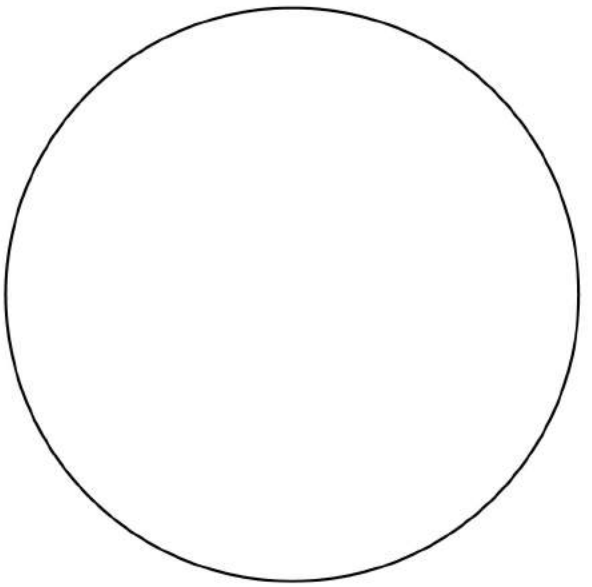
ANNUAL REPORT 2017



WIDENING BANKING HORIZON



Eastern Bank Ltd.
Simple Math®



AMAR STOCK





Widening banking horizon

The business environment that we operate in is changing fast and abrupt; sometimes even before we are prepared for it. Competitive edge is vanishing under growing competition. In the ever changing scenario of the market place, business giants are suffering or even pushed to insignificance failing to understand the changing scenario of the market place. Start-ups are posing challenge to established companies with their offerings and smart solutions. Continuous innovation and widening business horizon have become the buzz words in the marketplace we operate now. To remain obsessed only with core business and competencies can prove to be costly.

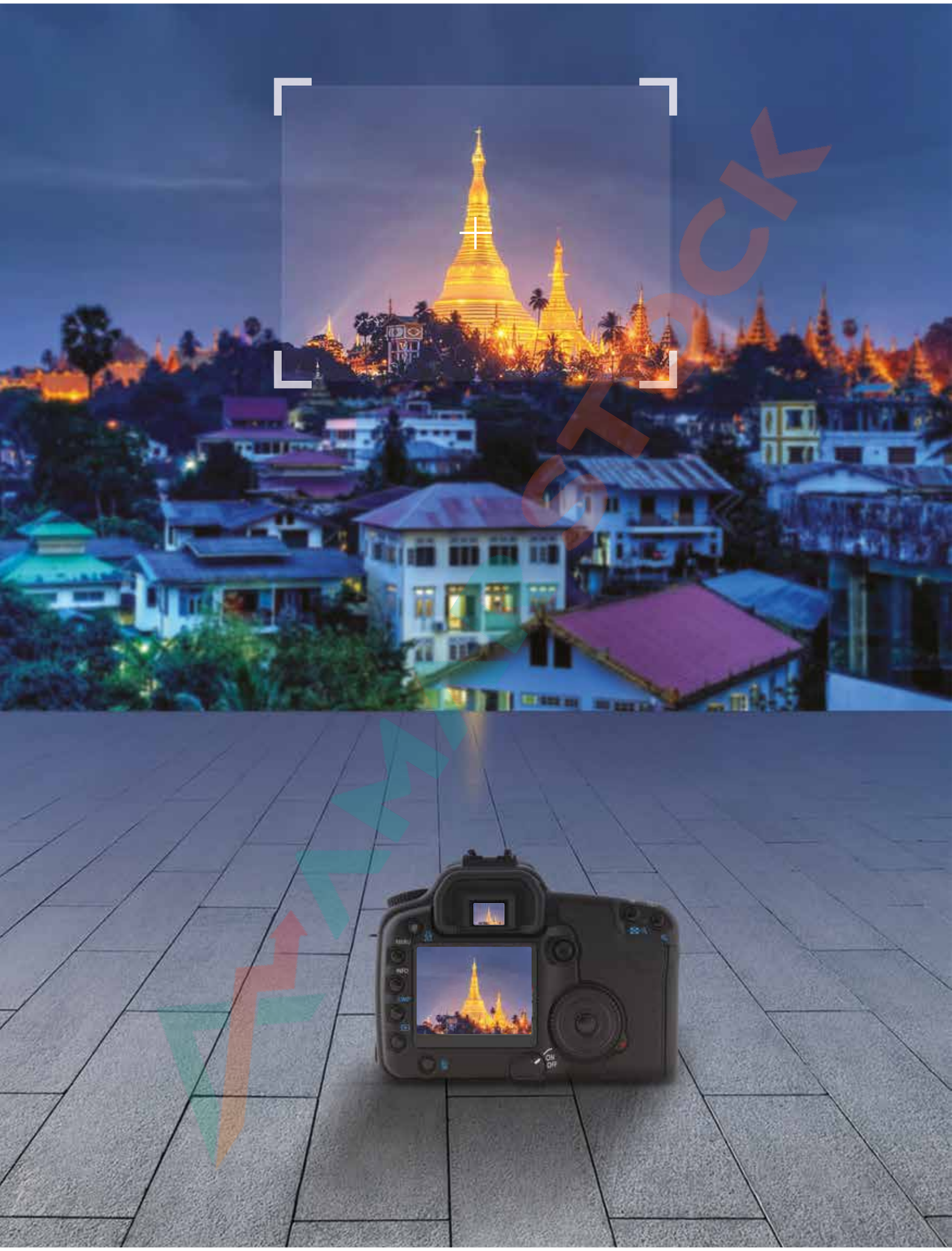
Surviving and sustaining in the ever changing business environment not only requires strengths in core competencies, but also demands thinking out of the box or widening horizon. With a very successful operation in Hong Kong, a foothold in Myanmar, and windows soon to be opened in China and India, we are widening our banking horizon and aiming to become a regional bank.



WIDENING HORIZON IN **MYANMAR**

Myanmar (formerly Burma) is a Southeast Asian nation of more than 100 ethnic groups, bordering India, Bangladesh, China, Laos and Thailand. Yangon (formerly Rangoon), the country's largest city, is home to bustling markets, numerous parks and lakes, and the towering, gilded Shwedagon Pagoda, which contains Buddhist relics and dates.

