennial market adjustment in July 2016.
- Overall bank rent, utility bills, insurance premium, printing and stationary, repair, maintenance, office security, advertisement and business promotion expenses experienced a usual growth during 2016.

Operating profit



Operating profit increased by 23% to BDT 6,418 million in 2016 mainly due to double digit operating income growth (+16%) and a single digit operating expense growth (+7%). Growth of NII by BDT 1,984 million contributed mostly to this increase.

Specific provision



Specific provision charged during the year against classified loans decreased by 6% or BDT 118 million mainly because of increase in recovery of written-off loans (BDT 380 million in 2016 vs. BDT 282 million in 2015) which is shown as a deduction from specific provision charged.

Also an improvement of asset quality (NPL: 2.69% at year-end 2016 vs. 3.27% in 2015) contributed moderately in decreased provisioning requirement.

General provision (+58%)

General provision charged against unclassified loans and off-balance sheet exposures during the year increased by BDT 141 million mainly due to growth of loans(17%) and off balance sheet exposures.

Nonetheless, the cumulative balance of general provision is an eligible component of Tier-II capital of the bank that provides safeguard against possible future default as well as supports business growth by strengthening the capital base.

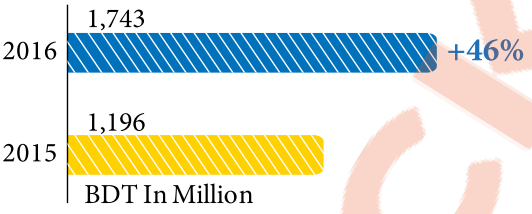
Provision for loss on revaluation of shares

As per BRPD Circular of BB, investments in quoted and unquoted securities (shares and mutual funds) are revalued at the year-end market price for quoted shares and net asset value for unquoted shares.

Provision for share and mutual fund provision is made on the overall portfolio (not individual share basis) and for mutual fund on lower of cost and (higher of market value and 85% of NAV).

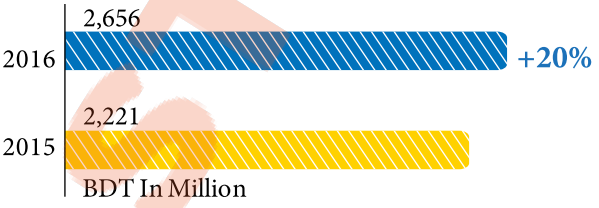
In 2016, provision against revaluation of shares was released for the amount of BDT 289 million due to sale of quoted securities and increase in market price. Consequently, our year end portfolio (at cost price) of quoted shares and mutual funds reduced to BDT 2,556 million (in 2016) from BDT 2,721 million (in 2015).

Provision for Income Tax



Tax Provision (net of deferred tax income) increased by 46% to BDT 1,743 million in 2016 mainly due to 29% growth of profit before tax (BDT 983 million) and reduction of principal amount of write off loans (BDT 1,891 million in 2015 vs. BDT 1,629 million in 2016).

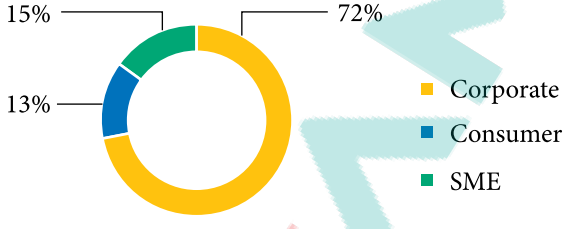
Profit After Tax



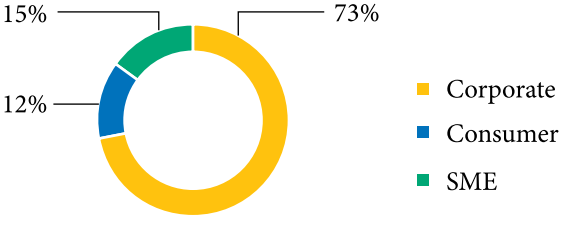
Riding on a 23% growth of operating profit partly offset by 46% increase of tax provision (BDT 547 million), profit after tax (PAT) increased by 20% to BDT 2,656 million in 2016. As a result, our earnings per share (EPS) increased to BDT 3.78 in 2016 from BDT 3.16 in 2015 (restated).

SEGMENT ANALYSIS

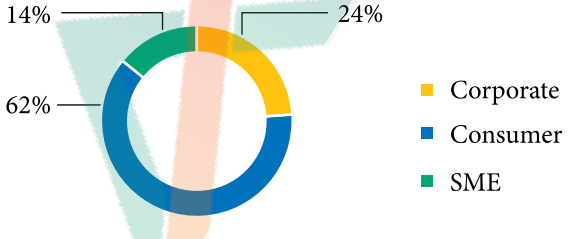
Business Unit Wise Loan Mix (%) 2016



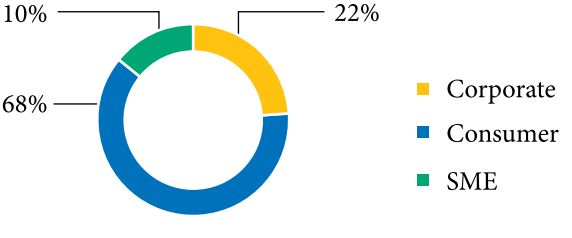
Business Unit Wise Loan Mix (%) 2015



Business Unit Wise Deposit Mix (%) 2016



Business Unit Wise Deposit Mix (%) 2015



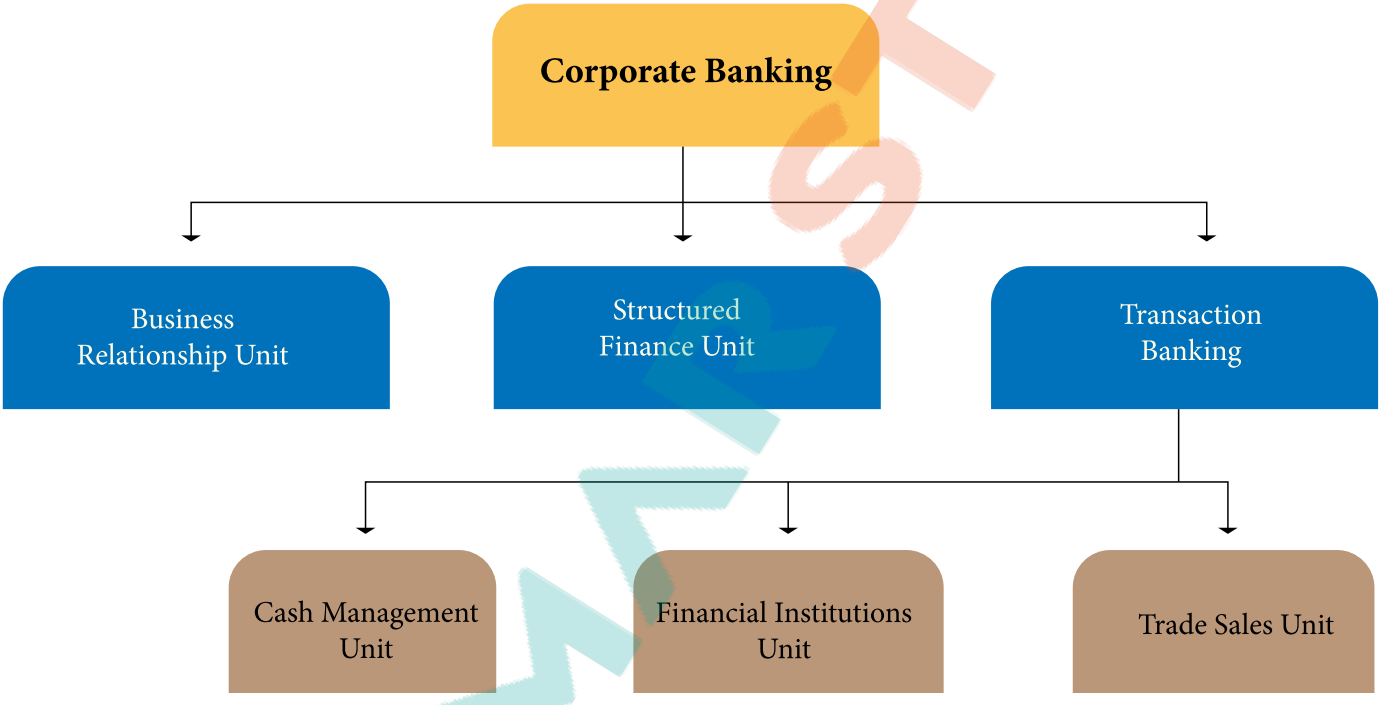
Details of Business Segment Profit & Loss Account and Balance Sheet have been presented in Page no. 253-254 of this report.

CORPORATE BANKING

Corporate Banking Functionalities

Corporate Banking business across the banking industry experienced a new dimension in 2016: Sizeable public investments, moderate growth in private sector investments, direct FCY borrowing from foreign sources by local corporates at lower rates and of course intense downward pressure on interest rates on lending. Balancing all these, EBL Corporate Banking has registered a satisfactory growth both in terms of revenue and quality portfolio. This has been possible mainly because of our sound corporate governance, better risk management, strong control and compliance and superior customer service. Achieving Ba3 rating by Moody's reiterates the fact that EBL is well on track to meet rising challenges. Through continuous innovation, structured solutions and service excellence - Corporate Banking of EBL has emerged as a pioneer in the industry.

EBL is also a forerunner in Off-Shore Banking business in Bangladesh and its Balance Sheet is one of the largest among the local commercials banks in Bangladesh. Rise in demand for foreign currency loans of the top tier corporate customers has helped the balance sheet grow. EBL's long standing relationship with the multilateral agencies has benefited the clients to get access to long term foreign currency financing for infrastructure development and export oriented industrial growth.



Corporate Banking comprises of 9 relationship units: 6 units are stationed in Dhaka while the remaining 3 units are located in Chittagong. In addition, there are 2 (two) specialized product units (namely Transaction Banking and Structured Finance) to cater clients cash and trade and specific financing needs. Transaction Banking has 3 sub-units: Cash Management Unit (CMU), Trade Sales Unit (TSU) and Financial Institutions (FI) Unit.

Key Strengths

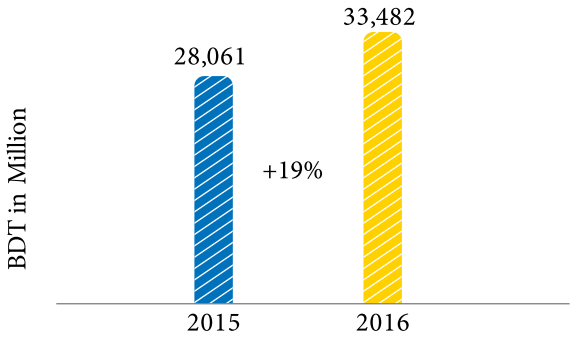
Corporate Banking provides a one stop solution to the financing needs of its valued clients. The team comprises of highly skilled and experienced Relationship Managers. The centralized operation allows seamless banking services to its clients. A wide range of products starting from working capital, term financing, structured trade finance, cash management solutions to large syndication capability coupled with service excellence has placed the corporate banking division as a role model among the peer group.

Major Challenges

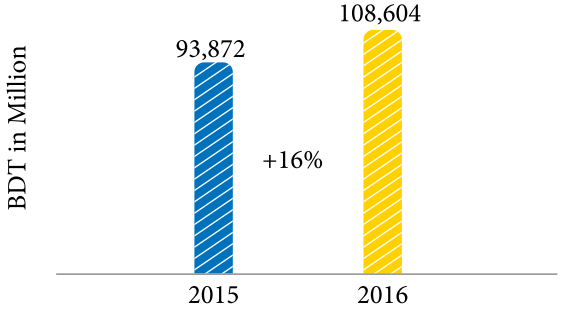
Overall credit growth across the banking industry has been moderate while declining interest rates across the industry continues to create downward pressure on the overall margin. As such, it has become imperative to identify new sources of low cost deposit to support lending to the large corporate clients at competitive rates. In absence of long term hedging instruments, rising LIBOR has become an added concern which can adversely affect the OBU business growth. Credit concentration remains a continued challenge, therefore, corporate banking hunt for 'good borrowers' will be one of the key agendas of 2017.

Key Financials

Deposits



Loans



Major Initiatives of Corporate Banking in 2016

Structured Finance Unit:

- Raised BDT 1,707 million syndicated long term loan for the expansion project of Confidence Cement Limited.
- Arranged BDT 1,250 million deal of syndicated term loan facility for the 100,000 mp-year MTPA Steel Melting Plant of Magnum Steel Industries Ltd. equipped with environment friendly Fume Extraction Plant.
- Arranged Green Project Finance amounting to BDT 401.5 Million for setting up an auto brick manufacturing plant with tunnel kiln technology for SAS Building Materials Limited.
- Arranged USD 40 Million and BDT 2,065 Million syndicated term loan facility for Meghna Pulp & Paper Mills Limited.
- Raised financing of BDT 1,500 Million for KSRM Steel Plant Ltd. and BDT 500 Million for Ifad Autos Ltd. in the form of unsecured Commercial Paper.
- Arranged BDT 1,000 Million for BSRM Steels Ltd. and BDT 500 Million for Max Infrastructure Ltd. in the form of unsecured Commercial Paper.
- Debt re-structuring to the tune of BDT 645 Million for HG Aviation Ltd. under syndication arrangement.

Cash Management Unit (CMU):

- **Signed Agreement with bKash:** Under this agreement, EBL will facilitate its corporate clients to disburse funds to the customers' beneficiaries and to collect payments from its payers through Mobile Financial Services offered by bKash.
- **"EBL Connect" Agreement with Grameen Phone Limited (GP):** With the help of an online payment portal GP can provide transaction (FT, BEFTN, Payroll request to Cards and accounts, RTGS) request through online and EBL will execute the transactions accordingly.
- **Launching of new product "EBL Cheque Pro":** EBL has introduced Cheque Pro product, an automated cheque writing program, which enables corporate clients to enjoy the simplicity and comfort of cheque writing at their office premises.
- **Signed Agreement with BTCL:** This agreement is for collection of Telephone Bills. The bills collection operation will take place at Booths, Branches, Service Centers and Delivery Channels like Internet Banking, ATM, POS (if any) and Standing Orders Instruction etc.
- **Signed Agreement with DPDC for Online Payment Collection of Auction Bidders:** Under this agreement, EBL will collect various types of bid amounts i.e. application fees, security money and quoted auction value related to DPDC's auction and DPDC will maintain respective data/ information in their internal database.

Other Deals

- EBL has been the 1st bank to obtain approval followed by draw-down under LTFF facility of Bangladesh Bank for 03 0f its valued clients: ACI Group, DBL Group and Rising Group.
- EBL facilitated advisory function for Next Spaces Limited for construction work of large power projects.

Strategic Outlook in 2017

Public sector investments will play a dominant role in 2017 based on the country's sustainable development goals and attainment of middle-income status by 2021. As such, EBL Corporate Banking business focus will revolve around infrastructure (power & energy, transport sectors), health & pharmaceuticals, agriculture,development of economic zones and associated sectors. At the same time, the division will continue to deliver balanced business growth with high focus on asset quality, deepening existing relationships as well as expanding customer base, selective onboarding in the identified sectors by the bank. Overall taka liquidity is expected to continue and margins will be thin; as such the corporate banking will continue its pursuit to source low cost deposit.

CORPORATE BANKING EVENT HIGHLIGHTS 2016



EBL signs a participating agreement for long-term financing at central bank head office. The Financial Sector Support Projects (FSSP) is funded by World Bank.



Thank you dinner hosted by EBL Finance (HK) Limited.



H1-2016 Business Review meeting.



Corporate clients enjoying Borsho Boron 1423 musical evening.



Corporate Soccer Team-2016.



Team EBL at Corporate Conference.

TREASURY

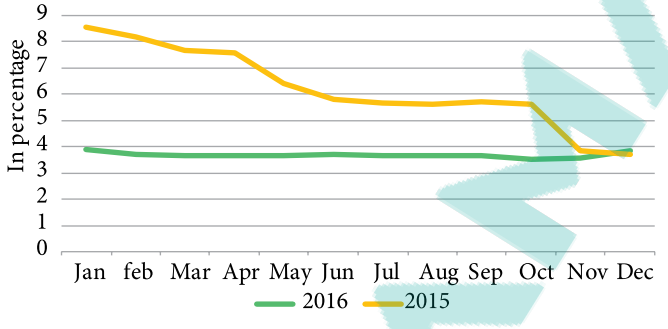
Forces that shape asset liability management (ALM) scenario in 2016 were: monetary policy stance by the central bank in sustaining declining trends of interest rates, relatively steady growth of domestic credit but not adequate to mop up excess liquidity piled up from slower credit growth in last few years, lack of government borrowing from banking sector due to soaring sales of national saving schemes, option to foreign borrowing by local corporates at low interest rate. To sail through these forces, the ALM focus of the bank was to diversify asset portfolio, remain active in the foreign exchange market as well as trading in fixed income securities to bag better return for our shareholders in 2016.

Market Dynamics

Money Market:

Money market remained highly liquid all through the 2016. Central bank kept the reverse repo window closed leading all scheduled banks to park their surplus liquidity in Bangladesh Bank bills of 7-day, 14-day and 30-day tenors whose returns hovered around 3.00%. Most market participants were in lending side keeping average call money rates below 4.00% throughout the year while most deals were settled around 3.00%.

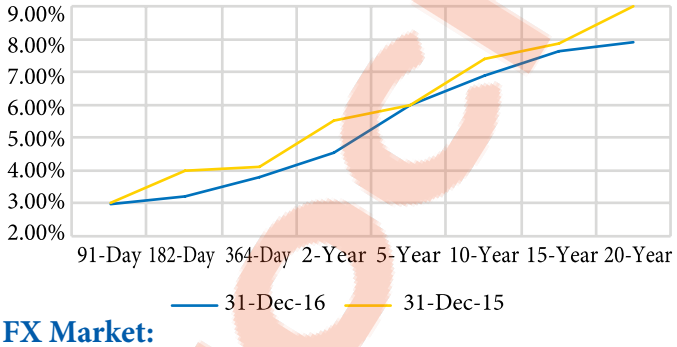
Average Call Money Rate



Fixed Income Securities Market:

The year 2016 started with an optimism that the credit growth would pick up as the private sector investors started gaining confidence. Implementation of seven mega projects including Padma Bridge and Metro Rail fuelled the hope that government would borrow sizeable amount from banking sector and thereby excess liquidity would be moped up through large issuances of government securities which would ultimately lead to upward movement in yield curve. Hence, Market participants started to offload their holdings to avoid further revaluation loss in their HFT portfolio since it was projected that there would be upward movement in yield curve. But, After July 2016, sales in national saving certificates were soaring resulted in less borrowing from banking sector in the form of issuance of Treasury securities. And, Yield curve started falling again but the market was watchful in new investment. Market liquidity in secondary trading was low. Most banks invested for maintaining SLR.

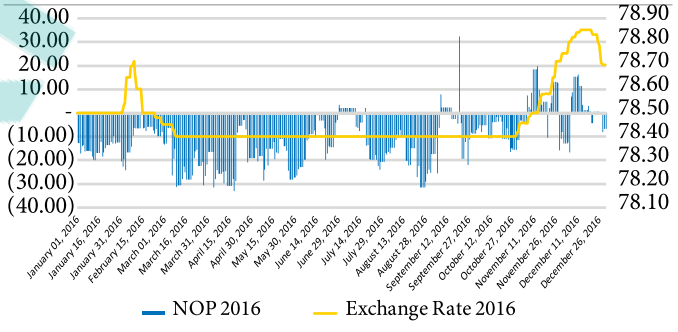
Yield Curve Comparison of GSECs



FX Market:

FX market was also highly liquid in 2016 but USD/BDT pair started going up from November and persisted up to December. Central Bank intervened in the FX market to keep export competitiveness as china and India, two major export competitors devalued their currencies. Remittance flows slowed in formal market as rates in informal market was higher. To encourage routing of remittance through formal channel, central bank was in favor of pushing rates up in the formal market. Corporate houses intended to hedge their future payments which pushed demand further. All turned USD/BDT rates up.

NOP & Exchange Rate Movement -2016



Treasury Business Highlights

We reshaped our business strategy in 2016 in line with new ALM policy to better exploit prevailing market conditions predominantly characterized by stagnancy and high liquidity in the market. Lack of investment opportunities led to continuous fall in yields of government securities. Riding over the yield curve coupled with continuous trading in secondary market yielded a substantial capital gain for the bank. Foreseeing the fall of yields into a risky level, we focused on shifting asset class reducing excessive concentration in government securities in later part of the year to minimise any possible price risk. Moreover, we grabbed the opportunity to strike certain forward contracts with our corporate customers which also contributed a sizeable amount of income in 2016.

Key Financial Highlights			
Indicators	**2016**	**2015**	**GROWTH**
FX products sold to corporate customers	USD 568.52 million	USD 431.15 million	↑31.86%
Total Exchange gain	BDT 624.88 million	BDT 850.63 million	↓26.53%
Gain from govt. securities (Net off trading and revaluation loss)	BDT 812.61 Million	BDT 577.85 million	↑40.62%

EBL Treasury Functionalities

Money Market Desk

This desk mainly deals with products like call money, term money, repo, reverse repo, BB bill, FX Swap and commercial paper.

Fixed Income Investment Desk

EBL fixed income desk deals with products like Treasury bill, Treasury bond and subordinated bond. This desk officials makes interest rate forecast and take position on government securities and subordinated bond. Active participation in secondary market trading of government securities generated capital gain of BDT 812.61 million in 2016.

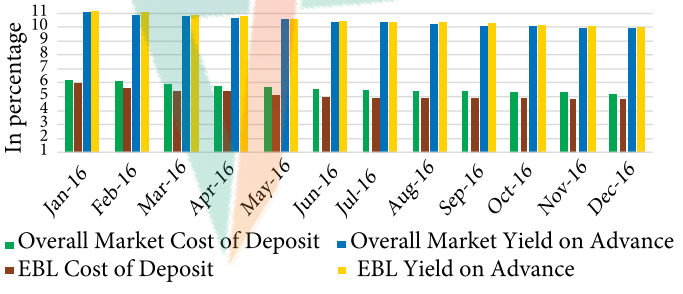
Foreign Exchange Desk

FX sales desk continuously makes forecast about movement of future exchange rate and maintains its open position accordingly (USD 35.83 million up to July and USD 53.64 million thereafter). This desk minimizes foreign exchange risk-potential due to change in market prices through proper market forecasting. It engages into basic foreign exchange activities related to imports, exports and remittances which generated income for the bank amounting to BDT 624.88 million in 2016.

ALM Desk

Change in interest rate, exchange rate and market liquidity may expose the bank to risks and may threaten the survival of the bank as well if not managed effectively. The ALM function comprises management of liquidity, maturity profiles of assets and liabilities, interest rate risks and forex risk. ALM desk officials prepare ALCO paper incorporating local and international economic update, market liquidity forecasts, interest rate projections, balance sheet analysis and recommend measures to be taken to optimize balance sheet whether to reduce or increase deposit and lending rates.

Deposit Lending Rates Comparison between EBL & Overall Market



ALM desk guides ALCO in changing lending and deposit rates with proper analytics and better forecasts. In 2016, effective and timely change in rates by ALCO played a crucial role in the significant growth of NII. A new ALM policy was formulated by ALM desk keeping BASEL III liquidity ratios(LCR & NSFR) in mind and central bank's ALM guidelines into active consideration. Change in deposit mix reducing dependency on term deposit reduced substantial costs for the bank.

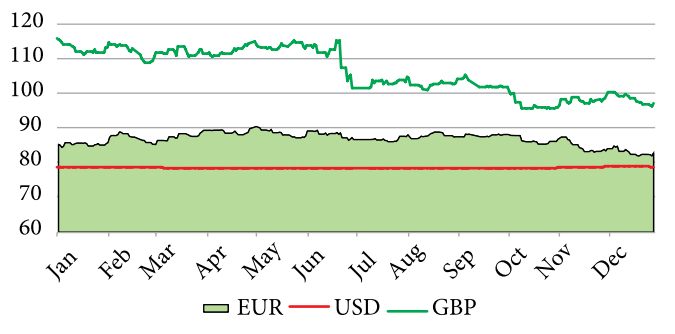
FTP Desk

EBL is opening up a new chapter of measuring and reporting business performance through internal mechanism known as fund transfer pricing (FTP). FTP will provide useful business insights, increase efficiency of sourcing and using of funds and help identify the key drivers of profitability. It will also depict the true performance of business units, branch and product levels and assist in controlling costs and efficient product pricing.

Corporate Sales Desk

EBL Treasury has a dedicated corporate sales desk that assists clients in managing their risk exposure as to minimize the impact of market volatility on the companies. This desk has played pivotal role in 2016 especially forward market and contributed significantly to the bottom line of the bank.

Movement of major currencies against BDT



Key Strengths

- Deeper knowledge on complex web of regulations and compliance requirement established by the regulator.
- Ability to structure innovative treasury deals.
- Strong relationship with customers and regulators.
- Technically sound professionals with the expertise in forecasting future business opportunities.

Challenges

- Flat foreign exchange and money market burdened with excessive liquidity.
- Reshaping business strategy in line with Basel III liquidity ratios and other ALM requirements.
- Low government securities yields.

Opportunities

- Offering FX forward contracts to cater the needs of corporate customer.
- Falling yield curve of government securities.
- Diversification of asset portfolio through investment in Commercial paper and subordinated bond.

WAY FORWARD

1. Development of effective and efficient FTP desk which will bring new dimension in measuring and reporting business performance.
2. Empowering ALM desk with automation of its activities.
3. Exploring new avenues and launching new derivative products beneficial to our customers.
4. Expanding the customer base of fixed income securities.
5. Offering tailored FX product solutions to corporate houses.

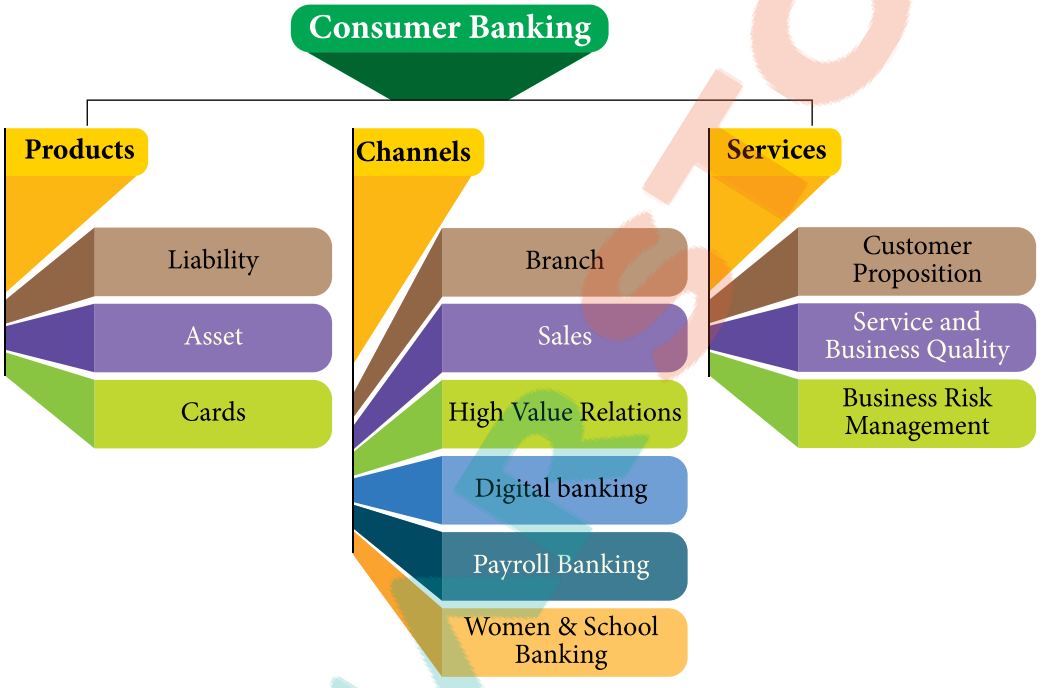
CONSUMER BANKING

Consumer Banking Overview

Despite relative stagnation in the non-retail market, consumer or retail market has been upbeat during 2016. Most of the banks, historically focused on corporate or commercial clients, have started realizing the boon of Consumer Banking and are trying to enter the retail banking space to draw a balance between their institutional and retail deposits, loans and more importantly to bring down cost of deposits as well as to increase yield on assets.

Liquidity overflow has been the talk of the industry with interest rates on bank deposit falling consistently throughout the year. In a market marred by high Non Performing Loans (NPL) ratio and declining health of Banks' consumer loan portfolio, increasing the overall credit portfolio has been quite challenging.

Consumer Banking Functionalities



As EBL steps into its 25th year of excellence, Consumer Banking (CNB) has also come a long way. Apart from helping customers achieve their aspirational lifestyle goals, EBL CNB continued to focus on the minute details of every product and service we offer to our customers so that they can conduct their financial transactions with utmost security and convenience. Our retail banking stands tall in the market for its consistency in innovation and value creation; and we received our due recognition with the fourth consecutive Asian Banker awards for "Best Retail Bank" in Bangladesh. Award such as this, assure our customers that we provide them with the best mix of service and products around. Currently, EBL CNB sports a total of 82 branches, total 13 Priority centers and around 5 lac happy customers all over Bangladesh.

In a year of slow business growth in banking sector of Bangladesh as a whole, EBL CNB has done a commendable job of sensing and responding to changing needs and priorities of our customers. EBL CNB has stuck to its motto to:

- Improve customers' experience with every interaction and use it to build improved customer loyalty, increased revenue and enhanced profitability.
- Enhance the customer value proposition through technology-led innovation.

EBL continued its pursuit of customer delight by providing top class banking services and full operational support to various business initiatives.

EBL CNB Primary Goals

EBL CNB primarily focuses on achieving three goals:

1. Attaining and exceeding business target.
2. Providing top notch service to our customers.
3. Resolving all operational and regulatory issues.

Key strengths:

- Disposition to look outwards at the international financial marketplace to adopt the best products and processes to streamline the banking experience for our customers.
- Emphasis on ensuring uniform service quality across all channels of communication.
- Workforce separated into narrow specialized fields, allowing customers to get service from experienced employee in their respective fields.
- Focus on analysis of present customer data and customer feedback to help build new processes and products.

Opportunities:

- Lower interest rate in the overall banking industry. This will help existing customers of others banks to switch to a bank where their individuality and needs for greater customer service will be ensured.
- Government's favorable view on Housing Finance presents opportunities to the banking industry to help more customers realize their dreams of owning their first or bigger houses.
- Increasing popularity of digitalization has already led to most customers preferring tech-savvy banks that offer efficient, secure digital services.

Major Challenges and Business Risks

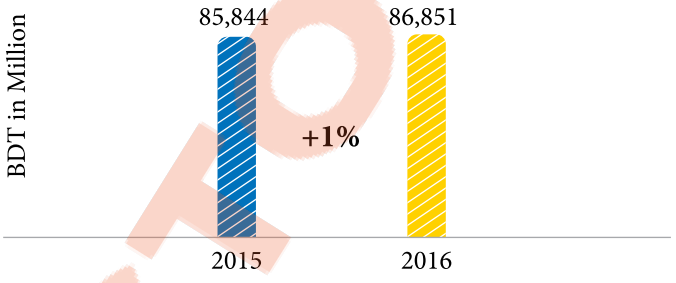
- Increase in fraud and dishonest practices especially in relatively new field of Digital Banking.
- Increase in NPL ratio has been a trend across the banking industry.
- Bringing the unbanked population, like women, children and other special customer bases under the banking umbrella.

EBL's Approach:

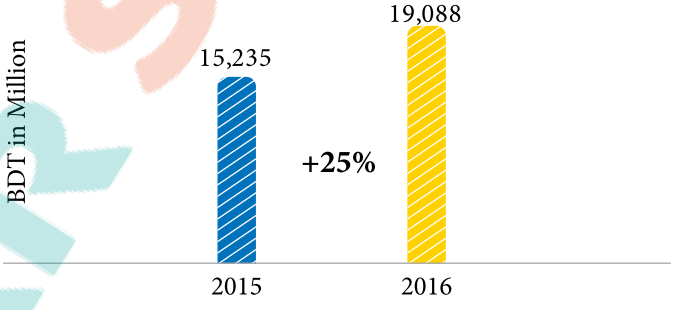
- **Facing Challenges and Risks**
- EBL will continuously remain up to date with the latest security apparatus for all its platforms through which it's interacting with the customers. Also in case of unavoidable fraud, serving the distressed customers in the most efficient way possible, to restore their trust back into the bank, so that they know EBL will not let them suffer the harsh consequences of cyber fraud.
- EBL CNB will strive to keep NPL ratio low by collecting all the necessary documents and conducting proper due diligence before handing out any sort of credit facility with proper monitoring and understanding of a customers' needs and financial status.
- EBL CNB is working with financial inclusion initiative by creating women's and student banking cells with revamped product offerings that would help bring in most of our country's youth and women into the banking industry.
- **Leveraging opportunities**
- EBL CNB has divided its target market into meaningful segments such as Priority, NRB, 50+, Students, Women, Payroll customers etc. to provide specialized products and services for each segment. This will make customers understand that EBL is valuing them as individuals and not just a generic customer.
- EBL CNB has already launched 'Home Finance' campaign with a favorable outlook, to disburse more home loans to customers to realize their dreams of building their first homes. The rate is competitive, documentation is minimal and processing time is the best in the industry.
- EBL CNB has already taken steps that provide customers access through various digital platforms such as SKYBANKING, Internet Banking, SMS Banking, ATMs & CDMs and Contact Center as well as help merchants by facilitating e-commerce transactions through the EBL SKYPAY gateway.

Key Financials

Deposits



Loans



CNB performance highlights in 2016

- **Award and Recognition:** EBL has won the Best Retail Bank award in Bangladesh for the fourth time by the Asian Banker.
- **Launch of MasterCard Debit, Credit & Pre-paid Card:** Commercial issuance of EBL MasterCard in Debit, Credit and Pre-paid categories has been started in 2016. MasterCard Worldwide is a leading global payments solutions company that provides a family of well-known, widely-accepted payment card brands serving consumers, financial institutions, and businesses in over 210 countries and territories.
- **Launch of Diners Club Credit Card:** EBL has started the commercial issuance of Diners Club Credit Card in May, 2016. Diners Club is the first multipurpose charge card of the world. EBL is the sole issuer and POS acquirer of Diners Club International Cards in Bangladesh and has already issued 25,000 cards to the customers.
- **Launch of First Co-Brand Airline Credit Card of Bangladesh (EBL JET Airways Co-Brand Credit Card):** EBL jointly with India's largest private international airline Jet Airways introduced Jet Airways EBL Platinum Credit Card – the first airline cobrand credit card of Bangladesh. Jet Airways offers JPMiles – the Airmiles for its Jet Privilege

Club members on credit card transactions. This card is bundled with a host of exclusive benefits.

- **Efficient Deposit Portfolio:** EBL revamped its CASA (current and Savings account) product basket in 2013 by launching over half a dozen new CASA products. It has paid good return;as by the end of 2016 we can see a CASA: TD ratio of 45:55, one of the best in world standards. For the third consecutive year, EBL Consumer CASA growth has been higher than its Fixed Deposit growth which helped to keep our interest expense way below budget.
- **A Booming Asset Portfolio:** CNB Asset also continued its herculean form from 2015- when it disbursed over 300 Crore CNB loan in the last quarter of 2015-a feat never seen before- by disbursing over 1,000 crore CNB loan in 2016.
- **Want2buy:** EBL has introduced another new EMI Program "Want2Buy" in the product basket beside EBL ZIP &HiPO. Want2Buy is a special feature of EBL credit card that allows a cardholder to convert any purchase of BDT 5,000 or more made using EBL credit card into easy installments. A Cardholder has options of choosing from payment tenures starting from 3-12 months.
- **Revamping Student Banking:** We have setup our fourth student banking center, after Banani, Dhanmondi and Principal branch. With these and other concerted efforts, we have grown out student file (a must for students travelling abroad for higher studies) by almost 100% and also increased our student banking accounts by more than 10 times compared to last year.
- **Strong Payroll Banking:** The Payroll Banking Unit has been one of the fastest growing CNB Units with over 42,000 salary accounts and 1000+ companies. In 2016 quite a few BIG MNCs and Local Enterprises such as Berger Paint, ACI, Therap BD, Ananta Group., BanglaCat, Synergies Sourcing, Azim Group, Reliance Insurance, Paragon Group, Aga Khan School, Westin Hotel, Green Delta Insurance, Fortis Hospital (AFC) and many more were taken on board, where they can pay their employees through the versatile solution "Web Portal" whereby customers can make paperless transaction from anywhere 24X7.
- **Customer Proposition:** Customer Proposition works to make the EBL Brand name more visible, rewarding and trustworthy among the customer base. In 2016, the portfolio has grown tremendously with multiple customer events, 145 discount alliances and 206 ZIP partners that ensured distinctive branding and visibility making a direct impact on the customer satisfaction. Sky lounge is another unique aspiration led by customer proposition at Hazrat Shahjalal International Airport. Apart from the premium EBL Card Holders, business class passengers from 11 major International Airlines along with premium customers from leading Telecom Operator and Insurance Company are being served everyday with high standard international level services with Zero complaint.
- **SKYBANKING & Internet Banking:** SKYBANKING, the only comprehensive mobile banking app in the country was launched at the end of 2015 to facilitate customers by providing them with the convenience and speed to conduct banking transactions. In 2016 a significant number of users were brought under the umbrella of this service. Moreover, in 2017 EBL wants to focus mainly on QR code payment and digital wallet features bundled with this app to enable the customers with easy and hassle free payment services.
- **ATM & CDM Services:** 2016 was very challenging for ATM and CDM Services team due to skimming incidents at ATM booths of different banks. However, the situation was handled by ensuring enhanced protection through Advanced Level Anti-skimming device, migration to chip based card, initiation of Centralized monitoring system on ATM transactions, etc.

Strategic Outlook of CNB in 2017

- **Broadening the Horizon of Consumer Asset:** CNB will focus on selling of SME small loans by using the network of 82 branches, 13 priority centers and other consumer channels.
- **Making an Efficient Deposit Portfolio:** After putting continuous efforts to improve our CASA: TD ratio over the last 4 years, it has finally increased ratio to 45% CASA in 2016 from 28%. We hope to improve it further and make it 50:50 (CASA: TD) by 2017.
- **Customer Segmentation:** We will focus specifically on Women and Student banking customers with products specifically designed for these customer base, ranging from Debit Card, Account and Loan Products by dedicated team in multiple branches.
- **Go Digital:** We are planning to create further awareness among cardholders under digital platform for secured online transaction through EBL SKYPAY. On the customers' part, this will drastically reduce their hassle for carrying out paper notes, and moreover, will add them in the financial super highway; making any transaction, whether purchase, bill payment or recharge hassle free from the comfort of their homes.
- **Diversified Card Products to Cater to Different Segments of the Market:** In 2017, our primary goal in Card will be to promote Diners Club, MasterCard and Jet Airways cards among our existing and new customer base, increase transaction and in turn grow our revenue as well as asset portfolio facilitating ourvalued customers.

CONSUMER BANKING EVENT HIGHLIGHTS 2016



EBL signs zero percent installment plan (ZIP) with Surecell Medical.



Launching ceremony of NOVOAIR-EBL co-branded prepaid card.



Launching ceremony of a completed range of Mastercard debit and credit cards.



Robi customers can now avail easyload service from ATM booths of EBL.



EBL CNB asset team celebrates the landmark of 1000 crore consumer loan disbursement in 2016, the highest in the history of EBL.



Launching ceremony of Jet Airways-EBL Platinum Credit Cards, country's first ever airline co-branded credit card.



Launching ceremony of EBL Commercial Payment Solutions powered by MasterCard.



The Priority Banking team of EBL at 2016 Priority Night.

SME BANKING

SME business has been playing an important role in developing overall economy by accelerating industrialization, employment generation and reducing poverty with decent contribution in GDP growth of Bangladesh. Eyeing the growth potential, most of the commercial banks are focusing on growing and sustaining SME business by financing and fulfilling the varied needs of SMEs.

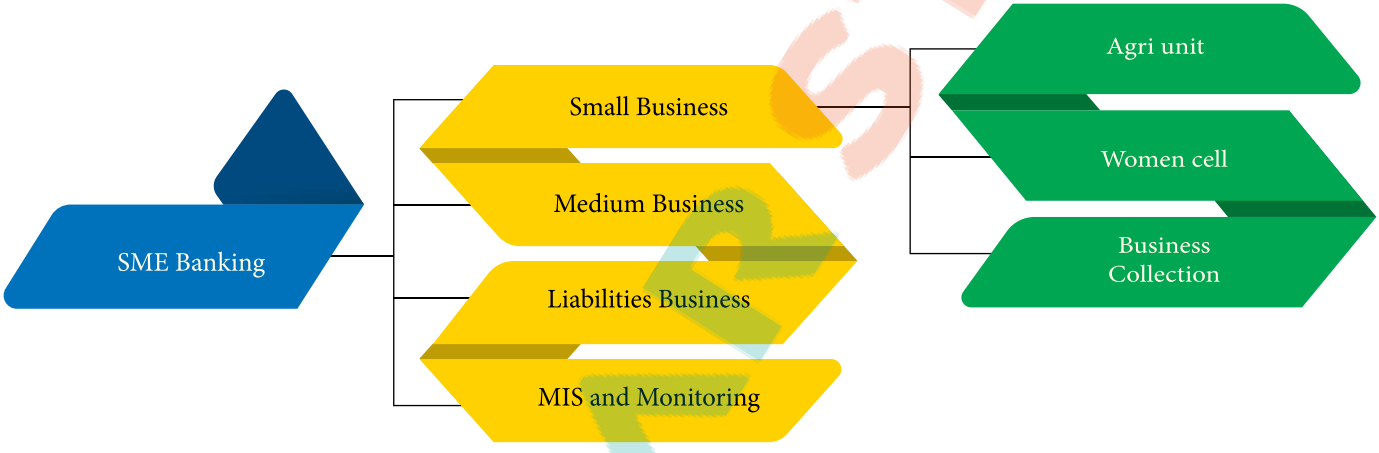
SME Banking Functionalities

EBL has a well-structured SME platform spread across the country to fulfill varying business and financing needs of this thrust sector. It serves a growing base of SME clientele through 50+ SME centers with special emphasis to women entrepreneurs, farmers, traders and especially to manufacturing concerns. Moreover, EBL SME banking has an ongoing focus on changing liability portfolio mix to lower the cost of deposits and extending quality loans for optimum returns.

EBL SME Banking-

- Provides SMEs with ease of access to finance.
- Delivers products that ensure superior returns to our customers.
- Orients customers with industry trends, compliance and regulatory requirements for unhindered growth of clientele.
- Values building strong bondage for mutually beneficial relationships.

A brief structure of SME Banking is given below:



Key Strengths & Opportunities

EBL gives more priority on business health rather than collateral offered by customers. Clients' capacity to repay from the cash generated from own source, entrepreneurial acumen and growth potential of the business get the priority while granting finance. Dedicated knowledge based SME team helps SME clients understand their business by way of open discussion wherein formal accounting/financials records are absent. The key strengths of SME Banking are:

- Dedicated and well trained team to reach out root level SME clients and provide best service.
- Cash flow based lending - loan without collateral.
- Financing to manufacturing concern as a priority sector.
- Strong Women Cell to finance and support growth of women entrepreneurs.
- Agriculture and cluster financing.
- Advisory support for clients.

Our aim is to improve SMEs' access to finance and find innovative solutions to help unlock potentials of SMEs. EBL has a strong corporate customer base and therefore we have the opportunity to finance their backward linkage companies. This will ultimately support industrial growth and employment generation. Our wide range of products and service offerings to small businesses help turning small business to medium ones and even to large.

SME Banking Challenges

Competition from other banks:

- Growing number of banks having more branches are now providing SME loans around the country.
- Aggressive offers made by some competing banks are to book fresh loans as well as to take over loans at lower interest rates.
- Some competing banks are also using alternative channels such as mobile banking to get deposits at lower cost.

Uncompromising stance for compliance: Striking a fine balance between compliance and client convenience has always been a daunting task. Sometimes the policy of maintaining uncompromising stance for compliance of the bank might cause delay in lending decisions.

Business risk: SME loans has high risk of default as owners typically have less capacity to absorb any shock or business loss which might increase the chance of non-performing loans for

the financier. However, EBL approves loan very prudently with the help of its strong and dedicated team aiming to maintain portfolio health in good shape.

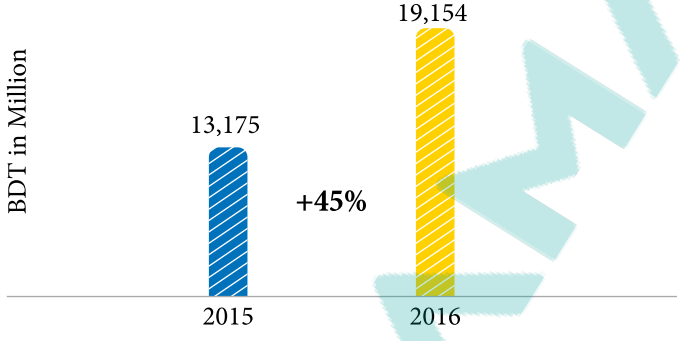
EBL's approach to face challenges and grab opportunities

EBL SME follows a holistic approach combining 'access to finance' and 'advisory to clients' to increase the contribution that SMEs can make to the economy. Timely finance and adoption of suitable technology is vital for the SME sector to grow and sustain. EBL SME Banking puts efforts to-

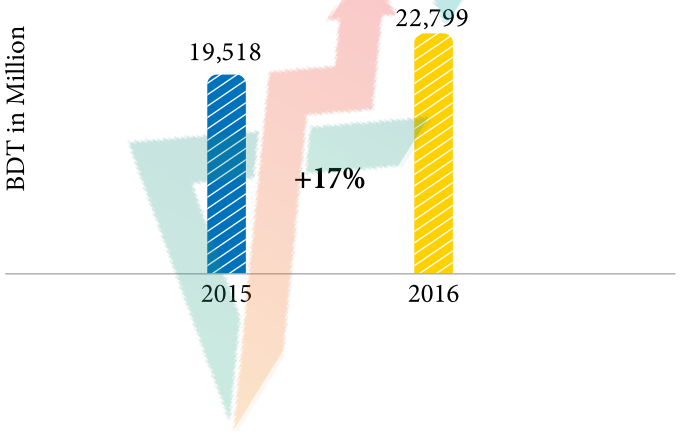
- Maintain low turnaround time (TAT) for making decisions; credit or otherwise.
- Provide advisory support for clients.
- Arrange trainings for SME Relationship Managers (RMs) to increase capabilities.
- Detect potential downgrade of customer business health early through continuous monitoring and in order to take appropriate measures.
- Get the most benefits out of strategic locations of all the branches.
- Meet peer banks competition through continual review of policy and products.
- Control attrition of experienced human resources through reward and recognition for performers.

Key Financials

Deposits



Loans



Business highlights in 2016

- Introduction of a new loan product named "Uddipon" to cater financing need for SME clients.
- Disbursement of BDT 1,350 million loans by SME (small business) in a single month (December 2016) and a total of BDT 8,570 million in 2016 crossing all previous scores.
- Launched "Winter Buzz", a current deposit campaign to increase CASA base.
- Introduced a Liability Product "EBL ALO" to mobilize deposits from institutional high value customers.
- Increased number of team members of Tele Sales Business unit to transform low transactional accounts to high value transactions.
- Better engaged with proprietorship businesses through SMS alert services along with internet-banking facilities through smart phone.
- Introduced liability attrition management team to constantly review customer feedback and provide banking solutions to high value medium segment customers.
- Celebrated Women Day at Hotel Sonargaon on March 08, 2016.
- Distributed computer among women entrepreneurs to support technology based record keeping.

Strategic Outlook 2017

- To offer premium value propositions to valued depositors to meet up potential demand of SME clientele.
- Re-engineering SME structure to reach out a wider area of SME businesses by using existing branch network.
- Execution of Credit scoring Card of IFC for assessing small loans.
- Training and knowledge sharing with branch people to facilitate more acquisition of small business.
- Putting more focus on manufacturing concern rather than trading concern in order to drive businesses with sustainability.
- Product bundling and tie-ups with SMEs for optimum mix in different portfolio of accounts to reduce cost.
- Emphasizing more on booking large ticket customers to boost the growth of loans.

SME BANKING EVENT HIGHLIGHTS 2016



"Meet the Women Leaders" program organized by SME Banking of EBL to celebrate the International Women's Day.



"Computer Handover Ceremony" for women entrepreneurs organized by Women Entrepreneur Cell of EBL held at EBL Nest.



Member of the SME team performing a difficult tree top stunt at the Base Camp.