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WIDENING HORIZON IN
HONG KONG

Hong Kong is an autonomous territory, and former British colony, in southeastern China. Its vibrant, densely populated urban centre is a major port and global financial hub with a skyscraper-studded skyline. Central (the business district) features architectural landmarks like I.M. Pei's Bank of China Tower. Hong Kong is also a major shopping destination, famed for bespoke tailors and Temple Street Night Market.


HITACHI

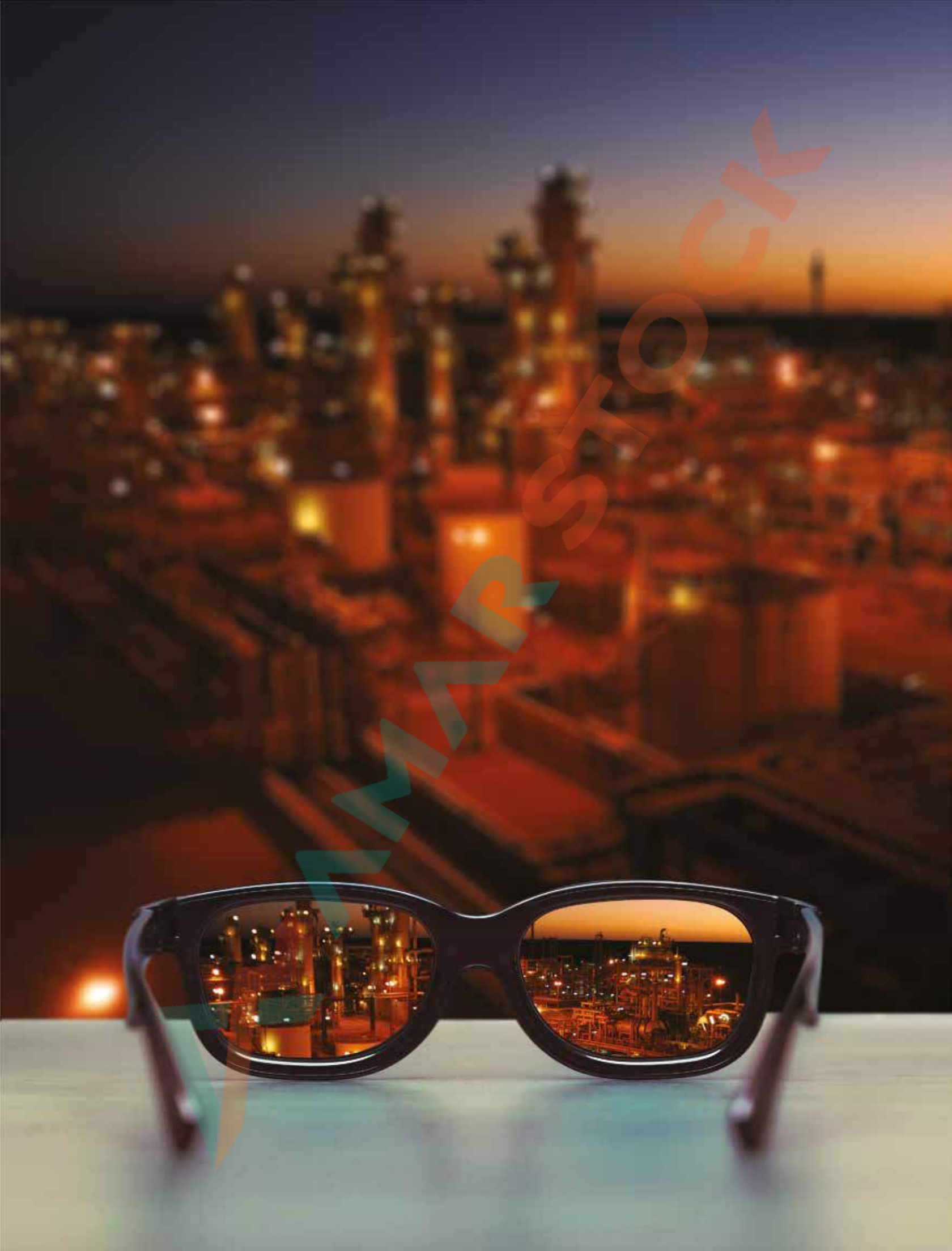


TOUCHING LIVES,
IMPACTING ECONOMY

POWER & ENERGY SECTOR

We are supporting power projects with generation capacity over 2000 MW of electricity

AMR STOCK





TOUCHING LIVES,
IMPACTING ECONOMY

WE HANDLE OVER 4% OF THE COUNTRY'S TOTAL TRADE VOLUME

AMBR STOCK





TOUCHING LIVES,
IMPACTING ECONOMY

EBL HAS MADE AIR TRAVEL EASY

We have financed 12 aircrafts so far worth USD 192 million

AMBR STOCK









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Letter of Transmittal

All Shareholders of Eastern Bank Limited
Bangladesh Bank
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint stock Companies & Firms
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)

Dear Sir,

Annual report of Eastern Bank Limited for the year ended 31 December 2017.

We are pleased to present before you the Bank's (EBL) Annual Report 2017 along with the audited Financial Statements (Consolidated and Separate) for the year ended 31 December 2017 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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EBL at a Glance in 2017

Figures in million		Growth
253,365	**Total Balance Sheet Size**	19.97%
184,027	**Total Loans & Advances**	21.00%
167,348	**Total Deposits**	19.29%
6,796	**Operating Profit**	5.88%
2,405	**Profit After Tax**	-9.47%
23,302	**Total Regulatory Capital**	3.69%
37,712	**Market Capitalization**	85.02%

Ratios

NPL	**ROA**	**ROE**
2.50%	1.04 %	11.41%
Cost to Income ratio	**EPS (BDT)**	**CRAR**
45.20%	3.26	14.09%

A Year of Accolades and Appreciations

25 years of journey down the line along with dedicated team of employees and thousands of happy customers are sparkling achievements for the Bank. This demands retrospection, taking stock of what has been achieved and setting eyes on future.

The world of business is changing fast in fundamental ways. It is difficult to predict what lies ahead and getting prepared for future course of action. Every day we experience rapidly evolving customer needs, faster leveling of competitive advantage, greater regulation, and ever-changing nature of technology and risk. The greatest challenge is coming from the frontiers of tech innovation.

Our business is founded on ethos of leveraging strengths, rising to the challenges of the volatility of markets, pursuing best corporate governance and having a culture of best processes and consistent improvement. Having the ability to adapt to changes is our core competence and strength for a balanced growth. Our State-of-the-art IT solutions is one of the key sources of our strength. The PCI DSS certificate of compliance that has been awarded to us in 2016 and reaffirmed in 2017 by world's most renowned cyber security leader NCC Group of UK is a tell-tale indication of our emphasis on security of our cards in the market.

Another key area of our core strength is corporate governance. A sound corporate governance in accordance with high international standards is of paramount importance to EBL. 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). And, we have received ICSB National Award for Corporate Governance Excellence for last three consecutive years.

The Bank also received ICMAB Best Corporate Award 2016 that signifies Bank's resilient performance over the years. 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 regarded 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 five consecutive years since 2013.

The rating by a top global agency like Moody's in March 2016 was a high point in our journey to excellence. Moody's has assigned us Ba3 rating with stable outlook. EBL is the first company in the country to achieve this commendable feat. Moody's has also vested their confidence in us for the second year by reconfirming Ba3 ratings with stable outlook.

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. We have repeated the performance in 2017 by winning Euromoney Best Bank in Bangladesh award for the second consecutive year.

We have also won in our silver jubilee year all major national and international awards including Best Corporate and Investment Bank accolade from Asiamoney and Best Bank in Bangladesh by FinanceAsia. Our CRISL credit rating has also ameliorated this year as we were upgraded one notch up from AA to AA+.

All in all, this all-round performance sums up our passion for performance and hunger to better our position consistently and sustainably.



Moody's rates Eastern Bank Ba3 in 2016 and reaffirmed the rating in 2017



Best Corporate and Investment Bank 2017 and 2018 awarded by Asiamoney



PCI DSS Compliance 2017



FinanceAsia Best Bank of Bangladesh in 2017



Operations department has been awarded ISO 9001: 2015 certification.



Best Retail Bank in Bangladesh for six consecutive years 2013-18



Euromoney Awards for Best Bank in Bangladesh 2016 and 2017



ICSB National Award for Corporate Governance Excellence in the banking company category for three consecutive years



Global Brand Excellence Award by the World Brand Congress



Structured SME Bank of the Year 2014



ICMAB Best Corporate Award 2016



ICAB National Awards for the Best Presented Annual Reports 2015



Vision

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



Mission

We will deliver service excellence to all our customers, both internal and external.

We will ensure to maximize shareholders' value.

We will constantly challenge our systems, procedures and training to maintain a cohesive and professional team in order to achieve service excellence.

We will create an enabling environment and embrace a team based culture where people will excel.

Core Values

Service Excellence

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

Openness

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

Trust

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

Commitment

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

Integrity

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

Responsible Corporate Citizen

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

Strategic Priority

- Hiring and retaining of quality human resources.
- Improving liquidity to maintain all the ALM ratios within regulatory limit.
- Leveraging technology for driving efficiencies and service excellence.
- Diversifying revenue streams to withstand any unforeseen challenges in the core business.
- Expanding customer base to reduce concentration risk and to improve profitability.
- Improving compliance culture through engagement of people to become more responsive to the growing needs of regulators, customers and the society at large.
- Improving processes and raising awareness to rationalize costs.

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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 16 August 1992.

Composition of the Group EBL

Eastern Bank Limited (Group)	
Bank	**Subsidiaries (fully owned)**
Eastern Bank Limited	EBL Securities Limited (Stock Dealing & Brokerage)
Off-Shore Banking Unit (OBU), Bangladesh	EBL Investments Limited (Merchant Banking Operations)
Yangon Representative Office, Myanmar	EBL Asset Management Limited (Asset management i.e. managing mutual funds)
	EBL Finance (HK) Limited (First foreign subsidiary doing trade finance and off-shore banking business in Hong Kong)

Our Core Business

Corporate Banking

A wide array of products and customized solutions is offered to corporate clients through relationship units spread out in Dhaka and 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.

Commercial Banking

Commercial Banking offers a variety of roles for people interested in helping businesses to succeed. We have a particular focus on companies that aspire to grow and use our connections and expertise to identify opportunities for our customers. Commercial Banking primarily targets its clients to meet up their financial needs offering tailor-made banking solutions through its networking channels.

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.

Treasury

This business segment predominantly deals with managing cash flow and liquidity of the Bank. It also covers 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.

Rating Agency

Rating by Moody's

For the first time in private sector banks in Bangladesh, EBL has been awarded Ba3 rating in 2016 and reaffirmed in 2017 by world renowned ratings agency Moody's with a stable outlook. This rating is equivalent to that of our sovereign rating (Ba3).

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Rating by CRISL

The Bank has completed its credit rating by Credit Rating Information and Services Limited (CRISL) based on the Financial Statements 2016 and was awarded 'AA+' in the Long Term and 'ST-2' in the Short Term.

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			

AMAR STOCK

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			

Capital (31 December 2017)

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

Ownership Composition

As on 31 December 2017, shareholding position of EBL by the Directors, General Public & Financial Institutions is presented below:

Composition	Status	
	Number of Shares	% of total shares
Directors	232,911,064	31.56%
General Public	428,156,163	58.02%
Financial Institutions	76,932,362	10.42%
Total	**737,999,589**	**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.