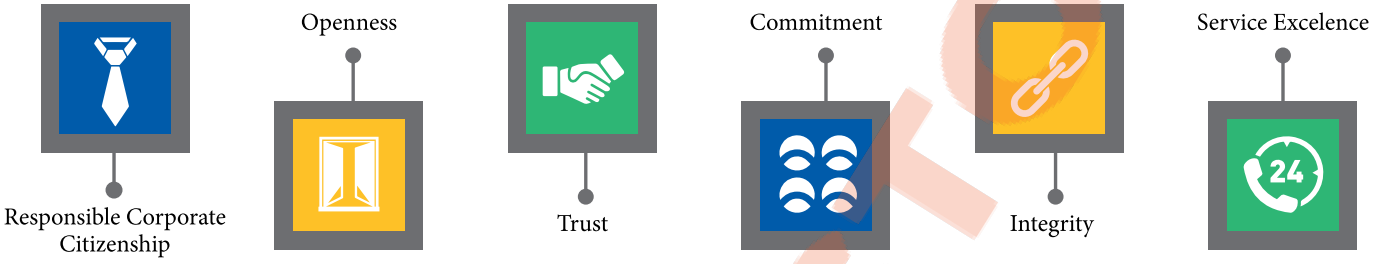
SME team is keenly listening to the instructor, who is explaining the safety rules and regulations of the game.

REVIEW OF EBL SUBSIDIARIES

BRIEF REVIEW OF EBL SECURITIES LIMITED

EBL Securities Limited (EBLSL) is one of the top ten leading stock brokerage houses in the premier bourse of the country with the commitment to become a preferred brokerage house in Bangladesh. The company management along with its proficient employees work diligently to provide comprehensive services to valued clients.

Company values include but not limited to the follows:



Products and Services

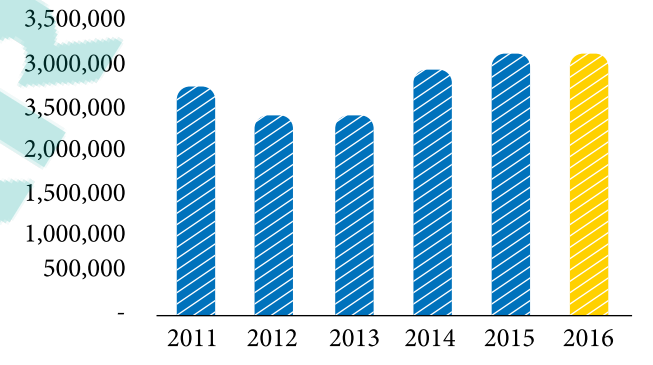
EBLSL provides brokerage and depository participant services to its clients. It also offers margin loan facility at affordable interest rate and specialized value added services including research services, panel brokerage services, electronic and SMS based services, dedicated relationship management etc. to meet up the requirements of retail and institutional investors.

Capital Market Overview

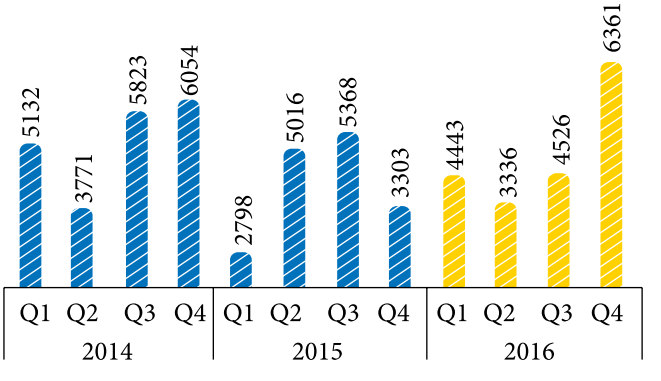
The year 2016 can be termed as a decent year for the capital market of Bangladesh because it ended with hope and aspiration among investors. A consistent rally, particularly in the last two months of the year, enabled the key index of the premier bourse i.e. DSEX to stay above the 5,000 points level. Average market yield was 8.8% on year to year basis. Investors' participation mainly increased in November and December of 2016. Average daily turnover in 2016 surged by 17% to BDT 4,944.3 million from BDT 4,227.0 million in the year 2015. However, during the last 2 months i.e. in November and December, average daily turnover was BDT 7,854 million and the market recorded its highest turnover of the year BDT 21,528 million on a single session on 27th December, 2016.

Market capitalization stood at BDT 3,190,970 million in 2016. During the year, 11 new securities were listed on the DSE, which raised about BDT 11,120 million. All these resemble that investors regained their confidence on the capital market and increased their exposure by injecting fresh funds. Thus, the market resembles optimism and active participation by investors which is expected to continue in 2017 as well.

Market Capitalization (BDT million)



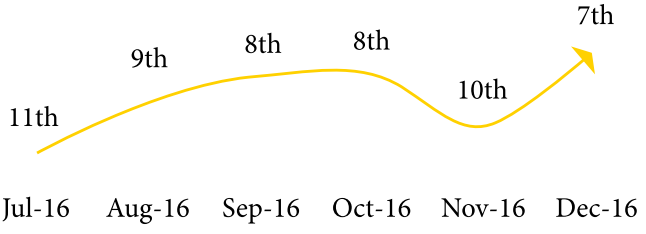
Quarterly Average Turnover (BDT million)



EBLSL performance in 2016

EBLSL is devoted to retain its position within top 10 stock brokerage houses based on turnover. Below graph depicts last six months' DSE ranking based on monthly turnover:

Month-wise DSE Ranking Position of EBLSL



Likewise the market, EBLSL also passed a good year in 2016 in terms of profitability and image building. Net Brokerage commission increased by 39.17% and investment income increased by 38.52% in 2016 compared to the previous year. Net profit after tax increased by 5.30% in 2016 compared to that of 2015. Company declared BDT 90.00 million as dividend during the year 2016.

Branch Opening



Ali Reza Iftekhar, Managing Director & CEO of EBL and Director of EBL Securities Ltd. inaugurated a branch at Dhanmondi on October 30, 2016. Ahmed Jamal, Director, Md. Sayadur Rahman, Managing Director, EBL Securities Ltd. and Hassan O. Rashid, Additional Managing Director, EBL were present among others.

Strategic Outlook

In the year 2017, EBLSL will concentrate more on facilitating clients to assist more in making informed decision. The company will also keep pace with this decent spree with an intend to enhance current market share in both DSE and CSE, open more BO accounts, approach to new Banks, Insurance and Leasing Companies for investing in Capital Market and sign agreement with different merchant banks for enhancing trade.

BRIEF REVIEW OF EBL INVESTMENTS LIMITED

EBL Investments Limited (EBLIL), a full-fledged merchant bank has been rendering merchant banking services since July 2013. EBLIL has already been engaged in dealing with several capital raising issues of reputed organizations in the banking, footwear, aviation, telecommunication, textile, IT, poultry feed sectors through non-existing shareholders as well as through Initial Public Offerings (IPO)- in both fixed pricing and book–building method. We also render trustee roles of different bonds. EBLIL values ethical business conduct, long-term relationship, service excellence and corporate culture which give edge over competitors. The company has the mission to become the market leader in the merchant banking arena through providing specialized services with a highly experienced professional team.

PRODUCTS AND SERVICES

Issue Management

- Initial Public Offering (IPO)
- Repeat Public Offering (RPO)
- Rights Issue Offering
- Underwriting (IPO, RPO, Right issues)
- Issue of Capital
- Registrar to the Issue

Corporate Advisory

- Mergers and Acquisitions
- Structured Solutions
- Debt Restructuring
- Corporate Finance
- Structural Asset Finance
- Loan Syndications
- Business Feasibility

Debt Capital Management

- Debt Issue through Private Placement
- Trustee service

Portfolio Management

- IPO Application Processing on behalf of Clients
- Investors Discretionary Account (IDA)
- Portfolio Managers Discretionary Account (PDA)
- Placement Sale
- Research Report

Financial Review

In line with the market, EBLIL also passed a good year in 2016 in terms of profitability and increasing brand value. A summary of key financial performances is as follows:

- Fees and commission income increased by 36.31% in 2016 compared to last year.
- Income from Investment increased by 82.38% compared to 2015.
- Profit before tax increased by 61.10% compared to last year.
- Profit after tax (PAT) increased by BDT 18.48 million or 99.34% in 2016 compared to 2015.

Finally, the company declared dividend of BDT 20 million during the year 2016.

Priorities in 2017

Primary Market Operations	Secondary Market Operations
Corporate advisory services	Discretionary & non-discretionary portfolio management service
Strengthening IPO floatation service	Equity investment
Strengthening debt Issue service through private placement	Launch product based Discretionary Investors Account
Trusteeship management service	
Corporate advisory service, merger & acquisitions, etc.	

BRIEF REVIEW OF EBL FINANCE (HK) LIMITED

EBL Finance (HK) Ltd, a fully owned subsidiary of EBL, started its commercial operations in March 2013, with a vision to expand its wings outside Bangladesh. The main objective is to grasp a fair share of ever-growing trade business in potentially enormous Hong Kong market through advising of Letter of Credits, handling documentary collections and Bill Financing against letters of credit issued by EBL and other local commercial banks in Bangladesh. However, for a newly formed subsidiary specialized in Trade Finance, there could not be a better place than Hong Kong, a territory with a population of just over 7 million and area of about a thousand km with a GDP of over USD 300 billion, a former British colony now under Chinese administration is famous as an established economic hub.

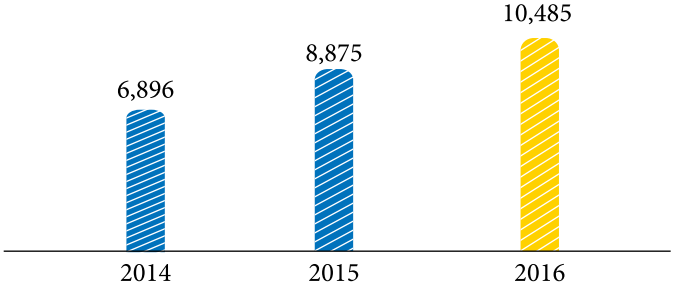
The Banking arena in Hong Kong is quite specialized and there exists a three-tier system of deposit-taking institutions, namely licensed banks currently 156, restricted licensed banks 22 and 17 deposit-taking companies. They are collectively known as authorized institutions. There are also 55 representative offices of different Banks. Moreover, Hong Kong has one of the highest concentrations of banking institutions in the world. Seventy of the largest 100 banks in the world have an operation in Hong Kong.

In such a vast financial market, it is always challenging to operate in a small niche market segment and come out successfully with profit. EBL has taken up the challenges, and with the right strategies and efforts, EBL Finance (HK) Limited has done it successfully by penetrating into Hong Kong and China Market with an objective to capture Bangladesh linked business. Major products include advising letters of credit, handling export documents and financing exports. Past three years of journey has brought a good amount of profit for EBL and made it possible to provide higher dividends for shareholders.

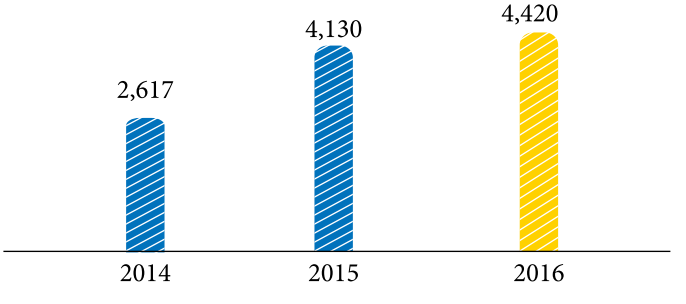
With a Net Asset growth of 76% and Profit (after tax) growth of 31%, the company has proved its potential already, now the challenges are to maintain a sustainable growth and look forward to establishing it as an authorized institution in future.

Business Highlights

LC Advising (No.)



Document Handling (No.)

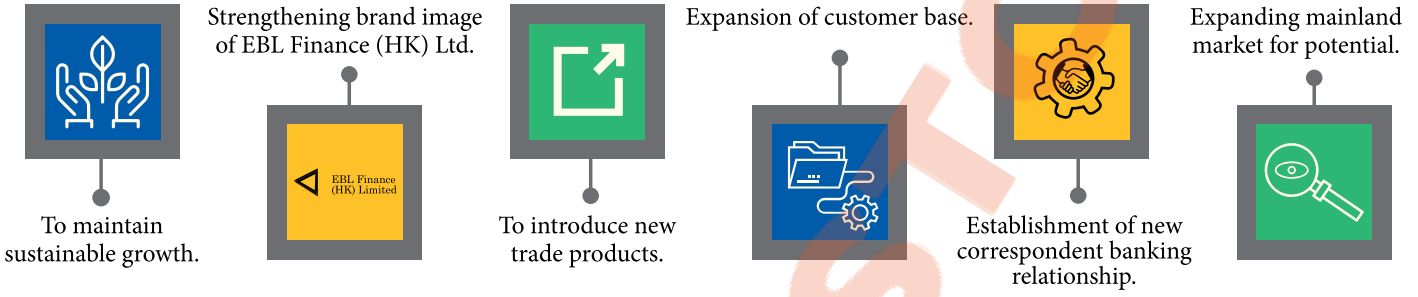


Key Financials

HKD million

Particulars	2016	2015	% of Change
Net Assets	7.86	4.46	76%
Revenue	18.77	14.25	32%
Gross Profit	11.35	9.09	25%
Profit After Tax	6.45	4.90	31%

Priorities in 2017



BRIEF REVIEW OF EBL ASSET MANAGEMENT LIMITED

EBL Asset Management Limited (EBLAML) was formed as a private limited company to provide asset management i.e. mutual fund management services to valued clients. It has got permission from Bangladesh Bank and documentation process is going on to be registered as an asset management company. EBL subscribed BDT 50 million as capital for doing its business. The company intends to grab potential business opportunity in managing the assets of various trusts or funds; floating, administering, and managing mutual funds; and acting as an executor, trustee and custodian. The company expects to commence business upon getting required regulatory approval tentatively within 2017.

CAPITAL PLANNING AND MANAGEMENT

Strategic and Capital Plan

Bank's capital plan draws key inputs from the periodic strategic business plans. The strategic plan aims to create a holistic perspective on business outlook, funding need, capital requirement as cushion and risk-return considerations. The long term strategic targets are translated into measurable short to medium term financial goals for measuring and monitoring performance.

The strategic planning process combines both the approaches: top-down target setting and bottom-up substantiation. In the first phase, bank-wide key targets (asset growth, funding sources, profitability, liquidity, and solvency) are set by the Board of Directors. In the second phase, the top-down objectives are substantiated bottom-up through careful review of business and economic outlook leading to detailed business plans, which consist of month by month functional targets. The resulting strategic plan is finally presented to the Board for discussion and approval.

The Strategic and Capital Planning process allows EBL to:

- Set key risks, earnings and capital adequacy targets considering strategic focus and business plans of the bank;
- Assess risk-bearing capacity with regard to internal and external requirements (regulatory capital); and
- Apply an appropriate stress test to assess the impact on capital demand and supply and liquidity.

All financial targets are monitored on an ongoing basis by respective committees (MANCOM, BRMC, SRP Team) and Board/Board Committees. Any shortfall from targets is discussed together with potential mitigating strategies seeking to ensure that EBL remains on track to achieve targets. Amendments to the strategic and capital plan must be approved by the Board of Directors. Achieving targets ensures that EBL also comply with the Supervisory Review and Evaluation Process requirements as articulated by Bangladesh Bank.

Internal Capital Adequacy Assessment Process (ICAAP):

The internal Capital Adequacy Assessment Process (ICAAP) requires banks to identify and assess risks, maintain sufficient capital to face these risks and apply appropriate risk-management techniques to maintain adequate capital on an ongoing and forward looking basis, i.e., internal capital supply to exceed internal capital demand.

EBL maintains compliance with the lCAAP as required under Pillar 2 of Basel III through a robust risk management and governance framework, methodologies, processes and infrastructure. The key instruments that help EBL to maintain adequate capital on an ongoing and forward looking basis are:

- A strategic planning process which aligns risk strategy and appetite with commercial objectives;
- A continuous monitoring process against approved risk, leverage and capital targets set;
- Regular risk, leverage and capital reporting to management; and
- Stress testing framework which also includes specific stress tests to underpin the recovery monitoring processes.

Capital Contingency Plan

Safeguarding the capital levels of all entities across EBL is of paramount importance. The Capital Contingency Plan is to ensure robust monitoring of capital position and provides a framework for effective governance and escalation process in the event of a capital crisis. The Capital Contingency Plan also formalizes the basis, strategies and action plans to restore capital back to healthy level in the fastest possible time without affecting business plans, assets growth and strategic agenda.

CENTRALIZATION FOR OPERATIONAL EFFICIENCY

Centralization of banking operations is a phenomenon, where product processing is moved from various points to one or specific number of points under supervision of entities independent of business functionalities. The decision making (lending or otherwise), risk management and control functions are retained centrally. It helps implement uniform set of policies, apply best practice and procedures and enforce control functions across the bank to carry out day to day operations.

Benefits of Centralized Operations

Service Excellence

Freeing customer service officials from bulk transaction processing (done by centralized operations) helps them 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 solutions critical to customers 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

The uniformity of activities and specialization of works lead to economic operation and best utilization of human resources. It brings efficiency and smoothness as well.

Performance Highlights in 2016

- Implementation of Document Management Software (DMS) to provide standardized service faster to customers through drastic reduction of lag time of delivery.
- We are incorporating SAS AML (Anti Money Laundering) Solutions to our core banking and card management software to identify suspicious transactions and parties.
- Maintained ISO 9001:2008 standards to ensure set quality of process and service.
- Introduced electronic inward remittance register.
- Implementation of EBL Connect for corporate customers (Payroll, A/C to A/C transfers, RTGS, BEFTN, etc.).

Highlights of Trade Business & Operations

Sustainable growth of export: USD 1.18 billion export processed in 2016 (USD 1 billion in 2015) with a hike in both RMG as well as in other unconventional sectors.

Combating money laundering and terrorist financing: We remained vigilant to combat Anti Money Laundering and Terrorist Financing and monitored closely the transactional activities in line with UN/US/OFAC restriction lists. Furthermore, our agreement with Lloyds helped us to check vessel's route, flagship and ownership which significantly assisted us to prevent our international trade platform from becoming an attractive avenue for money launderers.

Going green: Trade operation has already implemented Database Management System for converting relevant documents into digital forms which helped us save storage and money, boost productivity.

Highlights of Service Delivery Performance (Centralized Bulk Processing Units)

Delivery of centralized services is ensured through seven functional units namely Alternate Channel Operations, Account Services, Item Processing, Non-Resident Business Operations, Cash Management Operations, Treasury and Investment Banking Operations and Regulatory Reporting & Reconciliation.

- Enrollment of 8,500 plus customers in EBL SKY Banking, the only comprehensive mobile banking app in the country to facilitate customers with the convenience and speed to do a wide array of banking transactions.
- A Web Portal titled "EBL Connect" developed for providing corporate customers with cash management solution. Using this solution, customers can execute Fund Transfer, BEFTN, RTGS, Payroll Transfer etc. without visiting any branch of EBL.
- Implemented password complexity as well as dynamic password (OTP-One Time Password) for the users in SWIFT login system, which was a timely initiative.
- Centralization of cheque clearing process at Dhaka for "Inward Clearing" cheques of Chittagong based branches.
- Introduced API (Application Program Interface), an automated process, to receive inward remittance faster from the Exchange Houses abroad (EBL has agency arrangements with 19 overseas Exchange Companies abroad along with the International Agencies like -Money Gram, Western Union, and Express Money through which it receives remittances from Kuwait, Oman, Bahrain, UAE, UK and other Middle-East countries).
- Collecting BTCL bills through "EASY BILL".
- Automated weekly Bond Revaluation Calculator for Govt. Securities.
- Automated FT modules in CBS, directly plugged with SWIFT that saves crucial operational time while reducing manual errors.

Highlights of Cards Operations

Some notable activities of cards operations in 2016 are highlighted below:

- Around 40,000+ cards were converted to EMV chip throughout the year.
- Established 536 new Merchant Outlet Terminals in 2016 for 170 Merchants and processed a significant amount of transactions.
- Started issuance and acceptance of merchant acquiring facilities for Diners Club card holders to perform retail and ATM transactions in any EBL merchants/partners.
- Issued a significant number of debit, credit and prepaid cards in 2016 compared to last year.

Type of Card	No. Issued in 2016	No. Issued in 2015
Credit Card	25,039	20,080
Debit Card	34,121	28,363
Prepaid Card	20,190	23,673

IT: THE ENABLER OF BUSINESS

Information Technology (IT) is playing a vital role to direct banking business into new dimension across the world. Banks are adopting new technology to offer innovative products and services for its customers and increase shareholders' value. EBL is one of the leading technology entranced banks in the country and is constantly focusing on transformation of its banking services through technology penetration. The bank is continuously investing on IT solution development, infrastructure upgrade and IT security to ensure smooth and secured banking services to its valued customers.

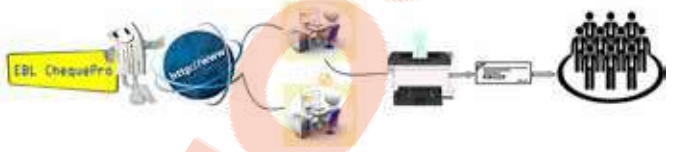
EBL Earned Prestigious PCI DSS Compliance Certification: Payment Card Industry Data Security Standard (PCI DSS) Certification is one of the prestigious certification in the world in payment brands domain. This standard addresses the security of the cardholder accounts and transactions. Considering this, Bangladesh Bank also mandated PCI DSS for all the banks and NBFI which store, process or transmit cardholders' data. The compliance scheme aims to secure credit, prepaid and debit card transactions against data theft and fraud. PCI DSS also addresses security of the ATMs, POSs and other channels which cardholder uses to do the transactions.



EBL is always vigilant for the security of the cardholders' accounts and transactions. EBL took the initiatives to make its card management system (CMS) PCI DSS compliant three years back. PCI DSS requirements implementation was the true reflection of the team work between Business, IT and IT Security functions. The bank met all the requirements of the PCI DSS and made a significant improvement in People, Process and Technology domains. Finally after a long and relentless hard work, **EBL achieved this prestigious PCI DSS Certification from the world renowned PCI Qualified Security Assessor (QSA) Company called NCC Group, UK in October 2016.** EBL achieved this extraordinary certification under PCI DSS Version 3.1. As part of the continuous improvement and compliance requirements, EBL is now working on newly released PCI DSS v3.2 requirements. As of today, only two banks are PCI DSS compliant in Bangladesh.

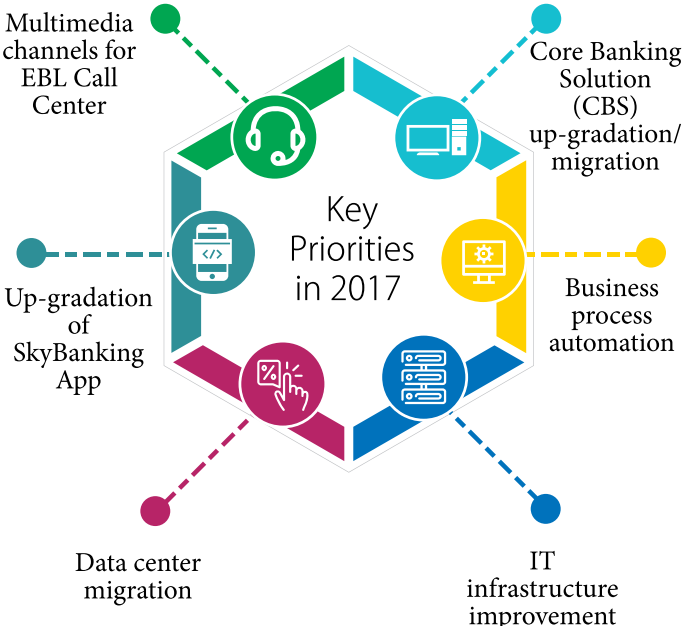
Government Utility Bill Collection: We have developed an online web based portal for Govt. Utility Bill collection by EBL Branches. Currently, BTCL bill collection is done through this portal and other utility bill collections will be integrated phase by phase.

ChequePro Solution for corporate customers to improve their process: An in-house developed online web based ChequePro solution is for EBL Corporate Customers for printing EBL Cheque from their own premises. Using this solution, EBL Corporate customers are printing EBL Cheques for their customers' payment. This solution brings a significant time savings for Corporate Customers in cheque processing.



Online Portal of Cash Management: An in-house developed online Web based Portal is for Corporate Customers to receive several types of transactional request like Fund Transfer, Cards/ Payroll Transfer, EFTN and RTGs Transactions. This portal empowers corporate customers to send transaction requests from their premises through secured environment which reduces paper based transaction requests and increases faster execution of the transactions.

Fund Transfer Pricing System for ALM: An in-house developed Fund Transfer Pricing (FTP) solution is for the ALM desk of the bank. FTP is used to optimize sourcing and use of funds by different business units which eventually contributes to better profitability of the Bank through increased efficiency in fund management. FTP enables the bank to ascertain the profitability of different product lines as well as acts as a management tool for the comparison of efficiency between different business functions.



SERVICE QUALITY- ASPIRING TO BE THE "BANK OF CHOICE"

We aspire to be the "Bank of Choice" to our customers by ensuring the best in class service in the industry. With that conviction, the bank has designed its products, services and value propositions to provide superior services well suited to life style or business needs of valued customers.

Our Approach

- Continuous checking of customer relationship and loyalty scores.
- Innovations that customers value
- Motivated people for "Delightful Customers".
- Leveraging technology to take customer convenience to the next level.
- Effective grievance management that turns customer dissatisfactions into "Delight".

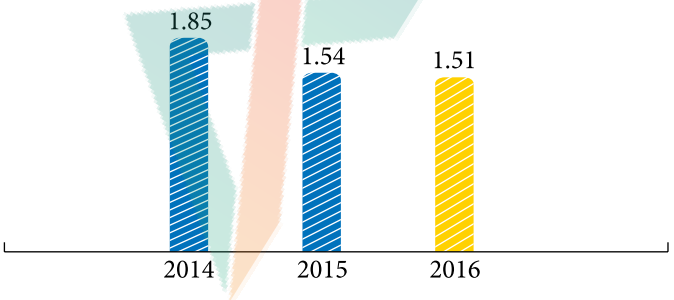
The glimpse of research and study program conducted in 2016:

- Customer Staisfaction Survey by reputed third party on 500 customers
- Mystery Shopping Visits at Branches by third party metaphoric customers 1830 visits
- Real Time Customer Feedback Survey on 200 customers
- Digital Service Channel Staisfaction checking on 100 customers
- Acknowledged feedback from complainants 50 complaints

Customer Satisfaction Index

This unique indexing system allows the bank to gauge bank's overall standing in terms of service standard and customer satisfaction. The Index has a scaling from 1 to 5 where 1 is the ultimate score towards "Service Excellence". The bank is making continuous improvement in terms of Customer Satisfaction Index. In the year 2016, the Customer Satisfaction Index stood at 1.51 whereas the index was 1.85 in 2014.

Customer Satisfaction Index



Innovations that Customers Value

We believe that innovation of products and processes is driven by customers' expectation. Keeping that in mind, customer feedback received from different research and survey programs is immediately poured into the respective wings so that necessary product and process re-engineering can be initiated to meet up the customers' expectation.

Motivated people for "Delightful Customers"

The bank believes that only motivated people can ensure customer delight. Our people are our brand. The way they treat our customers greatly reflects the brand image of the bank. Apart from taking suitable pecuniary initiatives to keep people motivated, adequate emphasis has been given to undertake effective employee development programs through proper assessment of employee needs in order to develop employee skill on customer service experience management. In the year 2016, the bank arranged Service Excellence training/ motivational sessions for 450 employees.



Leveraging technology to take customer convenience to the next level

EBL is committed to offer the best possible convenient way to meet customers' banking needs within quickest possible time. To fulfill this commitment, the bank has introduced several new generation tools that enable customers to enjoy their desired banking service from anywhere. EBL SKYBANKING is one such new generation mobile application through which customer can do his/her desired financial transactions like fund transfer, bill payment, card service request and many more. In addition to that the bank's contact center is fully equipped to provide banking solution 24X7 to customers at any part of the world.

Complaint Management Process

The bank has developed a structural process of complaint management which facilitates the customers to get solution within shortest possible time.

Channels	Actions
Branch	Call or visit a branch in person Fill in "Suggestion Form" available in all branches Central Complaint Management Cell contact information also shown in the branch premises
24X7 Contact centre	Contact Centre: 16230 (from any mobile inside Bangladesh) Contact Centre: 028332232 (from anywhere in the world)
Website	Access website: https://www.ebl.com.bd/home/complaint_cell
Email	helpline@ebl.com.bd
Mobile Application	Raise your complaint directly through EBL SKYBANKING
Letter	Send letter to: Any customer touch point / Head Office

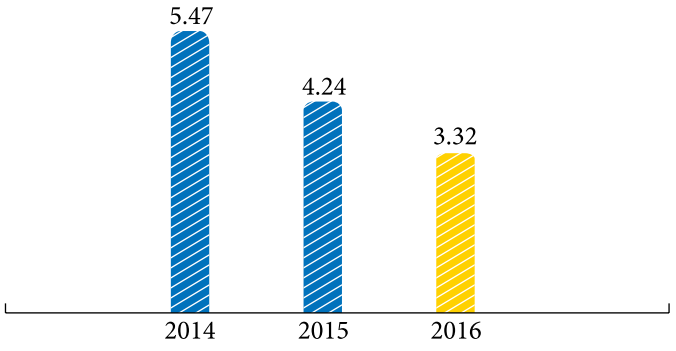
Protecting Customer Rights by Central Complaint Management Cell

For efficient resolution of customer complaints, the bank has constituted a Central Customer Service and Complaint Management Cell approved by the Board of Directors. The major responsibilities of the Cell are to protect the customer right by monitoring effective resolution of the customer complaint received through different channels and identify necessary improvement areas to stop recurrence of similar complaints.



Complaint Index-Complaint per 1000 customers

Number of Complaints as Sustainability Parameter



Assessing Post Incident Experience of the Complainants

The complaint resolution process does not stop just after the resolution of the complaint, the bank continues to follow the post incident experience of the complaining customers. The bank continuously receives feedback from the complainants to evaluate the effectiveness of the complaint management process and eliminate the negative elements that eventually create customer dissatisfaction. In the post factor survey on complainants, more than 90% of the complainants said that they are delighted with the service standard of EBL and will continue banking relationship on future.

Strategic priorities for 2017

To automate the service management process to monitor customers' experiences promptly and efficiently. In this connection, the bank will introduce two new automated systems that will allow the Bank to take the customer satisfaction to the next level.

- **Automation of the Complaint Management Process:**
  - The automated complaint management system will create accountability within the process which will ensure timely resolution of the complaints raised by the customers.
  - The automated system will generate a unique token for each complaint which will help the customer track their complaint from any channel.
  - The system will have an inbuilt notification system to notify the customer upon logging and resolution of customer complaint.
- **Automation of Service Request Tracker:**
  - An automated solution that will enable customer service units to track the service requests raised by the customers through different channels.
  - The system will have inbuilt automated alarm system for non-execution of customer's request within the standard timeframe with automatic escalation facility.
  - The system will create accountability within the service request executors and ensure timely delivery of the service requested by the customers.

HUMAN CAPITAL

Human capital is considered as the key asset for a company that provides financial services. It is the collective capability, knowledge and skills of the people employed by an organization. Apart from being an equal opportunity employer, we hire attitude, nurture talents, offer career and value diversity which, in return, make EBL the **"Employer of Choice"** and a great place to work with fun and pride.

Performance Highlights in 2016



Learning & Development (L&D)

293 L&D programs for 7,897 participants.

32 man-hour training per employee.

Conducted e-learning for 3,214 participants.



Employee Productivity

Per employee productivity in terms of both operating and net profit has increased compared to last year.

Renewed vigor and continued commitment of employees played a crucial role behind this.



Rewards and Benefits

Salary revision to ensure equity and competitiveness.

Approved the highest Performance Bonus relative to headcount growth.



Succession Planning

On boarded 61 Future Leaders as part of Succession Planning & placed them in different departments after providing adequate training.

Code of Conduct and Ethical Guidelines

The Bank has a written Code of Conduct and Ethical Guidelines that convey corporate philosophy and guide its people to take right course of action especially when they are confronted with situations involving ethical dilemmas. Compliance to these codes and standards are mandatory. Its objective is to provide a safe, coherent and disciplined environment within which our people can perform without compromising compliance and prepare to be active and reflective citizens with a disposition to lifelong career with EBL.

Employee Benefits

Remuneration and Benefits: In line with the objective of fostering a high performance culture, EBL has a well-designed compensation and benefit programs that help attract, retain and motivate performers to meet challenging goals. EBL offers competitive pay packages for real performers. The following benefits received by EBL employees-

- Market driven compensation package
- Yearly Performance Bonus
- Interest free car loan
- Subsidized House Building Loan with life insurance coverage
- Furniture Allowance
- Hospitalization, Maternity and Medical Benefits
- End Service Benefits (Provident Fund, Gratuity, Superannuation, Leave Encashment) etc.

Learning & Development (L&D)

EBL always concentrates on continuous development of the people so that they can develop new skills as well as sharpen their available skill sets. In 2016, EBL was more focused to increase cross functional knowledge among the employees so that people can work in any desk. EBL organized lots of training sessions across Bangladesh for 250 people on different topics such as - leadership, team building and customer satisfaction to help people grow as effective business leaders for tomorrow.

Learning and development programs cover wide range of contemporary topics like: Major Policy Issues & Directives of Bangladesh Bank, Legal Aspects of Banking, Credit Risk Management, Managing Fraud in Banks, Customized SME Training provided to our CNB Employees. In 2016, EBL organized IT awareness training programs for 825 people and Money Laundering Prevention Act-2012 and Anti-Terrorism Act 2012 training for 1,012 people. Most importantly, number of certified professionals working at EBL as on Dec-31,2016 are 5 CA, 2 CMA, 5 CS, 1 ACCA, 4 CISA, 1 CIPD, 1 CFA, 17 CDCS and 26 CSA Certified from Omega.

Types of L & D Program	2016		2015	
	No of L&D Programs	No of Participants	No of L&D Programs	No of Participants
Local Training	177	480	170	500
In house Training	86	4,174	80	4,043
Foreign Training	16	29	29	73
e-learning	14	3,214	16	3,240
Total	**293**	**7,897**	**295**	**7,856**

Equal Opportunity and Diversity

Equal Opportunity: EBL ensures equal opportunity for all employees who are treated equitably and fairly without any prejudice or bias. We don't discriminate on the grounds of gender, age, racial origin, religious affiliation, disability or marital status. Recruitment decisions are taken on the basis of an individual's ability and suitability to do a particular job. Equal opportunities are practiced through following measures:

- Competitive merit-based selection processes for recruitment and promotion
- A workplace that is free from unlawful discrimination, harassment or bullying
- Fair practices and behavior in the workplace
- Fair allocation of workloads
- Equal access to benefits and conditions
- Fair processes to deal with work-related complaints and grievances

Diversity: We encourage and manage diversity through:

- Emphasizing communication that all employees understand our policies, procedures, ethical guidelines, service excellence, safety rules, and other important information.
- Viewing employees as an individual by avoiding both positive and negative stereotypes.
- Encouraging employees to work in diverse groups to let them know and value one another as individual and build team cohesion.
- Open-mindedness by developing relationships with colleagues whose backgrounds differ and looking for ways to incorporate diverse perspectives and talents into efforts to achieve the organizational goals.

Great place to work

Employee Engagement: We encourage employee engagement to increase belongingness and goal congruence among diverse set of people. We value our people's suggestions, ask for their ideas, listen to them carefully and then complete the planning loop. Employee recognition is one of our top engagement drivers. We organize 'Coffee with MD', an induction meeting by new joiners with Managing Director & CEO. We arrange periodic town hall meetings, various awareness sessions, outdoor activities, meetings with renowned leaders in various fields, discussion sessions etc. as part of employee engagement program. Most importantly, we consider the talents and skills of the employees and make sure that s/he is matched with a job role that they will enjoy and excel in.

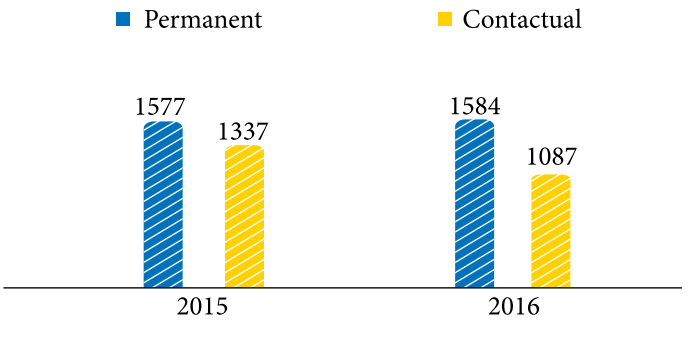
Grievance Management: Workplace grievance is discontent or the feeling of being victimized at work. If any of EBL employees has any concern or problem that they haven't been able to resolve, they can make a formal grievance complaint to the authority. EBL has its proper grievance handling policy that explains how the process works and we share it with all employees. eblHR frequently arranges awareness sessions especially with the female employees to ensure their comfort and address grievances appropriately.

Work Life Balance: Work life balance plays a vital role for building up positive ambience. Balanced employees tend to feel more motivated and less stressed out at work that eventually help increase bank's productivity and reduce number of conflicts among co-workers and management. We ensure our employees leave office just immediate after office hour. Hence, No employees are allowed to work after 7.00 pm. EBL has already built a reputation within the industry for encouraging work-life balance.

Human Resources Analysis

Headcount		
Employees	**2016**	**2015**
Permanent Employees	1,584	1,577
Contractual:		
Trainee Assistant Officer (Cash)	225	196
Trainee Assistant Officer (Others)	474	519
Sales Executive	368	597
KYC & Scanning Project	20	25
Total	2,671	2,914

Employee Type

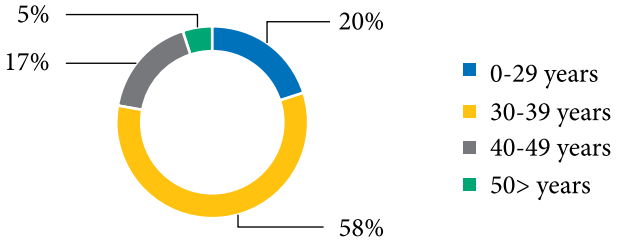


Gender and Average Age of Employees

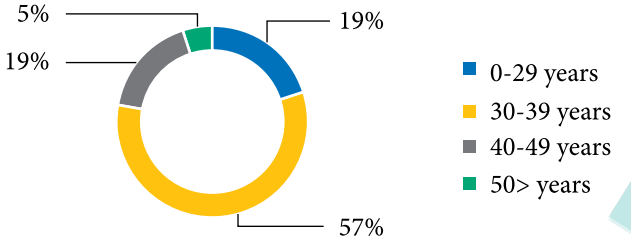
Particulars	2016	2015
Number of employees	2,671	2,914
Female Representation	17.78%	17.12%
Average Age	35.54 Years	33.33 Years

Age Distribution

2015



2016



Performance Appraisal

Objectivity, fairness and timeliness are the words that best describe the yearly appraisal process at EBL. Here at EBL, performance appraisal is primarily result oriented but attitude, team spirit and leadership traits do play a pivotal role too. Employees are required to demonstrate their abilities to the fullest potential to get recognized and rewarded. Performances are assessed on a five point scale (1 to 5) where 1 is the best and yearly increment and bonus are linked with the rating.

The Plan for People – Performance is an annual process which includes:

1. Assessment of the financial or non-financial targets;
2. Assessment of the competencies of the individual in achieving the content of the job;
3. Assessment of overall performance.

A formal assessment using a standard Performance Assessment Form takes place at the end of the year.

Talent Acquisition

EBL Human Resources (HR) strategically partners with Business Units and Leaders to achieve mutual goals and ultimately drive business growth. Recruitment and selection process of EBL is governed by the following guiding principles:

- Efficiency/Effectiveness-Time to fill, process of hire, cost per hire, qualifications, satisfaction
- Transparency- Fair process of recruitment for all candidates for particular positions
- Diversity- Candidates with diverse backgrounds, using a variety of sources to attract talented people.
- Business impact — Candidate performance, satisfaction, productivity and retention.

Succession planning

Through succession planning, Bank ensures that successors are ready for the continuity of key positions and critical roles. We set our HR strategy for every three years; where we identify our key positions, future leadership challenges regarding human resources. And, based on three years strategic HR plan, we take our talent management and succession planning agenda to implementation level which is a continuous process.

Starting from the resourcing stage, Bank always keeps in mind that succession planning is required for future leadership. In this case, Bank is mostly relying on home grown people (80:20 ration model). Most importantly, our future leader development program is designed to develop highly qualified managers and future leaders for the Bank. This program provides exposures of various operational settings and help them acquire required knowledge and skills to become the successful leaders. With the proven experiences, these juniors will move to the senior management positions in future. They will also have a clear career progression and receive an extensive development programs to fine tune their skills and knowledge.

Human Rights, Health & Safety

EBL always puts its employee's first ensuring human rights, health and safety with a commitment to serve better. Our staff house building loan (insurance covered) is fully secured by life insurance coverage to protect our people and their family at the time of distress situations. We also provide hospitalization facility to our employees and their dependents. Our every employee receives first aid training through Medi Aid book at the day of joining that helps them to prepare well for any urgent and immediate lifesaving and other measures. We have appointed doctor to ensure medical emergencies for our employees. Every year we arrange awareness session on cervical cancer, hepatitis A, B, C & E and other critical diseases for our employees. Moreover, we arrange fire drill at our premises annually as we are concerned about our people's safety. We have Superannuation Fund Scheme for all permanent employees.

Way Forward

- Employee satisfaction survey
- Review of all HR Policies
- Review the manpower planning for whole Bank
- Upgradation of HRIS (Human Resources Information System)

HUMAN RESOURCE ACCOUNTING

Human Resource Accounting (HRA) is the activity of knowing the cost invested for employees towards their recruitment, training & development, salary payment & other benefits and in return knowing their contribution to organization towards its profitability. HRA can be useful as a managerial tool to aid in making managerial decisions that will benefit the long-run strategic goals and profitability of the company.

Objectives

To assist the management in monitoring the use and investment of human resources effectively.

To evaluate the effectiveness and efficiency of human resources obtaining productivity and profitability.

Need for HRA

The corporate plan aiming for expansion, diversification, changes in technology, operation and business growth etc. has to be worked out with the availability of human resources for such placements or key positions. If such manpower is not likely to be available, HR accounting suggests modification of the entire corporate plan that offsets uncertainty and change enabling the organization to have the right person for the right job at the right time and place.

Global Practice

The strong growth of international financial reporting standards (IFRS) is an indication that the environment for financial reporting encourages the consideration of alternative measurement and reporting standards. This would lend support to the possibility that future financial reports may include nontraditional measurements such as the value of human resources using HRA methods.

Practice in Bangladesh and EBL's Approach towards HRA

At present, no particular accounting standard has been introduced from statutory authorities and regulatory bodies for Human Resources Accounting (HRA) in Bangladesh. Since, HRA is quite useful for managerial decision making, EBL uses the information derived from HRA to make an effective decision for achieving long-run strategic goals and profitability of the company.

Employee Productivity

Taka in million

Particulars	2016	2015
No. of permanent employees	1584	1577
Per employee operating profit	4.05	3.30
Per employee PBT	2.78	2.17
Per employee PAT	1.68	1.41

HR EVENT HIGHLIGHTS 2016



Annual Outstanding Performers Award



Training on Leadership and Team Building



Training on Women Leadership



Let's Hurdle MT 2015 & PO 2016 Batch



Road Show at University of Dhaka



Regional Focus Group Discussion



Discussion session for Sylhet Area colleagues



Hepatitis A & Hepatitis B awareness programs and Discussion Session for Sales team female colleagues

EBL NEST: A CENTER FOR IDEA GENERATION

EBL Capacity Enhancement Center, also called as EBL Nest, is a creative space for the change makers. The mission is to combine our talents and creative potentials to direct EBL into sustainable growth path. The cozy and unconventional setting of the center is designed to inspire thinking out-of-the-box. Each and every participant who comes to EBL NEST is expected to share and discuss the challenges of day-to-day operations as well as to think innovative ways and means to deliver service excellence.

Fact sheet of EBL NEST in 2016

- 15 — Number of regular sessions
- 241 — Number of Participants
- 400+ Uncut Ideas — Number of ideas collected
- 2 — Leadership Lecture
- 140+ Ideas — Ideas under Implementation

Regular brainstorming sessions were held on topics selected on the basis of strategic interest of the bank; some of which are mentioned below:

- Increasing volume of 'Home Loan'
- Improving Digital Security
- New Product Development : Retail & SME
- Tomorrow's Banking
- Explore More Revenue Windows

EBL NEST is no longer a brainstorming studio for conducting regular session only. It has become an important hub for arranging meetings and workshops which in turn help to save venue cost. Some programs conducted at EBL NEST in 2016 apart from regular brainstorming sessions are as follows:

- Board Meeting
- Workshop on Business Proposal Analysis
- Creating Customer Delight
- AML Guidelines, Ideal ALM practices and Managing critical liquidity ratios
- Session for comparative evaluation of core banking solutions (UBS vs. Finacle)
- Session on Career Planning and Cross-Selling, Impaired Assets & Recovery Techniques
- Master Class on Retail Banking
- Conference of Cost Olympic Committee (CoC)
- Workshop on Court Cases conducted by 3 Renowned Judges

We had SK Sur Chowdhury, Deputy Governor of Bangladesh Bank and Fazle Kabir, Governor of Bangladesh Bank, as guest speakers for our "Leadership Lecture Series' program. Some other important dignitaries visited NEST over the course of the year and the comments they made are captured below:

"It was indeed a unique experience at EBL Nest this evening. Especially being far from the mundane activities at office, I really enjoyed every moment here exchanging views on leadership qualities and success models drawing from personal experience. The environment shows the finesse of the officers of EBL and their sense of art and aesthetic values. I wish this continues in the same spirit for all times to come." (Fazle Kabir, Governor, Bangladesh Bank).

"A delight to see the NEST – taking back to India a pleasant experience. Great thought and effort. Way to go Eastern Bank!" (Tejal Vora, J.P. Morgan, Mumbai, India).

"Thank You for 'NESTING' the FMO Team from the Netherlands. We feel inspired and energized!" (Dave Smit& Patience Mayaki, FMO).

"Nest of idea development. Great stuff that development bank like ADB could learn ourselves" (Biao Huang, Investment Specialist, Asian Development Bank).

In today's competitive banking industry, customer satisfaction and delight has become the essence of success. To cope up with changing customer demands, service propositions and commitment need to be monitored at a regular interval to gauge whether the bank is meeting ever increasing expectation of its valued customers. With an endeavor to assess satisfaction level of our customers, we have been selecting brainstorming topics in line with the needs, taste and convenience of our valuable customers.



Leadership Lecture Series : Fazle Kabir, Governor, BB



Session on "Masterclass on Retail Banking"

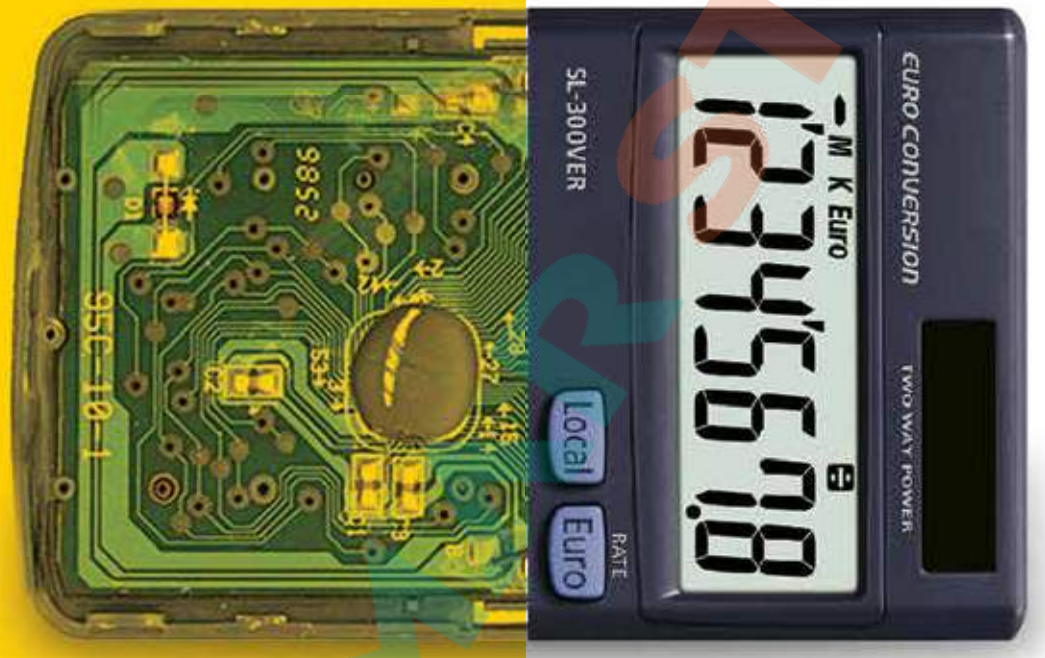


Training on Customer Delight



Service Alignment within 0-5 Days

FINANCIAL REPORTS



We have begun the year 2016 from a much stronger base and are already beginning to reap the benefits of our efforts. Our strong balance sheet is suggestive of our sustainable growth year on year. This has been possible for the loyalty of our clients. We are making progress toward our goal of building a better Eastern Bank committed to contribute to the growth in the economy, serve society and create a positive impact for our clients, our people, and our shareholders.