Listing Year

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

Accounting Year-end

December 31

Auditors

Rahman Rahman Huq
Chartered Accountants

Tax Consultant

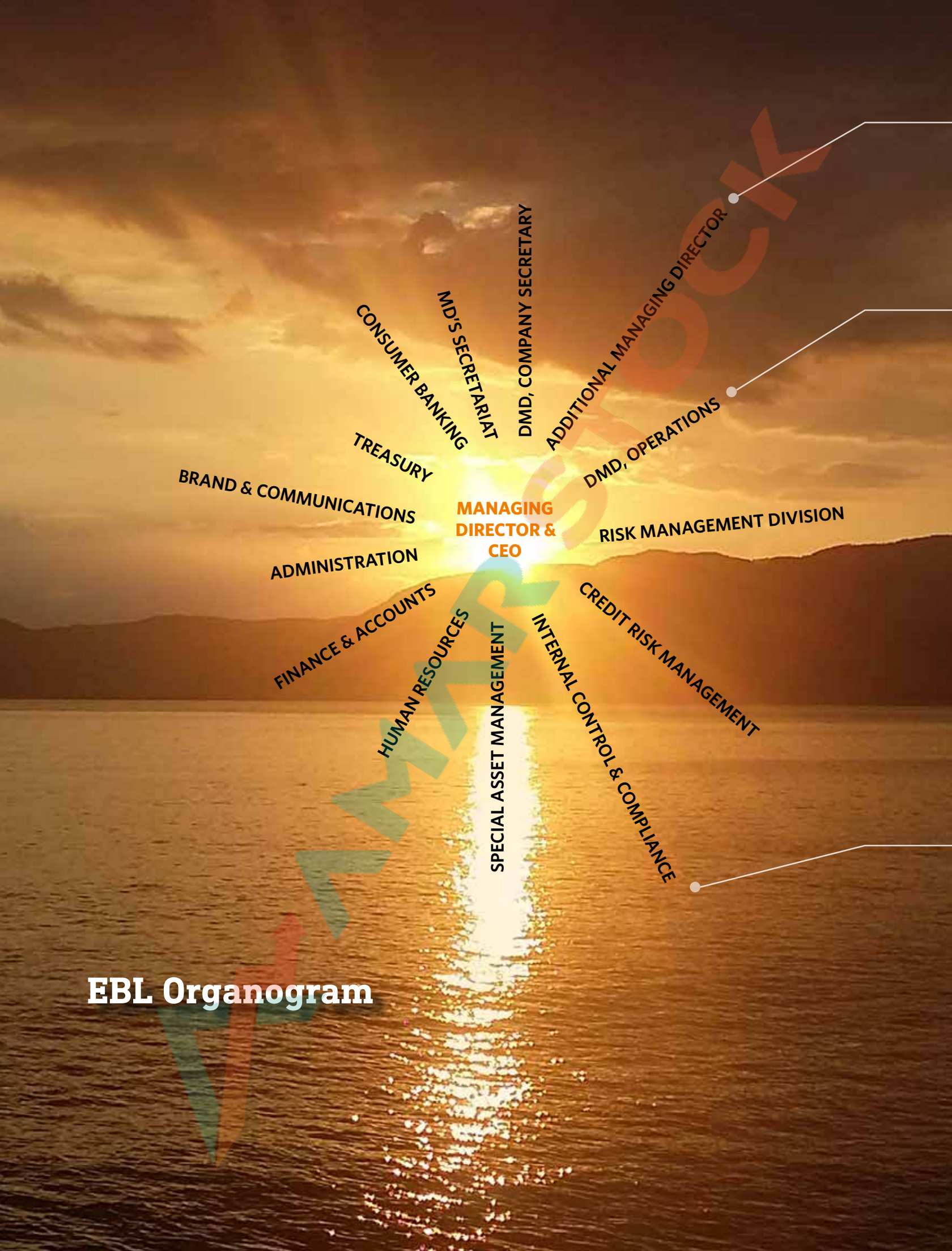
ACNABIN
Chartered Accountants

Legal Advisors

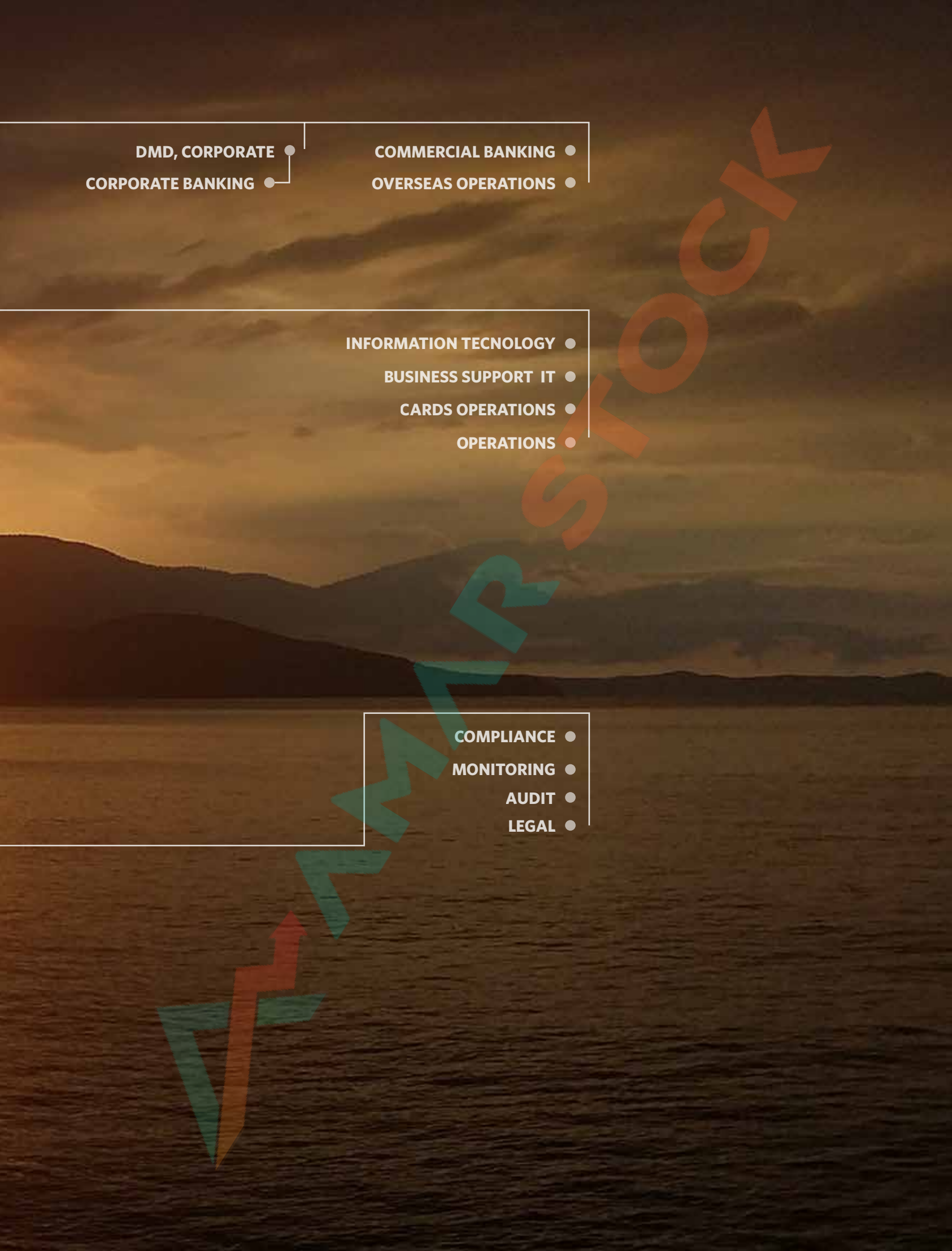
Sadat, Sarwat & Associates and
Sadia Rowshan Jahan

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


DMD, CORPORATE
CORPORATE BANKING
COMMERCIAL BANKING
OVERSEAS OPERATIONS
INFORMATION TECNOLOGY
BUSINESS SUPPORT IT
CARDS OPERATIONS
OPERATIONS
COMPLIANCE
MONITORING
AUDIT
LEGAL

25 years of bonding relations

Thank you for being with us all these years

It has been a wonderful journey rich with memorable experiences. The world of business is changing fast and in fundamental ways. Every day we experience rapidly evolving customer needs, faster leveling of competitive advantage, greater regulation, and ever-changing nature of technology and risk.