STATEMENT ON INTEGRITY OF FINANCIAL STATEMENTS BY MD & CEO AND HEAD OF FINANCE

We hereby certify that the Financial Statements (FS) of Eastern Bank Limited (the Bank) as at and for the year ended 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Bank Company Act 1991 (amended up to 2013), BRPD Circular no. 14 dated 25 June 2003 and other relevant circulars/instructions of Bangladesh Bank. The accounting policies used in preparation of the FS are appropriate and are consistently applied by the Bank. In case the requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and financial reporting standards, the provisions and circulars issued by Bangladesh Bank shall prevail. Consequently, adequate disclosures of such deviations have been made in Note 2.1 to the FS.

Estimates and judgments relating to the FS were made on a prudent and reasonable basis; in order that the FS reflect in a true and fair manner, the form and substance of transactions and present the state of affairs reasonably. To ensure this, the Bank has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditor has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank are consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

We certify to the Board that:

i. We have reviewed Financial Statements of the Bank for the year 2016 and to the best of our knowledge and belief:

a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws.

ii. There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.

Masudul Hoque Sardar
Head of Finance

Ali Reza Iftekhar
Managing Director & CEO

Dhaka, 19 March 2017

AMARSTOCK

Independent auditor's report
to the shareholders of Eastern Bank Limited

Report on the financial statements

We have audited the accompanying 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 balance sheet and the separate balance sheet as at 31 December 2016, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements and internal controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in Note 2.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's responsibility section in forming the above opinion on the consolidated financial statements of the Group and the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's responsibility for the financial statements and internal control:

   i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 of the financial statements appeared to be materially adequate;

   ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in these financial statements;

c) financial statements of all subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

d) 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;

e) 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 dealt with by the report are in agreement with the books of account;

f) the expenditure incurred was for the purposes of the Bank's business;

g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;

h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

j) the information and explanation required by us have been received and found satisfactory;

k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4,850 person hours for the audit of the books and accounts of the Bank.

Dhaka, 20 March 2017

Rahman Rahman Huq

AMAR STOCK

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2016

	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	2,035,038,421	1,781,735,932
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	10,164,025,705	9,162,962,735
		12,199,064,126	10,944,698,667
Balance with other banks and financial institutions	4		
In Bangladesh	4.1	9,799,656,546	10,947,113,801
Outside Bangladesh	4.2	826,202,789	528,187,921
		10,625,859,335	**11,475,301,722**
Money at call and short notice	5	**100,000,000**	-
Investments	6		
Government	6.1	18,320,613,148	19,775,255,082
Others	6.2	4,619,215,993	4,127,134,524
		22,939,829,141	**23,902,389,606**
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	137,473,558,900	120,083,051,166
Bills purchased and discounted	7.2	18,897,775,910	14,366,370,854
		156,371,334,810	**134,449,422,020**
Fixed assets including land, building, furniture and fixtures	8	5,954,156,754	5,953,130,377
Other assets	9	4,032,882,402	4,212,281,675
Non-banking assets	10	154,050,500	154,050,500
Total assets		**212,377,177,068**	**191,091,274,567**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	**39,369,685,979**	**31,534,839,615**
Deposits and other accounts	12		
Current accounts and other accounts	12.1	16,651,527,406	15,413,733,946
Bills payable	12.2	797,002,510	910,454,248
Savings bank deposits	12.3	38,426,476,123	32,646,443,552
Fixed deposits	12.4	84,330,111,292	78,935,264,980
Bearer certificate of deposit		-	-
		140,205,117,331	**127,905,896,726**
Other liabilities	**13**	**11,970,564,023**	**10,943,083,283**
Total liabilities		**191,545,367,333**	**170,383,819,624**
Capital/shareholders' equity			
Paid-up capital	14	7,028,567,520	6,111,797,850
Statutory reserve	15	6,991,700,268	6,111,797,850
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre-take over loss-BCCI	17	617,792,231	617,792,231
Asset revaluation reserve	18	2,534,874,738	2,534,874,738
Reserve for amortisation of treasury securities (HTM)	19	6,200,987	2,764,446
Reserve for revaluation of treasury securities (HFT)	20	12,145,508	1,374,979,477
General reserve		130,000,000	130,000,000
Reserve against non-banking assets	21	141,288,665	141,288,665
Foreign currency translation difference	22	657,505	12,523,775
Surplus in profit and loss account	23	3,012,542,313	3,313,595,911
Total shareholders' equity		**20,831,809,735**	**20,707,454,943**
Total liabilities and shareholders' equity		**212,377,177,068**	**191,091,274,567**

AMAR STOCK

Eastern Bank Limited and its subsidiaries
Consolidated Balance Sheet
as at 31 December 2016

	Note	2016 Taka	2015 Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	24		
Acceptances and endorsements	24.1	32,666,382,402	29,367,215,759
Letters of guarantees	24.2	15,905,357,265	13,233,474,177
Irrevocable letters of credit	24.3	17,720,419,522	17,203,519,865
Bills for collection	24.4	5,836,991,295	5,667,837,422
Other contingent liabilities		-	-
Total		**72,129,150,484**	**65,472,047,223**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,447,156,360	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		**75,576,306,844**	**65,472,047,223**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Dhaka, 20 March 2017

Auditor
Rahman Rahman Huq
Chartered Accountants

AMARSTOCK

Eastern Bank Limited and its subsidiaries

Consolidated Profit & Loss Account

for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Interest income	25	13,662,629,884	13,616,377,868
Interest paid on deposits and borrowings etc.	26	(8,055,398,021)	(9,933,643,160)
Net interest income		**5,607,231,863**	**3,682,734,708**
Investment income	27	3,261,885,000	3,534,606,776
Commission, exchange and brokerage	28	2,637,539,212	2,747,234,544
Other operating income	29	181,614,792	189,986,279
		6,081,039,004	**6,471,827,599**
Total operating income (A)		**11,688,270,867**	**10,154,562,307**
Salary & allowances (except those of MD)	30	2,883,203,413	2,625,916,475
Rent, taxes, insurance, utilities etc.	31	655,424,381	622,899,704
Legal & professional expenses	32	110,821,082	105,177,134
Postage, stamp, telecommunication, etc.	33	144,449,537	133,502,520
Stationery, printing, advertisements, etc.	34	302,496,398	283,910,528
Managing Director's salary and allowances (Bank only)	35	20,413,194	19,240,568
Directors' fees & expenses	36	3,963,477	4,068,190
Auditors' fees	37	1,598,574	1,304,483
Depreciation and repair of Bank's assets	38	503,229,958	508,251,628
Other expenses	39	546,735,667	496,252,839
Total operating expenses (B)		**5,172,335,681**	**4,800,524,069**
Profit before provision (C=A-B)		**6,515,935,186**	**5,354,038,238**
Provision for loans and advances:	13.4.1		
General provision		283,884,025	201,443,264
Specific provision (net off w/off recovery)		1,906,885,158	2,020,593,013
Provision for off-balance sheet exposures		101,003,143	41,962,728
Other provision	40	(292,883,038)	(457,434,831)
Total provision (D)		**1,998,889,288**	**1,806,564,174**
Total profit before taxes (E=C-D)		**4,517,045,898**	**3,547,474,064**
Provision for taxation (F)	41		
Current tax expense		1,830,849,042	1,344,784,441
Deferred tax (income)/expense		(30,138,865)	(79,919,330)
Total provision for tax		**1,800,710,177**	**1,264,865,111**
Net profit after tax (G=E-F)		**2,716,335,721**	**2,282,608,953**
Appropriations			
Statutory reserve	15	(879,902,418)	-
General reserve		-	-
		(879,902,418)	-
Retained surplus for the year		**1,836,433,303**	**2,282,608,953**
Earnings per share (EPS)	42	**3.86**	**3.25**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Dhaka, 20 March 2017

Auditor
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Cash Flows Statement

for the year ended 31 December 2016

		Note	2016 Taka	2015 Taka
A)	**Cash flows from operating activities**			
	Interest receipts in cash		14,560,752,356	13,124,823,464
	Interest paid		(8,082,609,372)	(9,388,080,842)
	Dividend receipts		83,507,340	19,499,577
	Fees and commission receipts in cash		2,637,539,211	2,954,668,920
	Income from investment (other than dividend received)		3,510,540,389	3,458,124,093
	Recovery of loans previously written off	13.4.1	380,021,967	281,710,606
	Cash payments to employees (including directors)		(2,860,908,860)	(2,625,112,009)
	Cash payments to suppliers		(1,450,104,087)	(1,371,452,996)
	Income taxes paid	13.3.2	(987,773,957)	(1,725,978,643)
	Receipts from other operating activities		181,614,791	189,986,279
	Payments for other operating activities		(546,735,667)	(714,625,374)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		**7,425,844,111**	**4,203,563,075**
	Increase/(decrease) in operating assets and liabilities			
	Sale/(purchase) of trading securities		(196,623,896)	9,299,141,812
	Loans and advances to customers (other than banks)		(21,925,596,087)	(14,053,175,938)
	Other assets	43	(1,047,202,631)	(383,822,800)
	Deposits from other banks	12.a.1	297,406,250	720,581,038
	Deposits from customers (other than banks)		12,172,697,540	9,932,696,977
	Recovery from BCCI assets	17.2	-	31,261,200
	Liability for tax		(812,936,221)	461,113,531
	Liabilities for provision		(2,378,911,255)	(2,088,274,777)
	Other liabilities	44	835,539,112	1,280,065,147
	Cash generated from operating assets and liabilities (ii)		**(13,055,627,188)**	**5,199,586,190**
	Net cash from operating activities (i+ii)		**(5,629,783,077)**	**9,403,149,265**
B)	**Cash flows from investing activities**			
	(Purchase)/sale of non-trading securities		(202,512,063)	(7,710,111,484)
	(Purchase)/sale of property, plant and equipment		(267,343,647)	(282,468,853)
	Net cash used in investing activities		**(469,855,710)**	**(7,992,580,337)**
C)	**Cash flows from financing activities**			
	Borrowings from other banks, financial institutions and agents	11	7,834,846,364	4,673,465,123
	Dividend paid (cash dividend)		(1,222,359,570)	(1,222,359,570)
	Net cash from financing activities		**6,612,486,794**	**3,451,105,553**
D)	**Net increase in cash and cash equivalents (A+B+C)**		**512,848,012**	**4,861,674,483**
E)	Effects of exchange rate changes on cash and cash equivalents		(10,223,940)	3,222,383
F)	Opening cash and cash equivalents		22,424,784,489	17,559,887,623
G)	**Closing cash and cash equivalents (D+E+F)***		**22,927,408,561**	**22,424,784,489**
	***Cash and cash equivalents at end of the year consists of:**			
	Cash in hand (including foreign currencies)	3.1	2,035,038,421	1,781,735,932
	Balances with Bangladesh Bank and its agent bank(s)	3.2	10,164,025,705	9,162,962,735
	Balances with other banks and financial institutions	4	10,625,859,335	11,475,301,722
	Money at call and short notice	5	100,000,000	-
	Prize bonds	6.1	2,485,100	4,784,100
			22,927,408,561	**22,424,784,489**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

Dhaka, 20 March 2017

Eastern Bank Limited and its subsidiaries

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Figures in Taka

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre take-over loss-BCCI	Asset revaluation reserve	Reserve for amortisation of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve against non banking assets	Foreign currency translation difference	Surplus in profit and loss account	Total equity
Balance as at 1 January 2016	6,111,797,850	6,111,797,850	356,040,000	617,792,231	2,534,874,738	2,764,446	1,374,979,477	130,000,000	141,288,665	12,523,775	3,313,595,911	20,707,454,943
Bonus share issued for 2015	916,769,670	-	-	-	-	-	-	-	-	-	(916,769,670)	-
Cash dividend paid for 2015	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Transfer to statutory reserve	-	879,902,418	-	-	-	-	-	-	-	-	(879,902,418)	-
Adjustment of revaluation of treasury securities (HFT)	-	-	-	-	-	-	(1,362,833,969)	-	-	-	-	(1,362,833,969)
Reserve for amortisation of treasury securities (HTM)	-	-	-	-	-	3,436,541	-	-	-	-	-	3,436,541
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	(11,866,270)	-	(11,866,270)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	2,716,335,721	2,716,335,721
Currency adjustment for OBU	-	-	-	-	-	-	-	-	-	-	1,642,339	1,642,339
Balance as at 31 December 2016	**7,028,567,520**	**6,991,700,268**	**356,040,000**	**617,792,231**	**2,534,874,738**	**6,200,987**	**12,145,508**	**130,000,000**	**141,288,665**	**657,505**	**3,012,542,313**	**20,831,809,735**

for the year ended 31 December 2015

Figures in Taka

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre take-over loss-BCCI	Asset revaluation reserve	Reserve for amortisation of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve against non banking assets	Foreign currency translation difference	Surplus in profit and loss account	Total equity
Balance as at 1 January 2015	6,111,797,850	6,111,797,850	356,040,000	586,531,031	3,689,495,550	2,076,822	805,190,521	130,000,000	178,971,165	9,963,290	2,252,684,630	20,234,548,709
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	(1,154,620,812)	-	-	-	-	-	-	(1,154,620,812)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	569,788,956	-	-	-	-	569,788,956
Reserve for amortisation of treasury securities (HTM)	-	-	-	-	-	687,624	-	-	-	-	-	687,624
Adjustment of reserved for non-banking assets	-	-	-	-	-	-	-	-	(37,682,500)	-	-	(37,682,500)
Recovery of pre-take over loss	-	-	-	31,261,200	-	-	-	-	-	-	-	31,261,200
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	2,560,485	-	2,560,485
Net profit for the year	-	-	-	-	-	-	-	-	-	-	2,282,608,953	2,282,608,953
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Currency adjustment for OBU	-	-	-	-	-	-	-	-	-	-	661,898	661,898
Balance as at 31 December 2015	**6,111,797,850**	**6,111,797,850**	**356,040,000**	**617,792,231**	**2,534,874,738**	**2,764,446**	**1,374,979,477**	**130,000,000**	**141,288,665**	**12,523,775**	**3,313,595,911**	**20,707,454,943**

The annexed notes 1 to 45 form an integral part of these financial statements.

Eastern Bank Limited and its subsidiaries

Consolidated Liquidity Statement

(Asset and Liability Maturity Analysis)

as at 31 December 2016

Figures in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	12,199,064,126	-	-	-	-	12,199,064,126
Balances with other banks and financial institutions	2,911,072,657	4,552,374,878	3,162,411,800	-	-	10,625,859,335
Money at call and short notice	100,000,000	-	-	-	-	100,000,000
Investments	2,485,100	12,199,041	7,432,202,110	7,271,900,788	8,221,042,102	22,939,829,141
Loans and advances	17,791,062,506	25,027,760,979	57,571,542,698	50,598,195,066	5,382,773,561	156,371,334,810
Fixed assets including land, building, furniture and fixtures	11,940,672	23,881,345	107,467,456	506,851,998	5,304,015,283	5,954,156,754
Other assets	16,006,838	1,353,756,182	654,623,283	1,253,196,099	755,300,000	4,032,882,402
Non-banking assets	-	-	19,617,500	134,433,000	-	154,050,500
Total assets	**33,031,631,899**	**30,969,972,425**	**68,947,864,847**	**59,764,576,951**	**19,663,130,946**	**212,377,177,068**
Liabilities						
Borrowing from other banks, financial institutions and agents	7,123,631,924	7,937,208,533	12,930,139,040	9,468,157,221	1,910,549,261	39,369,685,979
Deposits and other accounts	19,298,138,292	19,051,650,211	33,576,136,047	66,048,436,311	2,230,756,470	140,205,117,331
Provisions & other liabilities	1,593,745,144	770,149,013	447,384,243	6,855,721,131	2,303,564,492	11,970,564,023
Total liabilities	**28,015,515,360**	**27,759,007,757**	**46,953,659,330**	**82,372,314,663**	**6,444,870,223**	**191,545,367,333**
Net liquidity gap	**5,016,116,539**	**3,210,964,668**	**21,994,205,517**	**(22,607,737,712)**	**13,218,260,723**	**20,831,809,735**
Cumulative net liquidity gap	**5,016,116,539**	**8,227,081,207**	**30,221,286,724**	**7,613,549,012**	**20,831,809,735**	-

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Eastern Bank Limited

Balance Sheet

as at 31 December 2016

	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	2,034,945,887	1,781,450,102
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	10,164,025,705	9,162,962,735
		12,198,971,592	**10,944,412,837**
Balance with other banks and financial institutions	4		
In Bangladesh	4.1	9,021,366,991	10,671,688,124
Outside Bangladesh	4.2	4,550,920,216	3,019,295,100
		13,572,287,207	**13,690,983,224**
Money at call and short notice	5	**100,000,000**	-
Investments	6		
Government	6.1	18,320,613,148	19,775,255,082
Others	6.2	3,128,020,635	3,622,708,653
		21,448,633,783	**23,397,963,735**
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	137,051,246,091	118,427,210,727
Bills purchased and discounted	7.2	15,032,441,445	11,799,113,738
		152,083,687,536	**130,226,324,465**
Fixed assets including land, building, furniture and fixtures	8	5,940,093,948	5,942,705,054
Other assets	9	5,687,733,590	5,206,959,803
Non-banking assets	10	154,050,500	154,050,500
Total assets		**211,185,458,156**	**189,563,399,618**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowing from other banks, financial institutions and agents	11	**39,061,159,749**	**30,543,479,439**
Deposits and other accounts	12		
Current accounts and other accounts	12.1	16,659,952,664	15,429,365,528
Bills payable	12.2	797,002,510	910,454,248
Savings bank deposits	12.3	38,426,476,123	32,646,443,552
Fixed deposits	12.4	84,400,727,353	79,003,770,247
Bearer certificates of deposit		-	-
		140,284,158,650	**127,990,033,575**
Other liabilities	13	**11,268,497,353**	**10,533,794,193**
Total liabilities		**190,613,815,752**	**169,067,307,207**
Shareholders' equity			
Paid-up capital	14	7,028,567,520	6,111,797,850
Statutory reserve	15	6,991,700,268	6,111,797,850
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre-take over loss-BCCI	17	617,792,231	617,792,231
Asset revaluation reserve	18	2,534,874,738	2,534,874,738
Reserve for amortisation of treasury securities (HTM)	19	6,200,987	2,764,446
Reserve for revaluation of treasury securities (HFT)	20	12,145,508	1,374,979,477
General reserve		130,000,000	130,000,000
Reserve against non-banking assets	21	141,288,665	141,288,665
Foreign currency translation difference	22	1,125,580	1,720,332
Surplus in profit and loss account	23	2,751,906,907	3,113,036,822
Total shareholders' equity		**20,571,642,404**	**20,496,092,411**
Total liabilities and shareholders' equity		**211,185,458,156**	**189,563,399,618**

AMAR STOCK

Eastern Bank Limited

Balance Sheet

as at 31 December 2016

	Note	2016 Taka	2015 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	24		
Acceptances and endorsements	24.1	32,666,382,402	29,367,215,759
Letters of guarantees	24.2	15,905,357,265	13,233,474,177
Irrevocable letters of credit	24.3	17,720,419,522	17,203,519,865
Bills for collection	24.4	5,836,991,295	5,667,837,422
Other contingent liabilities		-	-
Total		**72,129,150,484**	**65,472,047,223**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,447,156,360	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		**75,576,306,844**	**65,472,047,223**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Dhaka, 20 March 2017

Auditor
Rahman Rahman Huq
Chartered Accountants

AMARSTOCK

Eastern Bank Limited

Profit & Loss Account

for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Interest income	25	13,545,638,173	13,338,187,892
Interest paid on deposits and borrowings etc.	26	(8,016,221,690)	(9,793,129,887)
Net interest income		**5,529,416,483**	**3,545,058,005**
Investment income	27	3,315,432,277	3,576,370,328
Commission, exchange and brokerage	28	2,449,245,814	2,629,430,927
Other operating income	29	164,926,912	144,843,472
		5,929,605,003	**6,350,644,727**
Total operating income (A)		**11,459,021,486**	**9,895,702,732**
Salary & allowances (except those of MD)	30	2,800,838,055	2,560,741,641
Rent, taxes, insurance, utilities etc.	31	635,809,908	604,864,153
Legal & professional expenses	32	109,721,716	104,249,918
Postage, stamp, telecommunication, etc.	33	138,553,553	127,867,304
Stationery, printing, advertisements, etc.	34	299,380,147	281,559,632
Managing Director's salary and allowances	35	20,413,194	19,240,568
Directors' fees & expenses	36	3,769,127	3,926,740
Auditors' fees	37	805,000	575,000
Depreciation and repair of Bank's assets	38	496,720,598	502,390,170
Other expenses	39	534,795,483	485,797,065
Total operating expenses (B)		**5,040,806,781**	**4,691,212,191**
Profit before provision (C=A-B)		**6,418,214,705**	**5,204,490,541**
Provision for loans and advances	13.4.1		
General provision		283,884,025	201,443,264
Specific provision (net off w/off recovery)		1,902,684,147	2,020,593,013
Provision for off-balance sheet exposures		101,003,143	41,962,728
Other provision	40	(268,868,702)	(476,064,123)
Total provision (D)		**2,018,702,613**	**1,787,934,882**
Total profit before taxes (E=C-D)		**4,399,512,092**	**3,416,555,659**
Provision for taxation (F)	41		
Current tax expense		1,773,164,131	1,275,558,787
Deferred tax (income)/expense		(30,138,865)	(79,919,330)
Total provision for tax		**1,743,025,266**	**1,195,639,457**
Net profit after tax (G=E-F)		**2,656,486,826**	**2,220,916,202**
Appropriations			
Statutory reserve	15	(879,902,418)	-
General reserve		-	-
		(879,902,418)	-
Retained surplus for the year		**1,776,584,408**	**2,220,916,202**
Earnings per share (EPS)	42	**3.78**	**3.16**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

As per our report of same date.

Dhaka, 20 March 2017

Auditor
Rahman Rahman Huq
Chartered Accountants

AMARSTOCK

Eastern Bank Limited

Cash Flows Statement

for the year ended 31 December 2016

		Note	2016 Taka	2015 Taka
A)	**Cash flows from operating activities**			
	Interest receipts in cash		14,459,952,512	12,848,541,447
	Interest paid		(8,043,433,043)	(9,247,567,569)
	Dividend receipts		78,344,764	101,306,370
	Fees and commission receipts in cash		2,449,245,816	2,821,108,202
	Income from investment (other than dividend received)		3,569,250,241	3,418,080,852
	Recovery of loans previously written off	13.4.1	380,021,967	281,710,606
	Cash payments to employees (including directors)		(2,782,961,428)	(2,559,873,725)
	Cash payments to suppliers		(1,417,702,446)	(1,342,751,460)
	Income taxes paid	13.3.2	(948,480,473)	(1,688,991,842)
	Receipts from other operating activities		164,926,911	144,843,472
	Payments for other operating activities		(534,795,483)	(688,412,500)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		**7,374,369,338**	**4,087,993,853**
	Increase/(decrease) in operating assets and liabilities			
	Sale/(purchase) of trading securities		782,145,588	9,539,969,644
	Loans and advances to customers (other than banks)		(21,880,661,882)	(11,566,249,898)
	Other assets	43	(1,103,952,043)	(378,667,598)
	Deposits from other banks	12.a.1	297,406,250	720,581,038
	Deposits from customers (other than banks)		12,167,602,010	9,947,559,385
	Recovery from BCCI assets	17.2	-	31,261,200
	Liability for tax		(794,544,794)	493,352,384
	Liabilities for provision		(2,398,724,580)	(2,069,645,488)
	Other liabilities	44	548,167,377	1,271,842,142
	Cash generated from operating assets and liabilities (ii)		**(12,382,562,073)**	**7,990,002,809**
	Net cash from operating activities (i+ii)		**(5,008,192,735)**	**12,077,996,662**
B)	**Cash flows from investing activities**			
	(Purchase)/sale of non-trading securities		(194,512,063)	(7,711,558,484)
	(Purchase)/sale of property, plant and equipment		(259,872,371)	(277,691,683)
	Investment in Subsidiary-EBL Securities Limited		(600,000,000)	(500,000,000)
	Net cash used in investing activities		**(1,054,384,434)**	**(8,489,250,167)**
C)	**Cash flows from financing activities**			
	Borrowings from other banks, financial institutions and agents	11	8,517,680,311	4,522,842,389
	Dividend paid (cash dividend)		(1,222,359,570)	(1,222,359,570)
	Net cash from financing activities		**7,295,320,741**	**3,300,482,819**
D)	**Net increase in cash and cash equivalents (A+B+C)**		**1,232,743,577**	**6,889,229,314**
E)	Effects of exchange rate changes on cash and cash equivalents		820,161	1,249,911
F)	Opening cash and cash equivalents		24,640,180,161	17,749,700,936
G)	**Closing cash and cash equivalents (D+E+F)***		**25,873,743,899**	**24,640,180,161**
	***Cash and cash equivalents at end of the year consists of:**			
	Cash in hand (including foreign currencies)	3.1	2,034,945,887	1,781,450,102
	Balances with Bangladesh Bank and its agent bank(s)	3.2	10,164,025,705	9,162,962,735
	Balances with other banks and financial institutions	4	13,572,287,207	13,690,983,224
	Money at call and short notice	5	100,000,000	-
	Prize bonds	6.1	2,485,100	4,784,100
			25,873,743,899	**24,640,180,161**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

Dhaka, 20 March 2017

AMARSTOCK

Eastern Bank Limited

Statement of Changes in Equity

for the year ended 31 December 2016

Figures in Taka

Particulars	Paid-up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre take-over loss-BCCI	Asset revaluation reserve	Reserve for amortisation of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve against non banking assets	Foreign currency translation difference	Surplus in profit and loss account	Total equity
Balance as at 1 January 2016	6,111,797,850	6,111,797,850	356,040,000	617,792,231	2,534,874,738	2,764,446	1,374,979,477	130,000,000	141,288,665	1,720,332	3,113,036,822	20,496,092,411
Bonus share issued for 2015	916,769,670	-	-	-	-	-	-	-	-	-	(916,769,670)	-
Cash dividend paid for 2015	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Transfer to statutory reserve	-	879,902,418	-	-	-	-	-	-	-	-	(879,902,418)	-
Adjustment of revaluation of treasury securities (HFT)	-	-	-	-	-	-	(1,362,833,969)	-	-	-	-	(1,362,833,969)
Reserve for amortisation of treasury securities (HTM)	-	-	-	-	-	3,436,541	-	-	-	-	-	3,436,541
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	(594,752)	-	(594,752)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	2,656,486,826	2,656,486,826
Currency adjustment for OBU	-	-	-	-	-	-	-	-	-	-	1,414,917	1,414,917
Balance as at 31 December 2016	**7,028,567,520**	**6,991,700,268**	**356,040,000**	**617,792,231**	**2,534,874,738**	**6,200,987**	**12,145,508**	**130,000,000**	**141,288,665**	**1,125,580**	**2,751,906,907**	**20,571,642,404**

for the year ended 31 December 2015

Figures in Taka

Particulars	Paid-up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre-take over loss-BCCI	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General Reserve	Reserve for non-banking assets	Foreign currency translation difference	Surplus in profit and loss account	Total equity
Balance as at 1 January 2015	6,111,797,850	6,111,797,850	356,040,000	586,531,031	3,689,495,550	2,076,822	805,190,521	130,000,000	178,971,165	1,062,706	2,113,887,906	20,086,851,401
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	(1,154,620,812)	-	-	-	-	-	-	(1,154,620,812)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	569,788,956	-	-	-	-	569,788,956
Reserve for amortisation of treasury securities (HTM)	-	-	-	-	-	687,624	-	-	-	-	-	687,624
Adjustment of reserved for non-banking assets	-	-	-	-	-	-	-	-	(37,682,500)	-	-	(37,682,500)
Recovery of pre-take over loss	-	-	-	31,261,200	-	-	-	-	-	-	-	31,261,200
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	657,626	-	657,626
Net profit for the year	-	-	-	-	-	-	-	-	-	-	2,220,916,202	2,220,916,202
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Currency adjustment for OBU	-	-	-	-	-	-	-	-	-	-	592,284	592,284
Balance as at 31 December 2015	**6,111,797,850**	**6,111,797,850**	**356,040,000**	**617,792,231**	**2,534,874,738**	**2,764,446**	**1,374,979,477**	**130,000,000**	**141,288,665**	**1,720,332**	**3,113,036,822**	**20,496,092,411**

The annexed notes 1 to 45 form an integral part of these financial statements.

Eastern Bank Limited

Liquidity Statement

(Asset and Liability Maturity Analysis)

as at 31 December 2016

Figures in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	12,198,971,592	-	-	-	-	12,198,971,592
Balances with other banks and financial institutions	6,536,114,143	3,873,761,264	3,162,411,800	-	-	13,572,287,207
Money at call and short notice	100,000,000	-	-	-	-	100,000,000
Investments	2,485,100	12,199,041	5,941,006,753	7,271,900,788	8,221,042,101	21,448,633,783
Loans and advances	17,791,062,506	24,605,448,170	53,706,208,233	50,598,195,066	5,382,773,561	152,083,687,536
Fixed assets including land, building, furniture and fixtures	11,705,823	23,411,647	105,352,410	497,040,379	5,302,583,689	5,940,093,948
Other assets	15,995,638	1,435,297,658	654,196,868	1,250,064,273	2,332,179,153	5,687,733,590
Non-banking assets	-	-	19,617,500	134,433,000	-	154,050,500
Total assets	**36,656,334,802**	**29,950,117,780**	**63,588,793,564**	**59,751,633,506**	**21,238,578,504**	**211,185,458,156**
Liabilities						
Borrowing from other banks, financial institutions and agents	6,995,074,055	7,637,240,173	13,050,139,040	9,468,157,221	1,910,549,260	39,061,159,749
Deposits and other accounts	19,306,563,550	19,122,266,272	33,576,136,047	66,048,436,311	2,230,756,470	140,284,158,650
Provisions & other liabilities	1,144,030,715	767,326,316	432,854,247	6,620,721,582	2,303,564,493	11,268,497,353
Total liabilities	**27,445,668,320**	**27,526,832,761**	**47,059,129,334**	**82,137,315,114**	**6,444,870,223**	**190,613,815,752**
Net liquidity gap	**9,210,666,482**	**2,423,285,019**	**16,529,664,230**	**(22,385,681,608)**	**14,793,708,281**	**20,571,642,404**
Cumulative net liquidity gap	**9,210,666,482**	**11,633,951,501**	**28,163,615,731**	**5,777,934,123**	**20,571,642,404**	-

STOCK

Eastern Bank Limited and its subsidiaries

Notes to the Financial Statements

as at and for the year ended 31 December 2016

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 inside 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 82 branches across major cities in Bangladesh. The shares of the Bank is listed with both Dhaka Stock Exchange (DSE) Limited and Chittagong Stock Exchange (CSE) Limited. The registered office of the Bank is located at Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000.

The principal activities of the Bank are to provide a comprehensive range of financial products (loans and deposits) and services, personal and commercial banking, trade services, cash management, treasury, securities and custodial services.

1.2 Offshore Banking Unit (OBU)

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 guidelines.

The unit commenced its operations from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10 Dilkusha C/A (1st floor), Dhaka-1000.

1.3 Subsidiaries of the Bank

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

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 (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. The principal activities of this subsidiary are to buying, selling and settlement of securities on behalf of investors and in its own portfolio. Registered office of EBLSL is located at 59, Motijheel C/A (1st Floor), Dhaka-1000.

EBL Investments Limited

EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from BSEC in January 2013 and started full fledged operations of merchant banking, portfolio management, underwriting etc. from June 2013. Registered office of EBLIL is located at 59, Motijheel C/A (1st Floor), 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 (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 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 9 January 2011 to carry out the business of asset management, capital market operation, equity investment etc. Subscription of this company was completed in 2015 but full fledged business operation will start after getting license from BSEC.

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 2016 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 were no significant changes 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. But the Financial Reporting Council (FRC) under the FRA is yet to be formed which is to issue financial reporting standards for public interest entities such as banks. The Bank Company Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards.

The FRC is yet to be formed and as such no financial reporting standards have been issued as per the provisions of the FRA. Hence, the consolidated financial statements of the Bank and its subsidiaries and the separate financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Bank Company Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Bank Company Act 1991 and provisions and circulars issued by BB differ with those of BFRSs, the requirements of the Bank Company Act 1991 and provisions and circulars issued by BB shall prevail. Material departures from the requirements of BFRS are as follows:

i) Presentation of financial statements

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

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

ii) Investments in shares, mutual funds and other securities

BFRSs: As per requirements of BAS 39, investments in shares and securities generally fall either under 'at fair value through Profit and Loss Account' or under 'available for sale' account where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve account respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted 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 instruction of another 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 & MFs at each quarter end and took provision of Tk. 79.97 million as of 2016 as per BB guidelines (note 13.8).

iii) Revaluation gain/loss on Government securities

BFRSs: As per requirement of BAS 39, T-bills and T-bonds are to be categorised as 'Held For Trading (HFT)' and 'Held To Maturity (HTM)' where any change in the fair value of HFT securities is recognised in profit and loss account, and amortised cost method is applied for HTM securities using an effective interest rate.

Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in 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 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 HTM are measured at amortised cost method but interest income/gain is recognised through equity.

The Bank recognised revaluation loss of Tk. 222 million and amortisation loss of Tk. 83 million in profit and loss account in 2016 against its investment in government treasury securities catagorised as HFT and HTM respectively. Unrealised gain of Tk. 12 million arising from revaluation of HFT securities and Tk. 6 million arising from amortisation gain have been booked in equity as reserve in compliance with BB guidelines (note 19 & 20).

iv) Provision on loans and advances

BFRSs: As per BAS 39 an entity should undertake impairment assessment when objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, 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 @ 1% should be provided for off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

The Bank charged to its profit & loss account a general provision of Tk. 385 million (Tk. 284 million against unclassified loans & advances, and Tk. 101 million for off-balance sheet exposures) in 2016 (note 13.4.1).

v) Other comprehensive income and appropriation of profit

BFRSs: As per BAS 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.

BFRSs 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 BAS 39. As such some disclosures and presentation requirements of BFRS 7 and BAS 32 cannot be made in these financial statements.

vii) REPO transactions

BFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a collateralised borrowing and the underlying asset continues to be recognised in the entity's financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BB circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sale transaction and the financial assets should be derecognised in the seller's book and recognised in the buyer's book.

viii) Financial guarantees

BFRSs: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of 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 the guarantee except the cash margin.

ix) Cash and cash equivalents

BFRSs: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills/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

BFRSs: No indication of non-banking assets is found in any BFRSs.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, there exists a face item named non-banking assets.

xi) Cash flows statement

BFRSs: Cash flows statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flows 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)

BFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

xiii) Off balance sheet items

BFRSs: No concept of off balance sheet items in any BFRS; 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. LC, LG, acceptance should be disclosed separately on the face of the balance sheet.

xiv) Loans and advance net of provision

BFRSs: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular 14 dated 25 June 2003, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.

*Please refer to note 2B compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) for further details.

xv) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based 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 in suspense account, which is presented as liability in the balance sheet.

xvi) Presentation of intangible asset

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

2.2 Basis of measurement

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared on the historical cost basis except for the following material items:

- Government treasury bills and bonds designated as 'Held for Trading (HFT)' 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 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 BAS 16 'Property, Plant & Equipment' and BSEC notification no. SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013.

2.3 Going Concern Basis of Accounting

These financial statements have been prepared on the 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 denoted 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 BFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 Taka (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 Taka 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 (Bangladesh Taka 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 day 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 BAS 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 Taka (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 BAS 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.

2.7 Cash flows statement

Cash flows statement has been prepared in accordance with BAS 7 'Statement of Cash Flows' and under the guideline of BB 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 1 January to 31 December.

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	Realization/amortization basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Settlement/adjustment schedule basis.

2.10 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. All subsidiaries of the Bank have been incorporated in Bangladesh except for EBL Finance (HK) Limited which is incorporated in Hong Kong.

A. Assets and basis of their valuation

i) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at ATM, unrestricted balances held with BB 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 HFT or/and HTM) 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 recognized 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. 6 dated 15 July 2010 of BB. In case of REPO of both coupon and non-coupon bearing (treasury bill) securities, the Bank adjusts the revaluation reserve account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank does not accrue interest during REPO period.

Investments – Initial recognition and subsequent measurement at a glance

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/T-bonds-Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Govt. T-bills/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	Face value	None	None
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 (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.*

Investment in Subsidiaries

Investment in subsidiaries are accounted for under the cost method of accounting in the Bank's financial statements in accordance with BAS 27 'Consolidated and Separate Financial Statements' and BFRS 3 'Business Combination'. Impairment of investment in subsidiaries is made as per the provision of BAS 36 'Impairment of Assets'.

iii) Loans, advances and provisions

Loans and advances 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 available-for-sale.

After initial recognition, 'loans, advances and receivables' are subsequently measured at amortised cost using effective interest rate (EIR) over the relevant periods. The amortised cost of a 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 @ 1% on 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 instructions contained in 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 and BRPD circular no. 8 dated 2 August 2015. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of the Bank Company Act 1991 (amendment upto 2013), instead of netting off with loans.

Heads	Rates
General provision on:	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified consumer financing other than housing finance and loans for professionals	5%
Short term agri credit and micro credit	2.5%
Off-balance sheet exposures	1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard & 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 BAS 16 'Property, Plant and Equipment' for its own assets (including finance lease where the bank is lessee) which are held for existing and future use in the business or other administrative purposes 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 BAS 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.

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/amortised for current and comparative years are given below:

Category	Estimated useful lives (Years)	Rate of depreciation/ amortisation
Buildings	40	2.50%
Furniture and Fixtures	10	10.00%
Machineries and equipment	5	20.00%
Computers	3	33.33%
Stabilisers and UPS	3	33.33%
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/building under construction

Building under construction is recognised and reported under fixed assets as per BAS 16 as capital work in progress until the construction work is completed and the asset is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date when it is available for 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) Leased Assets

Fixed assets which are procured under finance lease arrangement (under which substantially all the risks and rewards incidental to ownership are transferred to the lessees i.e. EBL) are reported as leased assets as per BAS 17 'Leases'.

Assets held under finance lease are recognised as assets of the Bank at an amount equal to lower of their fair value and the present value of minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Any initial direct costs incurred are added to the amount recognised as leased asset.

vi) Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. The Group classifies its intangible assets as per BAS 38 'Intangible Assets' which comprises the value of all licensed computer software including core banking software of the Bank, cards management software, cheque processing software (i.e. BEFTN), software of subsidiaries and other integrated customised software for call center, ATM service, HR & 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 BAS 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.

vii) 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.

viii) 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 as non-earning assets on the basis of third party valuation report. Value of the assets received in addition to the loan outstanding has been kept as reserve against non-banking assets. Party wise details (including possession date) of the properties are separately presented in note 10.

ix) Impairment of assets

An asset is impaired when its carrying value exceeds its recoverable amount as per BAS 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 and impairment losses are recognised in the profit and loss account. However, impairment of any assets are guided by the relevant BB circulars/instructions and BAS 39.

B. Liabilities and provisions

Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest bearing borrowings which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

i) 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 & 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.

ii) Deposits and other accounts

Deposits and other accounts include non-interest bearing current deposits redeemable at call, interest bearing short-term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties.

iii) Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognised as per the guidelines of Bangladesh Bank and Bangladesh Financial Reporting Standards (BFRS).

iv) Dividend payments

Interim dividend of the Group is recognised only 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 2016 has not been recognised as a liability in the balance sheet in accordance with BAS 10 Events after the Reporting Period. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

v) Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in Note 13.4 of these financial statements.

vi) Provision against investment in Capital Market

Provision for diminution of value of quoted shares and mutual funds (closed-end), placed under other liability, has been made on portfolio basis (gain net off) following DOS circular No. 04 dated 24 November 2011 and DOS circular letter no. 03 dated 12 March 2015 respectively. For unquoted shares, provision has been made based on available NAV of respective nos of units. 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

vii) 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 @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

viii) Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

ix) Provision for nostro accounts

Provision for unsettled transactions in nostro accounts is made as per FEPD circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPD) 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.

x) Provision for liabilities and accrued expenses

In compliance with BAS 37, 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.

xi) 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 BAS 19 'Employee Benefits'. Two subsidiaries i.e. EBLSL & EBLIL of the Bank have 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 or 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 given in note 30 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. Subsidiaries (i.e. EBL SL & EBL IL) of the Bank also maintain a funded defined benefit plans i.e. 'Gratuity fund' under separate trustee boards from 01 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 7 (seven) 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 2015. As per this valuation, effective from 1 October 2015, a contribution of 14.90% of basic salary is to be made to the fund per month until the next actuarial review is carried out. Contribution for the year 2016 has been made @14.90% 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 2015. As per the valuation, effective from 1 October 2015, Tk 1.49 million is to be contributed to the fund each month until the next actuarial valuation is done. During 2016, Tk. 17.88 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 plan and amount recognised in profit & loss account are stated in note 30 of these financial statements.

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 upto maximum 90 days which is calculated based on last Basic Salary, House rent and Medical allowance and is paid in cash at the time of paying end service benefit. The Bank recognises earned leave encashment as expense as an when paid to outgoing employees.

The Group does not have any other long term employee benefit plans.

Short term benefits

Short term employee benefits i.e. group insurance policy, hospitalisation 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.

xii) Contingent liabilities

Contingent liabilities which 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 unless the possibility of an outflow of resources embodying economic benefits are reliably estimated. 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 (AGM).

iii) Share premium

The Share premium represents the excess amount received by the Bank from its shareholders over the nominal/par value of its share. The amount of share premium can be 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 Bank Company Act 1991, the Bank is to transfer at least 20% of its profit before tax (PBT) 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 2016, the Bank transferred Tk. 879.90 million to statutory reserve equivalent to 20% of PBT.

v) Asset revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount after deducting deferred tax liability which may arise against such revaluation gain as per BAS 12 'Income Tax', is credited directly to equity under the heading of assets revaluation reserve as per BAS 16 'Property, Plant and Equipment. Apart from financial assets, the Bank revalues its lands following relevant circulars of Bangladesh Bank and BSEC.

vi) Reserve for amortization/ 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 is recognised as income on accrual basis, interest on classified loans and advances is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD 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) Fees and commission income

Fess and commission income arises from services provided by the Bank and recognised as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions except those which are received in advance.

iii) Interest income from investments

Interest income on investments in government and other securities, debentures and bonds is accounted for on accrual basis.

iv) 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.

v) Dividend income

Dividend income from investments is recognised at the time when it is declared, ascertained and right to receive the payment is established as per BAS 18 'Revenue'.

vi) Interest paid on borrowings and deposits

Interest paid on borrowings and deposits are calculated on 360 days basis (except for some treasury instruments which are calculated on 364 days basis) in a year and recognised on accrual basis.

vii) Management and other expenses

Expenses incurred by the Bank are recognised on actual and accrual basis.

viii) 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 @ 40% considering major disallowances of expenses and concessional rates on certain incomes (0% on gain on trading of govt. securities, 10% on capital gain of shares & MFs 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 BAS 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 9.12 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 BAS 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 only those are earned and incurred on shared basis and directly attributable 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 28.1.a.

iii) Comparative information

Comparative information including narrative and descriptive one 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 BAS 33 'Earnings per Share' the Bank has been reporting 'Basic EPS' 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 in current period are considered for number of ordinary shares outstanding for preceding period to present comparative EPS with retrospective adjustment (restated).

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 BAS 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 2016.

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 BAS 10 'Events after the Reporting Period'. Board's recommendation for dividend distribution is a common item presented in the note 45.

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, SME, Consumer 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, 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 SME (M) 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 BRPD circular no.14 dated 23 September 2012 and BRPD circular no. 5 dated 29 May 2013. Adequate provision has been kept which is 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 is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, Bank prepares structural liquidity profile, maturity profile of term deposit, cash flow 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 Unit (RMU) is responsible for overall monitoring, control and reporting of market risk while treasury mid office is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the bank are monitored by RMU and periodically reported to Bank Risk Management Committee (BRMC). Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

d) Interest Rate Risk

Interest rate risk is the risk to earnings or capital of the bank arising from movement of interest rates. The movement of interest rates affects bank's reported earnings and capital by changing:

- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. Bank deploys several analysis techniques (e.g. Rate Sensitive Gap Analysis, Duration Gap Analysis) to measure interest rate risk, its impact on Net Interest Income and takes insight about course of actions.

e) Foreign Exchange Risk

Foreign exchange risk is the risk that a bank's financial performance or position will be affected by fluctuations in the exchange rates between currencies and implied volatility on foreign exchange options. Bank makes import payment and outward remittance as its outflow, whereas it gets foreign currency inflow as export receipts and inward remittance. Exchange rate risk arises, if, on a particular day, these inflow-outflows don't match and bank runs its position long/short from these customer driven activities. Bank also faces foreign exchange risk if it sources its funding in one currency by converting fund from another currency. Currently, the Bank is facing such transaction exposure in foreign currency for its off-shore banking unit. But these transactions exposure is always hedged.

The Bank computes VaR (Value at Risk) on its foreign exchange position arising from customer driven foreign exchange transactions at 95% confidence level on daily basis. The Bank maintains various nostro accounts in order to conduct operations in different currencies. The position maintained by the Bank at the end of the day is within the stipulated limit prescribed by the Bangladesh Bank.

f) Equity Price Risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by a bank subsidiary; changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares.

Mark to Market is the tool bank applies for making full provision against losses arisen from changes in market price of securities. As of 31 December 2016, the Bank sets aside Tk. 79.97 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% and 99% 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 mitigants 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

For prevention of Money Laundering and Terrorist Financing, the bank has a Board approved comprehensive "EBL Money Laundering and Terrorist Financing Risk Assessment and Management Guideline". The CEO's formal Annual commitment on combatting Money Laundering (ML) and Financing of terrorism (CFT) is issued to ensure greater due diligence and compliance at all levels of the bank. The bank has also formed a Central Compliance Unit (CCU) under the leadership of Chief Anti Money Laundering Compliance officer (CAMLCO). Under the supervision of CAMLCO, CCU have Branch Anti Money Laundering Compliance Officer (BAMLCO) at branches and Department Anti Money Laundering Compliance officer (DAMLCO) in the departments to review and verify the transactions of accounts to make Suspicious Transactions Reports (STR), and ensure AML & CFT compliance culture throughout the bank. Training is being conducted continuously for all the officers of the Bank to create awareness and develop the skill for ensuring KYC (Know Your Clients) compliance and identifying suspicious activities/transactions.

i) Information and communication technology risk

EBL has a comprehensive IT Security Policy and procedures which are formally documented and Approved by Board. In 2016 EBL obtained Payment Card Industry Data Security Standard (PCI DSS) certificate, which is an international accredition certification of Data Security. To prevent attack from Cyber criminals/fraudsters IT Division (hereinafter IT) has established standard Physical & Environmental Security Measures to all sensitive areas (e.g. Data Centre, Disaster Recovery (DR) Site, Power Rooms, Server Rooms, etc.). IT has standard Logical Security Measures (e.g. Access card, Password Protected Server, Access Log, Measuring Device Logs, Periodic Testing Results, etc.) to all core devices (server, PC, etc.), connecting devices (switch, router, etc.), security devices (firewall, IDS, etc.), all applications (core banking system, antivirus, firewall, VPN, utilities, etc.), databases, networks and others. IT has standard design and practice in network connectivity, access, build-up, configuration, monitoring, maintenance and security. IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster. IT Security and Risk management team has also taken initiatives of awareness training for EBL officers as well as customers. We have separate information system audit to identify control gap and improve system continually.

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

Like any other banks and financial institutions, EBL is also exposed to the inherent risk of fraud and hence implemented a number of anti fraud controls and procedures specifically designed to prevent and detect any material instances of fraud or irregularities. As per the requirement of Bangladesh Bank, regular reportings are done on self assessment of various anti fraud controls as well as any incident of fraud and forgeries that have been identified by the Bank. Regular staff training and awareness programs are taken to ensure that all officers and staffs of the Bank are fully aware of various fraud risks in their work areas and are prepared to deal with it. Incidence of fraud/theft has become somewhat inevitable in banking business but can very well be avoided or minimised by creating a highly regimented environment and harnessing a culture and value of transparency, accountability, trust and teamwork. With this endeavour a structured "EBL Fraud and Theft Risk Prevention and Management Policy" has been approved by EBL 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 2015. The following ratings have been awarded:

Particulars	Periods	Date of Rating	Long term	Short term
Entity Rating	January to December 2015	22 June 2016	AA	ST-2
Entity Rating	January to December 2014	17 June 2015	AA	ST-2
Entity Rating	January to December 2013	18 June 2014	AA	ST-2

2B Compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)

The Bank has complied with following BASs & BFRSs as adopted by ICAB during the preparation of financial statements as at and for the year ended 31 December 2016.

Name of BASs / BFRSs	BASs / BFRSs	No.	Status
Presentation of Financial Statements	BAS	1	*Applied
Inventories	BAS	2	N/A
Statement of Cash Flows	BAS	7	*Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS	8	Applied
Events after the Reporting Period	BAS	10	Applied
Construction Contracts	BAS	11	N/A
Income Taxes	BAS	12	Applied
Property, Plant and Equipment	BAS	16	Applied
Leases	BAS	17	Applied
Revenue	BAS	18	Applied
Employee Benefits	BAS	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS	20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS	21	Applied
Borrowing Costs	BAS	23	N/A
Related Party Disclosures	BAS	24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS	26	N/A
Consolidated and Separate Financial Statements	BAS	27	Applied
Investments in Associates	BAS	28	N/A
Interests in Joint Ventures	BAS	31	N/A
Financial Instruments: Presentation	BAS	32	*Applied
Earnings per share	BAS	33	Applied
Interim Financial Reporting	BAS	34	Applied
Impairment of Assets	BAS	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS	37	*Applied
Intangible Assets	BAS	38	Applied
Financial Instruments: Recognition and Measurement	BAS	39	*Applied
Investment Property	BAS	40	N/A
Agriculture	BAS	41	N/A
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS	1	N/A
Share-based Payment	BFRS	2	N/A
Business Combinations	BFRS	3	Applied
Insurance Contracts	BFRS	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS	5	*Applied
Exploration for and Evaluation of Mineral Resources	BFRS	6	N/A
Financial Instruments: Disclosures	BFRS	7	*Applied
Operating Segments	BFRS	8	Applied
Consolidated Financial Statements	BFRS	10	Applied
Joint Arrangements	BFRS	11	N/A
Disclosure of Interests in Other Entities	BFRS	12	Applied
Fair Value Measurement	BFRS	13	*Applied
Regulatory Deferral Accounts	BFRS	14	N/A

* Subject to departure described in note 2.1
N/A = Not Applicable

2B.1 Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2016. All previously adopted reporting standards are consistently applied by the Bank as explained in note 2B.

BFRS 9 Financial Instruments

Summary of the requirements

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39.

BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible impact on financial statements

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 9.

BFRS 15 Revenue from Contracts with Customers

Summary of the requirements

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 'Revenue', BAS 11 'Construction Contracts' and BFRIC 13 'Customer Loyalty Programmes'.

BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Possible impact on financial statements

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

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

These financial statements were reviewed by the audit committee of the Board of the Bank in its 93 meeting held on 20 March 2017 and was subsequently approved by the Board in its 597 meeting held on the same date.

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Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
3	**Cash**					
	Cash in hand (including foreign currencies)	3.1	2,035,038,421	1,781,735,932	2,034,945,887	1,781,450,102
	Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	10,164,025,705	9,162,962,735	10,164,025,705	9,162,962,735
			12,199,064,126	**10,944,698,667**	**12,198,971,592**	**10,944,412,837**
3.1	**Cash in hand (including foreign currencies)**					
	Local currency	3.1.1	2,018,392,648	1,755,116,130	2,018,300,114	1,754,830,301
	Foreign currencies		16,645,773	26,619,802	16,645,773	26,619,801
			2,035,038,421	**1,781,735,932**	**2,034,945,887**	**1,781,450,102**
3.1.1	**Local currency**					
	With Bank		2,018,300,114	1,754,830,301	2,018,300,114	1,754,830,301
	With Subsidiaries		92,534	285,829	-	-
			2,018,392,648	**1,755,116,130**	**2,018,300,114**	**1,754,830,301**
3.2	**Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)**					
	Bangladesh Bank :					
	Local currency		9,520,990,214	8,565,018,968	9,520,990,214	8,565,018,968
	Foreign currencies		218,536,903	243,124,968	218,536,903	243,124,968
			9,739,527,117	**8,808,143,936**	**9,739,527,117**	**8,808,143,936**
	Sonali Bank (as an agent of Bangladesh Bank)-local currency		424,498,588	354,818,799	424,498,588	354,818,799
			10,164,025,705	**9,162,962,735**	**10,164,025,705**	**9,162,962,735**

3.a Cash Reserve Ratio (CRR):

As per section 33 of the Bank Company Act 1991 (amended upto 2013) & MPD circular no. 1 dated 23 June 2014 issued by Bangladesh Bank (effective from 24 June 2014), EBL has been maintaining 6.0% CRR on daily basis and 6.5% 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 2016 is maintained on the basis of weekly ATDTL of October 2016). Reserve maintained by the bank as at 31 December is as follows:

Average total demand and time liabilities of October 2016 (excluding inter-bank deposit)	**142,252,018,000**	**131,096,108,800**
Daily basis:		
Required reserve (6.0% of ATDTL)	8,535,121,080	7,865,766,528
Actual reserve held with Bangladesh Bank (In local currency)*	9,534,108,703	8,413,373,758
Surplus	**998,987,623**	**547,607,230**

Bi-weekly basis:
The bank maintained excess cash reserve of Tk. 1,613 million in the last fortnight of 2016 (Tk. 1,562 million was in 2015) calculated by summing up excess cash reserve maintained over required CRR on daily basis.

3.b Statutory Liquidity Ratio (SLR):
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 2016 is based on weekly ATDTL of October 2016). Reserve maintained by the bank as at 31 December is as follows:

Required reserve (13% of ATDTL)	18,492,762,340	17,042,494,144
Actual reserve held (Note 3.c)	21,065,300,056	21,911,739,901
Surplus	**2,572,537,716**	**4,869,245,757**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
3.c	**Actual reserve held**					
	Excess cash reserve	3.c.1			287,727,533	-
	Cash held				2,034,945,887	1,781,450,102
	Balance with Sonali Bank				424,498,588	354,818,799
	Unencumbered approved securities (HFT)				607,023,408	2,587,554,000
	Unencumbered approved securities (HTM)				17,711,104,640	17,182,917,000
	Unencumbered approved securities (other eligible)				-	5,000,000
					21,065,300,056	**21,911,739,901**
3.c.1	Balance with Bangladesh Bank (local currency)				9,534,108,703	8,413,373,757
	Less: Required cash reserve on bi weekly average basis (6.5% of ATDTL)				9,246,381,170	8,521,247,072
	Excess cash reserve				**287,727,533**	-

*As per Bangladesh Bank statement.

As per DOS circular no. 1 dated 19 January 2014 issued by Bangladesh Bank, cash reserve (if any) in excess of 6.5% of ATDTL is considered an eligible component of Statutory Liquidity Ratio (SLR) for that particular day.

4 Balances with other banks and financial institutions

Balance inside Bangladesh	4.1	9,799,656,546	10,947,113,801	9,021,366,991	10,671,688,124
Balance outside Bangladesh	4.2	826,202,789	528,187,921	4,550,920,216	3,019,295,100
		10,625,859,335	**11,475,301,722**	**13,572,287,207**	**13,690,983,224**
4.1 Balance inside Bangladesh					
In Current Deposit Accounts with:					
Banks		156,931,284	103,454,552	48,830,089	61,828,263
Non Banking Financial Institutions (NBFIs)		-	-	-	-
		156,931,284	103,454,552	48,830,089	61,828,263
Less: Inter company elimination		(8,425,258)	(15,631,582)	-	-
		148,506,026	**87,822,970**	**48,830,089**	**61,828,263**
In Special Notice Deposit Accounts with:					
Banks		748,980,839	332,393,265	52,662,751	19,847,861
Non Banking Financial Institutions		-	-	-	-
		748,980,839	332,393,265	52,662,751	19,847,861
Less: Inter company elimination		(17,704,470)	(68,505,267)	-	-
		731,276,369	**263,887,998**	**52,662,751**	**19,847,861**
In Fixed Deposit Accounts with:					
Banks		11,051,915,494	11,735,121,801	11,051,915,494	11,735,121,801
Non Banking Financial Institutions		5,910,000,000	5,675,390,833	5,910,000,000	5,670,000,000
		16,961,915,494	17,410,512,634	16,961,915,494	17,405,121,801
Less: Inter unit/company elimination		(8,042,041,343)	(6,815,109,801)	(8,042,041,343)	(6,815,109,801)
		8,919,874,151	**10,595,402,833**	**8,919,874,151**	**10,590,012,000**
Total		**9,799,656,546**	**10,947,113,801**	**9,021,366,991**	**10,671,688,124**

4.1.1 Balances of subsidiaries with Banks & NBFIs		
With Eastern Bank Limited (eliminated as intra group balance)		
EBL Securities Limited	2,712,806	2,708,375
EBL Investments Limited	14,992,009	12,835,864
EBL Finance (HK) Limited	29,932,206	15,631,582
EBL Asset Management Limited	52,911,590	52,961,028
	100,548,611	**84,136,849**
Balance of subsidiaries with other Banks & NBFIs		
Banks	799,796,849	294,862,280
Non Banking Financial Institutions	-	5,390,833
	799,796,849	**300,253,113**
	900,345,460	**384,389,962**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
4.2 Balance outside Bangladesh:					
In Deposit account (non-interest bearing) with:					
AB Bank Limited, India		17,967,351	2,097,304	17,967,351	2,097,304
Al-Rajhi Bank, KSA		314,750	313,817	314,750	313,817
Bank of Bhutan, Bhutan		410,752	1,155,215	410,752	1,155,215
Bank of Nova Scotia, Canada		1,148,953	610,697	1,148,953	610,697
Bank of Tokyo-Mitshubishi UFJ, Ltd., India		-	5,439,534	-	5,439,534
Bank of Tokyo-Mitshubishi UFJ, Ltd., UK		530,217	528,857	530,217	528,857
Bank of Tokyo-Mitshubishi UFJ, Ltd., Japan		1,213,332	1,155,491	1,213,332	1,155,491
Citibank NA, USA		187,676,384	284,737,232	187,676,384	284,737,232
Commerz Bank AG, Germany		7,800,616	13,097,220	7,800,616	13,097,220
Deutsche Bank AG, Germany		-	3,089,616	-	3,089,616
Habib American Bank, USA		-	1,508,687	-	1,508,687
HSBC, Hong Kong		-	24,827,436	-	-
ICICI Bank Limited, India		21,527,756	35,886,495	21,527,756	35,886,495
ICICI Bank Limited, Hong Kong		23,136,291	-	1,628,998	-
JP Morgan Chase Bank NA, UK		19,022,618	14,490,769	19,022,618	14,490,769
JP Morgan Chase Bank NA, Australia		2,516,210	3,009,541	2,516,210	3,009,541
JP Morgan Chase Bank NA, USA		81,864,884	-	81,864,884	-
JP Morgan Chase Bank NA, Germany		5,623,409	3,091,979	5,623,409	3,091,979
Mashreqbank, USA		8,008,157	23,954,373	8,008,157	23,954,373
National Commercial Bank, KSA		1,383,689	1,472,662	1,383,689	1,472,662
Nepal Bangladesh Bank Limited, Nepal		8,873,179	3,704,502	8,873,179	3,704,502
NIB Bank Limited, Pakistan		39,906,619	16,344,690	39,906,619	16,344,690
Nordea Bank, Norway		1,692,458	326,248	1,692,458	326,248
Standard Chartered Bank, Sri Lanka		7,309,676	-	7,309,676	-
Standard Chartered Bank, Germany		10,047,209	242,669	10,047,209	242,669
Standard Chartered Bank, India		135,928,146	44,684,503	135,928,146	44,684,503
Standard Chartered Bank, USA		132,984,327	40,067,816	132,984,327	40,067,816
Standard Chartered Bank, Singapore		212,326	546,738	212,326	546,738
Wells Fargo, USA		108,732,335	-	108,732,335	-
Zuercher Kantonal Bank, Switzerland		371,145	1,803,830	371,145	1,803,830
		826,202,789	**528,187,921**	**804,695,496**	**503,360,485**
Placement by OBU (interest bearing):					
EBL Finance (HK) Limited		3,746,224,720	2,515,934,615	3,746,224,720	2,515,934,615
Less: Inter company elimination		(3,746,224,720)	(2,515,934,615)	-	-
		826,202,789	**528,187,921**	**4,550,920,216**	**3,019,295,100**

Details of foreign currency amounts with exchange rates are presented in Annexure - B.

4.a Balance with other banks and financial institutions (according to remaining maturity grouping)					
Receivable					
On demand	-	87,822,970	-	61,828,262
In not more than one month	2,911,072,657	8,755,901,344	6,536,114,147	8,509,154,962
In more than one month but not more than three months	4,552,374,878	1,506,186,576	3,873,761,260	4,000,000,000
In more than three months but not more than one year	3,162,411,800	1,125,390,832	3,162,411,800	1,120,000,000
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	10,625,859,335	**11,475,301,722**	**13,572,287,207**	**13,690,983,224**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
5	**Money at call and short notice**					
	Modhumoti Bank Limited		100,000,000	-	100,000,000	-
			100,000,000	-	**100,000,000**	-
6	**Investments**					
	Government	6.1	18,320,613,148	19,775,255,082	18,320,613,148	19,775,255,082
	Others	6.2	4,619,215,993	4,127,134,524	3,128,020,635	3,622,708,653
			22,939,829,141	**23,902,389,606**	**21,448,633,783**	**23,397,963,735**
6.1	**Government (Investment in govt. securities)**					
	Treasury Bills	6.1.1	-	1,493,750,198	-	1,493,750,198
	Treasury Bonds	6.1.2	18,318,128,048	18,276,720,784	18,318,128,048	18,276,720,784
	Prize Bonds		2,485,100	4,784,100	2,485,100	4,784,100
			18,320,613,148	**19,775,255,082**	**18,320,613,148**	**19,775,255,082**
6.1.1	**Treasury Bills**					
	Held for Trading (HFT)		-	1,493,750,198	-	1,493,750,198
	Held to Maturity (HTM)		-	-	-	-
			-	**1,493,750,198**	-	**1,493,750,198**
6.1.1.a	**Treasury bills (maturity wise holding)**					
	Unencumbered					
	91-day treasury bills		-	999,773,960	-	999,773,960
	182-day treasury bills		-	247,213,680	-	247,213,680
	364-day treasury bills		-	246,762,558	-	246,762,558
			-	**1,493,750,198**	-	**1,493,750,198**
6.1.2	**Treasury Bonds**					
	Held for Trading (HFT)		607,023,408	1,093,803,638	607,023,408	1,093,803,638
	Held to Maturity (HTM)		17,711,104,640	17,182,917,146	17,711,104,640	17,182,917,146
		6.1.2.a	**18,318,128,048**	**18,276,720,784**	**18,318,128,048**	**18,276,720,784**
6.1.2.a	**Treasury bonds (maturity wise holding)**					
	Unencumbered					
	2-year treasury bonds		12,199,040	163,810,980	12,199,040	163,810,980
	5-year treasury bonds		7,121,525,194	7,234,239,973	7,121,525,194	7,234,239,973
	10-year treasury bonds		8,552,767,172	8,137,064,932	8,552,767,172	8,137,064,932
	15-year treasury bonds		2,013,965,888	2,016,114,214	2,013,965,888	2,016,114,214
	20-year treasury bonds		617,670,754	725,490,685	617,670,754	725,490,685
			18,318,128,048	**18,276,720,784**	**18,318,128,048**	**18,276,720,784**
	Disclosure on REPO and Reverse Repo transactions is presented in 'Annexure - D'.					
6.2	**Others (investment in other than govt. securities)**					
	Debentures	6.2.1	-	5,000,000	-	5,000,000
	Corporate bonds	6.2.2	540,000,000	560,000,000	540,000,000	560,000,000
	Ordinary shares & Mutual Funds (MFs) - quoted and unquoted	6.2.3	4,079,215,993	3,256,895,635	2,588,020,635	2,752,469,764
	Commercial paper	6.2.4	-	305,238,889	-	305,238,889
			4,619,215,993	**4,127,134,524**	**3,128,020,635**	**3,622,708,653**
6.2.1	**Debentures**					
	House Building Finance Corporation (HBFC)		-	5,000,000	-	5,000,000
			-	**5,000,000**	-	**5,000,000**
6.2.2	**Corporate bonds**					
	Trust Bank Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
	United Commercial Bank Subordinated Bond		500,000,000	500,000,000	500,000,000	500,000,000
			540,000,000	**560,000,000**	**540,000,000**	**560,000,000**

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Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
6.2.3	**Ordinary shares & Mutual Funds (MFs) - quoted and unquoted**					
	Quoted shares & MFs					
	Quoted shares (sector wise)					
	Banks		536,909,376	662,864,861	221,496,140	628,209,562
	NBFIs		1,012,189,174	323,428,557	454,774,533	189,606,819
	Insurances		40,767,599	54,214,655	28,376,197	34,853,918
	Fuel & power		478,962,580	293,480,954	215,465,839	215,465,839
	Chemicals & pharmaceuticals		386,151,325	373,328,198	240,833,699	240,833,699
	Cement & ceramics		12,174,896	35,008,993	3,449,440	10,459,716
	Engineering		28,242,890	19,638,307	19,450,469	19,450,469
	Others		233,622,087	143,798,625	101,249,378	110,664,802
			2,729,019,927	**1,905,763,150**	**1,285,095,695**	**1,449,544,824**
	Mutual Funds					
	EBL Sponsored Mutual Funds:					
	EBL First Mutual Fund		103,185,000	103,185,000	103,185,000	103,185,000
	EBL NRB Mutual Fund		250,973,470	250,973,470	250,973,470	250,973,470
	First Bangladesh Fixed Income Fund		750,000,000	750,000,000	750,000,000	750,000,000
	Mutual funds - others		186,241,126	195,177,545	166,970,000	166,970,000
			1,290,399,596	**1,299,336,015**	**1,271,128,470**	**1,271,128,470**
	Total Quoted shares & MFs		**4,019,419,523**	**3,205,099,165**	**2,556,224,165**	**2,720,673,294**
	Unquoted shares & MFs					
	Shares		59,796,470	51,796,470	31,796,470	31,796,470
			59,796,470	**51,796,470**	**31,796,470**	**31,796,470**
	Total Ordinary Shares & MFs (Quoted and Unquoted) at cost		**4,079,215,993**	**3,256,895,635**	**2,588,020,635**	**2,752,469,764**
6.2.3.1	**Market Value of Shares (as on 31 December)**					
	Quoted shares & MFs					
	Banks		615,946,782	452,447,097	277,008,690	421,434,104
	NBFIs		1,036,710,147	280,656,469	392,109,623	150,425,468
	Insurances		25,932,939	24,089,939	17,679,448	16,037,386
	Fuel & power		439,515,710	222,676,178	179,686,718	159,408,497
	Chemicals & pharmaceuticals		399,621,103	401,663,413	256,314,000	252,032,000
	Cement & ceramics		2,133,383	21,241,675	2,133,383	7,147,249
	Engineering		26,263,611	12,115,500	17,496,000	11,928,000
	Others		179,161,612	110,592,403	69,171,609	68,711,959
			2,725,285,287	**1,525,482,674**	**1,211,599,471**	**1,087,124,663**
	Mutual Funds		1,055,036,376	893,671,399	1,055,036,376	884,915,699
	Total		**3,780,321,663**	**2,419,154,073**	**2,266,635,847**	**1,972,040,362**

* Lock in status of Shares & Mutual Funds	Trading Started	Lock in period	Lock in expiry
Active Fine Chemicals Limited (placement share)	1 Dec 2014	3 years	30 Nov 2017
Tung Hai Knitting & Dyeing Limited (placement share)	9 April 2014	3 Years	8 April 2017
EBL First Mutual Fund (sponsor unit)	19 Aug 2009	10 years	18 Aug 2019
EBL NRB Mutual Fund (sponsor unit)	23 May 2011	10 years	22 May 2021
First Bangladesh Fixed Income Fund (sponsor unit)	19 Mar 2012	10 years	18 Mar 2022

All shares of Active Fine Chemicals Limited and 10% of all three EBL sponsored MFs shall be under lock-in status for 3 and 10 years respectively from the date of prospectus issued.

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
6.2.4	**Commercial paper**					
	Rangs Properties Limited		-	205,238,889	-	205,238,889
	Flammingo Fashions Limited		-	100,000,000	-	100,000,000
			-	**305,238,889**	-	**305,238,889**
6.a	**Remaining maturity grouping of investments**					
	On demand		2,485,100	4,784,100	2,485,100	4,784,100
	In not more than one month		-	999,773,960	-	999,773,960
	In more than one month but not more than three months		12,199,041	205,238,889	12,199,041	205,238,889
	In more than three months but not more than one year		7,432,202,282	3,987,488,233	5,941,006,924	3,503,062,361
	In more than one year but not more than five years		7,271,900,617	11,116,322,550	7,271,900,617	11,096,322,551
	In more than five years		8,221,042,101	7,588,781,874	8,221,042,101	7,588,781,874
			22,939,829,141	**23,902,389,606**	**21,448,633,783**	**23,397,963,735**
7	**Loans and advances**					
	Loans, cash credits, overdrafts etc.	7.1	137,473,558,900	120,083,051,166	137,051,246,091	118,427,210,727
	Bills purchased and discounted	7.2	18,897,775,910	14,366,370,854	15,032,441,445	11,799,113,738
			156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
7.1	**Loans, cash credits, overdrafts etc.**					
	Inside Bangladesh					
	Loans - general		122,543,498,693	104,679,872,587	122,423,498,693	104,497,372,587
	Cash credit		188,458,068	162,885,964	188,458,068	162,885,964
	Overdraft		15,796,864,111	15,422,792,615	14,439,289,330	13,766,952,176
			138,528,820,872	**120,265,551,166**	**137,051,246,091**	**118,427,210,727**
	Less: Inter Company Elimination		(1,055,261,972)	(182,500,000)	-	-
			137,473,558,900	**120,083,051,166**	**137,051,246,091**	**118,427,210,727**
7.2	**Bills purchased and discounted**					
	Inside Bangladesh					
	Local bills /documents		14,971,542,046	11,764,383,784	14,971,542,046	11,764,383,784
	Foreign bills /documents		60,899,399	34,729,954	60,899,399	34,729,954
			15,032,441,445	**11,799,113,738**	**15,032,441,445**	**11,799,113,738**
	Outside Bangladesh					
	Bills financed & UPAS (by EBL Finance HK Ltd)		3,865,334,465	2,567,257,116	-	-
			18,897,775,910	**14,366,370,854**	**15,032,441,445**	**11,799,113,738**
7.2.1	**Bills purchased and discounted (on the basis of the residual maturity grouping)**					
	On demand		513,373,087	382,672,305	513,373,087	125,946,593
	Within one month		2,297,489,045	3,510,674,025	2,297,489,045	2,740,496,890
	In more than one month but less than three months		5,218,820,581	4,980,290,590	5,218,820,581	3,439,936,321
	In more than three months but less than six months		4,893,557,554	3,945,134,708	4,893,557,554	3,945,134,708
	Above six months		5,974,535,643	1,547,599,226	2,109,201,178	1,547,599,226
			18,897,775,910	**14,366,370,854**	**15,032,441,445**	**11,799,113,738**
7.a	**Residual maturity grouping of loans and advances including bills purchased & discounted**					
	Receivable					
	On demand		5,316,966,920	5,612,162,418	5,316,966,920	5,612,162,418
	In not more than one month		12,474,095,586	9,895,010,627	12,474,095,586	9,638,284,915
	In more than one month but not more than three months		25,027,760,979	29,094,313,850	24,605,448,170	26,668,296,277
	In more than three months but not more than one year		57,571,542,698	49,671,920,762	53,706,208,233	48,131,566,493
	In more than one year but not more than five years		50,598,195,066	34,704,881,354	50,598,195,066	34,704,881,354
	In more than five years		5,382,773,561	5,471,133,009	5,382,773,561	5,471,133,008
			156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
7.b	**Loans and advances on the basis of significant concentration**				
7.b.1	**Loans and advances to directors, executives and others**				
Advance to directors and their allied concerns		-	-	-	-
Advances to Managing Director & CEO		16,233,480	16,979,755	16,233,480	16,979,755
Advances to other executives and staffs		1,576,821,503	1,583,933,905	1,576,821,503	1,583,933,905
Advances to customers (group wise)		119,016,781,914	106,852,353,443	114,729,134,641	102,629,255,888
Industrial loans and advances		35,761,497,913	25,996,154,917	35,761,497,912	25,996,154,917
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
7.b.2	**Large loan details (loans and advances extended to any customer exceeding 10% of the Bank's total capital)**				
* Total loans and advances (in Tk. million)				68,586	52,070
Number of customers				19	17
Classified amount thereon				Nil	Nil
7.b.3	**Industry-wise concentration of loans and advances including bills purchased and discounted**				
Commercial and trading		29,817,370,102	29,885,003,525	25,952,035,637	27,317,746,409
Construction		2,976,988,855	1,600,309,645	2,976,988,855	1,600,309,645
Sugar & edible oil refineries		2,391,560,786	3,146,899,042	2,391,560,786	3,146,899,042
Crops, fisheries & livestocks		3,226,079,584	2,180,536,172	3,226,079,584	2,180,536,172
Electronic goods		2,803,890,226	1,494,952,858	2,803,890,226	1,494,952,858
Individuals		21,103,197,968	18,469,379,469	20,680,885,159	16,813,539,030
Pharmaceuticals industry		2,009,484,248	1,973,952,085	2,009,484,248	1,973,952,085
Readymade garments industry		19,932,391,994	14,382,763,026	19,932,391,994	14,382,763,026
Ship breaking industry		6,404,516,686	3,008,572,169	6,404,516,686	3,008,572,169
Metal & steel products		13,796,487,042	9,976,666,857	13,796,487,042	9,976,666,857
Transport & e-communication		7,666,590,425	8,156,360,416	7,666,590,425	8,156,360,416
Textile mills		7,074,910,441	10,816,159,568	7,074,910,441	10,816,159,568
Power & fuel		2,374,954,846	2,346,707,436	2,374,954,846	2,346,707,436
Rubber & plastic industry		2,971,485,863	3,656,561,447	2,971,485,863	3,656,561,447
Agri & micro credit through NGO		6,673,394,339	4,437,026,405	6,673,394,339	4,437,026,405
Others		25,148,031,405	18,917,571,900	25,148,031,405	18,917,571,900
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
7.b.4	**Sector-wise concentration of loans and advances including bills purchased and discounted**				
Government sector		-	-	-	-
Public sector		450,818,892	933,246,060	450,818,892	933,246,060
Private sector		155,920,515,918	133,516,175,960	151,632,868,644	129,293,078,405
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
7.b.5	**Geographical location-wise concentration of loans and advances including bills purchased and discounted**				
Inside Bangladesh					
Dhaka division		106,322,645,043	94,003,324,833	105,905,420,832	92,347,484,394
Chittagong division		40,225,258,181	33,887,376,355	40,220,169,583	33,887,376,355
Sylhet division		832,412,785	664,704,895	832,412,785	664,704,895
Rajshahi division		2,401,185,758	1,326,949,882	2,401,185,758	1,326,949,882
Khulna division		1,538,257,220	1,212,673,106	1,538,257,220	1,212,673,106
Rangpur division		360,542,434	206,858,878	360,542,434	206,858,878
Barisal division		131,943,731	54,162,959	131,943,731	54,162,959
Mymensingh division		693,755,192	526,113,996	693,755,193	526,113,996
		152,506,000,344	**131,882,164,904**	**152,083,687,536**	**130,226,324,465**
Outside Bangladesh					
Bills financed & UPAS (by EBL Finance HK Ltd)		3,865,334,466	2,567,257,116	-	-
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**

* This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding Tk. 2,247.2 million which is equivalent to 10% of total capital of the bank as at 31 December 2016.

7.b.6 Geographical location and business segment - wise concentration of loans and advances (including bills purchased and discounted) for 2016 only

Figures in Taka

	Corporate	SME	Consumer (including staff)	Total
Division				
Dhaka division	77,141,623,198	14,467,794,613	14,296,003,021	105,905,420,832
Chittagong division	30,236,628,822	5,314,838,052	4,668,702,709	40,220,169,583
Sylhet division	-	378,818,468	453,594,317	832,412,785
Rajshahi division	1,225,384,402	834,095,747	341,705,610	2,401,185,759
Khulna division	-	1,104,424,613	433,832,607	1,538,257,220
Rangpur division	-	222,454,345	138,088,089	360,542,434
Barisal division	-	52,070,123	79,873,608	131,943,731
Mymensingh division	-	424,653,895	269,101,297	693,755,192
	108,603,636,422	**22,799,149,856**	**20,680,901,258**	**152,083,687,536**

	Note	Consolidated		Bank	
		2016	2015	2016	2015
7.b.7 Business segment - wise concentration of loans and advances including bills purchased and discounted					
Corporate		85,192,645,429	78,898,693,370	86,040,026,237	76,116,721,491
Offshore Banking Unit (OBU)		26,428,944,651	17,755,397,724	22,563,610,186	17,755,397,724
SME		22,799,149,857	19,518,002,400	22,799,149,856	19,518,002,400
Consumer		20,357,539,891	16,676,414,866	19,087,846,275	15,235,289,190
Executives & staffs		1,593,054,982	1,600,913,660	1,593,054,982	1,600,913,660
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
7.b.8 Loans & advances-CL category wise concentration					
Inside Bangladesh					
Continuous loan (CL-2)					
Consumer finance		5,787,850,028	5,741,443,585	4,430,275,247	4,300,318,511
Small & Medium Enterprise (SME)		3,281,726,793	4,357,305,727	3,281,726,793	4,357,305,727
Loans to BHs/MBs/SDs against shares		935,261,972	-	935,261,972	-
Other corporate loans		5,045,213,340	5,486,896,844	5,980,475,312	5,272,181,479
		15,050,052,133	**15,585,646,156**	**14,627,739,324**	**13,929,805,717**
Demand loan (CL-3)					
Small & Medium Enterprise (SME)		5,011,217,853	4,372,366,501	5,011,217,853	4,372,366,501
Corporate loans		67,948,471,043	63,784,128,182	67,948,471,043	63,784,128,182
		72,959,688,896	**68,156,494,683**	**72,959,688,896**	**68,156,494,683**
Term loan (CL-4)					
Consumer finance (including staff, other than HF)		8,094,479,657	6,705,351,915	8,094,479,657	6,705,351,915
Housing Finance (HF)		1,513,248,291	1,124,195,857	1,513,248,291	1,124,195,857
Small & Medium Enterprise (SME)		13,596,367,043	10,580,360,445	13,596,367,043	10,580,360,445
Corporate loans		39,189,944,143	27,981,625,181	39,189,944,143	27,981,625,181
		62,394,039,134	**46,391,533,398**	**62,394,039,134**	**46,391,533,398**
Short term agri credit and microcredit (CL-5)					
Short term agri credit		2,102,220,182	1,748,490,667	2,102,220,182	1,748,490,667
		2,102,220,182	**1,748,490,667**	**2,102,220,182**	**1,748,490,667**
Outside Bangladesh					
Bills financed & UPAS (by EBL Finance HK Ltd)		3,865,334,465	2,567,257,116	-	-
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
7.b.9 Security/collateral-wise concentration of loans and advances (including bills purchased and discounted)					
Collateral of movable/immovable assets		54,279,681,784	49,349,436,772	54,279,681,784	49,349,436,772
Local banks and financial institutions guarantee		3,671,150,925	1,684,446,983	3,671,150,925	1,684,446,983
Government guarantee		450,818,892	933,246,060	450,818,892	933,246,060
Foreign bank guarantee		-	-	-	-
Export documents		7,495,045,592	6,311,954,212	7,495,045,592	6,311,954,212
Fixed Deposit Receipts (FDR)-own bank		8,608,369,035	6,085,043,917	8,608,369,035	6,085,043,917
FDR of other banks		703,636,982	148,447,814	703,636,982	148,447,814
Government bonds		-	-	-	-
Personal guarantee		10,816,684,856	9,340,588,870	10,816,684,856	9,340,588,870
Other securities (hypothecation charges)		70,345,946,744	60,596,257,392	66,058,299,470	56,373,159,837
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
7.b.10 Classified and unclassified loans & advances					
Unclassified					
Standard (including staff loan)		148,556,604,639	126,315,370,850	144,481,893,635	122,213,261,394
Special Mention Accounts (SMA)		3,505,787,270	3,749,738,067	3,505,787,270	3,749,738,067
		152,062,391,909	**130,065,108,917**	**147,987,680,905**	**125,962,999,461**
Classified					
Sub-standard		731,150,983	316,593,900	731,150,983	316,593,900
Doubtful		280,664,510	277,915,955	280,664,510	277,915,955
Bad/Loss		3,297,127,408	3,789,803,248	3,084,191,138	3,668,815,149
	7.b.11	**4,308,942,901**	**4,384,313,103**	**4,096,006,631**	**4,263,325,004**
		156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
Percentage of Classified Loans & Advances / NPL		**2.76%**	**3.26%**	**2.69%**	**3.27%**

7.b.10.a The amount reported above under SMA category includes certain loan accounts with an aggregate outstanding of Tk. 2,557.4 million as at 31 December 2016 (Tk. 2,963.2 million as at 31 December 2015) 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 2016, an aggregate amount of Tk. 1,083.16 million (Tk. 876.0 million in 2015) has been kept as specific provision against required provision of Tk. 1,482.14 million if all those accounts are considered as classified as per BRPD circular no. 14 dated 23 September 2012.

7.b.11 Movements of classified loans and advances

Opening balance		4,384,313,103	5,183,213,375	4,263,325,004	5,157,068,521
Additions during the year		3,114,279,042	2,475,118,992	3,022,330,871	2,380,275,747
Reductions during the year		(3,189,649,244)	(3,274,019,264)	(3,189,649,244)	(3,274,019,264)
Closing balance	7.b.11.a	**4,308,942,901**	**4,384,313,103**	**4,096,006,631**	**4,263,325,004**

Measures taken for recovery of classified loans and advances:

The Bank in general takes following steps to recover its classified loans and advances:

i) Sending letters and reminders to customers.

ii) Engaging specialised recovery team for holding discussion with customers to recover the loans and advances.

iii) Assigning debt collection agency (third party).

iv) Taking repossession of hypothecated vehicles/mortgaged properties.

v) Disposal/encashment of security through auction.

vi) Taking legal proceedings and settlement.

vii) Reporting to central bank.

viii) Rescheduling, restructuring, waiver or Written off.

ix) Negotiation and settlement with approval from competent authority.

Figures in Taka

		2016		2015	
		Taka	%	Taka	%
7.b.11.a	**Business segment - wise classified loans & advances of the Bank**				
	Corporate	2,180,864,741	53.24%	2,633,204,369	61.76%
	Offshore Banking Unit	-	-	-	-
	SME	1,577,401,758	38.51%	1,270,521,298	29.80%
	Consumer	337,740,132	8.25%	359,599,337	8.43%
		4,096,006,631	**100.00%**	**4,263,325,004**	**100.00%**
7.b.11.b	**Industry-wise concentration of classified loans & advances of the Bank**				
	Commercial and trading	1,651,708,162	40.32%	1,906,287,339	44.71%
	Sugar & edible oil refinery	7,145,317	0.17%	733,866	0.02%
	Crops, fisheries & livestocks	1,619,615	0.04%	1,002,218	0.02%
	Electronics goods	22,766,237	0.56%	9,825,795	0.23%
	Individuals	337,740,132	8.25%	359,599,336	8.43%
	Readymade garments industry	166,907,738	4.07%	94,545,656	2.22%
	Ship breaking industry	717,817,699	17.52%	700,526,231	16.43%
	Metal & steel products	11,410,864	0.28%	205,868,729	4.83%
	Power & fuel	156,800,802	3.83%	142,636,546	3.35%
	Transport & e-communication	355,566,152	8.68%	250,420,754	5.87%
	Textile mills	270,548,723	6.61%	187,214,121	4.39%
	Agri & micro credit through NGO	15,970,590	0.39%	18,161,173	0.43%
	Others	380,004,600	9.28%	386,503,240	9.07%
		4,096,006,631	**100.00%**	**4,263,325,004**	**100.00%**

		Note	Consolidated		Bank	
			2016	2015	2016	2015
7.b.12	**Particulars of loans and advances**					
	i) Debts considered good in respect of which the bank is fully secured		145,554,649,954	125,179,542,848	141,267,002,680	120,956,445,293
	ii) Debts considered good for which the bank holds no other security than the debtor's personal security		4,427,702,866	4,297,752,628	4,427,702,866	4,297,752,629
	iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.		6,388,981,990	4,972,126,544	6,388,981,990	4,972,126,543
	iv) Debts adversely classified; for which no provision is created.		-	-	-	-
			156,371,334,810	**134,449,422,020**	**152,083,687,536**	**130,226,324,465**
	v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.		1,593,054,982	1,600,913,660	1,593,054,982	1,600,913,660
	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.		1,593,054,982	1,600,913,660	1,593,054,982	1,600,913,660
	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		-	-	-	-

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
	x) Information in respect of classified loans and advances		-	-	-	-
	a) Classified loans for which interest/profit not credited to income		4,308,942,901	4,384,313,103	4,096,006,631	4,263,325,004
	(i) (Decrease)/Increase of provision (specific)		1,826,806,114	1,558,103,619	1,826,806,114	1,558,103,619
	(ii) Amount of written off debt against fully provided debts		1,957,170,216	2,129,901,812	1,957,170,216	2,129,901,812
	(iii) Amount of debt recovered against the debt which was previously written off		380,021,967	281,710,606	380,021,967	281,710,606
	b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date.		2,445,493,404	2,426,808,099	2,415,147,538	2,400,663,245
	c) Amount of interest creditable to the interest suspense account		1,476,831,794	1,444,993,449	1,294,241,389	1,350,150,204
	xi) Cumulative amount of written off loans:					
	Opening Balance		5,668,003,576	3,538,101,764	5,668,003,576	3,538,101,764
	Amount written off during the year		1,957,170,216	2,129,901,812	1,957,170,216	2,129,901,812
	Balance of written off loans and advances		**7,625,173,792**	**5,668,003,576**	**7,625,173,792**	**5,668,003,576**
7.b.13	**Cumulative amount of recovery from written off loans**		**1,647,197,214**	**1,267,175,247**	**1,647,197,214**	**1,267,175,247**
7.b.14	**Cumulative amount of written off loans for which law suits have been filed (note 7.b.15)**		**9,396,944,855**	**7,344,042,699**	**9,396,944,855**	**7,344,042,699**
7.b.15	**Details of cumulative amount of written off loans including legal and other charges (note 7.b.15.1)**					
	Opening balance		7,344,042,699	4,845,715,780	7,344,042,699	4,845,715,780
	During the year		2,052,902,156	2,498,326,919	2,052,902,156	2,498,326,919
	Closing balance		**9,396,944,855**	**7,344,042,699**	**9,396,944,855**	**7,344,042,699**
7.b.15.1	**Cumulative number of written off loan accounts against which law suits have been filed**					
	Opening balance				5,227	3,297
	During the year				946	1,930
	Closing balance				**6,173**	**5,227**
8	**Fixed assets including land, building, furniture and fixtures**					
	Cost (Revalued amount in case of Lands)					
	Freehold land and land development		4,044,759,466	4,044,759,466	4,044,759,466	4,044,759,466
	Buildings on freehold land		730,856,590	730,856,590	730,856,590	730,856,590
	Building under construction*		631,520,511	572,749,420	631,520,511	572,749,420
	Machinery and equipment		768,107,795	727,963,344	761,627,108	722,753,229
	Computer and network equipments		527,838,289	490,832,078	521,069,734	485,274,103
	Furniture and fixtures		392,605,837	381,166,863	379,436,402	370,663,983
	Vehicles		140,989,183	134,682,854	135,690,824	131,612,854
	Leased assets (finance lease)		90,084,859	90,084,859	90,084,859	90,084,859
	Software		432,406,833	337,104,712	429,249,953	334,132,732
	Total cost		**7,759,169,363**	**7,510,200,186**	**7,724,295,447**	**7,482,887,236**
	Accumulated depreciation and amortisation		(1,805,012,609)	(1,557,069,809)	(1,784,201,499)	(1,540,182,182)
	Written down value at 31 December		**5,954,156,754**	**5,953,130,377**	**5,940,093,948**	**5,942,705,054**

* Building under construction represents the accumulated cost incurred for under construction corporate head office building located at 100, Gulshan Avenue, Dhaka and other small establishments on different lands of the bank and is classified as fixed assets under BAS 16 'Property, Plant & Equipment' assuming that future economic benefit associated with the asset will flow to the entity in near future. However, depreciation of the asset will commence from the date when it is available for use.

Details of the fixed assets are presented in 'Annexure-A'.

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
9 Other assets					
Income generating					
Investment in subsidiary-EBL Securities Limited	9.1	-	-	1,967,400,000	1,367,400,000
Investment in subsidiary-EBL Investments Limited	9.2	-	-	299,999,900	299,999,900
Investment in subsidiary-EBL Finance (HK) Limited	9.3	-	-	14,779,352	14,779,352
Investment in subsidiary-EBL Asset Management Limited	9.4	-	-	49,999,900	49,999,900
Trading Right Entitlement Certificate (TREC) of DSE	9.5	553,800,000	553,800,000	-	-
Trading Right Entitlement Certificate (TREC) of CSE	9.6	201,500,000	201,500,000	-	-
Non- Income generating					
Receivable from subsidiaries	9.7	-	-	213,833,968	6,626,831
Other assets of subsidiaries	9.8	243,633,584	11,124,715	-	-
Stock of stationeries		12,624,241	16,489,089	12,624,241	16,489,089
Stamps on hand		3,382,597	3,276,242	3,371,397	3,234,292
Advance to staff for expenses	9.9	1,484,658	2,401,000	1,484,658	2,401,000
Security deposits-govt. agencies		6,934,714	6,762,514	6,494,714	6,322,514
Interest and dividend receivables	9.10	628,557,273	987,521,370	776,972,929	1,022,701,957
Sundry receivables	9.11	480,080,667	657,431,870	443,006,103	657,431,870
Advance rent		309,150,611	274,353,565	306,458,786	270,889,357
Prepayments and advance to vendors		654,623,283	590,649,401	654,196,868	581,711,833
Deferred tax assets (net off liabilities)	9.12	937,110,774	906,971,909	937,110,774	906,971,909
		4,032,882,402	**4,212,281,675**	**5,687,733,590**	**5,206,959,803**

9.1 Investment in subsidiary-EBL Securities Limited

EBL acquired its securities brokerage subsidiary fully in two phases at a total cost of Tk. 479.90 million and injected afterwards Tk. 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 authorised capital of Tk. 1,000 million and paid up capital of Tk. 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 authorised capital of HKD 1.41 million (equivalent to Tk. 14.78 million). This subsidiary commenced its full fledged operations in Hong Kong from early 2013.

9.4 Investment in subsidiary-EBL Asset Management Limited

This is another fully owned subsidiary of EBL incorporated on 9 January 2011 with an authorised capital of Tk. 250 million. It has fully subscribed paid up capital of Tk. 50 million and is waiting to get required license from BSEC to start full fledged operations.

9.5 Fair value of DSE Membership (currently recognised as TREC of DSE)

While assessing value of EBL Securities Limited in 2010, the independent valuer (a professional accounting firm) determined the fair value of DSE membership only taking book value of all other assets and liabilities as it was. While acquiring the rest 40% shares in 2012 based on valuation done by ACNABIN, Chartered Accountants, the Bank considered only 40% of fair value/market value of DSE membership i.e. BDT 344.40 million (instead of full value of BDT 861 million as of 30 June 2011) and thereby avoided booking any revaluation gain of 60% shares acquired earlier.

9.6 Value of CSE Membership (currently recognised as TREC of CSE)

EBL Securities Limited acquired CSE Membership at a cost of BDT 201.50 million in 2012 and started its trading operation in 2013.

9.a Trading Right Entitlement Certificate (TREC) of DSE & CSE (obtained in exchange of membership of DSE & CSE under Demutualisation Scheme)

As per Exchange Demutualization Act 2013, EBLSL was awarded Trading Right Entitlement Certificate (TREC) as well as ordinary shares of DSE and CSE in exchange of membership licenses under Demutualisation Scheme ("the Scheme"). Share composition is as follows:

Membership	No of Shares	Face Value (Tk.)
Dhaka Stock Exchange Limited	7,215,106	10
Chittagong Stock Exchange Limited	4,287,330	10
Total number and value of shares	**11,502,436**	**10**

Implementation of the 'Scheme' is yet to be completed and these shares are also currently not traded. Hence, the actual fair value of TREC and ordinary shares of DSE & CSE is not readily ascertainable. However, management expects the fair value of TREC & shares of DSE & CSE altogether to be similar or higher than the current value. Once further clarifications about the scheme and related factors are available to determine the fair value, required adjustment can be made, if any, at that time.

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
9.7	**Receivable from Subsidiaries**					
	Receivable from:					
	EBL Securities Limited				213,833,968	2,087,400
	EBL Finance (HK) Limited				-	4,188,653
	EBL Asset Management Limited				-	350,778
					213,833,968	**6,626,831**
9.8	**Other assets of subsidiaries**					
	Accounts receivable		251,652,973	15,438,013		
	Deferred revenue expenses		5,573	25,000		
			251,658,546	15,463,013		
	Less: Inter company elimination		(8,024,962)	(4,338,298)		
			243,633,584	**11,124,715**		
9.9	**Advance to staff for expenses**					
	Due for					
	Less than three months		1,484,658	2,175,990	1,484,658	2,175,990
	More than three months but less than six months		-	35,010	-	35,010
	More than six months but less than nine months		-	190,000	-	190,000
	More than nine months but less than twelve months		-	-	-	-
	More than twelve months		-	-	-	-
			1,484,658	**2,401,000**	**1,484,658**	**2,401,000**
9.10	**Interest and dividend receivables**					
	Interest receivables on placement		112,531,829	137,847,351	112,531,829	137,600,271
	Interest receivables on government securities		510,024,704	832,569,627	510,024,704	832,569,627
	Interest receivables on non-government securities		22,083,333	31,701,140	22,083,333	31,701,140
	Dividend receivables		152,236,234	32,952,205	143,890,363	30,711,900
			796,876,100	**1,035,070,323**	**788,530,229**	**1,032,582,938**
	Less: Inter unit/company elimination		(168,318,827)	(47,548,953)	(11,557,300)	(9,880,981)
			628,557,273	**987,521,370**	**776,972,929**	**1,022,701,957**
9.11	**Sundry receivables**					
	Receivable from BB for Sanchaypatra and WEDB	9.11.a	178,190,993	461,054,558	178,190,993	461,054,558
	Excise duty receivable from customers		116,886,643	81,957,413	116,886,643	81,957,413
	Counter party receivable for Reverse REPO		-	3,300,274	-	3,300,274
	NRB remittance		1,220,724	1,488,390	1,220,724	1,488,390
	Recoverable expenses		3,365,324	2,870,002	3,365,324	2,870,002
	Cards acquiring/transactional account		106,364,299	102,210,483	106,364,299	102,210,483
	Other receivables		74,052,684	4,550,750	36,978,120	4,550,750
			480,080,667	**657,431,870**	**443,006,103**	**657,431,870**
9.11.a	**Receivable from Bangladesh Bank for Sanchaypatra & WEDB**					
	For encashment of Sanchaypatra		177,257,847	460,214,134	177,257,847	460,214,134
	For encashment of WEDB (Wage Earners Development Bond)		933,146	840,424	933,146	840,424
			178,190,993	**461,054,558**	**178,190,993**	**461,054,558**
9.12	**Deferred tax assets (net off liabilities)**					
	Deferred tax asset	9.12.a	966,059,015	940,265,298	966,059,015	940,265,298
	Deferred tax liability	9.12.b	28,948,241	33,293,389	28,948,241	33,293,389
			937,110,774	**906,971,909**	**937,110,774**	**906,971,909**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
9.12.a	**Deferred tax asset**				
	Temporary timing difference between charging specific provision and written off B/L loans:				
	Cumulative provision made against bad/loss loans			4,043,734,788	4,230,758,840
	Adjustment of corresponding provision on write off			(1,628,587,251)	(1,880,095,595)
	Deductible temporary difference			2,415,147,537	2,350,663,245
	Tax rate			40.00%	40.00%
	Deferred tax asset			966,059,015	940,265,298
	Opening deferred tax asset			940,265,298	865,763,076
	Deferred tax income			**(25,793,717)**	**(74,502,222)**
9.12.b	**Deferred tax liability**				
	Temporary timing difference in written down value of fixed assets				
	Carrying amount of fixed assets			1,253,539,255	1,310,838,967
	Tax base			1,181,168,653	1,227,605,495
	Taxable temporary difference			**72,370,602**	**83,233,472**
	Tax rate			40.00%	40.00%
	Deferred tax liability			**28,948,241**	**33,293,389**
	Opening deferred tax liability			33,293,389	38,710,497
	Deferred tax income			**(4,345,148)**	**(5,417,108)**

Deferred tax asset/liability have been recognised and measured as per BAS 12 'Income taxes' and BRPD circular no. 11 dated 12 December 2011.