In this constantly changing business environment, we pursue efficient cost management and promote consistent productivity gains through seamless coordination between business functions to deliver sustained growth.

Our business is founded on our core strengths of service excellence, corporate governance and innovation. What drives us every day to rise to the challenges of the volatility of markets is our passion for performance and hunger to better our ratios consistently and sustainably.

We are what we are today for the stewardship of our forward-looking board of directors, prudent guidance of the regulators especially Bangladesh Bank, and unwavering faith deposited in us by our customers.

We thank you all for your continuous support and inspiration.



84 Branches | 14 Priority Centers | 200 ATMs | 63 EBL Dropbox | EBL SKY BANKING | EBL DIA | SKYLOUNGE | 16230 24-hour Contact Center

Eastern Bank Ltd.

EBL 24X7 CONTACT CENTER 16230 or 8332232 | ebl.com.bd | myebl

Eastern Bank Ltd. Simple Math®

VERSTOCK



BOARD
OF DIRECTORS

With a suite of products and services catering to private individuals, corporate clients, to small and medium-sized to digital banking platforms, our banking basket of offering is among the most rich and diverse in the market. We are clocking a sustained growth for over two decades now to emerge as a market leader in innovating products and services. In all our endeavors we are ably guided by our board of directors, be it making key decisions, strategy planning and governance issues. In our dream to spread our wings regionally, the board of directors is providing prudential guidance and inspiration necessary to achieve the goals.

Board of Directors





Board of Directors



M. Ghaziul Haque
Chairman

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

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

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

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



Mir Nasir Hossain
Director

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

Mir Telecom Ltd., one of the business concerns under his dynamic leadership won the National Export Gold Trophy twice in 2012-13 & 2013-14 in Service Sector & he received the Trophy from the Hon'ble Prime Minister of the People's Republic of Bangladesh. Mir Nasir was also declared as CIP (Commercially Important Person) by the Ministry of Industry for the years 2012 & 2013 as 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 (EC) and Risk Management Committees (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

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

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

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

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

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

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



Md. Showkat Ali Chowdhury
Director

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

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

He completed his graduation from the University of Chittagong and associated with many local and international organizations that includes 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 and Bangladesh Ship Breakers Association.

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



Salina Ali
Director

A renowned business personality of the country, Salina Ali is the Chairperson of the Unique Group, a leading business conglomerate in Bangladesh, having business interest in Real Estate, Ceramic Industry, Tourism, Manpower Export, Banking Services and Human Resources Development. She is also the Chairperson of Unique Hotel and Resorts Limited and involved with The Westin Dhaka from the beginning of its commercial operation.

She is a member of the Executive Committee 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 works to make a change in the society.



Anis Ahmed
Director

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

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

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

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



Meah Mohammed Abdur Rahim
Independent Director

Meah Mohammed Abdur Rahim is the Managing Director of Ancient Steamship Company Limited and Hudig & Meah (Bangladesh) Limited.

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

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

He is also the Chairman of the Chittagong Club Limited. and Vice President of Bhatiary Golf & Country Club (BGCC).

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 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 serves as the Director of National Brokers Limited, the oldest Tea Broking Company in Bangladesh since 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.

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



Ali Reza Iftekhar
Managing Director & CEO

A visionary banker and a dynamic leader, Ali Reza Iftekhar is an ardent promoter of the concept of sustainable development. As the MD and CEO of Eastern Bank Limited he has successfully introduced international best practices and ethical banking and transformed the organization into a valuable financial brand in the country.

It is during his tenure that EBL became the first company in the country to achieve Ba3 rating from Moody's.

An achiever throughout his banking career spanning over 30 years, his achievements include CEO of the Year 2012 awarded by Asian HR Leadership Award held in Dubai, Credit Specialist Certificate by world reputed Omega in UK, certificate of recognition in International Trade Skill Assessment Program jointly conducted by Standard Chartered Group London and ICC.

A 1982 graduate from the University of Dhaka in Marketing, his specialization in risk management, corporate banking, operations and retail made him one of the leading bankers of the country. He attended numerous leadership programs including 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.

AMARSTOCK

Management Committees



MANCOM

Standing from left to right

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

Nazeem A. Choudhury
SEVP & Head of Consumer Banking

Masudul Hoque Sardar
SVP & Head of Finance

Iftekhar Uddin Chowdhury
EVP & Area Head, Corporate Banking, Chittagong

Md. Khurshed Alam
SEVP & Head of SAM

Hassan O. Rashid
Additional Managing Director

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



Ali Reza Iftekhar
Managing Director & CEO

Ahmed Shaheen
DMD & Head of Corporate Banking

Safiar Rahman
DMD & Company Secretary

Akhtar Kamal Talukder
DMD-Operations

Mehdi Zaman
EVP & Head of Treasury

Monjurul Alam
SVP & Head of Human Resources

MANCOM

SL NO	Name	Designation
1	Ali Reza Iftekhar	Managing Director & CEO
2	Hassan O. Rashid	Additional Managing Director
3	Akhtar Kamal Talukder	DMD-Operations
4	Safiar Rahman	DMD & Company Secretary
5	Ahmed Shaheen	DMD & Head of Corporate Banking
6	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of Internal Control & Compliance
7	Md. Khurshed Alam	SEVP & Head of SAM
8	Nazeem A. Choudhury	SEVP & Head of Consumer Banking
9	Faisal Rahman	SEVP & Head of Structured Finance & Unit Head, Corporate Banking
10	Iftekhar Uddin Chowdhury	EVP & Area Head, Corporate Banking, Chittagong
11	Mehdi Zaman	EVP & Head of Treasury
12	Masudul Hoque Sardar	SVP & Head of Finance
13	Monjurul Alam	SVP & Head of Human Resources

Expanded Management Team (EMT)

SL NO	Name	Designation	Status in Committee
1	Faisal Rahman	SEVP & Head of Structured Finance & Unit Head, Corporate Banking	Chairman
2	Ashraf-Uz-Zaman	SVP & Head of Monitoring, ICCD	Member Secretary
3	Mehbub Benazir	EVP & Head of Commercial Banking	Member
4	Mahiuddin Ahmed	EVP & Head of Operations	Member
5	Hemanta Theotonius Gomes	EVP & Head of CAD	Member
6	Ziaul Karim	EVP & Head of Brand & Communication	Member
7	Maj Md. Abdus Salam, psc, (Retd)	EVP & Head of Administration & Security	Member
8	Md. Obaidul Islam	EVP & Head of Financial Institutions	Member
9	M Latif Hasan	EVP & Head of Corporate Risk, CRM	Member
10	M. Khorshed Anowar	EVP & Head of Business, CNB	Member
11	Md. Mokaddas	SVP & Head of Trade Operations	Member
12	Sheikh Mohammed Faruk Hossain	SVP & Head of Consumer Risk	Member
13	Ahsan Ullah Chowdhury	SVP & Head of Cards Operations	Member
14	Md. Rezaul Karim	SVP & Head of Service Management, IT	Member
15	Md. Rezaul Islam	SVP & Head of Audit, ICCD	Member
16	Fahmida Begum	SVP & Head of Cash Management	Member
17	Md. Abdul Awal	SVP & Head of Compliance, ICCD	Member
18	Oli Ahad Chowdhury	SVP & Branch Area Head, Dhaka	Member
19	Mohammed Moinul Islam	SVP & Head of Asset- Commercial Banking	Member
20	Md. Latiful Islam	SVP & Head of Business Support IT	Member
21	Md. Zahid Hossain	SVP & Head of Service Delivery	Member
22	S. K. M. Shariful Alam	VP & Head of Core Banking Application, IT	Member
23	Abdullah - Al - Mamun	SAVP & Head, Financial Integrity & Regulatory Reporting	Member
24	Riyadh Ferdous	SAVP & Head of Wealth Management	Member
25	Rishad Hossain	FAVP & Head, Employment & Strategy, HRD	Member

Asset Liability Committee (ALCO)

SL NO	Name	Designation	Status in Committee
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 Commercial 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

Bank Risk Management Committee (BRMC)

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	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	S.M. Akhtaruzzaman Chwodhury	SEVP & Head of Internal Control & Compliance	Member
5	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member
6	Md. Abdul Hakim	EVP & Head of RMD	Member Secretary
7	Mehdi Zaman	EVP & Head of Treasury	Member
8	Mahiuddin Ahmed	EVP & Head of Operations	Member
9	Mehbub Benazir	EVP & Head of Commercial Banking	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
13	Md. Rezaul Karim	SVP & Head of Service Management, IT	Member
14	Monjurul Alam	SVP & Head, Human Resources	Member

Purchase Committee (PC)

SL NO	Name	Designation	Status in Committee
1	Safiar Rahman	DMD & Company Secretary	General Secretary
2	Akhtar Kamal Talukder	DMD - Operations	Member
3	Maj Md. Abdus Salam, psc, (Retd)	EVP & Head of Administration & Security	Convenor
4	Ziaul Karim	EVP & Head of Brand & 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 Commercial Banking	Member
8	Masudul Hoque Sardar	SVP & Head of Finance	Member

Sustainable Finance Committee (SFC)

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman
2	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
3	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of Internal Control & Compliance	Member
4	Md. Khurshed Alam	SEVP & Head of SAM	Member
5	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member
6	Usman Rashed Muyeen	EVP & Head of CRM	Member Secretary
7	Md. Abdul Hakim	EVP & Head of RMD	Member
8	Md. Obaidul Islam	EVP & Head of Financial Institutions	Member
9	Hemanta Theotonius Gomes	EVP & Head of CAD	Member
10	Ziaul Karim	EVP & Head of Brand & Communication	Member
11	Maj Md. Abdus Salam, psc, (Retd)	EVP & Head of Administration & Security	Member
12	Masudul Hoque Sardar	SVP & Head of Finance	Member
13	Md. Rezaul Karim	SVP & Head of Service Management, IT	Member
14	Monjurul Alam	SVP & Head of Human Resources	Member
15	Rasel Hasan	VP & Head of Cards	Member

BASEL Unit*

SL NO	Name	Designation	Status in Committee
1	Usman Rashed Muyeen	EVP & Head of CRM (Acting Chief Risk Officer)	Chairman
2	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of Internal Control & Compliance	Member
3	Mehdi Zaman	EVP & Head of Treasury	Member
4	Masudul Hoque Sardar	SVP & Head of Finance	Member Secretary
5	Md. Rezaul Karim	SVP & Head of Service Management, IT	Member

**It does have a Working Team consisting three 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	Ziaul Karim	EVP & Head of Brand & Communication	Member
4	Maj Md. Abdus Salam, psc, (Retd)	EVP & Head of Administration & Security	Member Secretary
5	Masudul Hoque Sardar	SVP & Head of Finance	Member
6	Monjurul Alam	SVP & Head of Human Resources	Member

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Central Compliance Committee (CCC)