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 (the 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.

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 154,050,500 as on reporting date) as per valuation report submitted by professional valuation firm. 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:

Name of Parties	Assets details	Entitlement Date				
Safa Garments Ltd .*	18 decimal of land Tejgaon, Dhaka	18 January 2005	8,727,000	8,727,000	8,727,000	8,727,000
Arshim & co	12 Katha of Land, Tejgaon, Dhaka	27 March 2007	4,200,000	4,200,000	4,200,000	4,200,000
Innovative Computer Ltd.	11.25 Decimal of Land, Dhaka	7 June 2007	262,000	262,000	262,000	262,000
North American Computer Dynamics and ors.	6.5 Decimal of Land, Tejgaon, Dhaka	16 July 2007	31,600,000	31,600,000	31,600,000	31,600,000
Bangla Union Steel Ind. Ltd.	82.98 Decimal of Land, Chittagong	30 July 2007	19,617,500	19,617,500	19,617,500	19,617,500
Computer Bazar Network	0.14 acres of Land, Sabujbagh, Dhaka	21 June 2009	1,696,000	1,696,000	1,696,000	1,696,000
Stec Fashions Ltd.	28.03 Deimal of land, Mirpur, Dhaka	26 January 2009	2,321,000	2,321,000	2,321,000	2,321,000
Royals Paper Store	106.50 Decimal of Land, Dhaka	21 May 2009	7,727,000	7,727,000	7,727,000	7,727,000
Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka	10 May 2007	600,000	600,000	600,000	600,000
Tri Angle Trading Associates	0.33 Acres of Land, Savar, Dhaka	26 April 2007	6,600,000	6,600,000	6,600,000	6,600,000
Unicorn Bangladesh Ltd.	16.5 Decimal of Land, Dhaka	22 November 2007	15,000,000	15,000,000	15,000,000	15,000,000
HM Yunus	1.84 Acres of Land, Gazipur	6 February 2008	55,700,000	55,700,000	55,700,000	55,700,000
			154,050,500	**154,050,500**	**154,050,500**	**154,050,500**

*After expiry of initial 7 years period of holding in 2012 as allowed by the Bank Company Act 1991 (amended upto 2013), the Bank was granted extension of 1 year (till 17 January 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 ensure taking absolute possession and dispose the property as soon as possible. Subsequently EBL published sale notice on 13 January 2014, 5 March 2015 & 25 March 2016 to dispose the property at its earliest but no bidder participated yet.

For rest of the properties, EBL has obtained time extension from Bangladesh Bank after expiry of initial 7 years. Meanwhile, EBL has published general sales notice to dispose those properties at earliest. But no amount was recovered against NBA during 2016. 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.

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
11	**Borrowings from other banks, financial institutions and agents**					
	Borrowings inside Bangladesh	**11.1**	23,137,137,589	17,354,480,816	22,828,611,359	16,363,120,640
	Borrowings outside Bangladesh	**11.2**	16,232,548,390	14,180,358,799	16,232,548,390	14,180,358,799
			39,369,685,979	**31,534,839,615**	**39,061,159,749**	**30,543,479,439**
11.1	**Borrowings inside Bangladesh**					
	Demand Borrowing:					
	Banks		9,623,829,576	7,608,969,976	8,442,041,374	6,815,109,800
	Non Banking Financial Institutions (NBFIs)		182,000,000	380,000,000	-	-
			9,805,829,576	**7,988,969,976**	**8,442,041,374**	**6,815,109,800**
	Less: Inter unit/company elimination		(9,097,303,346)	(6,997,609,800)	(8,042,041,374)	(6,815,109,800)
			708,526,230	**991,360,176**	**400,000,000**	-
	Term borrowing:					
	Banks		11,365,005,507	7,014,686,116	7,618,771,600	4,487,815,240
	Non Banking Financial Institutions (NBFIs)		-	-	-	-
			11,365,005,507	**7,014,686,116**	**7,618,771,600**	**4,487,815,240**
	Less: Inter unit/company elimination		(3,746,233,907)	(2,526,870,876)	-	-
			7,618,771,600	**4,487,815,240**	**7,618,771,600**	**4,487,815,240**
	Subordinated bond & other borrowings under schemes: From Bangladesh Bank & others					
	Investment Promotion & Financing Facility (IPFF)		608,718,282	699,476,518	608,718,282	699,476,518
	Export Development Fund (EDF)		8,044,627,065	5,424,456,002	8,044,627,065	5,424,456,002
	Refinancing for agrobased industries		776,672,399	906,117,799	776,672,399	906,117,799
	Refinancing agribusiness - revolving		1,292,885,157	1,275,886,081	1,292,885,157	1,275,886,081
	Second crop diversification project		1,019,369,000	1,019,369,000	1,019,369,000	1,019,369,000
	SME Foundation		45,000,000	50,000,000	45,000,000	50,000,000
	Long Term Financing Facility (LTFF)		522,567,856	-	522,567,856	-
	Non convertible subordinated bond	**11.1.a**	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
			14,809,839,759	**11,875,305,400**	**14,809,839,759**	**11,875,305,400**
	Total		**23,137,137,589**	**17,354,480,816**	**22,828,611,359**	**16,363,120,640**

11.1.a Non-Convertible Subordinated Bond

The Bank with due approval from Bangladesh Bank and BSEC issued a 7-year unsecured, non-convertible subordinated bond of Tk. 2,500 million (face value @ Tk 1 million) in February 2015 through private placement to enhance Tier - II capital. The Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% per year. Coupon rate of the issued bonds 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 28 December 2017. Although it's a recognised 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	200,000,000	200,000,000	200,000,000	200,000,000
Brac Bank Limited	100,000,000	100,000,000	100,000,000	100,000,000
Janata Bank Limited	250,000,000	250,000,000	250,000,000	250,000,000
Mercantile Bank Limited	250,000,000	250,000,000	250,000,000	250,000,000
One Bank Limited	600,000,000	600,000,000	600,000,000	600,000,000
Rupali Bank Limited	600,000,000	600,000,000	600,000,000	600,000,000
Sonali Bank Limited	500,000,000	500,000,000	500,000,000	500,000,000
	2,500,000,000	**2,500,000,000**	**2,500,000,000**	**2,500,000,000**

11.2 Borrowing from Outside Bangladesh

In non-interest bearing with:

Deutsche Trust Company Americas, USA	-	44,009,757	-	44,009,757
HSBC, USA	15,740	29,063,995	15,740	29,063,995
Habib American Bank, USA	10,105,727	-	10,105,727	-
JP Morgan Chase Bank, USA	-	34,307,335	-	34,307,335
Standard Chartered Bank, Sri Lanka	-	623,646	-	623,646
Wells Fargo, USA	-	33,183,788	-	33,183,788
	10,121,467	**141,188,521**	**10,121,467**	**141,188,521**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
	In interest bearing with:					
	Asian Development Bank, Philippines		-	392,242,308	-	392,242,308
	Banca Ubae Spa, Spain		-	392,501,500	-	392,501,500
	Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)		2,833,279,200	3,768,014,400	2,833,279,200	3,768,014,400
	FMO, Netherland		629,617,600	942,003,600	629,617,600	942,003,600
	ICICI Bank, UAE		2,065,712,208	-	2,065,712,208	-
	ICICI Bank, Hong Kong		472,213,200	1,404,103,182	472,213,200	1,404,103,182
	International Finance Corporation (IFC),USA		3,148,088,000	2,355,009,000	3,148,088,000	2,355,009,000
	Mashreq Bank, NY, USA		501,483,859	-	501,483,859	-
	National Bank of Ras Al-Khaimah, KSA		465,580,971	-	465,580,971	-
	PROPARCO, France		1,259,235,200	1,256,004,800	1,259,235,200	1,256,004,800
	Standard Chartered Bank, Hong Kong		308,823,399	-	308,823,399	-
	Standard Chartered Bank, Singapore		2,820,492,687	3,358,655,437	2,820,492,687	3,358,655,437
	United Bank Limited, USA		-	170,636,051	-	170,636,051
	United Bank Limited, UAE		1,302,377,953	-	1,302,377,953	-
	Wells Fargo, USA		415,522,646	-	415,522,646	-
			16,222,426,923	**14,039,170,278**	**16,222,426,923**	**14,039,170,278**
	Total		**16,232,548,390**	**14,180,358,799**	**16,232,548,390**	**14,180,358,799**
11.a	**Remaining maturity grouping of borrowings (including OBU)**					
	Payable					
	On demand		910,098,818	991,360,176	481,572,588	-
	In not more than one month		6,213,533,106	4,470,656,602	6,513,501,467	4,992,472,708
	In more than one month but not more than three months		7,937,208,533	9,319,136,789	7,637,240,173	8,614,820,683
	In more than three months but not more than one year		12,930,139,040	12,129,862,500	13,050,139,040	12,312,362,500
	In more than one year but not more than five years		9,468,157,221	2,452,336,594	9,468,157,221	2,452,336,594
	In more than five years		1,910,549,261	2,171,486,954	1,910,549,261	2,171,486,954
			39,369,685,979	**31,534,839,615**	**39,061,159,750**	**30,543,479,439**
12	**Deposits and other accounts**					
	Current deposits and other accounts etc.	**12.1**	16,651,527,406	15,413,733,946	16,659,952,664	15,429,365,528
	Bills payable	**12.2**	797,002,510	910,454,248	797,002,510	910,454,248
	Savings bank deposits	**12.3**	38,426,476,123	32,646,443,552	38,426,476,123	32,646,443,552
	Fixed deposits	**12.4**	84,330,111,292	78,935,264,980	84,400,727,353	79,003,770,247
	Bearer certificates of deposits		-	-	-	-
			140,205,117,331	**127,905,896,726**	**140,284,158,650**	**127,990,033,575**
12.1	**Current deposits and other accounts**					
	Current deposits	12.1.1	9,782,269,814	8,043,445,928	9,790,695,072	8,059,077,510
	Deposit margin on facilities (LC, LG, acceptance etc.)	12.1.2	5,177,094,793	5,506,768,075	5,177,094,793	5,506,768,075
	Sundry deposits (TD redemption)		-	473,959	-	473,959
	Interest accrued on deposits		1,692,162,799	1,863,045,984	1,692,162,799	1,863,045,984
			16,651,527,406	**15,413,733,946**	**16,659,952,664**	**15,429,365,528**
12.1.1	**Current deposits**					
	Local currency		7,663,524,187	7,117,011,002	7,663,524,187	7,117,011,002
	Foreign currencies		2,127,170,885	942,066,508	2,127,170,885	942,066,508
			9,790,695,072	**8,059,077,510**	**9,790,695,072**	**8,059,077,510**
	Less: Inter unit/company elimination		(8,425,258)	(15,631,582)	-	-
			9,782,269,814	**8,043,445,928**	**9,790,695,072**	**8,059,077,510**
12.1.2	**Deposit margin on facilities (LC, LG, acceptance)**					
	Margin on letter of credit		470,027,401	286,648,021	470,027,401	286,648,021
	Margin on letter of guarantee		233,910,121	144,805,237	233,910,121	144,805,237
	Margin on acceptance		4,473,157,271	5,075,314,817	4,473,157,271	5,075,314,817
			5,177,094,793	**5,506,768,075**	**5,177,094,793**	**5,506,768,075**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
12.2	**Bills payable**					
	Local currency		796,567,310	561,431,521	796,567,310	561,431,521
	Foreign currencies		435,200	349,022,727	435,200	349,022,727
			797,002,510	**910,454,248**	**797,002,510**	**910,454,248**
12.3	**Savings bank deposits**					
	Transactional deposit accounts:					
	Local currency		31,005,859,173	26,867,363,620	31,005,859,173	26,867,363,620
	Foreign currencies		355,188,534	277,659,576	355,188,534	277,659,576
			31,361,047,707	**27,145,023,196**	**31,361,047,707**	**27,145,023,196**
	Scheme deposit accounts in local currency:					
	EBL Confidence account		3,978,395,251	3,359,031,881	3,978,395,251	3,359,031,881
	EBL Secure account		39,503,175	67,414,778	39,503,175	67,414,778
	EBL Child Future Plan account		398,861,870	286,398,824	398,861,870	286,398,824
	EBL Millionaire Scheme		2,292,943,385	1,498,608,392	2,292,943,385	1,498,608,392
	SME Equity Builder account		355,724,735	289,966,481	355,724,735	289,966,481
			7,065,428,416	**5,501,420,356**	**7,065,428,416**	**5,501,420,356**
	Total		**38,426,476,123**	**32,646,443,552**	**38,426,476,123**	**32,646,443,552**
12.4	**Fixed deposits**					
	Special Notice Deposits (SND) account		18,553,170,816	11,483,557,409	18,553,170,816	11,483,557,409
	Term deposits account		65,793,951,301	67,464,919,415	65,793,951,301	67,464,919,415
	RFCD account		3,889,420	4,834,277	3,889,420	4,834,277
	NFCD account		49,715,816	50,459,146	49,715,816	50,459,146
			84,400,727,353	**79,003,770,247**	**84,400,727,353**	**79,003,770,247**
	Less: Inter unit/company elimination		(70,616,061)	(68,505,267)	-	-
			84,330,111,292	**78,935,264,980**	**84,400,727,353**	**79,003,770,247**
12.a	Deposits from banks-inside Bangladesh	12.a.1	297,406,250	720,581,038	297,406,250	720,581,038
	Other than banks		139,907,711,081	127,185,315,687	139,986,752,400	127,269,452,536
			140,205,117,331	**127,905,896,726**	**140,284,158,650**	**127,990,033,575**
12.a.1	**Deposits from banks**					
	Janata Bank Limited		42,311	43,169	42,311	43,169
	Meghna Bank Limited		2,716,445	1,494,889	2,716,445	1,494,889
	Midland Bank Limited		2,974,277	13,618,868	2,974,277	13,618,868
	Modhumoti Bank Limited		5,090,385	530,769,844	5,090,385	530,769,844
	National Bank Limited		156,253	156,295	156,253	156,295
	National Credit and Commerce Bank Limited		504,480	-	504,480	-
	NRB Bank Limited		78,799,169	141,206,095	78,799,169	141,206,095
	NRB Commercial Bank Limited		3,147,348	4,963,067	3,147,348	4,963,067
	One Bank Limited		703,520	539,750	703,520	539,750
	Southeast Bank Limited		28,150	29,153	28,150	29,153
	SBAC Bank Limited		203,241,029	27,755,975	203,241,029	27,755,975
	Standard Bank Limited		2,883	3,933	2,883	3,933
			297,406,250	**720,581,038**	**297,406,250**	**720,581,038**
12.b	**Deposits on the basis of significant concentration**					
12.b.1	**Sector - wise concentration of deposits and other accounts**					
	Government sector		977,312,960	1,512,135,580	977,312,960	1,512,135,580
	Other public sector		12,309,489,204	5,276,632,472	12,309,489,204	5,276,632,472
	Private sector		126,918,315,167	121,117,128,674	126,997,356,486	121,201,265,523
			140,205,117,331	**127,905,896,726**	**140,284,158,650**	**127,990,033,575**
12.b.2	**Business segment-wise concentration of deposits and other accounts**					
	Corporate		33,083,218,548	27,814,130,596	33,162,259,867	27,898,267,445
	Offshore Banking Unit (OBU)		319,899,058	162,822,173	319,899,058	162,822,173
	SME		19,154,447,451	13,174,679,381	19,154,447,451	13,174,679,381
	Consumer		86,850,549,764	85,843,810,329	86,850,549,764	85,843,810,329
	Others - bills payables		797,002,511	910,454,247	797,002,511	910,454,247
			140,205,117,332	**127,905,896,726**	**140,284,158,651**	**127,990,033,575**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
12.c	**Residual maturity grouping of deposits**					
	From banks					
	Payable					
	On demand		-	-	-	-
	Within one month		297,406,250	720,581,038	297,406,250	720,581,038
	In more than one month but less than six months		-	-	-	-
	In more than six months but less than one year		-	-	-	-
	In more than one year but within five years		-	-	-	-
	In more than five years but within ten years		-	-	-	-
			297,406,250	**720,581,038**	**297,406,250**	**720,581,038**
	From other than banks					
	Payable					
	On demand		9,537,692,352	716,434,249	9,537,692,352	716,434,249
	Within one month		9,463,039,689	12,327,317,679	9,471,464,947	12,411,454,528
	In more than one month but less than three months		19,051,650,210	20,405,770,290	19,122,266,272	20,405,770,290
	In more than three months but less than one year		33,576,136,047	36,859,123,985	33,576,136,047	36,859,123,985
	In more than one year but within five years		66,048,436,312	47,520,310,620	66,048,436,312	47,520,310,621
	In more than five years but within ten years		2,230,756,470	9,356,358,864	2,230,756,470	9,356,358,864
			139,907,711,080	**127,185,315,687**	**139,986,752,400**	**127,269,452,537**
	Total		**140,205,117,331**	**127,905,896,726**	**140,284,158,650**	**127,990,033,575**
	Unclaimed deposit aging 10 years or more		**1,481,198**	**2,276,824**	**1,481,198**	**2,276,824**
13	**Other liabilities**					
	Privileged creditors	13.1	322,742,146	343,645,207	322,741,668	343,641,457
	Acquirer liabilities	13.2	500,234,880	342,063,297	500,234,880	342,063,297
	Sundry creditors		61,162,902	76,724,893	61,162,902	76,724,893
	Security deposit		44,290,752	61,530,582	44,290,752	61,530,582
	Current tax liabilities/(assets)	13.3	1,492,097,992	692,734,057	1,481,686,518	657,002,859
	Provision for loans, advances and OBS exposures (excluding OBU)	13.4	5,808,671,101	4,805,947,698	5,778,325,235	4,779,802,843
	Provision for loans, advances and OBS exposures (OBU)	13.4.a	242,461,849	201,335,529	242,461,849	201,335,529
	Interest suspense account	13.5	1,476,831,794	1,444,993,449	1,294,241,389	1,350,150,204
	Provision for protested bill & other assets	13.6	11,046,380	11,937,098	11,046,380	11,384,347
	Provision for non-banking assets		12,761,835	12,761,835	12,761,835	12,761,835
	Provision for rebate to good borrowers	13.7	25,685,842	18,510,673	25,685,842	18,510,673
	Provision for loss on revaluation of shares (net)	13.8	91,622,986	404,786,024	79,971,183	369,119,885
	Advance interest/commission received		20,653,393	22,166,111	17,831,174	18,106,801
	Expenses payable		401,199,336	369,351,335	386,669,340	369,351,335
	Interest payable on borrowing (including OBU)	13.9	365,590,572	276,326,923	365,590,572	272,294,646
	Inter branch and inter system accounts		22,446	6,056	22,446	6,056
	Advance export proceeds		-	464,143,909	-	464,143,909
	Security value adjustment account for REPO	13.10	-	379,263,385	-	379,263,385
	Miscellaneous payable	13.11	643,773,388	806,599,657	643,773,388	806,599,657
	Other liabilities of subsidiaries	13.12	449,714,429	208,255,565	-	-
			11,970,564,023	**10,943,083,283**	**11,268,497,353**	**10,533,794,193**
13.1	**Privileged creditors (payable to government)**					
	Tax Deducted at Source (TDS)		123,978,187	122,088,444	123,978,187	122,088,444
	VAT Deducted at Source (VDS)		32,105,804	42,927,093	32,105,326	42,923,343
	Excise duty deducted from customer accounts		166,658,155	178,629,670	166,658,155	178,629,670
			322,742,146	**343,645,207**	**322,741,668**	**343,641,457**

13.2 Acquirer liabilities

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 card liability	364,754,242	234,731,248	364,754,242	234,731,248
Travel card liability	19,395,398	21,040,293	19,395,398	21,040,293
Credit card liability	36,573,050	22,046,739	36,573,050	22,046,739
Debit card liability	45,014,523	39,449,687	45,014,523	39,449,687
Acquirer cash and other liabilities	34,497,667	24,795,330	34,497,667	24,795,330
	500,234,880	**342,063,297**	**500,234,880**	**342,063,297**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
13.3	**Current tax liabilities/(assets)**					
	Provision for tax					
	Opening balance		1,972,995,023	2,454,312,964	1,905,727,553	2,414,304,058
	Settlement/adjustments for previous years		(1,540,279,434)	(1,826,102,383)	(1,459,619,075)	(1,784,135,293)
	Provision for tax made during the year	13.3.1	1,830,849,042	1,344,784,441	1,773,164,131	1,275,558,787
			2,263,564,631	**1,972,995,022**	**2,219,272,609**	**1,905,727,552**
	Balance of income tax paid					
	Opening balance		1,280,260,965	1,378,489,806	1,248,724,693	1,343,868,144
	Settlement/adjustments for previous years		(1,496,568,283)	(1,824,207,484)	(1,459,619,075)	(1,784,135,293)
	Paid during the year	13.3.2	987,773,957	1,725,978,643	948,480,473	1,688,991,842
			771,466,639	**1,280,260,965**	**737,586,091**	**1,248,724,693**
	Total		**1,492,097,992**	**692,734,057**	**1,481,686,518**	**657,002,859**
13.3.1	**Income tax expenses/provision for tax**					
	Current tax expenses					
	Current year		1,830,782,099	1,344,762,879	1,773,164,131	1,275,558,787
	Adjustment for prior year		66,943	21,562	-	-
	Total income tax expenses		**1,830,849,042**	**1,344,784,441**	**1,773,164,131**	**1,275,558,787**
13.3.2	**Income tax paid during the year**					
	Withholding tax deducted at source		105,480,302	116,198,638	72,676,385	88,173,372
	Advance tax paid in cash		882,293,655	1,609,780,005	875,804,088	1,600,818,470
	Advance income tax paid		**987,773,957**	**1,725,978,643**	**948,480,473**	**1,688,991,842**
13.4	**Provision for loans, advances and OBS exposures (excluding OBU)**					
	A) Specific provision movement					
	Opening balance		2,846,787,522	2,435,226,946	2,820,642,667	2,409,082,091
	On fully provided debt written off during the year		(1,628,588,037)	(1,890,743,042)	(1,628,588,037)	(1,890,743,042)
	On recovery of debts previously written off		380,021,967	281,710,606	380,021,967	281,710,606
	Specific provision for the year	13.4.1	1,906,885,158	2,020,593,013	1,902,684,147	2,020,593,013
	Provision held at the end of the year		**3,505,106,610**	**2,846,787,523**	**3,474,760,744**	**2,820,642,668**
	B) General provision movement on funded exposures					
	Opening balance		1,328,221,253	1,187,861,436	1,328,221,253	1,187,861,436
	Provision made during the year	13.4.1	**236,405,912**	**140,359,817**	**236,405,912**	**140,359,817**
	Provision held at the end of the year		**1,564,627,165**	**1,328,221,253**	**1,564,627,165**	**1,328,221,253**
	C) General provision movement on non funded exposures					
	Opening balance		630,938,922	603,570,465	630,938,922	603,570,465
	Provision made during the year		107,998,404	27,368,457	107,998,404	27,368,457
	Provision held at the end of the year	13.4.1	**738,937,326**	**630,938,922**	**738,937,326**	**630,938,922**
	Total provision for loans, advances and OBS exposures (excluding OBU) (A+B+C)		**5,808,671,101**	**4,805,947,698**	**5,778,325,235**	**4,779,802,843**
13.4.a	**Provision for loans, advances and OBS exposures (OBU)**					
	General provision on funded exposures		225,636,102	177,553,977	225,636,102	177,553,977
	General provision on non-funded exposures		16,825,747	23,781,552	16,825,747	23,781,552
			242,461,849	**201,335,529**	**242,461,849**	**201,335,529**
	Total provision for loans, advances and OBS exposures (including OBU) (13.4+13.4.a)		**6,051,132,950**	**5,007,283,227**	**6,020,787,084**	**4,981,138,372**

13.4.1 Provision for loans and advances charged during the year (Bank only)

Figures in Taka

	2016 (Bank Only)			2015
	Main Operation	OBU	Total	Total
General provision for UC loans & advances	236,405,912	47,478,113	283,884,025	201,443,264
General provision on off-balance sheet exposures (OBS)	107,998,404	(6,995,261)	101,003,143	41,962,728
General provision charged during the year	**344,404,316**	**40,482,852**	**384,887,168**	**243,405,992**
Specific provision charged during the year	2,282,706,114	-	2,282,706,114	2,302,303,619
Recovery from loans previously written off	(380,021,967)	-	(380,021,967)	(281,710,606)
Specific provision (net off recovery) for the year*	**1,902,684,147**	**-**	**1,902,684,147**	**2,020,593,013**
Total provision for loans and advances charged during the year	**2,247,088,463**	**40,482,852**	**2,287,571,315**	**2,263,999,005**

* Specific provision charges during the year has been presented after netting off 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 (Bank only)

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision	Surplus / (shortage)
Standard	141,772,248,415	280,290,722	-	141,588,534,532	1,742,275,427	1,742,275,427	-
SMA	4,622,377,509	509,677,365	-	4,622,377,509	47,987,840	47,987,840	-
SS	731,150,982	45,679,163	125,325,190	587,033,563	282,557,833	282,557,833	-
DF	280,664,511	23,970,411	60,235,941	211,293,368	777,055,373	777,055,373	-
BL	3,084,191,138	434,623,727	1,103,757,700	1,760,047,537	2,415,147,537	2,415,147,537	-
Staff loan	1,593,054,982	-	-	-	-	-	-
Total funded exposures	**152,083,687,537**	**1,294,241,388**	**1,289,318,831**	**148,769,286,509**	**5,265,024,010**	**5,265,024,010**	**-**
Off-balance sheet exposures	75,576,306,844	-	-	75,576,306,844	755,763,068	755,763,068	-
Total funded & non-funded exposures	**227,659,994,381**	**1,294,241,388**	**1,289,318,831**	**224,345,593,353**	**6,020,787,084**	**6,020,787,084**	**-**
Domestic banking unit (Main operation)					5,778,325,235	5,778,325,235	-
Offshore Banking Unit (OBU)					242,461,849	242,461,849	-
Total provision for loans and advances & OBS exposures					**6,020,787,084**	**6,020,787,084**	**-**

	Note	Consolidated		Bank	
		2016	2015	2016	2015
13.5 Interest suspense account					
Opening balance		1,444,993,449	1,096,173,580	1,350,150,204	1,028,365,606
Amount transferred during the year		958,296,962	1,039,086,325	870,549,802	1,012,051,054
Amount recovered during the year		(597,886,551)	(440,460,239)	(597,886,551)	(440,460,239)
Amount written off during the year		(328,572,066)	(249,806,217)	(328,572,066)	(249,806,217)
Balance at the end of the year		**1,476,831,794**	**1,444,993,449**	**1,294,241,389**	**1,350,150,204**

Interest suspense on margin loan (extended by subsidiaries) under negative equity is included in the consolidated Interest suspense account.

13.6 Provision for protested bill & others					
Opening balance		11,937,098	10,817,967	11,384,347	10,817,967
Provision made/(released) during the year		280,000	1,119,131	280,000	566,380
Adjustment made during the year		(1,170,718)	-	(617,967)	-
Balance at the end of the year		**11,046,380**	**11,937,098**	**11,046,380**	**11,384,347**
13.7 Provision for rebate to good borrowers					
Opening balance		18,510,673	-	18,510,673	-
Provision made during the year		20,000,000	18,510,673	20,000,000	18,510,673
Paid during the year		(12,824,831)	-	(12,824,831)	-
Balance at the end of the year		**25,685,842**	**18,510,673**	**25,685,842**	**18,510,673**

Provision for rebate to the eligible good borrowers has been maintained as per Bangladesh Bank, BRPD circular no. 6 dated 19 March 2015 & BRPD circular letter no. 3 dated 16 February 2016 based on the following selection criteria:

i) Relationship with bank for last 3 years i.e. since January 2014.

ii) No past due during last 3 years i.e. since January 2014.

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015

iii) No late servicing of quarterly interest during last 3 years.
iv) Clean CIB report against those borrowers in last 3 years i.e. 2014, 2015 & 2016.
v) Full compliance as per sanction terms.

13.8 Provision for diminution of value of quoted securities

Opening balance	404,786,024	881,850,659	369,119,885	864,261,061
Provision made/(released) during the year	(313,163,038)	(477,064,635)	(289,148,702)	(495,141,176)
Balance at the end of the year	**91,622,986**	**404,786,024**	**79,971,183**	**369,119,885**

Provision for diminution (gain net off) 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. 3 dated 12 March 2015 of Bangladesh Bank.

13.9 Interest payable on borrowing

Interest payable on borrowing (including subordinated bond)	207,705,261	190,599,748	207,705,261	186,567,471
Interest payable on borrowing-OBU	185,287,151	108,276,128	169,442,611	95,608,156
	392,992,412	**298,875,876**	**377,147,872**	**282,175,627**
Less: Inter unit/company elimination	(27,401,840)	(22,548,953)	(11,557,300)	(9,880,981)
	365,590,572	**276,326,923**	**365,590,572**	**272,294,646**

13.10 Security value adjustment account for REPO

This account was created by charging Profit & Loss account to reflect revaluation loss on the total portfolio of government securities under REPO outstanding on 31.12.2015 against which due effect of mark-to-market valuation was not considered while doing REPO. However, due adjustment was made in 2016 complying relevant instruction and circulars of BB.

13.11 Miscellaneous payable

Payable to Bangladesh Bank for sanchaypatra & WEDB	13.11.a	421,540,000	367,542,000	421,540,000	367,542,000
Unclaimed instruments		2,231,300	2,229,474	2,231,300	2,229,474
Compromise settlement of classified & written off loans		147,250,316	105,755,805	147,250,316	105,755,805
Other liabilities (FDD payable, loan & REPO adjustment account, etc.)		72,751,772	331,072,378	72,751,772	331,072,378
		643,773,388	**806,599,657**	**643,773,388**	**806,599,657**

13.11.a Payable to Bangladesh Bank for Sanchaypatra & WEDB

For sale of Sanchaypatra	412,140,000	362,215,000	412,140,000	362,215,000
For sale of Wage Earners Development Bond (WEDB)	9,400,000	5,327,000	9,400,000	5,327,000
	421,540,000	**367,542,000**	**421,540,000**	**367,542,000**

13.12 Other liabilities of subsidiaries

Accounts payable (trading)	650,012,687	190,021,320
Liabilities for expenses	18,798,743	28,041,819
Bank overdraft	140,917,927	-
Provision for employee gratuity fund	2,610,194	1,157,555
	812,339,551	**219,220,694**
Less: Intra group outstanding balances		
Rent & other expenses	-	(6,626,831)
Share trading account	(221,707,195)	(4,338,298)
Bank overdraft (net off cheque in transit)	(140,917,927)	-
	(362,625,122)	**(10,965,129)**
Net other liabilities	**449,714,429**	**208,255,565**

	As per our book (GL)		As per their book (statement)	
	Debit (USD)	Credit (USD)	Debit (USD)	Credit (USD)
13.a Nostro Reconciliation				
Up to three months	-	-	-	-
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	-	-	-	-
Total	-	-	-	-

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.

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
14 Share Capital					
A) Authorised capital					
1,200,000,000 ordinary shares of Tk. 10 each		**12,000,000,000**	**12,000,000,000**	**12,000,000,000**	**12,000,000,000**
B) Issued, subscribed and fully paid up capital					

	No of Shares					
	2016	2015				
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	573,511,752	481,834,785	5,735,117,520	4,818,347,850	5,735,117,520	4,818,347,850
	702,856,752	611,179,785	**7,028,567,520**	**6,111,797,850**	**7,028,567,520**	**6,111,797,850**

14.1 Slab-wise list as on 31 December

Pursuant to clause - Cha of the Memorandum of Association (MoA) and article - 4 of the Articles of Association (AoA) of the Bank and clause - 4 of BCCI Reconstruction Scheme 1992, the authorised capital of the Bank is Tk. 12,000,000,000 and issued/subscribed/ fully paid up capital is Tk. 7,028,567,520 denominated by Tk. 10 per share. Detailed break up of paid up capital of Tk. 7,028,567,520 as on 31 December 2016 is as follows:

Percentage of group wise shareholdings:

Shareholders' group	2016			2015		
	No. of shares	(%) of share holding	Taka	No of Shares	(%) of share holding	Taka
Directors	221,820,064	31.56%	2,218,200,640	192,923,886	31.57%	1,929,238,860
General Public	407,869,621	58.03%	4,078,696,210	351,754,162	57.55%	3,517,541,620
Financial Institutions	73,167,067	10.41%	731,670,670	66,501,737	10.88%	665,017,370
Total	**702,856,752**	**100.00%**	**7,028,567,520**	**611,179,785**	**100.00%**	**6,111,797,850**

A range wise distribution schedule of the above shares is given below as required by regulation 37 of the listing regulations of Dhaka Stock Exchange Limited:

Range	No. of shareholders	No. of shares	(%) of shareholding
001-500	5,335	1,037,728	0.15%
501-5,000	3,520	6,043,613	0.86%
5,001-10,000	432	3,130,747	0.45%
10,001-20,000	244	3,399,305	0.48%
20,001-30,000	77	1,893,754	0.27%
30,001-40,000	55	1,952,969	0.28%
40,001-50,000	36	1,640,442	0.23%
50,001-100,000	90	6,242,540	0.89%
100,001-1,000,000	180	61,433,398	8.74%
1,000,001 and above	78	616,082,256	87.65%
Total	**10,047**	**702,856,752**	**100.00%**

Status of shareholding (shares of EBL) as on 31 December 2016 by CEO, CS, CFO, Head of Internal Control and Compliance (HoICC) and top five salaried executives is shown in the following table:

CEO, CS, CFO & HoICC and their spouses & minor children.

Name	Designation	No. of shares (EBL) held
Ali Reza Iftekhar (with his spouse & minor children)	Managing Director & CEO	168,926
Safiar Rahman (with his spouse & minor children)	DMD & Company Secretary	-
S M Akhtaruzzaman Chowdhury (with his spouse & minor children)	SEVP & Head of ICC	-
Masudul Hoque Sardar (with his spouse & minor children)	SVP & Head of Finance	-

Executives (Top five salaried executives other than CEO, CS, CFO & HoICC)

Hassan O. Rashid	Additional Managing Director	-
Akhtar Kamal Talukder	DMD - Operations & IT	28,680
Ahmed Shaheen	DMD & Head Corporate Banking	-
M. Nazeem A. Chowdhury	SEVP & Head of Consumer Banking	-
Md. Abdul Hakim	EVP & Head of Risk Management Division	-
Shares held by any shareholder to the extent of 10% or more		**Nil**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
14.2	**Capital to Risk Weighted Assets Ratio (CRAR):**				
	Common Equity Tier-1 Capital				
	Paid up capital	7,028,567,520	6,111,797,850	7,028,567,520	6,111,797,850
	Statutory reserve	6,991,700,268	6,111,797,850	6,991,700,268	6,111,797,850
	General reserve	130,000,000	130,000,000	130,000,000	130,000,000
	Dividend equalization reserve	356,040,000	356,040,000	356,040,000	356,040,000
	Retained earnings	3,012,542,313	3,313,595,911	2,751,906,907	3,113,036,822
		17,518,850,101	**16,023,231,611**	**17,258,214,695**	**15,822,672,522**
	Regulatory adjustments:				
	Goodwill and all other intangible assets (WDV of software)	(232,237,591)	(197,479,889)	(231,339,918)	(196,302,140)
	Reciprocal crossholdings in the CET1 capital	(78,976,114)	(45,453,818)	(66,700)	(45,453,818)
	Investment in own CET1 capital (mutual fund)	(31,409,910)	-	(31,409,910)	-
	Deferred tax assets (95% as per BB circular)	(917,756,064)	(893,252,033)	(917,756,064)	(893,252,033)
		16,258,470,422	**14,887,045,871**	**16,077,642,103**	**14,687,664,531**
	Tier -2 Capital				
	General provision	2,546,026,340	1,526,254,329	2,546,026,340	1,477,797,548
	Subordinated debt	2,500,000,000	2,500,000,000	2,500,000,000	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
		7,293,369,375	**6,273,597,364**	**7,293,369,375**	**6,225,140,583**
	Regulatory adjustment:				
	Revaluation reserves for fixed assets & securities (40% in 2016 & 20% in 2015)	(898,937,214)	(449,468,607)	(898,937,214)	(449,468,607)
		6,394,432,161	**5,824,128,757**	**6,394,432,161**	**5,775,671,976**
	A. Total regulatory capital	**22,652,902,583**	**20,711,174,628**	**22,472,074,264**	**20,463,336,507**
	B. Total risk weighted assets	151,468,318,161	148,775,946,731	148,811,452,933	143,706,903,468
	C. Required capital based on risk weighted assets (10% on B)	15,146,831,816	14,877,594,673	14,881,145,293	14,370,690,347
	D. Surplus/(deficiency) (A-C)	**7,506,070,767**	**5,833,579,955**	**7,590,928,970**	**6,092,646,160**

Capital to Risk Weighted Assets Ratio (CRAR):

	Minimum requirement		Consolidated		Bank (Solo)	
	2016	2015	2016	2015	2016	2015
On Tier-1 capital to RWA	5.50%	5.50%	10.73%	10.01%	10.80%	10.22%
On Tier-2 capital to RWA	Not specified	Not specified	4.22%	3.91%	4.30%	4.02%
Capital to RWA ratio (CRAR)	10.00%	10.00%	**14.96%**	**13.92%**	**15.10%**	**14.24%**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
15 Statutory reserve					
Opening balance		6,111,797,850	6,111,797,850	6,111,797,850	6,111,797,850
Transferred from profit during the year		879,902,418	-	879,902,418	-
Closing balance		**6,991,700,268**	**6,111,797,850**	**6,991,700,268**	**6,111,797,850**

16 Dividend equalisation reserve

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 equalisation reserve while paying cash dividend in excess of 20%. This is treated as `Common Equity Tier-1 (CET1)' of the Bank.

17 Excess of reserve over pre-take over loss-BCCI					
Reserve against pre take-over loss	17.1	1,554,759,750	1,554,759,750	1,554,759,750	1,554,759,750
Pre take-over loss	17.2	(936,967,519)	(936,967,519)	(936,967,519)	(936,967,519)
		617,792,231	**617,792,231**	**617,792,231**	**617,792,231**

17.1 Reserve against pre-takeover loss-BCCI

This represents the amount deducted from depositors and other accounts of customers of erstwhile BCCI branches in Bangladesh under clause 11(3) of the Scheme. In accordance with clause 14 of the Scheme, a 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 in view of the shortage in target recover under the scheme, no payment is to be made to BCCI depositors on account of blocked deposit of EBL (note 17.2).

17.2 Pre-take over loss-BCCI

It represents the difference between BCCI assets and liabilities (excluding reserve) with assets in the higher side as on the reporting date.

Opening balance	(936,967,519)	(968,228,719)	(936,967,519)	(968,228,719)
Recovery/(adjustment) during the year	-	31,261,200	-	31,261,200
Closing balance	**(936,967,519)**	**(936,967,519)**	**(936,967,519)**	**(936,967,519)**

18 Assets revaluation reserve (land only)

Opening balance	2,534,874,738	3,689,495,550	2,534,874,738	3,689,495,550
Adjustment for impairment made during the year	-	(1,154,620,812)	-	(1,154,620,812)
Closing balance	**2,534,874,738**	**2,534,874,738**	**2,534,874,738**	**2,534,874,738**

This revaluation reserve is made against lands 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.

19 Reserve for amortisation of treasury securities (HTM)

Opening balance	2,764,446	2,076,822	2,764,446	2,076,822
Addition during the year	3,436,541	811,462	3,436,541	811,462
Adjustment made during the year	-	(123,838)	-	(123,838)
Closing balance	**6,200,987**	**2,764,446**	**6,200,987**	**2,764,446**

As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

20 Reserve for revaluation of treasury securities (HFT)

Opening balance	1,374,979,476	805,190,521	1,374,979,476	805,190,521
Addition during the year	734,040,896	3,284,537,390	734,040,896	3,284,537,390
Adjustment made during the year	(2,096,874,864)	(2,714,748,434)	(2,096,874,864)	(2,714,748,434)
Closing balance	**12,145,508**	**1,374,979,477**	**12,145,508**	**1,374,979,477**

*As per instruction/circular of Bangladesh Bank vide DOS circular letter no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

21 Reserve against non-banking assets

Opening balance	141,288,665	178,971,165	141,288,665	178,971,165
Adjustment made during the year	-	(37,682,500)	-	(37,682,500)
Closing balance	**141,288,665**	**141,288,665**	**141,288,665**	**141,288,665**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015

22 Foreign currency translation difference

Assets and liabilities of EBL Offshore Banking Unit and EBL Finance (HK) Ltd. have been presented into Taka (which is the functional currency of the Bank) using year-end standard mid rate of exchange of the Bank @ USD 1 = BDT 78.7022 and HKD 1 = BDT 10.1486. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1 = BDT 78.4587 & HKD 1 = BDT 10.1499). The net cumulative result of the exchange differenes has been presented separately as equity component as per BAS 21 (para 39).

23 Surplus in profit and loss account

Opening balance	3,313,595,911	2,252,684,630	3,113,036,822	2,113,887,906
Profit for the year (excluding dividend from subsidiaries)	2,716,335,721	2,282,608,953	2,515,569,839	2,120,529,105
Transfer to statutory reserve	(879,902,418)	-	(879,902,418)	-
Bonus share issued	(916,769,670)	-	(916,769,670)	-
Cash dividend paid	(1,222,359,570)	(1,222,359,570)	(1,222,359,570)	(1,222,359,570)
Currency adjustment for offshore	1,642,339	661,898	1,414,917	592,284
Dividend received from subsidiaries	-	-	140,916,987	100,387,097
Closing balance	**3,012,542,313**	**3,313,595,911**	**2,751,906,907**	**3,113,036,822**

24 Contingent liabilities

Acceptances and endorsements	24.1	32,666,382,402	29,367,215,759	32,666,382,402	29,367,215,759
Letters of guarantees	24.2	15,905,357,265	13,233,474,177	15,905,357,265	13,233,474,177
Irrevocable letters of credit	24.3	17,720,419,522	17,203,519,865	17,720,419,522	17,203,519,865
Bills for collection	24.4	5,836,991,295	5,667,837,422	5,836,991,295	5,667,837,422
		72,129,150,484	**65,472,047,223**	**72,129,150,484**	**65,472,047,223**

24.1 Acceptances and endorsements

Acceptances	7,483,698,187	7,154,625,116	7,483,698,187	7,154,625,116
Acceptances - (ULC-Cash)	24,474,319,796	21,505,066,757	24,474,319,796	21,505,066,757
	31,958,017,983	**28,659,691,873**	**31,958,017,983**	**28,659,691,873**
Acceptances - Offshore Banking Unit (OBU)	708,364,419	707,523,886	708,364,419	707,523,886
Total	**32,666,382,402**	**29,367,215,759**	**32,666,382,402**	**29,367,215,759**

24.2 Letters of guarantees

Directors	192,900	192,900	192,900	192,900
Government	477,209,527	475,998,127	477,209,527	475,998,127
Banks and other financial institutions	8,438,836,229	7,087,933,572	8,438,836,229	7,087,933,572
Others (Customers etc.)	6,989,118,609	5,629,353,675	6,989,118,609	5,629,353,675
	15,905,357,265	**13,193,478,274**	**15,905,357,265**	**13,193,478,274**
Letters of guarantee-Offshore Banking Unit	-	39,995,903	-	39,995,903
Total	**15,905,357,265**	**13,233,474,177**	**15,905,357,265**	**13,233,474,177**

24.2.a 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 had been decreed against NBL on 4 January 2004 for Tk. 27,366,450 plus interest @ 18% p.a. amounting to Tk. 45,565,139 (from 1 October 1994 to 31 December 2003) making an aggregate amount of Tk. 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 Tk. 13,683,225 to the court being 50% of the principal decreed amount. Again, NBL has 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 which is pending for hearing.

24.3 Irrevocable letters of credit

Letters of credit (LC) - cash sight	3,139,080,353	5,695,113,129	3,139,080,353	5,695,113,129
Letters of credit (LC) - cash usance	10,026,411,174	6,714,101,765	10,026,411,174	6,714,101,765
Letters of credit (LC) - back to back	4,249,818,359	4,119,029,778	4,249,818,359	4,119,029,778
	17,415,309,886	16,528,244,672	17,415,309,886	16,528,244,672
Letters of credit (LC) - cash sight-OBU	59,453,303	121,673,557	59,453,303	121,673,557
Letters of credit (LC) - cash usance-OBU	245,656,333	553,601,636	245,656,333	553,601,636
Total	**17,720,419,522**	**17,203,519,865**	**17,720,419,522**	**17,203,519,865**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
24.4	**Bills for collection**					
	Bills for collection (LC)		587,124,253	2,266,597,200	587,124,253	2,266,597,200
	Bills for collection (sales contract)		3,046,563,897	2,199,117,469	3,046,563,897	2,199,117,469
	Margin on bills purchase - document		1,534,202,513	246,762,577	1,534,202,513	246,762,577
			5,167,890,663	4,712,477,246	5,167,890,663	4,712,477,246
	Bills for collection - Offshore Banking Unit (OBU)		669,100,632	955,360,176	669,100,632	955,360,176
			5,836,991,295	**5,667,837,422**	**5,836,991,295**	**5,667,837,422**
25	**Interest income**					
	Interest on advances		13,231,395,703	12,985,958,873	12,940,663,584	12,648,200,540
	Interest on money at call and short notice		18,096,272	53,003,522	18,096,272	53,003,522
	Interest on placement with banks and financial institutions		804,335,392	929,601,681	802,978,505	912,451,222
	Interest on foreign currency balances		14,619,198	732,120	14,619,198	732,120
			14,068,446,565	13,969,296,196	13,776,357,559	13,614,387,404
	Less: Elimination of inter unit/company transactions		(405,816,681)	(352,918,328)	(230,719,386)	(276,199,512)
			13,662,629,884	**13,616,377,868**	**13,545,638,173**	**13,338,187,892**
26	**Interest paid on deposits and borrowings etc.**					
	Interest on deposits	26.1	6,370,814,546	8,187,703,942	6,370,814,546	8,187,703,942
	Interest on borrowings from banks & FIs	26.2	1,824,034,849	1,842,192,912	1,609,761,223	1,624,960,823
	Interest on borrowings from BB & others	26.3	264,591,647	252,448,334	264,591,647	252,448,334
	Interest on margin		1,773,660	4,216,300	1,773,660	4,216,300
			8,461,214,702	10,286,561,488	8,246,941,076	10,069,329,399
	Less: Elimination of inter unit/company transactions		(405,816,681)	(352,918,328)	(230,719,386)	(276,199,512)
			8,055,398,021	**9,933,643,160**	**8,016,221,690**	**9,793,129,887**
26.1	**Interest on deposits**					
	Interest on savings deposits		1,448,506,506	1,569,180,413	1,448,506,506	1,569,180,413
	Interest on short notice deposits		489,180,072	792,075,491	489,180,072	792,075,491
	Interest on term deposits		4,433,127,968	5,826,448,038	4,433,127,968	5,826,448,038
			6,370,814,546	**8,187,703,942**	**6,370,814,546**	**8,187,703,942**
26.2	**Interest on borrowings from banks & FIs**					
	Interest on demand borrowing		367,878,193	314,421,946	153,604,567	149,367,144
	Interest on term borrowing		1,059,257,070	1,049,301,971	1,059,257,070	997,124,684
	Interest on subordinated bond		288,287,669	248,904,108	288,287,669	248,904,108
	Inter bank REPO (repurchase agreement)		108,611,917	229,564,887	108,611,917	229,564,887
			1,824,034,849	**1,842,192,912**	**1,609,761,223**	**1,624,960,823**
26.3	**Interest on borrowings from BB & others**					
	Repo with BB under ALS		-	4,213,357	-	4,213,357
	Borrowing under IPFF		15,135,962	26,337,820	15,135,962	26,337,820
	Borrowing under EDF		111,227,827	82,940,853	111,227,827	82,940,853
	Borrowing under LTFF		8,311,766	-	8,311,766	-
	Refinancing for agrobased Industries		28,995,770	33,589,283	28,995,770	33,589,283
	Refinancing agribusiness - revolving		67,683,456	72,665,658	67,683,456	72,665,658
	Second crop diversification project		31,090,755	31,005,807	31,090,755	31,005,807
	Borrowing from SME Foundation		2,146,111	1,695,556	2,146,111	1,695,556
			264,591,647	**252,448,334**	**264,591,647**	**252,448,334**
27	**Investment income**					
	Dividend Income:					
	Ordinary shares (other than dividend from subsidiaries)		86,874,382	51,190,484	50,606,240	31,631,075
	Dividend from subsidiaries		-	-	140,916,987	100,387,097
			86,874,382	51,190,484	191,523,227	132,018,172
	Interest on reverse REPO		2,742,844	48,506,742	2,742,844	48,506,742
	Interest on commercial paper		15,513,397	34,052,309	15,513,397	34,052,309

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
Interest on corporate bonds		56,707,763	33,079,338	56,707,763	33,079,338
Interest on treasury bonds		2,376,842,600	2,963,372,446	2,376,842,600	2,963,372,446
Interest on govt. treasury/Bangladesh Bank bills		12,325,391	65,654,766	12,325,391	65,654,766
Gain (net off loss) from trading in govt. securities		1,034,383,672	1,281,266,131	1,034,383,672	1,281,266,131
Loss on revaluation of treasury securities (HFT)*		(221,775,032)	(703,410,416)	(221,775,032)	(703,410,416)
Loss (gain net off) on sale of quoted securities		(101,730,017)	(239,105,024)	(152,831,585)	(278,169,160)
		3,261,885,000	**3,534,606,776**	**3,315,432,277**	**3,576,370,328**

*As per instruction/circular of Bangladesh Bank vide DOS circular letter No. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

28 Commission, exchange and brokerage

Fees, commission and charges	28.1	1,839,651,823	1,774,070,403	1,777,845,899	1,746,719,450
Exchange gain (net off exchange loss)	28.2	673,600,321	883,874,726	671,399,915	882,711,477
Brokerage	28.3	124,287,068	89,289,415	-	-
		2,637,539,212	**2,747,234,544**	**2,449,245,814**	**2,629,430,927**

28.1 Fees, commission and charges:

Loan processing fees	314,927,012	301,272,120	314,927,012	301,272,120
Service charges (periodic & adhoc)	308,471,153	313,312,344	272,198,016	285,961,391
Early settlement fees	49,140,188	30,502,020	49,140,188	30,502,020
Cards fees & charges (net off directly associated cards expenses)	444,288,757	457,975,324	444,288,757	457,975,324
Commission on general banking (PO, FDD, remittance, etc)	85,896,492	58,414,281	85,896,492	58,414,281
Commission on trade business (LG, LC, acceptance)	636,928,221	612,594,314	611,395,434	612,594,314
	1,839,651,823	**1,774,070,403**	**1,777,845,899**	**1,746,719,450**

28.1.a Cards fees & charges (net off directly associated cards expenses)

Cards fees & charges:				
Fees & charges (debit & prepaid card)	73,990,374	95,652,769	73,990,374	95,652,769
Credit Card:			-	
Annual fees	111,126,692	105,857,166	111,126,692	105,857,166
Late payment & overlimit fees	158,061,765	146,990,782	158,061,765	146,990,782
Cash advance fees	19,470,327	18,800,960	19,470,327	18,800,960
Interchange reimbursement (IRF) & acquiring fees	104,719,270	83,581,294	104,719,270	83,581,294
Risk assurance premium	77,162,108	76,705,456	77,162,108	76,705,456
Merchant service commission	19,713,884	4,283,496	19,713,884	4,283,496
Card cheque fees (processing & issue)	69,976,221	100,830,682	69,976,221	100,830,682
Replacement fees & others	10,358,939	4,472,167	10,358,939	4,472,167
	644,579,580	**637,174,772**	**644,579,580**	**637,174,772**
Cards direct expenses				
Membership & priority pass	87,287,920	89,327,716	87,287,920	89,327,716
Acquiring & IRF charges	36,022,276	13,941,178	36,022,276	13,941,178
Insurance expense	53,169,740	47,334,212	53,169,740	47,334,212
Other service charges (ATM card usage, cash back etc)	23,810,887	28,596,342	23,810,887	28,596,342
	200,290,823	**179,199,448**	**200,290,823**	**179,199,448**
Total cards fees & charges (net)	**444,288,757**	**457,975,324**	**444,288,757**	**457,975,324**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
28.2	**Exchange gain (net off exchange loss)**					
	Gain on exchange trading (other than cards business)		1,419,891,780	1,686,759,170	1,384,798,090	1,681,720,287
	Less: Exchange loss		791,280,104	835,102,421	758,386,820	831,226,787
			628,611,676	**851,656,749**	**626,411,270**	**850,493,500**
	Exchange gain from cards business		64,237,913	44,695,803	64,237,913	44,695,803
	Less: Exchange loss		19,249,268	12,477,826	19,249,268	12,477,826
			44,988,645	**32,217,977**	**44,988,645**	**32,217,977**
	Total		**673,600,321**	**883,874,726**	**671,399,915**	**882,711,477**
28.3	**Brokerage commission**					
	Brokerage commission (DSE & CSE)		126,280,572	89,844,542		
	Brokerage commission (dealer)		5,251,658	3,611,284		
	Settlement commission		9,784,901	11,590,689		
			141,317,131	**105,046,515**		
	Less: Direct expenses					
	Laga & howla charges		10,921,187	7,528,196		
	CDBL charges		6,108,876	8,228,904		
			17,030,063	**15,757,100**		
	Total		**124,287,068**	**89,289,415**		
29	**Other operating income**					
	Rebate earnings		57,397,169	54,132,824	57,397,169	54,132,824
	Postage charges recovered		28,104,652	19,499,460	14,313,862	7,858,612
	Swift charges recovered		56,253,365	58,205,542	56,253,365	58,205,542
	Service charges (others)		9,887,729	32,891,651	6,990,639	1,916,394
	Locker rent		14,970,400	13,431,810	14,970,400	13,431,810
	Gain on sale of fixed assets		1,874,527	5,268,895	1,874,527	4,482,993
	Other earnings		13,126,950	6,556,097	13,126,950	4,815,297
			181,614,792	**189,986,279**	**164,926,912**	**144,843,472**

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 7 June 2012.

30	**Salary & allowances (except those of MD)**					
	Basic salary		921,027,247	791,072,072	875,770,553	753,175,675
	Other salary & allowances		1,327,624,085	1,283,676,181	1,302,040,285	1,263,552,338
	Festival bonus		153,116,041	126,380,040	149,527,037	126,380,040
	Performance bonus		245,378,221	206,154,594	239,000,000	199,000,000
	Bank's contribution to provident fund		84,388,689	72,625,447	84,388,689	72,625,447
	Contribution to gratuity fund	30.1	133,789,130	131,424,545	132,231,491	131,424,545
	Contribution to superannuation fund	30.2	17,880,000	14,583,596	17,880,000	14,583,596
			2,883,203,413	**2,625,916,475**	**2,800,838,055**	**2,560,741,641**

*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 1,584 at the end of December 2016 as against 1,577 at the end of December 2015.

30.1 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 BAS 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 2015 which was effective from 1 October 2015. The actuary recommended that the bank will continue to contribute at least 14.90% 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.

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
Calculation of service cost as per actuarial valuation:		Rate (% of basic salary)			
Current service cost		9.10%			
Past service cost		5.80%			
		14.90%			

30.1.a Contribution to Gratuity fund during the year

Required contribution for the year (14.90% on basic salary)	132,231,491
Maintained during the year	132,231,491
Surplus/(shortage)	-

30.2 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 BAS 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 2015 which was effective from 1 October 2015. The actuary recommended a contribution of at least Tk. 1.49 million per month into the fund until the next actuarial investigation is carried out.

30.2.a Contribution to superannuation fund during the year

Required contribution for the year	**17,880,000**
Maintained during the year	17,880,000
Surplus/(shortage)	-

31 Rent, taxes, insurance, electricity, etc.

Rents, rates and taxes - premises & equipments	461,068,443	420,540,276	444,635,867	405,011,665
Insurance premium*	91,075,317	100,090,931	90,984,259	100,013,120
Utilities (except telecommunication)	103,280,621	102,268,497	100,189,782	99,839,368
	655,424,381	**622,899,704**	**635,809,908**	**604,864,153**

Insurance premium covers property, cash, staff HBL and customer deposits up to certain threshold. In 2016, an amount of Tk. 78 million was paid to Bangladesh Bank as Deposit Insurance premium @ 0.08% on certain prescribed demand & time liabilities as per DOS circular letter no. 1 dated 10 January 2007 and circular no. DID-02/2012 dated 2 October 2012 of Bangladesh Bank.

32 Legal & professional expenses

Professional fees (consultancy, advisory, certification, etc.)	32,223,765	19,595,049	31,878,675	18,667,833
Professional fees (loan recovery & contact point verification)	24,045,110	10,775,280	24,045,110	10,775,280
Lawyers' professional fees	16,836,482	17,154,574	16,197,407	17,154,574
Other legal expenses (court expense, auction notice, etc.)	37,715,725	57,652,231	37,600,524	57,652,231
	110,821,082	**105,177,134**	**109,721,716**	**104,249,918**

33 Postage, stamp, telecommunication, etc.

Telephone - office	42,545,325	38,448,230	42,297,303	38,208,155
Network link, internet, swift and DR maintenance cost	61,029,696	57,684,871	58,658,590	55,703,700
Postage & courier charges	31,299,118	29,858,989	28,035,680	26,445,783
Stamp & court fees	9,575,398	7,510,430	9,561,980	7,509,666
	144,449,537	**133,502,520**	**138,553,553**	**127,867,304**

34 Stationery, printing, advertisements, etc.

Printing and stationery	78,681,342	85,007,275	77,253,758	83,294,492
Advertisement	55,360,633	83,053,702	54,757,706	82,415,589
Business promotional expenses	168,454,423	115,849,551	167,368,683	115,849,551
	302,496,398	**283,910,528**	**299,380,147**	**281,559,632**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
35 Managing Director's salary and allowances (Bank only)					
Basic salary		11,747,097	10,920,516	11,747,097	10,920,516
Allowances		4,523,387	4,380,000	4,523,387	4,380,000
Bonus		2,968,000	2,848,000	2,968,000	2,848,000
Bank's contribution to provident fund		1,174,710	1,092,052	1,174,710	1,092,052
		20,413,194	**19,240,568**	**20,413,194**	**19,240,568**
36 Directors' fees					
Meeting attendance fees		2,209,150	1,813,355	2,014,800	1,671,905
Other expenses (refreshment, conveyance etc.)		1,754,327	2,254,835	1,754,327	2,254,835
		3,963,477	**4,068,190**	**3,769,127**	**3,926,740**

Each director of the Bank is provided for Tk. 8,000 per board or board committee meeting attended in 2016 as per BRPD circular letter no. 11 dated 4 October 2015.

37 Auditor's fees					
Statutory audit fees for the year		1,465,791	1,221,233	700,000	500,000
VAT on audit fees @ 15%		132,783	83,250	105,000	75,000
		1,598,574	**1,304,483**	**805,000**	**575,000**
38 Depreciation and repair of the Bank's assets					
Depreciation*					
Buildings		18,271,417	18,271,137	18,271,417	18,271,137
Machinery and equipment		67,160,637	99,989,651	66,293,898	99,305,915
Computer and network equipment		68,452,461	52,379,606	67,934,602	51,480,690
Vehicles		16,796,654	14,821,724	16,169,028	14,442,791
Furniture and fixtures & leased assets		35,186,648	36,069,043	33,735,089	34,426,315
Software		60,544,418	49,758,002	60,079,443	49,314,706
		266,412,235	**271,289,163**	**262,483,477**	**267,241,554**
Repair of the Bank's assets					
Machinery & equipments		75,884,489	64,931,286	75,456,704	64,694,777
Vehicles		9,754,885	9,006,996	9,754,885	9,006,996
Furniture and fixtures		13,832,733	22,582,152	13,832,733	22,582,152
Rented premises - general		47,159,205	47,919,816	45,518,856	46,908,944
Rented premises - electricity & lighting		20,422,356	25,790,338	20,422,356	25,790,338
Software maintenance		69,764,055	66,731,877	69,251,587	66,165,409
		236,817,723	**236,962,465**	**234,237,121**	**235,148,616**
Total		**503,229,958**	**508,251,628**	**496,720,598**	**502,390,170**

*Details of depreciation are presented in Annexure-A

39 Other expenses					
Business travelling & conveyance		61,382,012	60,439,957	60,769,873	60,114,957
Bank charges		66,428,902	58,139,223	65,793,112	57,726,341
Cards production cost		31,761,624	20,349,209	31,761,624	20,349,209
Donation (including CSR)		40,869,819	37,600,034	40,758,170	37,564,700
Fees and subscriptions		4,074,078	4,416,476	3,962,099	4,310,835
Recruitment and training expenses		19,114,240	26,230,652	17,899,658	25,656,452
Entertainment & recreation		62,331,720	69,764,066	59,564,443	67,151,447
Office securities (cash carrying, office premises etc.)		121,082,779	128,659,278	120,461,779	128,103,828
Reward & recognition		6,142,414	4,019,510	6,142,414	4,019,510
Sales & collection commission (DST, agency, dealers)		107,883,012	68,595,972	107,883,012	67,567,629
Expense for EBL subordinated bond		3,629,643	4,091,740	3,629,643	4,091,740
AGM expenses		2,440,578	2,595,955	2,440,578	2,595,955
Other operating expenses (uniform, freight, books, shares etc)		13,746,879	7,274,582	13,729,078	6,544,462
Other expenses of subsidiaries	39.1	5,847,967	4,076,185	-	-
		546,735,667	**496,252,839**	**534,795,483**	**485,797,065**

Figures in Taka

		Note	Consolidated		Bank	
			2016	2015	2016	2015
39.1	**Other expenses of subsidiaries**					
	CDBL charges		640,533	652,306		
	Registration & renewal		2,753,366	945,146		
	Guarantee premium		1,725,000	1,725,000		
	Deferred revenue expenses (written off)		25,000	61,194		
	Other administration expenses		704,068	692,539		
			5,847,967	**4,076,185**		

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per VAT Act 1991.

40 Other provision

Provision charged/(released) for protested bill & others	13.6	280,000	1,119,131	280,000	566,380
Provision for rebate to good borrowers	13.7	20,000,000	18,510,673	20,000,000	18,510,673
Provision (released) on revaluation (or sale) of quoted securities	13.8	(313,163,038)	(477,064,635)	(289,148,702)	(495,141,176)
		(292,883,038)	**(457,434,831)**	**(268,868,702)**	**(476,064,123)**

41 Provision for taxation/Income tax expenses

Current tax expenses		1,830,849,042	1,344,784,441	1,773,164,131	1,275,558,787
Deferred tax (income)/expenses	41.1	(30,138,865)	(79,919,330)	(30,138,865)	(79,919,330)
		1,800,710,177	**1,264,865,111**	**1,743,025,266**	**1,195,639,457**

41.1 Deferred tax income (net)

Deferred tax income in charging specific provision	9.12.a	(25,793,717)	(74,502,222)	(25,793,717)	(74,502,222)
Deferred tax (income)/expense in WDV of FA	9.12.b	(4,345,148)	(5,417,108)	(4,345,148)	(5,417,108)
		(30,138,865)	**(79,919,330)**	**(30,138,865)**	**(79,919,330)**

41.a Reconciliation of effective tax rate (Bank only)

	2016		2015	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		4,399,512,092		3,416,555,659
Income tax as per applicable tax rate	40.00%	1,759,804,837	40.00%	1,366,622,264
Factors affecting the tax charge for current year				
Non deductible expenses	8.35%	367,371,009	4.83%	164,855,391
Tax exempt income	-7.39%	(325,043,456)	-6.77%	(231,142,286)
Tax savings from reduced tax rates for dividend	-0.87%	(38,304,646)	-0.77%	(26,403,634)
Tax loss/(savings) from reduced tax rates for capital gain	1.39%	61,132,634	3.26%	111,267,664
Prior year adjustment (due to reduction of tax rate from 42.5% to 40.0%)	-	-	-3.21%	(109,640,611)
Prior year adjustment (for increasing excess perquisite threshold from 0.35 million to 0.45 million in 2014)	-1.18%	(51,796,247)	-	-
Deferred tax income (net)	-0.69%	(30,138,865)	-2.34%	(79,919,330)
Total income tax expenses	**39.62%**	**1,743,025,267**	**35.00%**	**1,195,639,457**

	Note	Consolidated		Bank	
		2016	2015	2016	2015

42 Earnings Per Share (EPS) (Restated)

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 2016 as per BAS 33 'Earnings per share'. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.

Number of shares before bonus share issued in 2016	611,179,785	611,179,785	611,179,785	611,179,785
Bonus shares issued in 2016	91,676,967	91,676,967	91,676,967	91,676,967
Number of ordinary shares outstanding (restated):	**702,856,752**	**702,856,752**	**702,856,752**	**702,856,752**
Net profit attributable to the shareholders of EBL	2,716,335,721	2,282,608,953	2,656,486,826	2,220,916,202
Weighted average number of shares	702,856,752	702,856,752	702,856,752	702,856,752
Earnings Per Share (EPS) (restated)	**3.86**	**3.25**	**3.78**	**3.16**

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
43 Changes in other assets (cash flows item)					
Opening balance:					
TREC of DSE (membership license)		553,800,000	553,800,000	-	-
TREC of CSE (membership license)		201,500,000	201,500,000	-	-
Receivable from subsidiaries		-	-	6,626,831	50,935,416
Stock of stationeries		16,489,089	13,005,088	16,489,089	13,005,088
Stamps on hand		3,276,242	2,912,441	3,234,292	2,912,441
Advance to staff for expenses		2,401,000	757,052	2,401,000	757,052
Security deposits-govt. agencies		6,762,514	3,400,476	6,322,514	2,960,476
Interest and dividend receivables		987,521,370	873,179,098	1,022,701,957	871,072,093
Sundry receivables		657,431,871	444,641,968	657,431,871	444,641,968
Advance rent		274,353,565	321,069,492	270,889,357	319,005,678
Prepayments and advance to vendors		590,649,401	386,002,983	581,711,833	385,869,094
Deferred tax assets		906,971,909	827,052,579	906,971,909	827,052,579
Other assets of subsidiaries		11,124,715	36,503,227	-	-
		4,212,281,676	**3,663,824,404**	**3,474,780,652**	**2,918,211,885**
Closing Balance:					
TREC of DSE (membership license)		553,800,000	553,800,000	-	-
TREC of CSE (membership license)		201,500,000	201,500,000	-	-
Receivable from subsidiaries		-	-	213,833,968	6,626,831
Stock of stationeries		12,624,241	16,489,089	12,624,241	16,489,089
Stamps on hand		3,382,597	3,276,242	3,371,397	3,234,292
Advance to staff for expenses		1,484,658	2,401,000	1,484,658	2,401,000
Security deposits-govt. agencies		6,934,714	6,762,514	6,494,714	6,322,514
Interest and dividend receivables		628,557,273	987,521,370	776,972,930	1,022,701,957
Sundry receivables		480,080,667	657,431,871	443,006,103	657,431,871
Advance rent		309,150,611	274,353,565	306,458,786	270,889,357
Prepayments and advance to vendors		654,623,283	590,649,401	654,196,868	581,711,833
Deferred tax assets		937,110,774	906,971,909	937,110,774	906,971,909
Other assets of subsidiaries		243,633,584	11,124,715	-	-
		4,032,882,402	**4,212,281,676**	**3,355,554,437**	**3,474,780,652**
Adjustment for other non cash items		(1,226,601,904)	164,634,472	(1,223,178,258)	177,901,170
Net cash changes in other assets		**(1,047,202,631)**	**(383,822,800)**	**(1,103,952,042)**	**(378,667,597)**
44 Changes in other liabilities (cash flows item)					
Opening balances					
Privileged creditors		343,645,207	286,783,691	343,641,457	286,783,691
Acquirer liabilities		342,063,298	277,304,749	342,063,298	277,304,749
Sundry creditors		76,724,893	63,096,228	76,724,893	63,096,228
Security deposit		61,530,582	57,290,130	61,530,582	57,290,130
Current tax liabilities/(assets)		692,734,058	1,075,823,159	657,002,859	1,070,435,914
Provision for loans, advances and OBS exposures (excluding OBU)		4,805,947,696	4,226,658,845	4,779,802,842	4,200,513,991
Provision for loans, advances and OBS exposures (OBU)		201,335,529	124,242,089	201,335,529	124,242,089
Interest suspense account		1,444,993,448	1,096,173,580	1,350,150,203	1,028,365,606
Provision for protested bill & others		11,937,095	10,817,967	11,384,347	10,817,967
Provision for non-banking assets		12,761,835	12,761,835	12,761,835	12,761,835
Provision for rebate to good borrowers		18,510,673	-	18,510,673	-
Provision for loss on revaluation of shares (net)		404,786,025	881,850,659	369,119,885	864,261,060
Advance interest/commission received		22,166,111	13,882,264	18,106,801	11,203,244
Expenses payable		380,344,975	319,283,096	369,351,335	319,283,096
Interest payable on borrowing including OBU		276,326,923	172,093,093	272,294,646	161,341,205

Figures in Taka

	Note	Consolidated		Bank	
		2016	2015	2016	2015
Inter branch and inter system accounts		6,056	69,199	6,056	69,199
Advance export proceeds		464,143,909	325,458,711	464,143,909	325,458,711
Security value adjustment for REPO		379,263,385	-	379,263,385	-
Miscellaneous payable		806,599,658	408,767,828	806,599,658	408,767,828
Other liabilities of subsidiaries		197,261,925	269,898,024	-	-
		10,943,083,281	**9,622,255,147**	**10,533,794,193**	**9,221,996,543**
Closing balances					
Privileged creditors		322,742,145	343,645,207	322,741,667	343,641,457
Acquirer liabilities		500,234,880	342,063,298	500,234,880	342,063,298
Sundry creditors		61,162,902	76,724,893	61,162,902	76,724,893
Security deposit		44,290,752	61,530,582	44,290,752	61,530,582
Current tax liabilities/(assets)		1,490,204,266	692,734,058	1,479,792,791	657,002,859
Provision for loans, advances and OBS exposures (excluding OBU)		5,808,671,100	4,805,947,696	5,778,325,235	4,779,802,842
Provision for loans, advances and OBS exposures (OBU)		242,461,849	201,335,529	242,461,849	201,335,529
Interest suspense account		1,476,831,793	1,444,993,448	1,294,241,388	1,350,150,203
Provision for protested bill & others		11,046,380	11,937,095	11,046,380	11,384,347
Provision for non-banking assets		12,761,835	12,761,835	12,761,835	12,761,835
Provision for rebate to good borrowers		25,685,842	18,510,673	25,685,842	18,510,673
Provision for loss on revaluation of shares (net)		91,622,986	404,786,025	79,971,182	369,119,885
Advance interest/commission received		20,653,393	22,166,111	17,831,174	18,106,801
Expenses payable		401,199,336	380,344,975	386,669,340	369,351,335
Interest payable on borrowing including OBU		365,590,573	276,326,923	365,590,573	272,294,646
Inter branch and inter system accounts		22,446	6,056	22,446	6,056
Advance export proceeds		-	464,143,909	-	464,143,909
Security value adjustment for REPO		-	379,263,385	-	379,263,385
Miscellaneous payable		643,773,389	806,599,658	643,773,389	806,599,658
Other liabilities of subsidiaries		449,714,429	197,261,925	-	-
		11,968,670,296	**10,943,083,281**	**11,266,603,625**	**10,533,794,193**
Adjustment for other non cash items		(190,047,903)	(40,762,987)	(184,642,055)	(40,762,987)
Net cash changes in other liabilities		**835,539,112**	**1,280,065,147**	**548,167,377**	**1,271,034,663**

45 Events after the reporting period

The Board of Directors of Eastern Bank Limited recommended 25% dividend (20% cash and 5% stock) in 597th board meeting held on 20 March 2017 for the income year 2016. Eligible shareholders (who holds EBL shares on the record date i.e. 11 April 2017) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is Tk. 1,757,141,880.

Eastern Bank Limited

Schedule of Fixed Assets

as at 31 December 2016

Annexure-A

Figures in Taka

Particulars	Cost					Accumulated Depreciation & Amortization				Net book value at 31 December 2016
	Balance on 1 January 2016	Adjustment of revaluation reserve	Additions during the year	Disposals during the year	Balance at 31 December 2016	Balance on 1 January 2016	Charge for the year	On disposals during the year	Balance at 31 December 2016	
Tangible assets:										
Land	4,044,759,466	-	-	-	4,044,759,466	-	-	-	-	4,044,759,466
Building	730,856,590	-	-	-	730,856,590	68,963,151	18,271,417	-	87,234,568	643,622,022
Building under construction	572,749,420	-	58,771,091	-	631,520,511	-	-	-	-	631,520,511
Machinery and equipment	722,753,229	-	52,606,650	(13,732,771)	761,627,108	577,977,525	66,293,898	(13,732,308)	630,539,115	131,087,993
Computer and network equipment	485,274,103	-	35,795,631	-	521,069,734	355,876,417	67,934,602	-	423,811,019	97,258,714
Vehicles	131,612,854	-	7,177,970	(3,100,000)	135,690,824	88,385,356	16,169,028	(3,099,999)	101,454,385	34,236,439
Furniture and fixtures & leased assets under finance lease	460,748,842	-	10,569,721	(1,797,302)	469,521,261	311,149,141	33,735,089	(1,631,853)	343,252,377	126,268,883
Intangible assets:										
Software	334,132,732	-	95,117,221	-	429,249,953	137,830,592	60,079,443	-	197,910,035	231,339,918
At 31 December 2016	7,482,887,235	-	260,038,284	(18,630,073)	7,724,295,446	1,540,182,182	262,483,477	(18,464,160)	1,784,201,499	5,940,093,948

as at 31 December 2015

Figures in Taka

Particulars	Cost					Accumulated Depreciation & Amortization				Net book value at 31 December 2015
	Balance on 1 January 2015	Adjustment of revaluation reserve	Additions during the year	Disposals during the year	Balance at 31 December 2015	Balance on 1 January 2015	Charge for the year	On disposals during the year	Balance at 31 December 2015	
Tangible assets:										
Land	5,178,917,918	(1,154,620,812)	20,462,360	-	4,044,759,466	-	-	-	-	4,044,759,466
Building	730,841,590	-	15,000	-	730,856,590	50,692,014	18,271,137	-	68,963,151	661,893,439
Building under construction	497,621,423	-	75,127,997	-	572,749,420	-	-	-	-	572,749,420
Machinery and equipment	646,001,743	-	76,751,486	-	722,753,229	478,671,610	99,305,915	-	577,977,525	144,775,704
Computer and network equipment	434,842,123	-	50,431,980	-	485,274,103	304,395,727	51,480,690	-	355,876,417	129,397,685
Vehicles	112,407,421	-	26,624,933	(7,419,500)	131,612,854	81,362,059	14,442,791	(7,419,494)	88,385,356	43,227,498
Furniture and fixtures & leased assets under finance lease	442,896,022	-	17,852,820	-	460,748,842	276,722,826	34,426,315	-	311,149,141	149,599,700
Intangible assets:										
Software	323,707,619	-	10,425,113	-	334,132,732	88,515,886	49,314,706	-	137,830,592	196,302,140
At 31 December 2015	8,367,235,859	(1,154,620,812)	277,691,689	(7,419,500)	7,482,887,235	1,280,360,122	267,241,554	(7,419,494)	1,540,182,182	5,942,705,054

ALMAS STOCK

Eastern Bank Limited

Annexure-A1

Schedule of Fixed Assets Disposals

as at 31 December 2016

Figures in Taka

Date	Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Tax & VAT	Gain/(Loss)	Mode of Disposal	Buyer/ Highest bidder
21 Apr 2016	Hyundai Santa Fe Jeep DM (GHA-11-9441)	3,100,000	3,099,999	1	804,419	66,420	737,998	Open Tender	Mr. Rezaul Karim
27 Jun 2016	Furniture & fixtures	1,797,302	1,631,853	165,449	349,890	28,890	155,551	Open Tender	M/S Chadni Traders
27 Jun 2016	Machinery & equipment	5,150,075	5,150,001	74	548,270	45,270	502,926	Open Tender	The Exchangers
30 Jun 2016	Machinery & equipment	8,582,696	8,582,307	389	521,500	43,059	478,052	Open Tender	M/S A.R. Enterprise
Total		**18,630,073**	**18,464,160**	**165,913**	**2,224,079**	**183,639**	**1,874,527**		

Eastern Bank Limited and its subsidiaries

Annexure-B

Balance with other Banks and Financial Institutions (Consolidated)

as at 31 December 2016

Outside Bangladesh (note 4.2)

Name of banks and financial institutions	Currency	2016			2015		
		Amount in Foreign Currency	Conversion rate	Amount in BDT	Amount in Foreign Currency	Conversion rate	Amount in BDT
In demand deposit account (non interest bearing) with :							
AB Bank Limited, India	USD	228,295	78.70	17,967,351	26,717	78.50	2,097,304
Al-Rajhi Bank, KSA	SAR	15,000	20.98	314,750	15,000	20.92	313,817
Bank of Bhutan, Bhutan	USD	5,219	78.70	410,752	14,716	78.50	1,155,215
Bank of Nova Scotia, Canada	CAD	19,793	58.05	1,148,953	10,803	56.53	610,697
Bank of Tokyo-Mitshubishi UFJ, Ltd.,India	USD	6,737	78.70	530,217	6,737	78.50	528,857
Bank of Tokyo-Mitshubishi UFJ, Ltd., UK	GBP	-	-	-	46,769	116.31	5,439,534
Bank of Tokyo-Mitshubishi UFJ, Ltd., Japan	JPY	1,807,437	0.67	1,213,332	1,773,314	0.65	1,155,491
Citibank NA, USA	USD	2,384,640	78.70	187,676,384	3,627,212	78.50	284,737,232
Commerz Bank AG, Germany	EUR	95,157	81.98	7,800,616	152,591	85.83	13,097,220
Deutsche Bank AG, Germany (OBU)	EUR	-	-	-	35,996	85.83	3,089,616
Habib American Bank, USA	USD	-	-	-	19,219	78.50	1,508,687
HSBC, Hong Kong-HKD (EBL Finance HK Limited)	HKD	-	-	-	2,343,149	10.17	23,837,089
HSBC, Hong Kong-USD (EBL Finance HK Limited)	USD	-	-	-	12,616	78.50	990,347
ICICI Bank Limited, Hong Kong	HKD	2,279,752	10.15	23,136,291	-	-	-
ICICI Bank Limited, India	USD	273,534	78.70	21,527,756	457,151	78.50	35,886,495
JP Morgan Chase Bank NA, Germany	EUR	68,598	81.98	5,623,409	36,024	85.83	3,091,979
JP Morgan Chase Bank NA, UK	GBP	197,664	96.24	19,022,618	124,592	116.31	14,490,769
JP Morgan Chase Bank NA, USA	USD	1,040,185	78.70	81,864,884	-	-	-
JP Morgan Chase Bank NA, Australia	AUD	44,541	56.49	2,516,210	52,583	57.23	3,009,541
Mashreqbank, USA	USD	101,753	78.70	8,008,157	305,150	78.50	23,954,373
National Commercial Bank, KSA	SAR	65,942	20.98	1,383,689	70,391	20.92	1,472,662
Nepal Bangladesh Bank Ltd., Nepal	USD	112,744	78.70	8,873,179	47,191	78.50	3,704,502
NIB Bank Limited, Pakistan	USD	507,058	78.70	39,906,619	208,212	78.50	16,344,690
Nordea Bank, Norway	NOK	187,464	9.03	1,692,458	36,521	8.93	326,248
Standard Chartered Bank, USA (OBU)	USD	-	-	-	315,631	78.50	24,777,160
Standard Chartered Bank, Sri Lanka	USD	92,878	78.70	7,309,676	-	-	-
Standard Chartered Bank, Germany	EUR	122,563	81.98	10,047,209	2,827	85.83	242,669
Standard Chartered Bank, India	USD	1,727,120	78.70	135,928,146	569,227	78.50	44,684,503
Standard Chartered Bank, USA	USD	1,689,715	78.70	132,984,327	194,785	78.50	15,290,656
Standard Chartered Bank, Singapore	SGD	3,912	54.28	212,326	9,850	55.50	546,738
Wells Fargo, USA	USD	1,381,567	78.70	108,732,335	-	-	-
Zurcher Kantonal Bank, Switzerland	CHF	4,849	76.54	371,145	22,673	79.56	1,803,830
Total				**826,202,789**			**528,187,921**

Eastern Bank Limited and its subsidiaries

Annexure-B1

Borrowing from Banks and Financial Institutions (Consolidated)

as at 31 December 2016

Outside Bangladesh - (note-11.2)

Name of banks and financial institutions	Currency	2016			2015		
		Amount in Foreign Currency	Conversion rate	Amount in BDT	Amount in Foreign Currency	Conversion rate	Amount in BDT
Asian Development Bank, Philippines	USD	-	-	-	4,996,698	78.50	392,242,308
Banca Ubae Spa, Spain	USD	-	-	-	5,000,000	78.50	392,501,500
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	36,000,000	78.70	2,833,279,200	48,000,000	78.50	3,768,014,400
Deutsche Trust Company Americas, USA	USD	-	-	-	560,632	78.50	44,009,757
FMO, Netherland	USD	8,000,000	78.70	629,617,600	12,000,000	78.50	942,003,600
HSBC, USA	USD	200	78.70	15,740	370,241	78.50	29,063,995
Habib American Bank, USA	USD	128,405	78.70	10,105,727	-	-	-
ICICI Bank Limited, UAE	USD	26,247,198	78.70	2,065,712,208	-	-	-
ICICI Bank Limited, Hong Kong	USD	6,000,000	78.70	472,213,200	17,886,596	78.50	1,404,103,182
JP Morgan Chase Bank, USA	USD	-	-	-	437,034	78.50	34,307,335
International Finance Corporation (IFC), USA	USD	40,000,000	78.70	3,148,088,000	30,000,000	78.50	2,355,009,000
Mashreq Bank, USA	USD	6,371,917	78.70	501,483,859	-	-	-
National Bank of Ras Al-Khaimah, KSA	USD	5,915,730	78.70	465,580,971	-	-	-
PROPARCO, France	USD	16,000,000	78.70	1,259,235,200	16,000,000	78.50	1,256,004,800
Standard Chartered Bank, Sri Lanka	USD	-	-	-	7,945	78.50	623,646
Standard Chartered Bank, Hong Kong	USD	3,923,949	78.70	308,823,399	-	-	-
Standard Chartered Bank, Singapore	USD	35,837,533	78.70	2,820,492,687	42,785,256	78.50	3,358,655,437
United Bank Limited, UAE	USD	16,548,177	78.70	1,302,377,953	2,173,699	78.50	170,636,051
Wells Fargo, USA	USD	5,279,683	78.70	415,522,646	422,722	78.50	33,183,788
Total				**16,232,548,390**			**14,180,358,799**

Annexure-C

Related party disclosures

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party informations are given below.

I) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
M. Ghaziul Haque	Chairman	Portlink Logistics Ltd.	Chairman	0.02%
		Andes Ltd.	Chairman	14.03%
		Anglo MGH Energy (BD) Ltd.	Chairman	5.00%
		MGH Global Airlines Ltd.(BD. Port management Ser. Ltd.)	Chairman	1.02%
		Galileo Bangladesh Ltd.	Chairman	20.00%
		MGH Logistics Pvt. Ltd.	Chairman	5.00%
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	20.00%
		Mir Holdings Ltd.	MD	50.00%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		Bangla Telecom Ltd.	MD	40.00%
		Coloasia Ltd.	MD	40.00%
		BTS Communications (BD) Ltd.	MD	40.00%
		MIR LPG Ltd.	MD	40.00%
		Mir Communications Ltd.	Chairman	40.00%
		Mir Energy Ltd.	Chairman	40.00%
		Global Fair Communications Ltd.	Chairman	40.00%
		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%
Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	Need Fashion Wear & Textile Ltd.	Chairman	35.00%
		Chittagong Oxygen (Pvt.) Ltd.	Chairman	20.00%
		Finlay (International) Ltd.	Chairman	81.00%
		KAPS Bangladesh Ltd.	Chairman	12.50%
		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%
		Namreen Enterprise 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.	Director	25.00%
		South Asia Securities Ltd.	Director	7.10%
		Peninsula Housing & Development Ltd	Director	36.00%
		Consolidated Tea & Plantation Ltd.	Director	6.25%
		Consolidated Tea & Lands Co. (BD) Ltd.	Director	6.25%
		Baraoora (Sylhet) Tea Co. (BD) Ltd.	Director	6.25%
		Eastern Industries Ltd.	Director	25.00%
		Bay Hill Hotel and Ressorts Ltd.	Director	40.00%
		M/S. Chittagong Properties	Managing Partner	50.00%
		S.N. Corporation	Partner	50.00%

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Ms. 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%
		Crescent Commercial Center Ltd.	MD	20.00%
Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	MGH Logistics Pvt. Ltd.	MD	90.00%
		MGH Holdings Ltd.	MD	98.00%
		MGH Global Airlines Ltd.(BD. Port management Ser. Ltd.)	MD	21.00%
		Peninsular Shipping Services Ltd.	MD	80.00%
		MGH Restaurants (Pvt.) Ltd.	MD	95.00%
		Aquamarine Distributions Ltd.	MD	99.00%
		Galileo Bangladesh Ltd.	MD	80.00%
		Renaissance Aviation Services Ltd.	MD	60.00%
		One World Aviation Ltd.	MD	67.00%
		RAS Holidays Ltd.	MD	95.00%
		ITSA-Total Logistics Ltd.	MD	97.00%
		Transmarine Logistics Ltd.	MD	75.00%
		Total Transportation Ltd.	MD	99.00%
		Tricon Global Logistics Ltd.	MD	80.00%
		Global Freight Ltd.	MD	98.00%
		International Brands Ltd.	MD	99.00%
		Integrated Transportation Services Ltd.	MD	99.00%
		Emirates Shipping Lines Bangladesh Ltd.	MD	78.00%
		Radio Foorti Ltd.	MD	95.00%
		Portlink Housing Ltd.	MD	50.00%
		Portlink Logistics Centre Ltd.	MD	50.00%
		Anglo MGH Energy (BD) Ltd.	MD	95.00%
		DC Bypass Ltd.	MD	90.00%
		Hytrans Bangladesh Ltd.	MD	90.00%
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%
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	0.000% (1share)

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Ali Reza Iftekhar	MD & CEO	EBL Investments Ltd.	Director	0.000033%
		EBL Securities Ltd.	Director	0.000111%
		EBL Finance (HK) Ltd.	Director	-

ii) **Significant contracts where the 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 Credit Policy of the Bank.

vi) **Business other than Banking business with any related concern of the Directors as per Section-18(2) of the Bank Company Act 1991:** Nil

vii) **Investments in the securities of directors and their related concern :** Nil.

Annexure-C1

Related Party Transactions

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS 24 'Related Party Disclosures'. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in BAS 24 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:**

1.a **Non-funded facilities:**

Figures in Taka

Name of the organisation	Representing Directors	Nature of Interest of the Directors with the borrowing firm / individual	Nature of Facilities	Sanctioned Amount	Outstanding as at 01-01-2016	Transactions		Outstanding as at 31-12-2016	Amount Overdue
						Debit	Credit		
Z. N. Enterprise Ltd. Customer ID-100397	Md. Showkat Ali Chowdhury Representing Director	MD	LG-Performance Bond-SME	193,100	192,900	-	-	192,900	-
Unique Enterprise Customer ID-100711	Mohd. Noor Ali Spouse of Director		LG-Performance Bond-SME	787,360	787,360	-	-	787,360	-

1.b **Credit card facilities:**

Figures in Taka

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 1 Jan 2016	Outstanding as at 31 Dec 2016
A.M. Shaukat Ali	Director	500,000	-	-
Mir Nasir Hossain	Representing Director	500,000	-	(121)
Md. Showkat Ali Chowdhury	Representing Director	250,000	-	-
Mohd. Noor Ali	Spouse of Director	500,000	279,479	22,717

2) **Transactions relating to procurement, service & rent:**

Figures in Taka

Name of the Company/ Person	Related Directors of EBL	Nature of transactions	Amount of transaction made in 2016	Outstanding as at 31 Dec 2016
Coloasia Limited	Mir Nasir Hossain	Monthly recurring charge for EBL Data Center at Jessore.	2,401,200	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Monthly internet connectivity bills.	4,742,485	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Licensing cost for customer relationship management solution (CRM Next).	11,538,517	-
Mir Ceramic Limited	Mir Nasir Hossain	Purchase of stair tiles for EBL Corporate Head Office at 100 Gulshan, Dhaka.	786,791	

Name of the Company/ Person	Related Directors of EBL	Nature of transactions	Amount of transaction made in 2016	Outstanding as at 31 Dec 2016
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.	240,000	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office at Dhanmondi, Dhaka.	-	180,000
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office at Dhanmondi, Dhaka.	2,640,000	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL New Market Branch, Chittagong.	-	2,494,800
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL New Market Branch, Chittagong.	4,573,800	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL Godown at New Market, Chittagong.	609,840	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL office premises at ZN Tower, Gulshan, Dhaka.	17,612,000	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance rent for EBL office premises at ZN Tower, Gulshan, Dhaka.	-	70,800,240

3 Inter-company balances between EBL and its subsidiaries: Figures in Taka

Name of Subsidiaries	Nature of Account	Balance as at 31 Dec 2016
EBL Securities Limited	In Special Notice Deposit (SND) Account	2,712,807
	Dividend receivable	90,000,000
EBL Investments Limited	In Current Deposit (CD) Account	345
	In Special Notice Deposit (SND) Account	14,991,664
	Dividend receivable	20,000,000
EBL Finance (HK) Limited	In Nostro Account	8,424,913
	Dividend receivable	30,917,927
	Short Term Finance	3,777,142,647
EBL Asset Management Limited	In Special Notice Deposit (SND) Account	52,911,590
	Receivable against expense	-

4 Compensation of key management personnel: Refer to note 35

a. Disclosure regarding outstanding REPO as on 31 December 2016 **Annexure-D**

Sl	Counterparty name	Agreement date	Reversal Date	Amount (1st Leg cash consideration)

There is no outstanding REPO as on 31 December 2016

Disclosure regarding outstanding Reverse REPO as on 31 December 2016

Sl	Counterparty name	Agreement date	Reversal Date	Amount (1st Leg cash consideration)

There is no outstanding Reverse REPO as on 31 December 2016

b. Disclosure regarding overall transaction of REPO and reverse REPO

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under REPO			
With Bangladesh Bank	-	-	-
With other banks & financial institutions	107,492,093	15,047,988,324	1,336,952,669
Securities purchased under Raeverse REPO			
With Bangladesh Bank	-	-	-
With other banks & financial institutions	103,065,332	1,732,841,152	18,592,025

Eastern Bank Limited and its subsidiaries

Annexure-E

Business Segment Profit and Loss Account

for the year ended 31 December 2016

Figures in million Taka

Particulars	Bank			Subsidiaries				Consolidated
	Main Operation	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
Interest income	12,443	1,333	13,546	145	27	119	1	13,663
Interest expense	7,294	953	8,016	139	-	75	-	8,055
Net Interest Income	**5,149**	**381**	**5,529**	**6**	**27**	**43**	**1**	**5,607**
Investment income	3,315	-	3,315	62	26	-		3,262
Fees, commission and brokerage	1,713	64	1,776	121	8	60		1,965
FX Income	671	2	673	-	-	-	-	673
Other operating income	154	11	165	3	-	14	-	182
Total operating income	**11,002**	**457**	**11,459**	**191**	**61**	**117**	**1**	**11,688**
Salary and allowances	2,801	-	2,801	47	11	25	-	2,883
Rent, taxes, insurance, utilities etc.	636	-	636	10	4	5	-	655
Legal expenses	110	-	110	1	-	-	-	111
Postage, stamp, telecommunication etc.	139	-	139	2	-	4	-	144
Stationery, printing, advertisement, etc.	299	-	299	2	-	1	-	302
Managing Director's salary and allowances	20	-	20	-	-	-	-	20
Directors' fees and expenses	4	-	4	-	-	-	-	4
Audit fees	1	-	1	-	-	1	-	2
Repairs, maintenance and depreciation	497	-	497	5	1	1	-	503
Other operating expenses	481	54	535	8	2	2	-	547
Total operating expense	**4,987**	**54**	**5,041**	**74**	**18**	**39**	**-**	**5,172**
Profit before provisions	**6,015**	**403**	**6,418**	**117**	**42**	**79**	**1**	**6,516**
Provisions:								
Provision for loans, advances & OBS exposures	2,247	40	2,288	4	-	-	-	2,292
Other provisions	(269)	-	(269)	(20)	(4)	-	-	(293)
Total provisions	**1,978**	**40**	**2,019**	**(16)**	**(4)**	**-**	**-**	**1,999**
Profit before tax	**4,037**	**363**	**4,400**	**132**	**46**	**79**	**1**	**4,517**
Tax provision	1,743	-	1,743	35	9	13	-	1,801
Profit after tax	**2,294**	**363**	**2,656**	**98**	**37**	**65**	**1**	**2,716**

Eastern Bank Limited and its subsidiaries

Annexure-E1

Business Segment Balance Sheet

as at 31 December 2016

Figures in million Taka

Particulars	Bank			Subsidiaries				Consolidated
	Main Operation	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
Assets								
Cash in hand (including balance with Bangladesh Bank and its agent bank)	12,199	-	12,199	-	-	-	-	12,199
Balances with other banks and financial institutions	13,759	7,855	13,572	781	15.0	30	53	10,626
Money at call and short notice	100	-	100	-	-	-	-	100
Investments	21,449	-	21,449	1,349	142.6	-	-	22,940
Loans and advances	129,520	22,564	152,084	1,295	182.9	3,865	-	156,371
Fixed assets including land, building, furniture and fixtures	5,940	-	5,940	12	1	1	-	5,954
Other assets	5,602	97	5,688	460	40.2	2	-	4,033
Non-banking assets	154	-	154	-	-	-	-	154
Total assets	**188,723**	**30,516**	**211,186**	**3,897**	**382**	**3,898**	**53**	**212,377**
Liabilities								
Borrowing from other banks, financial institutions and agents	17,685	29,418	39,061	1,364	-	3,746	-	39,370
Deposits and other accounts	139,964	320	140,284	-	-	-	-	140,205
Provisions and other liabilities	10,866	414	11,269	958	51	72	0.41	11,971
Total liabilities	**168,515**	**30,152**	**190,614**	**2,322**	**51**	**3,818**	**0**	**191,545**
Total shareholders' equity	20,208	364	20,572	1,575	331	80	52	20,832
Total liabilities & shareholders' equity	**188,723**	**30,516**	**211,186**	**3,897**	**382**	**3,898**	**53**	**212,377**

WWW.STOCK

Eastern Bank Limited

Annexure - F

Highlights on the Overall Activities /Performance

Sl No	Particulars		2016	2015
1	Paid up capital	Taka	7,028,567,520	6,111,797,850
2	Total capital (Tier-I & Tier-II)	Taka	22,472,074,264	20,463,336,507
3	Surplus/(shortage) capital	Taka	7,590,928,970	6,092,646,160
4	Total assets	Taka	211,185,458,156	189,563,399,618
5	Total deposits	Taka	140,284,158,650	127,990,033,575
6	Total loans and advances	Taka	152,083,687,536	130,226,324,465
7	Total contingent liabilities	Taka	75,576,306,844	65,472,047,222
8	Loans to deposits ratio (total loans/total deposits)	%	108.41	101.75
9	% of classified loans against total loans and advances	%	2.69	3.27
10	Profit after tax and provisions	Taka	2,656,486,826	2,220,916,202
11	Loans classified during the year (gross)	Taka	3,022,330,872	2,380,275,747
12	Provision held against classified loans	Taka	3,474,760,744	2,820,642,668
13	Surplus of provision	Taka	-	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	4.75	6.50
15	Interest bearing assets	Taka	183,760,577,206	163,992,828,815
16	Non-interest bearing assets	Taka	27,424,880,946	25,570,570,806
17	Return on assets (ROA) (PAT/average assets)	%	1.33	1.23
18	Income from investments	Taka	3,315,432,277	3,576,370,328
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	2.26	2.25
20	Earnings per share (PAT/weighted average number of shares) (restated)	Taka	3.78	3.16
21	Operating profit per share (Net operating profit/ weighted average number of shares) (restated)	Taka	9.13	7.40
22	Price earning ratio	Times	7.67	9.05

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Balance Sheet

as at 31 December 2016

Annexure - G

	Note	2016		2015	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)		-	-	-	-
With Bangladesh Bank (including foreign currencies)		-	-	-	-
		-	-	-	-
Balance with other banks and FIs	3				
In Bangladesh		52,046,711	4,096,190,636	55,515,732	4,358,001,617
Outside Bangladesh		47,758,989	3,758,737,512	32,404,989	2,543,801,391
		99,805,700	7,854,928,148	**87,920,721**	**6,901,803,008**
Money at call and short notice		-	-	-	-
Investment		-	-	-	-
Loans and Advances:	**4**				
Loans, cash credits, overdrafts etc.	4.1	120,261,482	9,464,843,231	97,333,759	7,640,729,269
Bills purchased and discounted	4.2	166,434,572	13,098,766,954	128,848,787	10,114,668,455
		286,696,054	22,563,610,185	**226,182,546**	**17,755,397,724**
Fixed assets including land, building, furniture and fixtures		-	-	-	-
Other assets	**5**	**1,235,883**	**97,266,696**	**1,275,887**	**100,157,513**
Non banking assets		-	-	-	-
Total assets		**387,737,637**	**30,515,805,029**	**315,379,155**	**24,757,358,245**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowing from other banks, financial institutions and agents	6				
Demand borrowing	6.1	84,568,473	6,655,724,888	71,300,526	5,597,120,183
Term borrowing	6.2	289,221,676	22,762,382,199	235,082,295	18,454,030,682
		373,790,149	**29,418,107,087**	**306,382,821**	**24,051,150,865**
		373,790,149	**29,418,107,087**	**306,382,821**	**24,051,150,865**
Deposits and other accounts	**7**				
Current accounts and other accounts	7.1	4,064,677	319,899,058	2,074,160	162,822,173
Term deposits	7.2	-	-	-	-
		4,064,677	319,899,058	2,074,160	162,822,173
Other liabilities	8	5,260,311	413,997,658	3,802,097	298,465,743
Total liabilities		**383,115,138**	**30,152,003,803**	**312,259,077**	**24,512,438,780**
Capital/shareholders' equity					
Paid-up capital		-	-	-	-
Foreign currency translation difference	**9**	-	1,125,580	-	1,720,332
Surplus in profit and loss account	**16**	4,622,498	362,675,646	3,120,078	243,199,133
Total shareholders' equity		**4,622,498**	**363,801,225**	**3,120,078**	**244,919,465**
Total liabilities and shareholders' equity		**387,737,637**	**30,515,805,029**	**315,379,155**	**24,757,358,245**
OFF-BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements		9,000,567	708,346,418	9,013,009	707,523,886
Letter of guarantees		-	-	509,500	39,995,903
Bills for collection		8,501,676	669,083,629	12,170,147	955,360,176
Irrevocable letters of credit		3,876,761	305,101,883	8,602,199	675,275,193
Other commitments		-	-	-	-
Total off-balance sheet items including contingent liabilities		**21,379,005**	**1,682,531,930**	**30,294,854**	**2,378,155,158**

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Profit and Loss Account

for the year ended 31 December 2016

Annexure - G1

	Note	2016		2015	
		USD	Taka	USD	Taka
Interest income	10	16,995,408	1,333,437,611	12,986,913	1,012,284,413
Interest paid on deposits and borrowings	11	(12,143,652)	(952,775,126)	(8,730,251)	(680,492,517)
Net interest income		**4,851,756**	**380,662,485**	**4,256,662**	**331,791,896**
Commission, exchange and brokerage	12	832,757	65,337,000	325,825	25,396,949
Other operating Income	13	138,266	10,848,595	103,502	8,067,588
		971,023	**76,185,595**	**429,327**	**33,464,536**
Total operating income		**5,822,779**	**456,848,080**	**4,685,989**	**365,256,433**
Operating expenses	14	684,304	53,689,583	595,021	46,379,778
Profit before provision		**5,138,475**	**403,158,497**	**4,090,969**	**318,876,655**
Less: Provision for unclassified loans and advances (including provision for off balance sheet items)	15	515,977	40,482,852	970,893	75,677,718
Total profit before income tax		**4,622,498**	**362,675,645**	**3,120,076**	**243,198,937**
Less: Provision for income tax		-	-	-	-
Net profit/(loss) after tax		**4,622,498**	**362,675,645**	**3,120,076**	**243,198,937**
Balance of profit brought forward from previous year		-	-	-	-
Surplus in profit and loss account carried forward	16	**4,622,498**	**362,675,645**	**3,120,076**	**243,198,937**

Eastern Bank Limited

Annexure - G2

Offshore Banking Unit, Bangladesh
Cash Flows Statement
for the year ended 31 December 2016

		Note	2016		2015	
			USD	Taka	USD	Taka
A)	**Cash flows from operating activities**					
	Interest received		16,235,600	1,273,104,785	11,892,979	925,886,688
	Interest paid		(11,208,626)	(878,940,670)	(8,092,595)	(630,116,611)
	Commission, exchange and brokerage	17	832,757	65,337,000	325,825	25,396,949
	Received from other operating activities	18	138,266	10,848,169	103,502	8,067,588
	Paid for operating expenses	19	(684,304)	(53,689,583)	(595,021)	(46,379,778)
	Operating profit before changes in operating assets and liabilities		**5,313,693**	**416,659,701**	**3,634,690**	**282,854,836**
	(Increase)/decrease in operating assets:					
	Loan and advances to customers		(59,649,376)	(4,739,790,651)	(77,271,929)	(6,146,778,226)
	Other assets		(64,319)	(5,198,167)	(991,700)	(78,005,288)
	Increase/(decrease) in operating liabilities:			-		-
	Foreign currency translation difference		-	-	-	-
	Deposits from banks		-	-	-	-
	Customers' deposits and other accounts		1,055,492	83,242,430	485,280	38,298,991
	Other liabilities		942,238	75,049,491	655,296	53,177,302
			(57,715,965)	**(4,586,696,897)**	**(77,123,053)**	**(6,133,307,221)**
	Net cash flows from operating activities		**(52,402,273)**	**(4,170,037,196)**	**(73,488,363)**	**(5,850,452,385)**
B)	**Cash flows from investing activities**		-	-	-	-
C)	**Cash flows from financing activities**					
	Borrowing from other banks, financial institutions and agents		67,407,330	5,366,956,220	139,917,487	11,075,278,085
	Net profit transferred to main operations	16	(3,120,078)	(243,199,132)	(3,149,655)	(244,451,024)
	Net cash from financing activities		**64,287,252**	**5,123,757,088**	**136,767,833**	**10,830,827,061**
D)	**Net (decrease)/increase in cash (A+B+C)**		**11,884,979**	**953,719,892**	**63,279,469**	**4,980,374,676**
E)	Effects of exchange rate changes on cash and cash equivalents		-	(594,752)	-	657,626
F)	**Opening cash and cash equivalents**		**87,920,721**	**6,901,803,008**	**24,641,251**	**1,920,770,706**
G)	**Closing cash and cash equivalent (D+E+F)**		**99,805,700**	**7,854,928,148**	**87,920,721**	**6,901,803,008**
	Closing cash and cash equivalents					
	Cash in hand (including foreign currencies)		-	-	-	-
	Balances with Bangladesh Bank and its agent banks		-	-	-	-
	Balances with other banks and financial institutions (Annexure A)		99,805,700	7,854,928,148	87,920,721	6,901,803,008
	Money at call and short notice		-	-	-	-
	Prize bonds		-	-	-	-
			99,805,700	**7,854,928,148**	**87,920,721**	**6,901,803,008**

Eastern Bank Limited
Offshore Banking Unit
Notes to the Financial Statements
as at and for the year ended 31 December 2016

1 Nature of business

Offshore banking Unit ("the Unit") is a separate business unit of Eastern Bank Limited ("the Bank"), governed under the rules and guidelines of Bangladesh Bank (BB). The Bank obtained the Offshore Banking Unit (OBU) permission vide letter no. BRPD(p)744/(89)/2004-303 dated 25 January 2004. The Bank commenced the operation of its Offshore Banking Unit (OBU) from 19 May 2004 and its office is located at 10, Dilkusha C/A (2nd floor) Dhaka-1000.