SL NO	Name	Designation	Status in Committee
1	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of Internal Control & Compliance	CAMLCO
2	Ashraf- Uz-Zaman	SVP and Head of Monitoring, ICCD	Deputy CAMLCO
3	Md. Abdul Awal	SVP and Head of Compliance, ICCD	Member
4	Md. Mokaddas	SVP and Head of Trade Operations	Member
5	Ahsan Ullah Chowdhury	SVP & Head of Cards Operations	Member
6	Shuvra Kanti Saha	SVP and Head of Operations, Chittagong	Member
7	Md. Zahid Hossain	SVP and Head of Service Delivery	Member
8	Md. Enayet Karim Chowdhury	VP and Head of Off-Shore Banking Operations	Member
9	S. K. M. Shariful Alam	VP & Head of Core Banking Application, IT	Member
10	S M Manzur Alam	VP & Senior Manager, AML & CFT Department, ICCD	Member
11	M. Mostafiduzzaman	VP & Senior Manager, Liability & Wealth Management, CNB	Member
12	A.K.M. Zakir Hossein	VP & Head, Loan Operations & Regulatory Reporting	Member
13	Sabera Sultana Mili	SAVP & Head of Business Risk Management, CNB	Member
14	Rishad Hossain	FAVP & Head, Employment & Strategy, HRD	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	Nazeem A. Choudhury	SEVP & Head of Consumer Banking	Member & Focal Point
4	Ziaul Karim	EVP & Head of Brand & Communication	Member & Deputy Focal Point
5	M. Khorshed Anowar	EVP & Head of Business, CNB	Member
6	Masudul Hoque Sardar	SVP & Head of Finance	Member
7	Monjurul Alam	SVP & Head of Human Resources	Member
8	Sarmin Atik	SAVP & Head of Service & Business Quality	Member

Our Journey

1992

08 August

Incorporated.

16 August

Commenced banking operations.

1993

20 March

Listed with Dhaka Stock Exchange Ltd.

2003

17 July

Launched online banking services across all the branches.

2004

19 May

Commenced operations of Offshore Banking Unit, Bangladesh.

11 September

Listed with Chittagong Stock Exchange Ltd.

2005

30 November

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

2006

06 June

Launched SME Banking Division.

09 November

Partnered with ADB under Trade Finance Facilitation Program (TFFP) to receive guarantee and revolving credit facility.

2009

30 December

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

2010

01 March

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

04 April

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

2011

09 January

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

25 June

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

28 November

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

2012

19 July

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

25 September

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

2014

20 February

Adjudged the 'Best Partner for Working Capital Systemic Solutions in 2013' by IFC of World Bank Group.

31 July

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

11 November

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

2015

18 January

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

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

10 November

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

2016

21 March

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

01 October

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

2017

17 March

EBL won the prestigious Best Retail Bank in Bangladesh award for 2017 consecutively for fifth times by The Asian Banker.

29 June

EBL was adjudged as the Best Bank in Bangladesh by FinanceAsia.

13 July

EBL repeated the performance in 2017 by winning Euromoney Best Bank in Bangladesh award for the second consecutive year.

26 September

EBL received Asiamoney Best Corporate and Investment Bank in Bangladesh Award for 2017.

28 December

EBL launched country's first Artificial Intelligence (AI) - based banking chatbot titled 'EBL DIA' (EBL Digital Interactive Agent) - where anyone can interact with through chatting with an AI-based Chat Robot on social media platform.

AMARSTOCK

Code of Conduct and Ethical Guidelines

Fair governance practices is the key to inclusive and sustainable growth. We have clearly articulated, in our code of conduct and ethical guidelines, all the probable areas involving ethical dilemmas for the responsible and values-driven management and control. Highlights of our code of conduct and ethical guidelines are as follows:



Compliance of Laws

All our employees are to follow and comply with the laws of the land and internal rules and regulations of the Bank.



Integrity of Records

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



Misappropriation of Assets

No employee shall convert any funds and properties which are not legitimately theirs to their own use and benefit, nor deliberately assist another person in such exploitation.



Conflict of Interest

Employees must not use their position in the Bank for personal emolument or to obtain benefits for themselves or members of their families or friends. Employees who are members of different school boards, society, and recreational clubs should be aware of conflicts of interest and should declare any such conflict.



Speculation in Stocks

Employees and their dependents should not speculate/trade in stocks, shares, securities or commodities of any description nor are connected with the formation or management of a joint-stock company.



Honesty and Integrity

Our employees are expected to act honestly and with integrity at all times. They should act uprightly and equitably when dealing with the public and other employees of the Bank.



Acceptance of Gift

Our employees are highly discouraged to accept gifts, benefits (cash or kind) or facilities from customers or persons having business interest with the Bank. If an employee has to receive any such thing for the sake of mutually beneficial relationship, he or she must disclose it with his/her line manager.



STEWARDSHIP

We have always aspired to be a bank that contributes to economic growth of the country and the society we operate in. Our focus has always been to generate positive and sustainable impact for our clients and employees. Our board and our managing director and CEO are leading the bank from the front and working passionately to uphold corporate culture and values to establish bondage of trust with the society we serve. Strong leadership and unflinching determination to broaden the banking horizon are key leadership traits at the center of strategy formulation.

Chairman's Message



M. Ghaziul Haque
Chairman

For the past 25 years we have been doing business with a clear philosophy of impacting lives positively with our services and product propositions. Our responsibility is to carry out business in a way which not only provides returns for our shareholders but also delivers good offerings to the society.

We have demonstrated the right strategy, the right culture and the right geographical footprint to deliver consistent and sustained value for our shareholders. Our performance in 2017 once again is a testimony to that.

Dear shareholders,

This is my privilege to welcome you all at the 26th Annual General Meeting of Eastern Bank Limited. It is also my pleasure to present before you the 2017 Annual Report and audited financial statements reflecting the Bank's performance, economic environment, regulatory issues, and strategic priorities with an outlook for the years ahead.

Economic environment

Global economy is reasonably upbeat this year as charted by most international organizations. Key indicators like employment, consumer confidence and growth in trade and investment have been on the positive trajectory. This has paved the way for the country like Bangladesh to augment its spending and investment, leading to higher economic growth.

Bangladesh economy grew by a record of 7.28% in the FY 2017, thanks to the increased revenue collection, high foreign currency reserves propelled by a spike in export and remittance inflow. And, it continues to show resilience, despite lingering obstacles such as the effects of country-wide flooding, infrastructure deficiencies and sudden and mass influx of Rohingya refugees. On the top of all these, skilled human resources and innovative drive of the tech-savvy young entrepreneurs have added fuel to this latest growth in Bangladesh. Most of the mega projects and other development activities will add further value to the on-going vibrant growth process.

However, to sustain this growth we must improve overall governance practices in the banking sector, the lifeblood of the economy.

Our performance

For the past 25 years we have been doing business with a clear philosophy of impacting lives positively with our services and product propositions. Our responsibility is to carry out business in a way which not only provides returns for our shareholders but also delivers good offerings to the society.

We have demonstrated the right strategy, the right culture and the right geographical footprint to deliver consistent and sustained value for our shareholders. Our performance in 2017 once again is a testimony to that.