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 & C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of BIDA / Bangladesh Bank. Besides, this unit provides bill discounting / financing facilities accepted by Authorized Dealer (AD) in Bangladesh against usance L/Cs in accordance with BB guidelines.

2 Basis of preparation and significant accounting policies

Basis of preparation

2.1 Statement of compliance

The financial statements of the Unit as at and for the year ended 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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 OBU except otherwise instructed by Bangladesh Bank as prime regulator.

2.2 Loans and advances

a) These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.

b) Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 19 dated 27 December 2012 and BRPD Circular no. 16 dated 18 November 2014.

2.3 General

Allocation of common expenses

Operaing 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 calender year from 1 January 2016 to 31 December 2016.

	Note	2016		2015	
		USD	BDT	USD	BDT
3 Balance with other Banks and Financial Institutions					
Inside Bangladesh					
In interest bearing account					
Eastern Bank Limited		17,614,711	1,386,316,485	15,515,732	1,217,989,617
Islami Bank Bangladesh Limited		10,000,000	787,022,000	40,000,000	3,140,012,000
Modhumoti Bank Limited		2,432,000	191,403,750	-	-
Commercial Bank of Ceylon plc		17,000,000	1,337,937,400	-	-
Premier Bank Limited		5,000,000	393,511,000	-	-
		52,046,711	**4,096,190,636**	**55,515,732**	**4,358,001,617**
Outside Bangladesh					
In interest bearing account					
EBL Finance (HK) Limited		47,600,000	3,746,224,720	32,050,000	2,515,934,615
		47,600,000	**3,746,224,720**	**32,050,000**	**2,515,934,615**

		Note	2016		2015	
			USD	BDT	USD	BDT
	In-non interest bearing account					
	Standard Chartered Bank, Newyork		31,328	2,465,583	315,631	24,777,160
	Deutsche Bank AG, Frankfurt, Germany		-	-	39,358	3,089,616
	Standard Chartered Bank, Germany		127,661	10,047,209	-	-
			158,989	12,512,792	354,989	27,866,776
			47,758,989	3,758,737,512	32,404,989	2,543,801,391
	Total		**99,805,700**	**7,854,928,148**	**87,920,721**	**6,901,803,008**
4	**Loans and advances**					
	i) Loans, cash credits, overdrafts, etc.	4.1	120,261,482	9,464,843,231	97,333,759	7,640,729,269
	ii) Bills discounted and purchased	4.2	166,434,572	13,098,766,954	128,848,787	10,114,668,455
			286,696,054	**22,563,610,186**	**226,182,546**	**17,755,397,724**
4.1	**Loans, Cash Credit, Overdraft etc.**					
	Inside Bangladesh :					
	Loans		115,518,908	9,091,592,205	91,202,699	7,159,439,243
	Cash Credit		-	-	-	-
	Overdraft		4,742,574	373,251,026	6,131,060	481,290,027
			120,261,482	**9,464,843,231**	**97,333,759**	**7,640,729,269**
4.2	**Bills Purchased and Discounted**					
	Inside Bangladesh :					
	Bills discounted/financed		4,356,691	342,881,173	128,848,787	10,114,668,455
	LDBP/FDBP		162,077,881	12,755,885,782	-	-
			166,434,572	**13,098,766,954**	**128,848,787**	**10,114,668,455**
5	**Other Assets**					
	Prepayments		738,408	58,114,344	674,089	52,916,177
	Interest receivable on term placement		497,475	39,152,353	601,798	47,241,336
			1,235,883	**97,266,696**	**1,275,887**	**100,157,513**
6	**Borrowings from other banks, financial institutions and agents**					
	Demand borrowings	6.1	84,568,473	6,655,724,888	71,300,526	5,597,120,183
	Term borrowings	6.2	289,221,676	22,762,382,199	235,082,295	18,454,030,682
			373,790,149	**29,418,107,087**	**306,382,821**	**24,051,150,866**
6.1	**Demand Borrowings**					
	In interest bearing account with					
	Eastern Bank Limited (DBU)		84,568,473	6,655,724,888	71,300,526	5,597,120,183
			84,568,473	**6,655,724,888**	**71,300,526**	**5,597,120,183**
6.2	**Term Borrowings**					
	Inside Bangladesh					
	AB Bank Limited		3,000,000	236,106,600	5,000,000	392,501,500
	Bank Asia Limited		14,000,000	1,101,830,800	10,000,000	785,003,000
	Commercial Bank of Ceylon plc		5,000,000	393,511,000	5,000,000	392,501,500
	Dhaka Bank Limited		26,000,000	2,046,257,200	20,000,000	1,570,006,000
	Dutch Bangla Bank Limited		10,000,000	787,022,000	-	-
	Jamuna Bank Limited		3,000,000	236,106,600	-	-
	National Bank Limited		3,000,000	236,106,600	-	-
	Prime Bank Limited		-	-	10,000,000	785,003,000
	Southeast Bank Limited		5,000,000	393,511,000	-	-
	United Commercial Bank Limited		5,000,000	393,511,000	-	-
	Uttara Bank Limited		4,000,000	314,808,800	-	-
	Habib Bank Limited		-	-	800,000	62,800,240
	Investment Promotion & Financing Facility (IPFF), Bangladesh Bank		5,097,490	401,183,677	5,440,045	427,045,165
			83,097,490	**6,539,955,277**	**56,240,045**	**4,414,860,405**

		Note	2016		2015	
			USD	BDT	USD	BDT
	Outside Bangladesh					
	Asian Development Bank Phillippines		-	-	4,996,698	392,242,308
	Banca Ubae Spa, Spain		-	-	5,000,000	392,501,500
	Deutsche Investitions-Und Entwicklungsgesellschaft Mbh (DEG)		36,000,000	2,833,279,200	48,000,000	3,768,014,400
	FMO, Netherland		8,000,000	629,617,600	12,000,000	942,003,600
	ICICI Bank, Dubai		26,247,198	2,065,712,208	17,886,596	1,404,103,182
	ICICI Bank, Hong Kong		6,000,000	472,213,200	-	-
	International Finance Corporation (IFC), USA		40,000,000	3,148,088,000	30,000,000	2,355,009,000
	Mashreq Bank, NY, USA		6,371,917	501,483,859	-	-
	National Bank of Ras Al-Khaimah, KSA		5,915,730	465,580,971	-	-
	PROPARCO, France		16,000,000	1,259,235,200	16,000,000	1,256,004,800
	Standard Chartered Bank, Hong Kong		3,923,949	308,823,399	-	-
	Standard Chartered Bank, Singapore		35,837,533	2,820,492,687	42,785,256	3,358,655,437
	United Bank Limited, New York		-	-	2,173,699	170,636,051
	United Bank Limited, Dubai		16,548,177	1,302,377,953	-	-
	Wells Fargo, USA		5,279,683	415,522,646	-	-
			206,124,186	**16,222,426,922**	**178,842,250**	**14,039,170,278**
	Total		**289,221,676**	**22,762,382,199**	**235,082,295**	**18,454,030,682**
6.1.a	**Classification based on type of security**					
	Secured		-	-	-	-
	Unsecured		373,790,149	29,418,107,087	306,382,821	24,051,150,866
			373,790,149	**29,418,107,087**	**306,382,821**	**24,051,150,866**
7	**Deposits and other accounts**					
	Current deposits and other accounts	7.1	4,064,677	319,899,058	2,074,160	162,822,173
			4,064,677	**319,899,058**	**2,074,160**	**162,822,173**
7.1	**Current deposits and other accounts:**					
	Current account		2,856,628	224,822,918	1,075,945	84,461,998
	Other Accounts	7.1.a	1,208,049	95,076,139	998,215	78,360,175
			4,064,677	**319,899,058**	**2,074,160**	**162,822,173**
7.1.a	**Other Accounts:**					
	Margin on Facility		1,208,049	95,076,139	998,215	78,360,175
			1,208,049	**95,076,139**	**998,215**	**78,360,175**
8	**Other liabilities**					
	Provision for taxation	8.1	-	-	-	-
	Provision for unclassified loans and advances (including provision for off balance sheet items)		3,080,751	242,461,421	2,564,774	201,335,529
	Interest payable on borrowing		2,152,959	169,442,611	1,217,934	95,608,156
	Privileged creditors		24,132	1,899,231	19,244	1,510,675
	Sundry creditors		2,470	194,394	145	11,383
			5,260,311	**413,997,658**	**3,802,097**	**298,465,743**

8.1 Provision for tax of the unit is accounted for in the books of Eastern Bank Limited.

9 Foreign currency translation difference

The foreign currency translation difference is a net result of exchange difference of year end standard mid rate and monthly average of standard mid rate arising from translation of functional currency to presentation currency. Assets and liabilities of OBU have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank i.e. USD 1 = Tk. 78.7022 (2015: Tk. 78.5003) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= Tk. 78.4587).

10 Interest income

Interest on advances	14,564,842	1,142,738,563	10,882,205	848,229,789
Interest on placement with other banks	2,430,566	190,699,049	2,104,708	164,054,624
	16,995,408	**1,333,437,611**	**12,986,913**	**1,012,284,413**

	Note	2016		2015	
		USD	BDT	USD	BDT
11 Interest paid on deposits and borrowings					
Interest on borrowings		12,143,652	952,775,126	8,730,251	680,492,517
		12,143,652	**952,775,126**	**8,730,251**	**680,492,517**
12 Commission, exchange and brokerage					
Fees & commission		813,184	63,801,361	327,635	25,538,027
Exchange gain/(loss) net off exchange gains*		19,573	1,535,639	(1,810)	(141,078)
		832,757	**65,337,000**	**325,825**	**25,396,949**

*The net result of exchange differences arising from day to day transactions & revaluation of monetary items are recognised in profit and loss account as per BAS 21 'The effect of changes in foreign exchange rates'.

13 Other Operating Income					
Swift charges recovered		46,225	3,626,753	43,477	3,388,880
Postage charges recovered		17,924	1,406,294	8,118	632,769
Service charges (others)		74,117	5,815,122	51,907	4,045,970
		138,266	**10,848,169**	**103,502**	**8,067,619**
14 Operating Expenses					
Account maintenance & processing fees		682,842	53,574,858	594,084	46,306,752
Other charges		1,462	114,725	937	73,026
		684,304	**53,689,583**	**595,021**	**46,379,778**
15 Provision for loans and advances					
General provision		515,977	40,482,852	970,893	75,677,718
		515,977	**40,482,852**	**970,893**	**75,677,718**
16 Surplus in profit and loss account					
Opening balance		3,120,078	243,199,132	3,149,657	244,451,219
Add: Profit during the year		4,622,498	362,675,220	3,120,076	243,198,967
		7,742,576	605,874,352	6,269,733	487,650,186
Less: Transferred to main operation during the year		(3,120,078)	(243,199,132)	(3,149,655)	(244,451,024)
Closing balance		**4,622,498**	**362,675,220**	**3,120,078**	**243,199,163**
17 Cash received from commission, exchange and brokerage					
Commission, exchange and brokerage		832,757	65,337,000	325,825	25,396,949
		832,757	**65,337,000**	**325,825**	**25,396,949**
18 Cash received from other operating activities					
Service charges, SWIFT charges etc.		138,266	10,848,169	103,502	8,067,588
		138,266	**10,848,169**	**103,502**	**8,067,588**
19 Paid for operating expenses					
Operating expenses		(684,304)	(53,689,583)	(595,021)	(46,379,778)
		(684,304)	**(53,689,583)**	**(595,021)**	**(46,379,778)**
20 Cash and cash equivalent					
Balance with other banks & FIs		99,805,700	7,854,928,148	87,920,721	6,901,803,008
Money at call and short notice		**99,805,700**	**7,854,928,148**	**87,920,721**	**6,901,803,008**

FINANCIAL REPORTS OF THE SUBSIDIARIES

EBL Securities Limited

Auditor's Report

to the shareholders of EBL Securities Limited

We have audited the accompanying Financial Statements of **EBL Securities Ltd.** which comprise the Statement of Financial Position as at 31st December, 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company 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.

Auditor's Responsibility:

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements present fairly in all material respect, the financial position of **EBL Securities Ltd.** as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Company Act , 1994 and other applicable rules and regulations.

We also report that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

iii. the statement of financial position and statement of comprehensive income dealt with the report are in agreement with the books of account and returns.

Dhaka, 25 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Securities Limited

Statement of Financial Position

as at 31 December 2016

	Particulars	Note	2016 Taka	2015 Taka
	ASSETS			
A.	**Non-Current Assets:**			
	Property, Plant & Equipment	4	12,307,328	8,413,553
	TREC of DSE & CSE at Cost	5	201,506,000	201,506,000
			213,813,328	**209,919,553**
B.	**Current Assets:**			
	Advances, Deposits & Prepayments	6	8,658,754	11,045,387
	Advance Income Tax	7	31,424,954	26,421,111
	Accounts Receivable	8	250,066,125	11,978,434
	Loan to Customer	9	1,294,701,118	1,614,062,338
	Investments in securities	10	1,348,604,849	413,534,278
	Cash & Bank Balance	11	781,028,153	272,875,386
			3,714,483,953	**2,349,916,934**
	Total Assets (A+B)		**3,928,297,281**	**2,559,836,487**
	EQUITY & LIABILITIES			
C.	**Share Holders Equity:**			
	Share Capital	12	900,000,000	900,000,000
	Share Money Deposit	12.1	600,000,000	-
	Retained Earnings	13	75,335,929	67,705,260
			1,575,335,929	**967,705,260**
D.	**Non-Current Liabilities**		-	-
E.	**Current Liabilities:**			
	Accounts Payable	14	636,156,532	183,880,073
	Borrowings from Bank & others	15	1,363,788,202	1,173,860,176
	Liabilities for Expenses	16	12,864,800	15,934,003
	Other Liabilities	17	305,432,704	169,562,351
	Provision for Tax	18	34,719,114	48,894,623
			2,352,961,352	**1,592,131,227**
	Total Equity & Liabilities (C+D+E)		**3,928,297,281**	**2,559,836,487**
	Net Asset Value Per Share		**1,750.37**	**1,075.23**

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

Dhaka, 25 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

AMARSTOCK

EBL Securities Limited

Statement of Comprehensive Income

for the year ended 31 December 2016

	Particulars	Note	2016 Taka	2015 Taka
A.	**Revenue:**			
	Brokerage Commission	**19**	137,604,289	102,397,110
	Less: Direct Expenses		(17,030,063)	(15,757,100)
	Net Brokerage Commission		**120,574,226**	**86,640,010**
	Investment Income	**20**	61,735,313	44,568,132
	Interest Income	**21**	144,757,587	241,281,491
	Less: Interest Expense		(138,950,420)	(164,987,802)
	Net Interest Income		**5,807,167**	**76,293,689**
	Other Operating Income	**22**	2,826,330	2,760,457
	Total Income		**190,943,036**	**210,262,288**
B.	**Expenses:**			
	Office & Administrative Expenses	**23**	72,277,884	56,051,022
	Bank Charge and Other Expenses	**24**	1,928,963	1,876,329
	Total Expense		**74,206,847**	**57,927,351**
C.	**Operating Profit (A-B)**		**116,736,189**	**152,334,936**
	Provision for loss on margin loan		4,201,011	-
	Provision (released)/made on revaluation of quoted securities	**25**	(19,881,549)	10,417,408
	Profit/Loss Before Tax		**132,416,727**	**141,917,528**
	Income Tax Expenses	**26**	34,786,058	49,196,544
	Net Profit After Tax		**97,630,669**	**92,720,984**
	Earnings Per Share (EPS)	**27**	**108.48**	**103.02**

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, 25 January 2017

EBL Securities Limited

Changes in Shareholders Equity

for the year ended 31 December 2016

Figures in taka

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total
Balance as on 01 January 2016	900,000,000	-	67,705,260	967,705,260
Add: Net Profit for the year	-	-	97,630,669	97,630,669
Interim Dividend	-	-	(90,000,000)	(90,000,000)
Share Money Deposit	-	600,000,000	-	600,000,000
Balance as on 31 December 2016	**900,000,000**	**600,000,000**	**75,335,930**	**1,575,335,929**

for the year ended 31 December 2015

Figures in taka

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total
Balance as on 01 January 2015	400,000,000	-	29,984,277	429,984,277
Add: Net Profit for the year	-	-	92,720,984	92,720,984
Interim Dividend	-	-	(55,000,000)	(55,000,000)
Add: Additional Capital raised during the year	500,000,000	-	-	500,000,000
Balance as on 31 December 2015	**900,000,000**	-	**67,705,260**	**967,705,260**

Managing Director **Director** **Chairman**

EBL Securities Limited

Statement of Cash Flows

for the year ended 31 December 2016

		2016 Taka	2015 Taka
	Cash Flows from Operating Activities:		
	Net Profit/(Loss) during the year	97,630,669	92,720,984
	Depreciation	2,582,570	2,852,311
	Amortization	310,796	310,796
	Gain on sales of assets	-	(785,902)
	Net Profit/(Loss) after Depreciation	**100,524,035**	**95,098,189**
	Changes in Working Capital:		
	Advances, Deposits & Pre-payments	2,386,633	(9,411,305)
	Advance Income Tax	(5,003,843)	1,894,491
	Receivable	(238,087,691)	25,684,161
	Investment in Securities	(935,070,571)	(218,883,004)
	Loan to Customer	319,361,220	(248,659,954)
	Payable	452,276,459	(8,829,780)
	Bank Overdraft	189,928,026	(256,721,937)
	Liabilities for Expenses	(3,069,203)	4,581,239
	Other Liabilities	135,870,352	64,008,982
	Interim Dividend	(90,000,000)	(55,000,000)
	Provision for Tax	(14,175,509)	18,951,524
		(185,584,127)	(682,385,583)
A.	**Net Cash provided from/ (used in) Operating Activities:**	**(85,060,092)**	**(587,287,393)**
	Cash Flows from Investing Activities:		
	Sale/Disposal of assets	-	951,000
	Fixed Assets Purchased	(6,787,141)	(4,314,757)
B.	**Net Cash provided from/ (used in) Investing Activities**	**(6,787,141)**	**(3,363,757)**
	Cash Flows from Financing Activities:		
	Share Money Deposit	600,000,000	-
	Paid-up Capital	-	500,000,000
C.	**Net Cash provided from/ (used in) Financing Activities**	**600,000,000**	**500,000,000**
	Net increase/(decrease) in Cash during the Year (A+B+C)	**508,152,767**	**(90,651,150)**
	Add: Opening Cash & Bank Balance	272,875,386	363,526,535
	Closing Cash & Bank Balance	**781,028,152**	**272,875,386**
	Net Operating Cash Per Share	**(94.51)**	**(652.54)**

Managing Director **Director** **Chairman**

AMARSTOCK

EBL Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2016

1 Reporting Entity:

1.1 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. It was incorporated as Private Limited Company and as on 10 May 2015 it has been converted into a Public Limited Company.

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

1.2 Nature of business activities:

The principal activities of the company during the year were to buy, sell, deal and invest in shares, stocks, debentures and other securities, to become TREC holder of stock exchange in Bangladesh and/ or elsewhere and undertake all the functions of a Stock Exchange TREC holder.

2 Basis of Preparation:

2.1 Statement of compliance:

The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the listing Rules of Dhaka Stock Exchange, Guidelines from Bangladesh Bank, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

2.2 Regulatory compliances:

EBL Securities Ltd. also registered with the Bangladesh Securities and Exchange Commission (BSEC) to act as Stock Dealer for carrying its own investment in the capital market. It also extends margin loan to its clients against their margin for investment in the listed securities. The required margin level is monitored daily and pursuant to establish guidelines, customers are required to deposit additional margin to reduce the position, where necessary.

EBL Securities Ltd. encompasses a wide range of services having registered with the Securities and Exchange Commission to act as "custody participant" of Central Depository of Bangladesh Limited (CDBL).

2.3 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Use of estimates and assumptions:

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the flowing situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

2.5 Consistency:

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, EBL Securities applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and retrospectively in accordance with the requirement of BAS 8. We however, have applied the same accounting principles in 2016 as was for in financial statements for 2015.

3 Significant Accounting Policies:

The accounting polices set out below have been applied consistently to all periods presented in these financial statements:

3.1 Property, Plant & Equipment and depreciation:

These are measured at cost less accumulated deprecation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and 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 following rates on straight-line basis in accordance with BAS 16 over the periods appropriate to the estimated useful lives of the different types of assets:

Category of assets	Rate of depreciation
Furniture & Fixture	15%
Television & Multimedia	20%
Computer & Accessories	20%
Generator	15%
Office Equipment	15%
Office Decoration	15%
Vehicles	15%

3.2 Intangible assets and amortization:

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with BAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognized as incurred.

3.3 Impairment:

Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective once that it is impaired. A financial asset is considered to be impaired if objective once indicates that one or more have occurred indicating a negative effect on the estimated future cash flows from the asset. However, no such condition that might be suggestive of a heightened risk of impairments of assets existed at the reporting date.

Non financial assets:

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.4 Cash and Bank Balance:

Considering the provisions of BAS-1 and BAS-7, cash in hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined by adjusting profit for the period under indirect method as per BAS-7 "Cash Flow Statement".

3.5 Receivable:

Trade receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. No such receivables are accounted for if the loans are classified as bad and loss. Receivables include the amount receivable from both DSE and CSE against daily transaction settlement and dividend income from investments etc.

3.6 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.

3.7 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.

3.8 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 has been converted to Public Limited Company and the related changes in the Memorandum & Articles of Association was duly certified by Registrar of Joint Stock Companies (RJSC) on 01 July 2015.

3.9 Share Money Deposit:

EBL Securities Ltd. decided to increase its paid up capital from 90.00 crore to 150.00 crore as per decision of company's 92nd Board Meeting held on 04 August 2016.

The shareholder of EBLSL i.e. Eastern Bank Ltd. deposited BDT 60.00 crore through pay order on #1586434 dated 10 October 2016 as share money deposit. Letter of allotment will be issued after completion of necessary formalities with RJSC and BSEC.

3.10 Paid up Capital:

Shareholder position of EBL Securities Limited as on 31 December 2016 is as follows:

Name of member Shareholders	No of Shares
Eastern Bank Limited (8,99,994 ordinary shares of Tk. 1000 each)	8,99,994
Other Shareholders (6 ordinary shares of Tk. 1000 each)	6
Total	**9,00,000**

3.11 Payables:

Trade and other payables are stated at their nominal values.

3.12 Due from/to related party:

Due from/to related party is stated at their nominal values.

3.13 Accrued expenses and other liabilities:

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal values.

3.14 Provisions:

Provision is recognized in the statement of financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

3.15 Revenue recognition:

Revenue, which comprises of brokerage commission, service charges and capital gain, is recognized in accordance with Bangladesh Accounting Standard (BAS) 18: Revenue Recognition.

3.16 Income from margin loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective customers. Income is recognized on quarterly rest.

3.17 Dividend income:

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

3.18 Gain/loss on sale of securities:

Capital gain/loss on disposal of securities listed in the stock exchange is recorded on realized basis i.e. only when securities are sold in the market.

3.19 Suspense interest account:

Suspense interest account is created against interest income from negative equity customers. Since the negative equity customers are temporarily unable to repay their debt, interest income accrued from those negative equity clients during the year 2016 have been transferred into the suspense interest account.

3.20 Income tax expenses:

Income tax expenses comprise current and deferred tax but no deferred tax has been calculated. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.21 Events after the Reporting Period:

There are no such events after the reporting period existed at the end of the reporting period.

3.22 Currency:

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

3.23 General:

Previous year's figures have been re-arranged/re-classified, where considered necessary to conform to current year's presentation.

EBL Investments Limited

Auditor's Report

to the shareholders of EBL Investments Limited

We have audited the accompanying Financial Statements of **EBL Investments Ltd.** which comprise the Statement of Financial Position as at 31st December, 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company 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.

Auditor's Responsibility:

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements present fairly in all material respect, the financial position of **EBL Investments Ltd.** as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Company Act 1994 and other applicable rules and regulations.

We also report that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

iii. the statement of financial position and statement of comprehensive income dealt with the report are in agreement with the books of account and returns.

Khan Wahab Shafique Rahman & Co.

Dhaka, 25 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Investments Limited

Statement of Financial Position

as at 31 December 2016

	Particulars	Note	2016 Taka	2015 Taka
A.	**ASSETS**			
	Non-Current Assets:			
	Tangible Assets:			
	Property, Plant & Equipment	4	444,672	450,780
	Intangible Assets			
	Software	5	609,096	578,375
			1,053,768	**1,029,155**
B.	**Current Assets:**			
	Cash & Bank balance	6	15,064,923	18,329,607
	Advances, Deposit & Prepayments	7	120,205,573	182,700,000
	Margin Loan	8	62,873,663	41,778,101
	Accounts Receivable	9	10,007,483	5,946,556
	Investments	10	172,590,508	90,891,594
			380,742,150	**339,645,858**
	TOTAL ASSETS (A+B)		**381,795,918**	**340,675,014**
	EQUITY & LIABILITIES			
C.	**Share Holders Equity:**			
	Paid up capital	11	300,000,000	300,000,000
	Retained earnings	12	30,964,178	13,880,203
	Total Shareholders' Equity		**330,964,178**	**313,880,203**
D.	**Current Liabilities**			
	Trade Payable	13	13,856,155	4,419,364
	Current tax liability/(assets)	14	3,557,759	1,966,002
	Provision for Diminution in value of Investments	15	11,651,804	15,784,591
	Other Liabilities	16	21,766,023	4,624,856
			50,831,740	**26,794,812**
	Total Liabilities (C+D)		**381,795,918**	**340,675,014**

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.

Dhaka, 25 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

AMAR STOCK

EBL Investments Limited

Statement of Comprehensive Income

for the year ended 31 December 2016

	Particulars	Note	2016 Taka	2015 Taka
A.	**Operating Income**			
	Fees & Commission	17	7,738,069	5,676,611
	Income from Investment	18	25,634,398	14,055,413
	Interest Income	19	27,390,495	33,264,795
	Total operating income		**60,762,962**	**52,996,818**
B.	**Operating Expense**			
	Administrative Expenses	20	18,414,580	16,327,296
	Financial Expenses	21	50,289	189,082
	Total operating expense		**18,464,869**	**16,516,378**
C.	**Operating Profit before Provision(A-B)**		**42,298,093**	**36,480,441**
	Provision (Released)/charged for diminution in value of investments	22	(4,132,787)	7,659,133
	Profit before Provision for tax		**46,430,880**	**28,821,308**
	Current tax expenses	23	9,346,904	10,217,623
	Net profit after tax		**37,083,976**	**18,603,685**
	Earning per share	24	**12.36**	**6.20**

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.

Dhaka, 25 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Statement of Changes in Equity

for the year ended 31 December 2016

Figures in Taka

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on 01 January 2016	300,000,000	13,880,202	313,880,202
Add: Net Surplus/ (Deficit) for the year	-	37,083,976	37,083,976
Interim Dividend Paid	-	20,000,000	20,000,000
Balance as on 31 December 2016	**300,000,000**	**30,964,178**	**330,964,178**

for the year ended 31 December 2015

Figures in Taka

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on 01 January 2015	300,000,000	15,276,518	315,276,518
Add: Net Surplus/ (Deficit) for the year	-	18,603,685	18,603,685
Interim Dividend Paid	-	20,000,000	20,000,000
Balance as on 31 December 2015	**300,000,000**	**13,880,203**	**313,880,203**

Managing Director **Director** **Chairman**

SMART STOCK

EBL Investments Limited

Statement of Cash Flows

for the year ended 31 December 2016

	Particulars	2016 Taka	2015 Taka
A.	**Cash flows from operating activities**		
	Net Profit/(Loss) during the year	37,083,976	18,603,685
	Add: Depreciation and Amortization	294,336	238,408
	Net Profit/(Loss) after Depreciation	**37,378,312**	**18,842,093**
	Changes in other operating assets/liabilities	**(20,324,046)**	**(90,995,754)**
	Advances,Deposit & Prepayments	62,494,427	(82,500,001)
	Margin Loan	(21,095,562)	6,843,915
	Accounts receivable	(4,060,927)	3,173,156
	Advance Income Tax	2,440,913	1,382,465
	Investment	(81,698,914)	(21,217,830)
	Trade payable	9,436,791	(8,398,730)
	Provision for Tax	(849,156)	(1,560,528)
	Other liabilities	13,008,381	11,281,798
	Net cash flow from operating activities	**17,054,265**	**(72,153,661)**
B.	**Cash flows from investing activities**		
	Fixed Assets	(318,950)	(234,704)
	Net cash flow from investing activities	**(318,950)**	**(234,704)**
C.	**Cash flows from financing activities**		
	Cash Dividend	(20,000,000)	(20,000,000)
	Net cash flow from financing activities	**(20,000,000)**	**(20,000,000)**
D.	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(3,264,685)	(92,388,365)
E.	Opening cash and Bank balance	18,329,607	110,717,971
F.	**Closing cash and Bank balance**	**15,064,923**	**18,329,606**
	Closing cash and Bank balance represents		
	Cash in hand	9,832	9,144
	Stamp in hand	11,200	41,950
	Balances with other banks and financial institutions	15,043,891	18,278,513
		15,064,923	**18,329,607**

Managing Director **Director** **Chairman**

Dhaka, 25 January 2017

AMARSTOCK

EBL Investments Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2016

1 Reporting Entity:

1.1 Legal status and nature of the Company

EBL Investments Limited (here-in-after referred to as "EBL Investments Limited (EBLIL)" or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C 81417/09 dated 30 December 2009 as a Private Limited Company under the Companies Act, 1994 and obtained required 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.

1.2 Nature of business activities

EBLIL has started full fledge merchant banking operation during early second half of 2013. The activities of the Company include services broadly classified as fees and commission based and fund based services, such as underwriting of securities, issue management, portfolio management, corporate advisory services etc.

2 Basis of Preparation:

2.1 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, Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

2.2 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.3 Consistency:

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 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 in accordance with the requirement of BAS 8. We however, have applied the same accounting principles in 2016 as in financial statements for 2015.

2.4 Reporting period

The financial statements of the Company covers a period from 1 January 2016 to 31 December 2016 and is followed consistently.

3 Significant Accounting Policies:

The accounting polices set out below have been applied consistently to all periods presented in these financial statements:

3.1 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 upgradation /enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each components of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

Category of assets	Rate of depreciation
Building	2.50%
Furniture and fixtures	10%
Office equipments	20%
Vehicle	20%
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 profit and loss account.

3.2 Intangible assets and amortization:

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with BAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization @ 15% and accumulated impairment losses. Intangible assets include software, integrated systems alongwith 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.

3.3 Cash and Bank balance:

Considering the provisions of BAS-1 and BAS-7, cash in hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined for the period under indirect method as per BAS-7 "Cash Flow Statement"

3.4 Books of accounts

The Company maintains its books of accounts in electronic form through Mbank software.

3.5 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 BAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the following situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

Provision is recognized in the Statement of Financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

3.6 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 Bangladesh Accounting Standards (BAS) 18 : Revenue Recognition.

3.7 Fees and Commission:

Fees and Commission income arises on services rendered by the company and recognized on and accrual basis.

3.8 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.

3.9 Dividend income:

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

3.10 Events after the Reporting Period:

There are no such events after the reporting period existed at the end of the reporting period.

3.11 Currency:

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

3.12 General:

Previous year's figures have been re-arranged/re-classified, where considered necessary, to conform to current year's presentation.

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 2016.

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 2016 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 2016 and the financial position of the Company at that date are set out on pages 5 and 6.

An interim dividend of HK$2.16 per share amounting to HK$3,046,521 was paid during the year.

Charitable donations

Donations made by the Company during the year amounted to HK$11,000.

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

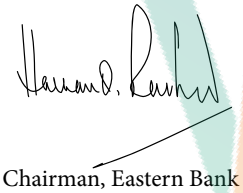
At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

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
Hong Kong, 16 January 2017

TAMARSTOCK

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 5 to 18, which comprise the statement of financial position as at 31 December 2016, 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 2016, 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.

Other Information (Cont'd)

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 the 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 fmancial 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/en/standards-and-regulations/standards/auditing-assurance/auditre/ This description forms part of our auditor's report.

Kingston C.P.A. Limited
Certified Public Accountants, Hong Kong
Auditor, Tony K.Y. Ng; P.C. No. P01792
16 January 2017

EBL Finance (HK) Limited

Statement of Financial Position -31 December 2016

	Note	2016 HK$	2015 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	69,143	96,589
Current assets			
Bills financed	10	377,096,668	250,517,680
Interest receivables		3,776,996	1,839,725
Deposits and prepayments		167,460	159,380
Cash and bank balances		2,949,888	3,986,171
		383,991,012	**256,502,956**
Current liabilities			
Accruals and other payables		5,718,583	1,743,530
Temporary receipts		709,257	123,277
Receipt in advance		278,089	399,024
Amounts due to holding company	11	28,950	447,193
Loan from holding company	12	369,138,000	248,387,500
Provision for taxation		329,638	1,042,500
		376,202,517	**252,143,024**
Net current assets		7,788,495	4,359,932
Net assets		**7,857,638**	**4,456,521**
EQUITY			
Capital and reserves			
Share capital			
Issued and fully paid-up			
1,410,000 ordinary shares		1,410,000	1,410,000
Retained profits		6,447,638	3,046,521
Total equity		**7,857,638**	**4.456,521**

Approved and authorised for issue by the board of directors on 16 January 2017

On behalf of the Board
For and on behalf of
Eastern Bank Limited

Director
Eastern Bank Limited

Director
Iftekhar Ali Reza Md

The annexed notes form an integral part of these financial statements.

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EBL Finance (HK) Limited

Statement of Comprehensive Income

for the year ended 31 December 2016

Particulars	Note	2016 HK$	2015 HK$
Revenue	4	18,766,540	14,253,815
Cost of sales		(7,421,079)	(5,160,295)
Gross profit		**11,345,461**	**9,093,520**
Other income and net gains or (losses)	4	216,791	115,044
Operating expenses		(3,811,707)	(3,398,134)
Operating profit	5	7,750,545	5,810,430
Finance costs		-	-
Profit before taxation		**7,750,545**	**5,810,430**
Income tax			
Under provision in prior years		(10,407)	
Provision for the year	6	(1,292,500)	(907,500)
		(1,302,907)	(907,500)
Profit for the year		**6,447,638**	**4,902,930**
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		**6.447.638**	**4,902 930**

The annexed notes form an integral part of these financial statements.

Statement of Changes In Equity

for the year ended 31 December 2016

Particulars	Share capital HK$	Retained profits HK$	Total HK$
Balance at 1 January 2015	1,410,000	643,591	2,053,591
Net profit for the year	-	4,902,930	4,902,930
Dividend (Note 8)	-	(2,500,000)	(2,500,000)
Balance at 31 December 2015	1,410,000	3,046,521	4,456,521
Net profit for the year	-	6,447,638	6,447,638
Dividend (Note 8)	-	(3,046,521)	(3,046,521)
Balance at 31 December 2016	**1,410,000**	**6,447,638**	**7,857,638**

EBL Finance (HK) Limited

Statement of Cash Flows

for the year ended 31 December 2016

Particulars	2016 HK$	2015 HK$
Operating activities		
Profit before taxation	7,750,545	5,810,430
Adjustment for:		
Interest expense	7,421,079	5,160,295
Depreciation	73,011	63,898
Operating cash flows before working capital changes	15,244,635	11,034,623
Increase in bills financed	(126,578,988)	(175,581,134)
Increase in interest receivables	(1,937,271)	(1,491,782)
Increase in deposits and prepayments	(8,080)	(1,200)
Increase in accruals and other payables	3,975,053	818,082
Increase/(decrease) in temporary receipts	585,980	(7,358,630)
(Decrease)/increase in amounts due to holding company	(418,243)	86,463
(Decrease)/increase in receipts in advance	(120,935)	135,784
Increase in loan from holding company	120,750,500	173,987,500
Cash generated from operations	11,492,651	1,629,706
Tax paid	(2,015,769)	-
Interest paid	(7,421,079)	(5,160,295)
Net cash generated from/(used in) operating activities	2,055,803	(3,530,589)
Net cash used in from investing activities		
Payments to acquire property, plant and equipment	(45,565)	(33,036)
Net cash used in financing activities		
Dividend paid	(3,046,521)	(2,500,000)
Net decrease in cash and cash equivalents	(1,036,283)	(6,063,625)
Cash and cash equivalents at beginning of year	3,986,171	10,049,796
Cash and cash equivalents at end of year	2,949,888	3.986.171
Analysis of cash and cash equivalents at end of year		
Cash and bank balances	2,949,888	3,986 171

Notes to the Financial Statements - 31 December 2016

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 2016 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.

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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.

HKFRS 9 Financial Instruments 1

BKFRS 15 Revenue from Contracts with Customers 1

HKFRS 16 Leases 2

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3. 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) Impairment losses

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) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(l) Revenue recognition

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.

4. 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:-

	2016 HK$	2015 HK$
Revenue		
Interest income on bills financed	11,705,250	7,758,334
Fees, commission and charges on letter of credit	7,061,290	6,495,481
	18,766,540	14,253,815
Other income and net gains or (losses)		
Net exchange gain	216,791	115,044
Total revenues	**18,983,331**	**14,368,859**

	2016 HK$	2015 HK$
5. Operating Profit		
Operating profit is stated after charging:-		
Auditor's remuneration	57,200	56,000
Depreciation	73,011	63,898
Operating lease charges	491,030	476,400
Retirement benefit costs	63,412	27,611
Salaries and allowances	2,368,374	2,044,904

6. Taxation

(a) Hong Kong Profits Tax is calculated at 16.5% (2015: 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.

7. Directors' Emoluments

During the years ended 31 December 2016 and 2015, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.

No significant transactions, arrangements and contracts 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 the end of the year or at any time during the year.

8. Dividends

	2016 HK$	2015 HK$
Final dividend for 2015 declared and paid of HK$Nil (2014: HK$0.46) per share	-	643,591
Interim dividend for 2016 declared and paid of HK$2.16 (2015: HK$1.32) per share	3,046,521	1,856,409
	3,046,521	2,500,000

9. Property, plant and equipment

	Machineries and equipments	Furniture and fixtures	Total
	HK$	HK$	HK$
COST			
At 1 January 2015	79,769	195,139	274,908
Additions	30,916	2,120	33,036
At 31 December 2015	110,685	197,259	307,944
Additions	65	45,500	45,565
At 31 December 2016	110,750	242,759	353,509
ACCUMULATED DEPRECIATION			
At 1 January 2015	37,378	110,079	147,457
Provided for the year	24,446	39,452	63,898
At 31 December 2015	61,824	149,531	211,355
Provided for the year	24,459	48,552	73,011
At 31 December 2016	86,283	198,083	284,366
CARRYING AMOUNTS			
At 31 December 2016	24,467	44,676	69,143
At 31 December 2015	48,861	47,728	96,589

10. Bills financed

The following is the aging analysis of bills financed at the end of the reporting period:-

	2016 HK$	2015 HK$
0-3 months	282,765,571	220,509,120
4-6 months	77,034,153	27,319,424
7-9 months	17,296,944	219,598
10-12 months	-	2,469,538
Over 12 months	-	
	377,096,668	250,517,680

11. Amounts due to holding company

The amounts are unsecured, interest-free and with no fixed terms of repayment.

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:-

Type of transaction	Related party	Relationship	Connected directors	2016 HK$	2015 HK$
Interest expense	Eastern Bank Limited	Holding company and director	Iftekhar Ali Reza Md	7,421,079	5,160,295

14. Commitments under operating lease at 31 december 2016

Total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Land and building	
	2016 HK$	2015 HK$
Within 1 year	498,000	202,980
After 1 year but within 5 years	211,650	-
Over 5 years	-	-
	709,650	202,980

15. Financial risk management

The Company is exposed to various kinds of risks in its operation and financial instruments. The Company's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:-

(a) Market risk

(i) Currency risk

(1) The Company receives its interest income and service fee, mainly in US dollar, that exposes itself to foreign currency risk arising from such transactions and the resulting payables and receivables. The Company closely and continuously monitors the exposure as follows:-

HK dollar is pegged to US dollar, there is no significant exposure expected on US dollar transactions and balances.

(2) Sensitivity analysis

As the net exposure of the Company to foreign currency is relatively small, change in foreign currency exchange rate will have no material impact on the financial performance of the Company.

(ii) Interest rate risk

The Company's exposure on interest rate risk is mainly on its interest bearing borrowings. In order to manage the interest rate risk, the Company will repay the corresponding borrowing when it has surplus fund.

(iii) Price risk

There is no significant price risk as the Company does not have any investment that are traded in an active market.

(b) Credit risk

The major exposure to credit risk of the Company's financial assets, which comprise bills financed, interest receivables, deposits and prepayments and cash and bank balances, arises from the default of the counterparties, with a maximum exposure equal to the carrying amount of these financial assets in the statement of financial position.

(c) Liquidity risk

The Company manages its funds conservatively. The shareholders of the Company would finance sufficient funds to meet 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:-

	2016	2015
Due and payable	HK$	HK$
0-3 months	336,228,529	96,908,070
4-6 months	39,973,988	155,234,954
7-9 months	-	-
10-12 months	-	-
Over 12 months	-	-
Total current liabilities	376,202,517	252,143,024

(d) Fair value

The Company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2016.

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.

AMARSTOCK

EBL Asset Management Limited

Auditor's Report

to the shareholders of EBL Asset Management Limited

We have audited the accompanying Financial Statements of **EBL Asset Management Ltd.** which comprise the Statement of Financial Position as at 31st December, 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Company 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.

Auditor's Responsibility:

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements present fairly in all material respect, the financial position of **EBL Asset Management Ltd.** as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Company Act , 1994 and other applicable rules and regulations.

We also report that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

iii. the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

Khan Wahab Shafique Rahman & Co.

Dhaka, 23 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Asset Management Limited

Statement of Financial Position

as at 31 December 2016

Particulars	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Current Assets:			
Advance tax (withholding tax)	3	113,381	332,036
Cash & Bank Balance	4	52,911,590	52,961,028
Non-Current Assets		-	-
TOTAL ASSETS		**53,024,971**	**53,293,064**
EQUITY AND LIABILITIES			
Shareholders' Equity			
Paid up capital	5	50,000,000	50,000,000
Retained earnings	6	2,498,413	1,890,061
Total Shareholders' Equity		**52,498,413**	**51,890,061**
Current Liabilities:			
Accounts Payable	7	198,984	385,278
Provision for tax	8	327,574	1,017,725
		526,558	**1,403,003**
Non-Current Liabilities		-	-
TOTAL EQUITY AND LIABILITIES		**53,024,971**	**53,293,064**

The annexed notes form an integral part of these financial statements.

Managing Director | Director | Chairman

Signed in terms of our annexed report of same date.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, 23 January 2017

AMARSTOCK

EBL Asset Manangement Limited

Statement of Comprehensive Income

for the year ended 31 December 2016

Particulars	Notes	2016 Taka	2015 Taka
Operating Income			
Interest income	9	1,133,810	1,915,661
Total operating income		**1,133,810**	**1,915,661**
Operating Expense			
Legal & Professional Expenses	10	151,734	66,598
Financial Expenses	11	16,150	16,150
Audit Fees	12	30,000	17,250
Total operating expense		**197,884**	**99,998**
Profit before Tax		**935,926**	**1,815,663**
Provision for tax made for the period	13	327,574	635,482
Net Profit after tax		**608,352**	**1,180,181**
Earnings per share	14	**1.22**	**2.36**

The annexed notes form an integral part of these financial statements.

Managing Director | Director | Chairman

Signed in terms of our annexed report of same date.

Dhaka, 23 January 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Statement of Changes in Equity

for the year ended 31 December 2016

Figures in Taka

Particulars	Share capital	Retained earnings	Total
Balance as on 01 January 2016	50,000,000	1,890,061	51,890,061
Net profit during the year	-	608,352	608,352
	-	-	-
Balance as at 31 December 2016	**50,000,000**	**2,498,413**	**52,498,413**

for the year ended 31 December 2015

	Share capital	Retained earnings	Total
Balance as on 01 January 2015	50,000,000	709,880	50,709,880
Net profit during the year	-	1,180,181	1,180,181
Balance as at 31 December 2015	**50,000,000**	**1,890,061**	**51,890,061**

Managing Director | Director | Chairman

EBL Asset Manangement Limited

Cash Flows Statement

for the year ended 31 December 2016

	Particulars	2016 Taka	2015 Taka
A.	**Cash flows from operating activities**		
	Interest income	1,133,810	1,915,661
	Paid for operating expenses	(384,178)	(16,150)
	Withholding tax	(113,381)	(191,566)
	Income tax paid	(685,689)	-
	Net cash used in /received from operating activities	**(49,438)**	**1,707,945**
B.	**Cash flows from investing activities**	-	-
C.	**Cash flows from financing activities**		
	Issued Share Capital	-	-
	Net cash received from financing activities	-	-
D.	**Net increase/(decrease) in Cash and Bank Balance (A+B+C)**	**(49,438)**	**1,707,945**
E.	Opening cash and Bank Balance	52,961,028	51,253,083
F.	**Closing cash and Bank Balance**	**52,911,590**	**52,961,028**
	Closing Cash and Bank Balance represents		
	Cash in hand	-	-
	Balances with other banks and financial institutions	52,911,590	52,961,028
		52,911,590	**52,961,028**

The annexed notes 1 to 17 form an integral part of these financial statements.

Managing Director Director Chairman

AMARSTOCK

EBL Asset Management Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2016

1 Reporting Entity:

1.1 Legal status of the Company

EBL Asset Management Limited (here-in-after referred to as 'EBL AML' 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 is under process to get license from Bangladesh Securities Exchange Commission (BSEC) for full fledged asset management operation. It is a subsidiary company of Eastern Bank Limited. EBL holds all the shares of the company except 1 share which is held by one individual. The registered office of the company is situated in Bangladesh.

1.2 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.

2. Basis of preparation and significant accounting policies:

2.1 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2016 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, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994 and other laws and rules applicable in Bangladesh.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis.

2.3 Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Use of estimates and judgments (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.

2.5 Reporting period

The financial statements of the Company covers a period from 1 January 2016 to 31 December 2016.

2.6 Cash and Bank Balance and Statement of Cash Flows

Considering the provision of BAS-7, cash in hand and bank deposits, which were held and available for use of the Company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined for the period under direct method as per Bangladesh Accounting Standard (BAS) 7 'Statement fo Cash Flows'. The statement shows the structure of changes in cash and cash equivalents during the year.

2.7 Revenue Recognition

As per BAS-18, 'Revenue' is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.7.1 Interest income is accounted for on accrual basis.

2.8 Income and expenditures

Income and expenditures are recognised on accrual basis. Income is only recognised if its realisation is reasonably certain.

2.9 Provision for Tax:

Provision for income tax has been calculated @ 35% on Profit Before Tax (PBT).

2.10 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 integar.

ii) Previous year's figure have been rearranged to conform the current year's presentation, where necessary.

ANNUAL REPORT DISCLOSURE CHECKLIST

The following Disclosure Checklist will help the reader to identify the key sections of the Annual Report 2016

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1.6	Risks, opportunities and internal controls	98, 114, 36-37, 149-165	Risk Management, External Environment, Business Review, Corporate Governance
1.7	Strategy and resource allocation	34, 32-33, 36-37, 48-52, 62, 63, 46-47, 35	Value Creation for the Stakeholders, Strategic Priority, Business Model, External Environment, Directors' Report, Value Added Statement, EVA, Business Model and value creation, Review of the Managing Director and CEO, Stakeholder Engagement
1.8	Outlook	149-165, 36-37, 166, 42-44, 46-47, 48-52, 98-114	Business review, External environment, Capital Planning and Management, Chairman's Statement, Review of the Managing Director, Directors' Report, Risk Management
1.9	Basis of preparation and presentation	07	Scope and Boundary of Integrated Annual Report
2	**Responsibility for an integrated report**	07	Scope and Boundary of Integrated Annual Report
3	**Other Qualitative Characteristics of an Integrated Report**		
3.1	**Conciseness**- An integrated report should be concise	07	Complied
3.2	**Reliability and completeness**-An integrated report should include all material matters, both positive and negative, in a balanced way and without material error	07	Complied
3.3	**Consistency and comparability**-The information in an integrated report should be presented: On a basis that is consistent over time In a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.	07	Complied
3.4	**Connectivity of information**-An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	07	Complied
3.5	**Materiality**-An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term	07, 38	Complied
3.6	Assurance on the Report	07	Scope and Boundary of Integrated Annual Report

BRANCH NETWORK

Dhaka

Principal Branch
Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9558392, 9565696, 9571262
Fax: 02 7160747. Email: principal@ebl-bd.com

Motijheel Branch
88 Motijheel C/A, Dhaka
Tel: 02 9559655, 9565073-4. Fax: 02 9565074
Email: motijheel@ebl-bd.com

Gulshan Branch
Concord Richmond, 68 Gulshan Avenue, Plot 8A Block CES (F) Gulshan 1, Dhaka
Tel: 02 9897703, 9897594, 8827254, 8827101-2
Fax: 02 9897703. Email: gulshan@ebl-bd.com

Gulshan North Branch
Kalpana House, 169, Gulshan Avenue, Gulshan-2, Dhaka
Tel: 9896073, 9896038, 9896316, 9896316
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Plot-15, Block-A, Bashundhara R/A,
Badda, Dhaka-1219
Tel: 8845391, 8845392, Fax: 8845390
Email: bashundhara@ebl-bd.com

Banani Branch
"Skylark Mark84" House # 84, Road # 11, Block-D,
Banani, Dhaka, Banani Model Town,
Gulshan, Dhaka - 1213
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Email: banani@ebl-bd.com

Uttara Branch
Plot 1A, Road 4, Sector 4, Uttara Model Town, Dhaka
Tel: 02 8915136, 8919051, 8950470, 7911128
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Mirpur Branch
House # 17, Main Road # 3, Block-A, Section-11,
Mirpur, Dhaka-1216
Tel: 02 -9008115, 9010478
Email: mirpur@ebl-bd.com

Shyamoli Branch
Plot 16-A/5, Ring Road, Block F,
Mohammadpur Housing Estate, Dhaka 1207
Tel: 02 8116015, 9132497, 9133165
Email: shamoly@ebl-bd.com

Dhanmondi Branch
House 21, Road 8, Dhanmondi R/A, Dhaka-1205
Tel: 02 9126141, 9114145, 9146235
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Sonargaon Road Branch
'A H N Tower (1st Floor), 13 & 15 Bir Uttam C R Datta Road
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Shantinagar Branch
Iris Noorjehan (1st Floor) Plot no. 104, Kakrail Road
Ramna, Dhaka
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Fax: 8300053
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Moghbazar Branch
Shafi Complex, 1/A West Moghbazar, New Circular Road,
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English Road Branch
68, Shahid Sayed Nazrul Islam Sarani
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Email: englishroad@ebl-bd.com

Chawk Mughultuly Branch
150 Chawk Mughultuly (1st Floor), Dhaka
Tel: 02 7314364, 7314369
Email: chawkmughultuly@ebl-bd.com

Narayangonj Branch
64 BB Road (Islam Plaza), Narayangonj
Tel: 02 7648557-58
Email: narayangonj@ebl-bd.com

Keraniganj Branch
Jahanara Plaza, Bondh Dakpara, Zinzira,
Keraniganj, Dhaka
Tel: 02 7762236-7
Email: keraniganj@ebl-bd.com

Board Bazar Branch
Omar Ali Plaza, House 1, Block C, Board Bazar, Gazipur
Tel: 02 9293895-6
Email: boardbazar@ebl-bd.com

Savar Branch
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Tel: 02 7744757-8 Fax: 02 7744759

Satmosjid Road Branch
48, Satmosjid Road (Ground floor of OLYMPIA Chinese
Restaurant) Dhanmondi,
Tel: 02 9144603 Fax: 02 9144604

Banasree Branch
Plot No C-10 (1st Floor & ATM at GF),
Block-C, Eastern Housing Banasree Project,
Banasree Rampura, Dhaka.
Tel: 02 7287991, 7286266

Uttara Garib-E-Newaz Branch
Plot No-15 (1st floor), Garib-E-Newaz Avenue, Sector-11,
Uttara, Dhaka-1230
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Email: garibenewaz@ebl-bd.com

Nawabgonj Branch
Hossain Plaza, Kolakopa Union Parishad,
281 Nawabgonj, Dhaka-1320
Tel: 0622556264, 0622556266, 0622556265
Email: nawabgonj@ebl-bd.com

Keraniganj SME/Agri Branch
'Green Tower', Aganagar Union Parishad,
South Keraniganj, Dhaka
Tel: 02 7763725, 7763726,7763727
Email: keranigonjsme@ebl-bd.com

Mirpur Dar-Us-salam Road Branch
Chand plaza, 10 Dar-Us- Salam Road, Mirpur-01, Dhaka-1216
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Narayanganj SME/Agri Branch
S S Tower, 30/14 Loyal Tank Road,
Tanbazar, Narayanganj
Tel: 7644048, 7644480 Fax +8802-7644077
Email: narayanganjsme@ebl-bd.com

Tangail Branch
"Rahman Center" (1st floor),
55 Victoria Road, Tangail
Tel: 092162437, 092162438, 092162439
Email: tangail@ebl-bd.com

Mymensingh SME/Agri Branch
"Hamida Market", 45 Choto bazaar,
Kotwaly, Mymensingh
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Email: mymensinghsme@ebl-bd.com

Bhairab SME/Agri Branch
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Kishorgonj, Bhairab
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Email: bhairabsme@ebl-bd.com

Dohar Branch
Ashraf Ali Chowdhury Plaza,
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Dohar, Dhaka
Tel: 06223-56211, 06223-56209, 06223-56208
Email: dohar@ebl-bd.com

Faridpur Branch
Golpukur Dream Shopping Complex
7/216, Mujib Road, Faridpur
Tel: 0631-67218, 0631-67219, 0631-67220
Email: faridpur@ebl-bd.com

Progoti Sarani Branch
Azahar Comfort Complex, 130/A, Progoti Sarani,
Middle Badda, Gulshan, Dhaka
Tel: 8826796, 8825357, 8824963
Email: progotisarani@ebl-bd.com

Azimpur Branch
Tulip Feroza Dream, 104, Azimpur Road,
Hazaribagh, Dhaka
Tel: 9660483, 9612004, 9612005
Email: azimpur@ebl-bd.com

Madhabdi SME/Agri Branch
242/1, Algi Road, Madhabdi Bazar,
Parkashipur, Madhabdi, Narshindi
Tel: 9446995, 9446978, 9446993
Email: narshindi@ebl-bd.com

DEPZ Branch
Mazid Tower, Baipail, Dhamshona, Ashulia, Dhaka
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Ashkona Branch
Hazi Komoruddin Tower 27, Ashkona,
Dakshinkhan
Uttara, Dhaka-1230
Tel: 880-2-7914609, 7914619
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Wari Branch
40/1 Rankin Street, Wari, Dhaka
Tel: 02 7112175, 02 7110137, Fax: 02 7110949
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Jashimuddin Road Branch
Giant Business Tower, Level 2, Plot 3 & 3/A, Sector 3,
Uttara, Dhaka
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Ponchoboti Branch
101 & 102 ponchobotir more (1st floor), Fatullah,
Narayangonj
Tel: +88-02-7672837, 7672853,

Sonargaon Narayanganj Branch
Bhuiyan Plaza, Mograpara, Sonargaon
Narayanganj
Tel: 7656031, 7656036, 7656064

Khilgaon Branch
574/C, Khilgaon Chowdhury Para, Dhaka-1219
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Creative Bhaban, Mawna Chowrasta, Sreepur,
Gazipur
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Bhulta Branch
Rabet Al Haasan Shopping Center (Pvt) Ltd.,
Bhulta Bus Stand, Rupgonj, Narayangonj
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Ashulia Branch
Ashraf Plaza DEPZ Road Jamgora Ashulia Savar Dhaka
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Chittagong

Agrabad Branch/SME Center
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Email: panchlaish@ebl-bd.com

Raozan Branch
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Choumuhani Branch
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Halishahar, Chittagong.
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Comilla SME/Agri Branch
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Nazirhat Branch
Zaria Community Centre, (Adjacent to Dorbar Gate)
Nazirhat, Fatickchari, Chittagong
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Email: nazirhat@ebl-bd.com

Bhatiari Branch
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CPDL AM Majesta (1st Floor),
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Hazari Tower (1st Floor), Dohazari,
Chandanaish, Chittagong
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Khulshi Branch
10 Zakir Hossain Road, Khulshi, Chittagong - 4212
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Email: khulshi@ebl-bd.com

Muradpur Branch
Jumairah Fairmont Trade Centre
327 Old CDA Avenue
Muradpur Chittagong 4203 Bangladesh
Tel : 0316539734, Fax: 031653972
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Sylhet

Upasahar Branch
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Chouhatta Branch
Firoz Centre,
891/KA, Chouhatta, Sylhet
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Bishwanath Branch
Khurshid Ali Shopping Complex
Notun Bazar, Bishwanath, Sylhet-3100
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Moulvi Bazar Branch
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Brahmanbaria Branch
Abil Mia Plaza, 106, T.A. Road, Brahmanbaria
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Fenchuganj Branch
Tuta Mia Mansion, Fenchuganj Bazar
Fenchuganj, Sylhet
Tel: 08226-56411, 08226-56412, 08226-56413
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Khulna

Khulna Branch/SME Center
Tayamun Centre & Properties
181, Khan A. Sabur Road, Khulna
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Fulbarigate Branch
Altaf Plaza, Jogipole, Khan Jahan Ali, Khulna
Tel: 041-775080, 775082
Email: fulbarigate@ebl-bd.com

Jessore Branch
25/A R.N. Road (1st Floor), Jessore
Tel: 0421-68842-3, 0421-64533
Email: jessore@ebl-bd.com
Rajshahi

Rajshahi Branch
Doinik Barta Complex (Ground Floor)
Alupotti, Natore Road, Rajshahi-6000
Tel: 0721 772372, 772356 Fax 9721 772356
Email: rajshahi@ebl-bd.com

Bogra Branch
1020/1092, Satani Mega Centre, Sherpur Road
Bogra 5800
Tel: 051 78373, 78887 , 69932
Email: bogra@ebl-bd.com

Rangpur

Rangpur Branch
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Email: rangpur@ebl-bd.com

Barisal

Barisal Branch
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CORRESPONDENT BANK NETWORK

ALGERIA
ALGIERS
Citibank NA Algeria
ARGENTINA
BUOENS AIRES
Deutsche Bank SA
AUSTRALIA
MELBOURNE
Citibank NA
SYDNEY
JP Morgan Chase Bank N.A.
HSBC Bank Australia
The Bank of Tokyo Mitsubishi UFJ Ltd
Common wealth Bank of Australia
Citibank NA
AUSTRIA
VIENNA
Kathrein UND Co Privatgeschaeftsbank Aktiengesellschaft
The Bank of Tokyo Mitsubishi UFJ Ltd
Citibank International PLC
Deutsche Bank Aktiengesellschaft
Raiffeisen Landesbank Neideroesterreich-Wien AG
Raiffeisen Zentralbank Oesterreich AG
Bank Austria Creditanstalt AG,
ING Bank NV
BREGENZ
Raiffeisen Landesbank Vorarlberg
EISENSTADT
Raiffeisen Landesbank Burgenland RGMBH
GRAZ
Raiffeisenlandesbank Steiermark
INNSBRUCK
Raiffeisen-Landesbank Tirol Aktiengesellschaft
KLAGENFURT
Raiffeisenlandesbank Kaernten, Reg.Gen.M.B.H.
LINZ
Raiffeisenlandesbank Oberoesterreich Reg. Gen.M.B.H.
BAHRAIN
MANAMA
Alubaf Arab International Bank B.S.C. (C),
Citibank NA Bahrain
Standard Chartered Bank
Arab Investment Company
The Bank of Tokyo Mitsubishi UFJ LTD
BMI Bank Bsc (C)
United Bank Ltd
ICICI Bank Limited
BELGIUM
BRUSSELS
ABN AMRO Bank NV
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ LTD
ING Bank
Commerzbank AG,
BNP Paribas S.A.
Deutsche Bank AG
ICICI Bank UK PLC
KBC Bank NV
State Bank of India
CBC Banque
Byblos Bank Europe SA
BHUTAN
PHUNTSHOLING
Bank of Bhutan
THIMPU
Bhutan National Bank Ltd.
BRAZIL
BRAZILIA
Banco Citibank SA
SAO PAULO
Deutsche Bank SA
Citibank N.A.
PORTO ALEGRE
Banco Do Estado Do Rio Grande Do SUL S/A
CAMEROON
DOUALA
Citibank N.A.
Standard Chartered Bank Cameroon S.A.
CANADA
TORONTO
Bank of Nova Scotia
Citibank NA
HSBC Bank Canada
ICICI Bank Canada
Bank of Montreal NA
Toronto-Dominion Bank
CHINA
BEIJING
Bank of China
Bank of Montreal (China) Co. Ltd
Bank of Tokyo-Mitsubishi UFJ (China), Ltd
Deutsche Bank AG
Woori Bank (China) Limited
JP Morgan Chase Bank NA,
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited,
Commerzbank AG
Weifang Rural Commercial Bank Co Ltd.
Agricultural Bank Of China Limited
GUANGZHOU
Bank of China
JP Morgan Chase Bank (China)
Bank of Nova Scotia
SHANGHAI
Bank of Montreal (China) Co. Ltd
Axis Bank Ltd.,
Industrial and Commercial Bank of China Limited
Bank of Tokyo-Mitsubishi UFJ (China), Ltd.
JP Morgan Chase Bank N.A.
Citibank, N.A.
Commerzbank AG
Bank of Chongging, China
Deutsche Bank (China) Co. Ltd
HSBC Bank (China) Company Limited
The Bank of New York Mellon,
Jiangsu Jiangyin Rural Commercial Bank
Mizuho Corporate Bank (China),Ltd
Standard Chartered Bank.
Zhejiang Pinghu Rural Cooperative Bank Shanghai, China
Bank of Communications
JINING
Bank of Jining Co Ltd Jining China
NANHAI
Nanhai Rural Credit Union
ZHEJIANG
Zhejiang Shaoxing Country Rural Cooperative Bank
CAYMAN ISLANDS
Commerzbank AG
CONGO
Citibank Congo
CYPRUS
NICOSIA (LEFKOSIA)
Bank of Cyprus Ltd.
CZECH REPUBLIC
PRAGUE
Ceskoslovenskaobchodni Banka AS
Citibank AS
Unicredit Bank
COTE D'IVOIRE
Citibank N.A.
Standard Chartered Bank
DENMARK
COPENHAGEN
Danske Bank AS
Sydbank AS
Nordea Bank
Handelsbanken Midtbank
EGYPT
CAIRO
Citibank Cairo
Housing and Development Bank
Mashreq Bank
FINLAND
HELSINKI
Citibank International PLC
Nordea Bank PLC
Svenskahandelsbanken
Pohjola Bank PLC
Skandinaviskaenskildabanken
FRANCE
PARIS
Attijariwafa Bank Europe,
BNP Paribas S.A.
The Bank of Tokyo-Mitsubishi Limited
HSBC
Citibank International PLC
Credit Mutuel (Holding BFCM)
Credit Industriel ET Commercial
Banque Federative Du Credit Mutuel
Commerzbank AG
Deutsche Bank AG
ING Bank (France) S.A.
National Bank of Pakistan
Union De Banques Arabes ET Francaises
Societe Generale
GERMANY
FRANKFURT AM MAIN
Raiffeisen landesbank Oberosterreich Akteiengesellschat
JP Morgan AG
Citigroup Global Markets Deutschland AG
Commerzbank AG
Deutsche Bank AG
SEB AG
ING Bank
Standard Chartered Bank
Bank of Beirut (UK) Ltd.
MUENCHEN
Deutsche Bank AG
MAINZ
Deutsche Bank AG
BERLIN
Berliner Volksbank AG
Commerzbank AG
Deutsche Bank AG
CHEMNITZ
Deutsche Bank AG
DRESDEN
Deutsche Bank AG
DUESSELDORF
Bank of Tokyo-Mitsubishi UFJ, Ltd
HSBC
DZ Bank AG
Deutsche Bank AG
Landesbank Hessen-Thueringen Girozentrale
HUMBURG
Commerzbank AG
Deutsche Bank AG
HANNOVER
Deutsche Bank AG
STUTTGART
Landesbank Baden-Wuerttemberg
GREECE
ATHENS
Citibank International PLC
GHANA
Standard Chartered Bank
HONG KONG
HONG KONG
Banca Intesa S.P.A.
Bank of America, N.A.
Bank of Tokyo-Mitsubishi UFJ, LTD
JP Morgan Chase Bank
Citibank (Hong Kong) Limited
Commerzbank AG
Bank One NA
Svenska Handelsbanken AB
HBZ Finance Limited
Hong Kong and Shanghai Banking Corp Ltd
ICICI Bank Limited
Bank of New York

Mizuho Corporate Bank Ltd.
Mashreq Bank PSC.,
Bank of Nova Scotia
Wells Fargo Bank N.A.
Standard Chartered Bank
Industrial and Commercial Bank of China (Asia) Limited
Wing Hang Bank Ltd.
Axis Bank Ltd
Sumitomo Mitsui Banking Corp.
Deutsche Bank AG.
Westpac Banking Corporation,
Toronto Dominion Hong Kong
Habib Finance Intl. Limited,
Unicredit Bank AG,
EBL Finance (HK) Limited
Commonwealth Bank of Australia,
ICICI Bank Limited, Hong Kong
DBS (Hong Kong) Limited

HUNGARY

BUDAPEST
CIB Bank Ltd
Citibank Europe PLC
Deutsche Bank AG

INDIA

MUMBAI
Axis Bank Ltd.
Bank of America N.A.
Citibank NA
Deutsche Bank AG
Federal Bank Limited
Hong Kong and Shanghai Banking Corp. Ltd
ICICI Bank Limited
Mashreq Bank
Punjab National Bank
Standard Chartered Bank
Syndicate Bank
Tamilnad Mercantile Bank Ltd.
Union Bank of India
United Bank of India
JP Morgan Chase Bank N.A.
HDFC Bank Limited,
INDUSIND Bank Ltd.
Yes Bank Ltd.,
IDBI Bank Ltd.,
Sociate Generale India Branch
Kotak Mahindra Bank Limited

DELHI
Deutsche Bank AG
ICICI Bank Limited

CALCUTTA
Sonali Bank
Standard Chartered Bank
Axis Bank Ltd

INDONESIA

JAKARTA
Bank Mandiri (Persero), PT.
Bank Central Asia
Citibank NA
Hong Kong and Shanghai Banking Corp Ltd.
Standard Chartered Bank
Bank Negara Indonesia-PT
JP Morgan Chase Bank N.A.
Deutsche Bank A.G.,
Bank Mega PT,
Bank of Tokyo Mitsubishi Ltd.

IRELAND

DUBLIN
Citibank N.A.
Bank of America, N.A
Bank of Ireland

ITALY

MILAN
Banca Intesa SPA
Intesa Bci S.P.A.
Banca Popolare Di Milano S.C.A.R.L.
Banca Populare Friuladria SPA
Citibank NA
Commerzbank AG
ING Bank N.V.
Banca Popolare Di Marostica
Unicredito Italiano SPA
Credito Emiliano S.P.A. Reggio Nell Emilla
Banca Delle Marche SPA,
Banca Antonveneta SPA
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,
Cassa Di Risparmio Di Carrara SPA,
Credito Valtenllinese SOC COOP.
Banca Passadore
Cassa Di Risparmio Delta Spezia SPA,
Cassa Di Risparmio Di Parma E Placenza SPA,

PAD OVA
Banca Antonveneta SPA

PORDENONE
Banca Popolare Friuladria SPA

VERONA
Banco Populare SOC COOP
Banco Popolare Di Verona E Novara SCRL

ROME
Banca Nazionale Del Lavoro S.P.A.
Banca UBAE SPA

JAPAN

TOKYO
The Bank of Tokyo Mitsubishi UFJ LTD
Chiba Kogyo Bank Ltd.
Citibank NA
Commerzbank AG
Hong Kong and Shanghai Banking Corp. Ltd.
Mizuho Corporate Bank Ltd.
Wells Fargo Bank N.A.
Standard Chartered Bank
Sumitomo Mitsui Banking Corp.
UBAF-Union De Banques Arabes Et Francaises
The Bank of Nova Scotia
JP Morgan Chase Bank
Deutsche Bank AG,

KENYA

NAIROBI
Citibank NA
Dubai Bank Kenya Ltd

KOREA

SEOUL
The Bank of Tokyo Mitsubishi UFJ LTD
JP Morgan Chase Bank N.A.
Citibank NA
Kookmin BANK
Hong Kong & Shanghai Banking Corp. Ltd.
Woori Bank
Industrial Bank of Korea
Bank of New York
Korea Exchange Bank
Wells Fargo Bank N.A.
Standard Chartered Bank
UBAF-Union De Banques Arabes Et Francaises
Deutsche Bank AG,

PUSAN
Pusan Bank

KUWAIT

KUWAIT CITY
Citibank NA
Commercial Bank of Kuwait

LEBANON

BEIRUT
Citibank NA Beirut

LATVIA
Nordea Bank Finland PLC Latvia Branch

MACAU

MACAU
Hong Kong and Shanghai Banking Corp

MALAYSIA

KUALA LAMPUR
JP Morgan Chase Bank Berhad
ABN AMRO Bank Berhad
CIMB Bank Berhad
Citibank NA Kualalumpur, Malysaia
Deutsche Bank (Malaysia) Berhad
HSBC
RHB Bank Berhad
Standard Chartered Bank
The Bank of Tokyo Mitsubishi UFJ LTD
Malayan Banking Berhad (May Bank)
Sumitomo Mitsui Banking Corp. Malaysia Berhad

MALDIVES

MALI
Hong Kong and Shanghai Banking Corporation Limited

MALTA

ST. JULIAN'S
Fimbank PLC

MAURITIUS

PORT LOUIS
Deutsche Bank (Mauritius) Ltd
Mauritius Commercial Bank Ltd.

MOROCCO

CASABLANCA
Citibank Maghreb

MONACO
Citibank International PLC

MYANMAR

KBZ Bank
Co-Operative Bank Limited

NEPAL

KATHMANDU
Nepal Bangladesh Bank Ltd
Standard Chartered Bank

NETHERLANDS

AMSTERDAM
ING Bank NV
ABN AMRO Bank NV
Commerzbank AG
Citibank International PLC
The Bank of Tokyo Mitsubishi UFJ LTD
Deutsche Bank A.G.

BREDA
ING Bank NV

ROTTERDAM
ABN AMRO Bank NV

UTRECHT
Rabo Bank

NEW ZEALAND

AUCKLAND
Citibank NA
HSBC
ASB Bank

NIGERIA

LAGOS
Citibank NA

NORWAY

OSLO
Swed Bank, Norway
Nordea Bank Norgeasa
Skandinaviska Enskilda Banken
Handelsbanken
DNB Nor Bank ASA
Citibank International PLC

OMAN

MUSCAT
HSBC Bank Middle East Ltd
Bank Muscat

PAKISTAN

KARACHI
Citibank NA
NIB Bank Ltd
Standard Chartered Bank
Habib Metropolitan Bank Limited
Arif Habib Rupali Bank Ltd
United Bank Ltd
Deutsche Bank AG
Bank Alfalah Limited
Habib Bank Ltd
Bank Al Habib Ltd
Meezan Bank Limited
Bankislami Pakistan Limited

PHILLIPINES

MANILA
Citibank NA
Standard Chartered Bank

Deutsche Bank AG
The Bank of Tokyo Mitsubishi UFJ LTD
Asian Development Bank

POLAND
WARSZAWA
Raiffeisen Bank Polska S.A.

PORTUGAL
LISBON
Banco Atlantico, S.A.
Banco BPI SA
Citibank International PLC
Deutsche Bank AG
Banif-Banco Internacional
Banco Espirito Santo SA

QATAR
DOHA
Mashreq Bank
HSBC Bank Middle East Limited
United Bank Limited

ROMANIA
BUCHAREST
Citibank Europe PLC

RUSSIA
MOSCOW
Banca Intesa Zao Moscow
Citibank NA
Commerzbank Eurasija SAO
Sao Westdeutsche Landesbank Vostok
Deutsche Bank
Gazprombank
VTB Bank

SAUDI ARABIA
JEDDAH
National Commercial Bank,
State Bank of India,
RIYADH
Samba Financial Group
Bank Muscat
Deutsche Bank AG
Saudi Hollandi Bank
National Bank of Pakistan
Al-Rajhi Bank
Emirates NBD PJSC

SENEGAL
DAKAR
Citibank NA

SIERRA LEONE
FREETOWN
Standard Chartered Bank

SINGAPORE
SINGAPORE CITY
Intesa BCI S.P.A.
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
JP Morgan Chase Bank N.A.
Citibank NA
Commerzbank AG
Credit Lyonnais
Deutsche Bank AG
DNB Nor Bank ASA
Skandinaviska Enskilda Banken AB
Meespierson Asia Ltd.
Fortis Bank S.A. / N.V.
Svenska Handelsbanken
HSBC.
Woori Bank
ICICI Bank Limited
ING Bank N.V.
Bank of New York
Malayan Banking Berhad
Mizuho Corporate Bank Limited
Nordea Bank Finland PLC
Bank of Nova Scotia
Rabobank,
RZB-Austria
Standard Chartered Bank
Sumitomo Mitsui Banking Corp.
UBAF-Union De Banques Arabes Et Francaises
Axis Bank Limited
ICICI Bank Limited
State Bank of India
ABN AMRO Bank N.V.
Oversea-Chinese Banking Corp.Ltd
United Overseas Bank Limited,
Banco Santander SA,
Habib Bank Limited
Emirates NBD PJSC,
DBS Bank Ltd.
First Gulf Bank

SLOVAKIA
BRATISLAVA
Citibank Europe PLC

SOUTH AFRICA
JOHANNESBERG
Citibank NA
Commerzbank AG
First National Bank

SPAIN
MADRID
Intesa BCI S.P.A.
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
Banco De Sabadell S.A.
Confederacion Espanola De Cajas De Ahorros
Citibank International PLC
Caja Laboral Popular, Coop. De Credito
Afina Gestion Sgiic SA
Commerzbank AG
Fortis Bank, S.A.,
Lloyds Tsb Bank PLC
WESTLB AG
Deutsche Bank Sociedad Anonima
Caixa D'estalvis De Catalunya Tarragona I

SRILANKA
COLOMBO
Citibank NA
ICICI Bank Limited
Mashreq Bank
Standard Chartered Bank
Deutsche Bank A.G.,
Commercial Bank Of Ceylon PLC,
People's Bank, Sri Lanka
Axis Bank Limited

SWEDEN
STOCKHOLM
Citibank International PLC
DNB NOR Bank
Skandinaviska Enskilda Banken
Svenska Handelsbanken
Nordea Bank Sweden AB
SWED Bank
HSBC Bank PLC
MALMO
Skandinaviska Enskilda Banken
Svenska Handelsbanken
Nordea Bank AB
GOTEBORG
Skandinaviska Enskilda Banken
Svenska Handelsbanken
Nordea Bank AB
SWED Bank

SWITZERLAND
GENEVA
ABN AMRO Bank
Credit Agricole (Suisse) SA
ING Bank (Switzerland) Ltd.
Banque Cantonale De Geneve
Banque De Commerce Et De Placements S.A.
Bnp Paribas (Suisse) SA
ZURICH
ABN AMRO Bank
INTESABCI Bank (Suisse)
Citibank NA
Credit Suisse
Habib Bank AG Zurich
Zuercher Kantonakbank
United Bank AG,
Deutsche Bank AG
HSBC Bank PLC.
LAUSANNE
Banque Cantonale Vaudoise
YVERDON-LES-BAINS
UBS AG
BASLE
ABN AMRO Bank
BERNE
ABN AMRO Bank
LUGANO
ABN AMRO Bank
PRAGUE
Deutsche Bank AG

TAIWAN
TAIPEI
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
JP Morgan Chase Bank N.A.
Citibank NA
Chinatrust Commercial Bank
Far Eastern International Bank
Hong Kong and Shanghai Banking Corp. Ltd.
Bank of New York
Bank of Nova Scotia
Wells Fargo Bank N.A.
Standard Chartered Bank
Citibank Taiwan Limited
Deutsche Bank A.G.
Taichung Commercial Bank Limited, Taiwan

TANZANIA
DARES SALAM
Citibank Tanzania Ltd

THAILAND
BANGKOK
Bank of Ayudhya Public Company Limited
Bharat Overseas Bank Ltd.
Bangkok Bank Public Company Ltd.
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
Citibank NA
Export Import Bank of Thailand
Hong Kong & Shanghai Banking Corp Ltd.
Kasikornbank Public Company Limited
Mizuho Corporate Bank Ltd.
Standard Chartered Bank
Sumitomo Mitsui Banking Corp.
JP Morgan Chase Bank N.A.
Deutsche Bank A.G.
Thai Bank Public Company Limited

TUNISIA
TUNIS
Citibank NA

TURKEY
ISTANBUL
Albaraka Turk Participation Bank
Citibank Naturkiye Merkez Subesi
HSBC Bank A.S.
Fortis Bank A.S.
Turkiye Garanti Bankasi AS
ING Bank A.S.
Deutsche Bank Istanbul
AK Bank TAS,
Kuveyt Turk Katilim Bankasi A.S.
Aktif Yatirim Bankasi A.S.
Denizbank A.S.
Sekerbank TURK A.S
Finansbank As, Turkey
Finansbank AS,
Banco Espirito Santo SA

UAE
DUBAI
Abu Dhabi Commercial Bank
Intesabci S.P.A.
HSBC Bank Middle East
Mashreq Bank PSC
Citibank NA
Emirates Bank International PJSC
Habib Bank AG.
Emirates Islamic Bank
Standard Chartered Bank
Dubai Islamic Bank,
Emirates National Bank of Dubai SAE

Habib Bank Limited
Axis Bank Ltd
United Bank Limited,.
Deutsche Bank AG,
ICICI Bank Limited,
The National Bank of Ras Al-Khaimah
Commercial Bank of Dubai

ABU DHABI
Deutsche Bank AG,
Noor Islami Bank (Noor Bank) UAE
First Gulf Bank

FUJAIRAH
National Bank of Fujairah

UGANDA
Citibank Uganda Limited
Standard Chartered Bank

UKRAINE

KIEV
Credit Dnepr Bank,
Deutsche Bank AG
Citibank NA

UK

London
Banca Intesa S.P.A.
Bank Mandiri (Europe) Ltd
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD.
Banco De Sabadell S.A.
Sonali Bank (UK)
Confederacion Espanola De Cajas De Ahorros
JP Morgan Chase Bank N.A.
Citibank NA
Commerzbank AG
Deutsche Bank AG
DNB NOR Bank ASA
Habib Bank AG
Woori Bank
ICICI Bank UK Limited
ING Bank N.V.
Bank of New York
LLOYDS TSB Bank PLC
Mizuho Corporate Bank Ltd.
Mashreq Bank PSC
Nordea Bank Finland Plc
Nedbank LTD
National Westminster Bank PLC
Wells Fargo Bank N.A.
Raiffeisen Zentralbank AG
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation Europe Limited
Banco Popolare Di Verona E Novara SCRL
Westlb AG
ABN AMRO Bank N.V.
Unicredit Bank AG
HSBC Bank PLC
Bank Of Beirut (UK) Limited,
Intesa Sanpaolo SPA,
Crown Agents Bank Limited
Exim Exchange Company (UK) Limited
Emirates NBD PJSC, U.K.
Habib-UK PLC.

URUGUAY

MONTEVIDEO
Citibank NA
Bankboston NA

USA

New York, NY
ABN AMRO Bank N.V.
Intesabci S.P.A.
Deutsche Bank Trust Company Americas
Bank of America N.A.
Union Bank Of California, N.A.
The Bank of Tokyo Mitsubishi UFJ LTD.
JP Morgan Chase Bank NA
Citibank NA
Commerzbank AG
Credit Lyonnais
Deutsche Bank AG
DNB NOR Bank ASA
Habib American Bank
Woori Bank
Bank of New York
Bank Leumi USA
Mizuho Corporate Bank Ltd.
HSBC Bank USA
Mashreq Bank PSC
Nordea Bank Finland PLC,
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
WESTLB AG
Wells Fargo Bank N.A.
ICICI Bank Limited
National Bank of Pakistan, NY, U.S.A.
Bank of Oklahoma N.A.
City National Bank USA
United Bank Limited
AMSOUTH Bank
Keybank National Association
National City Bank
Union Planters Bank N.A. USA
Banco De Sabadell,
Bank Boston International
U.S. Bank
U.S. Bank Trust
Bank of The West
Sovereign Bank
People's United Bank National Association

LOS ANGELES, CA
Intesabci S.P.A.
The Bank of Tokyo Mitsubishi UFJ LTD.
Cathay Bank
Woori Bank
Mizuho Corporate Bank Ltd.
Wells Fargo Bank N.A.
Standard Chartered Bank

TULSA,OK
Bank of Oklahoma NA

SAN FRANCISCO
Bank of America, N.A
The Bank of Tokyo Mitsubishi UFJ LTD
Wells Fargo Bank, N.A.

MINNEAPOLIS,MN
U.S. BANK

WASHINGTON
International Bank for Reconstruction & Development (IBRD)
International Finance Corporation

BOSTON
Fleet National Bank

CALIFORNIA
Silicon Valley Bank,

CLEVELAND
National City Bank Cleveland

CHARLOTTE,NC
Wells Fargo Bank N.A.

CHICAGO, IL
ABN AMRO Bank N.V.
Bank of America N.A.
Lasalle National Bank
Bank of Montreal

UZBEKISTAN

TASHKENT
National Bank for Foreign Economic Activity of The Republic Of Uzbekistan

VIETNAM

HANOI
The Bank of Tokyo Mitsubishi UFJ LTD.
Citibank NA
Woori Bank
Standard Chartered Bank
Mizuho Corporate Bank Ltd.
Asia Commercial Bank
Joint Stock Commercial Bank for Investment & Development
Vietnam Joint Stock Commercial Bank for Industry and Trade

HO CHI MINH CITY
The Bank of Tokyo Mitsubishi UFJ LTD
HSBC
Asia Commercial Joint Stock Bank, Vietnam

MINH CITY
JP Morgan Chase Bank N.A.
Deutsche Bank AG

ZAMBIA
Citibank Zambia Ltd
Standard Chartered Bank Zambia Ltd

ZIMBABWE
Standard Chartered Bank Zimbabwe Limited

ABBREVIATIONS

ABB	Association of Bankers, Bangladesh
AC	Audit Committee
ADC	Alternative Distribution Channel
ALCO	Asset Liability Committee
ALS	Assured Liquidity Support
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BAS	Bangladesh Accounting Standard
BB	Bangladesh Bank (Central Bank of Bangladesh)
BFRS	Bangladesh Financial Reporting Standard
BORC	Bank Operational Risk Committee
BRMC	Bank Risk Management Committee
BRPD	Banking Regulation and Policy Department (of Bangladesh Bank)
CAR	Capital Adequacy Ratio
CMU	Cash Management Unit
CP	Commercial Paper
CSU	Customer Support Unit
CRR	Cash Reserve Ratio
CRGM	Credit Risk Grading Matrix
CSR	Corporate Social Responsibility
CDBL	Central Depository Bangladesh Limited
CDCS	Certified Documentary Credit Specialist
CRISL	Credit Rating Information and Services Ltd.
DCFCL	Departmental Control Function Check List
DEPZ	Dhaka Export Processing Zone
DR	Disaster Recovery
EBL	Eastern Bank Limited
EBLAML	EBL Asset Management Limited
EBLIL	EBL Investments Limited
EBLSL	EBL Securities Limited
EC	Executive Committee
ECAI	External Credit Assessment Institution
EFT	Electronic Fund Transfer
EMI	Equal Monthly Installment
EPZ	Export Processing Zone
E&S Risk	Environmental and Social Risk
ETP	Effluent Treatment Plant
FD	Fixed Deposit
FTP	Fund Transfer Pricing
FY	Fiscal Year (July to June)
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GTFP	Global Trade Finance Program
HFT	Held for Trading
HRD	Human Resources Division
ICAB	Institute of Chartered Accountants of Bangladesh.
ICAAP	Internal Capital Adequacy Assessment Process
ICCD	Internal Control & Compliance Division
IFC	International Finance Corporation
IT	Information Technology
IAS	International Accounting Standard
IPO	Initial Public Offering
IVR	Interactive Voice Response
LAPS	Loan Application Processing System
LC	Letter of Credit
MANCOM	Management Committee
MCR	Minimum Capital Requirement
MD&A	Management Discussion & Analysis
MFIs	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition
MOR	Monthly Operation Report
NBFI	Non-bank Financial Institution
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NCBs	Nationalized Commercial Banks
NRB	Non Resident Business
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PCBs	Private Commercial Banks
PC	Purchase Committee
PD	Probability of Default
POS	Point of Sale
PPG	Product Program Guidelines
PRI	Prime Risk Indicator
QMS	Quality Management System
RBCA	Risk Based Capital Adequacy
RBIA	Risk Based Internal Audit
RFCD	Resident Foreign Currency Deposit
RWA	Risk Weighted Assets
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
SAMD	Special Asset Management Division
SFU	Structured Finance Unit
SAFA	South Asian Federation of Accountants
SME	Small and Medium Enterprise
SLR	Statutory Liquidity Ratio
STP	Straight Through Processing
SRP	Supervisory Review Process (Pillar II of Basel II)
TFP	Trade Finance Program
TREC	Trading Right Entitlement Certificate
UBS	Universal Banking System (Core Banking Solution)
WACRG	Weighted Average Credit Risk Grade

EASTERN BANK LIMITED

HEAD OFFICE
JIBAN BIMA BHABAN
10, DILKUSHA COMMERCIAL AREA
DHAKA-1000.

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 25th Annual General Meeting (AGM) of the Company (EBL) will be held on Thursday 27 April 2017 at 10.30 AM at Spectra Convention Centre Limited (SCCL), King's & Green Hall (Ground Floor), House # 19, Road # 7, Gulshan-1, Dhaka-1212 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, 2016 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, 2016 as recommended by the Board of Directors.
3. To elect Directors.
4. To appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Dated, Dhaka
22 March 2017

Safiar Rahman, FCS
DMD & Company Secretary

NOTES:

- The Board of Directors recommended for payment of **20% (Twenty Percent) Cash Dividend and issuance of 5 % (Five Percent) Stock Dividend (Bonus Shares)** on the profit of the Bank as at the close of business on 31 December 2016.
- The **'Record Date'** in lieu of Book Closure will be on **Tuesday, 11 April 2017.** The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the **'Record Date'** (11 April 2017) will be eligible to attend the 25th AGM and entitled to the Dividends 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 Registered Office of the Company at least **48 hours** before the time fixed for the Meeting.
- Annual Report, Attendance Slip and Proxy Form along with the Notice are being sent to all the Members by Post/Courier Service. The Members may also collect the Proxy Form from the Registered Office of the Company (EBL).
- **Hon'ble Members are requested to update their respective BO Accounts with Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) latest by 10 April 2017, failing which Income Tax at Source will be deducted from payable Dividend @ 15% (Fifteen Percent) instead of @ 10% (Ten Percent) as per amended IT Ordinance-1984 under Section 54.**
- **Hon'ble Members are also requested to update their Bank Accounts Number, Address, Cell No and E-mail Address through Depository Participant (DP) latest by 10 April 2017.**
- **No Gift/Gift Coupon/Food Box etc. to be distributed at the 25th AGM,** in Compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013 and Regulation 24 (2) of the Listing Regulations, 2015 of both the Stock Exchanges (DSE & CSE).

AMARSTOCK

ইস্টার্ণ ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০, দিলকুশা বানিজ্যিক এলাকা
ঢাকা-১০০০

প্রক্সি ফরম

আমি/আমরা----------ঠিকানা----------

ইস্টার্ন ব্যাংক লিমিটেড এর শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব/বেগম ----------কে ঠিকানা--------
----------অথবা তাঁর অপারগতায় জনাব/বেগম
---------- কে ঠিকানা----------
----------আমার/আমাদের প্রক্সি হিসাবে আমার/আমাদের পক্ষে ২০১৭ ইং সালের ২৭ এপ্রিল রোজ বৃহস্পতিবার, স্পেকট্রা কনভেনশন সেন্টার লিমিটেড (এস,সি,সি, এল), কিংস এন্ড গ্রিন হল (নিচ তলা), হাউজ নং#১৯,রোড নং#৭, গুলশান-১, ঢাকা-১২১২, ঢাকায় অনুষ্ঠিতব্য কোম্পানীর ২৫তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিতি থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

অদ্য ২০১৬ ইং সালের ----------মাসের ----------তারিখে আমার/আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

রাজস্ব টিকেট
বিশ টাকা

শেয়ারহোল্ডারের স্বাক্ষর----------
প্রক্সির স্বাক্ষর----------
ফোলিও/বিও নং----------

লক্ষ্যনীয়ঃ

যথাযথভাবে পূরন করে এই প্রক্সি ফরম সভার আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে।স্টাম্প ও স্বাক্ষরবিহীন প্রক্সি বৈধ বলে বিবেচিত হবে না। শেয়ারহোল্ডার ও প্রক্সির স্বাক্ষর কোম্পানীর নথিভূক্ত 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 প্রধান কার্যালয়ে জমা দেয়া না হলে কোন ব্যক্তি উক্ত সভায় প্রক্সি হিসাবে কাজ করতে পারবেন না।

ইস্টার্ণ ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০, দিলকুশা বাণিজ্যিক এলাকা
ঢাকা-১০০০

শেয়ারহোল্ডার / প্রক্সির হাজিরা পত্র

আমি/আমরা ২৭ এপ্রিল ২০১৭ রোজ বৃহস্পতিবার বেলা ১০.৩০ ঘটিকায় স্পেকট্রা কনভেনশন সেন্টার লিমিটেড (এস,সি,সি, এল), কিংস এন্ড গ্রিন হল (নিচ তলা), হাউজ নং#১৯,রোড নং#৭, গুলশান-১, ঢাকা-১২১২ ঢাকায় অনুষ্ঠিতব্য ইস্টার্ন ব্যাংক লিমিটেড এর ২৫তম বার্ষিক সাধারণ সভায় আমরা/ আমাদের উপস্থিতি 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 সাথে এই স্বাক্ষরের মিল থাকতে হবে।

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