The quality of our portfolio and loan loss coverage ratio have improved in comparison to previous year. Our prudent capital management practice is demonstrated through comfortable capital to risk weighted assets ratios which gives us sufficient leeway for business expansion and stability. This year, we have also received very good response from our subsidiaries that contributed significantly to the bottom-line of the Bank.

All in all, we have been quite consistent over the years to maintain and create shareholder value.

Governance and Transparency

We pursue and adhere to best international compliance culture and practices. We have established ourselves as one of the most compliant banks in the industry. The board has always given highest priority to corporate governance. We are also committed to ourselves in meeting up our goals and being accountable to our stakeholders for our actions.

Our commitment

We are committed to build relationships with the community within which we operate. We are widening our networks in our bid to reaching out to the different segments of people of our country. In this way, we get closer to our customers and are able to identify their needs and serve them better with tailor-made products and services to cater to their requirements. For us, our employees are our standard-bearers who interact with our customers closely, convey our image and convince them that we are always ready to cater their needs. This is how we have built mutually rewarding sustainable relationships with all our stakeholders and created value for the society and environment.

The year ahead

Our success truly portraits that we keep a watchful eye on our business to identify and grab the opportunities as and when they arise, embracing technological change and innovation, and continuing to develop attractive value propositions for our clients. The board also focuses on sustaining resilience by enhancing our brand image and viable performance.

Dividend

The board has decided to propose 20% cash dividend to our shareholders for the year 2017. We always give utmost importance to fulfil the needs of the shareholders and thereby plan to distribute it justifiably over the time taking into account the issues like organizational capacity, earnings outlook, regulatory requirements, and prospects to grow the business.

In conclusion

I would like to express gratitude to my colleagues on the board for their constant guidance, supervision and timely decision to address challenges we have faced over the years. I am also grateful to our Managing Director & CEO for his dynamic leadership and agility to steer the Bank into right direction. Thanks to all our stakeholders for the contribution they have made in 2017 that includes customers for their relationships and trustworthiness, employees for their devotion, passion and commitment, investors for their unrelenting confidence in us and regulators for their prudential guidance. It has been my privilege to serve as the chairman of a great brand and I am confident that the board along with the dedicated employees of the company will continuously work together for a better future. We will also keep our eyes open to find new business solutions to play a catalyst in further growth opportunities in the long run.



M. Ghaziul Haque
Chairman of the Board of Directors

Managing Director and CEO's Review



Ali Reza Iftekhar
Managing Director & CEO

"In 2017 our ALM practice, capital base, diversified portfolio, service excellence, leadership in technology have all together positioned us well to leverage the growth opportunities across the economy."

World economy back on track

Global economy is experiencing a positive turnaround which is expected to continue over the next couple of years. According to World Bank Reports, growth is expected to reach around 3.1% in 2018 as the recovery in investment, manufacturing and trade continues with recent US tax reforms. Moreover, consumption is also expected to remain strong, exports are anticipated to recover, and investment is on track as a result of policy reforms and infrastructure upgrades. World Bank has also painted a brighter picture for Bangladesh's economy for the next two fiscal years, with an average growth of around 6.6%, benefiting mainly from strong domestic demand and strengthening exports.

Bangladesh economy growing bigger

Bangladesh clocked a phenomenal GDP growth of 7.28 % in FY 2017, the highest ever in the history of the country's economy. The economy grew by 6.3% on an average for more than a decade. Bangladesh's gross national income (GNI) per capita now stands at USD 1,610, well above the USD 1,242-mark, prerequisite for becoming a lower-middle income country from a least developed one. Lower interest rates made borrowing cheaper, and this encouraged spending and investment, leading to higher domestic demand and economic growth. All this helped the economy grow by over 7% for the last two consecutive years. But, challenges might also emerge from rising inflation, subdued exports and remittance, rise in real interest rate due to increased government borrowing,

devaluation of BDT and finally massive capital outflow caused by political uncertainty.

Banking sector challenges

As a developing country, Bangladesh has made praiseworthy improvements in terms of financial inclusion and regulatory supervision in the banking sector. And, needless to say, banking sector has brought tremendous changes in mobilizing savings and providing funds to various sectors in the economy. However, there are challenges that the sector is facing now—increase in bad loans, liquidity shortage and the recent financial scams. These need to be addressed immediately to retain the drive of the economy. Amidst all these challenges, only with prudent regulations, good governance and sound risk management, the banking sector of Bangladesh can transform itself and hasten our journey towards graduation into a developing country.

Our performance at a glance

In 2017 our ALM practice, capital base, diversified portfolio, service excellence, leadership in technology have all together positioned us well to leverage the growth opportunities across the economy.

Total assets of the Bank reached to BDT 253,365 million, an increase of 19.97% over the previous year. Our loan portfolio grew by 21.0% during the year, in an environment of rising interest rates. This is mainly due to the growth in our business segments. We selectively grew our portfolio with an emphasis on lending to better rated clients as well as reducing concentration risk. We continued our focus on asset quality and exposure reduction in identified areas to get better returns. However, despite intense competition over deposits, our deposit base also grew by 19.29% year on year.

Moreover, increasing fee income to reduce the dependency on interest income was Bank's strategic focus and it continued to enhance fees and commission income by 23.4% during the year; mainly supported by trade finance, processing fees, cards business and commissions as well as the offer of new value added products and services simplified by the Bank's technological advancements.

Operating profit of the Bank grew by 5.88% to BDT 6,796 million whilst Group operating profit increased by 8.28%, to BDT 7,056 million during the year. However, profit after tax for the Bank decreased by 9.47% to reach BDT 2,405 million while profit after tax of the Group declined by 10.60% to BDT 2,428 million due to additional provision requirements set by regulators on qualitative ground which will act as a cushion to withstand any probable shocks in the future.

Our subsidiaries maintained their market leadership among private sector players. They contributed significantly in the overall profit of the Bank during the year.

Bank's capital position also continues to be very strong. CET-1 capital and total capital to risk weighted assets ratio remain 10.24% and 14.09% respectively at the end of the year ---well above the regulatory requirements. We ended up this year with ROA (1.04%), ROE (11.41%) and EPS of BDT (3.26) – that signifies EBL's consistent performance and commitment to the stakeholders.

NPL management

Our intense focus on quality loans has driven the Bank to achieve an NPL ratio of 2.50% at the end of 2017 which is far below from the industry average (9.31%) as well as much lower than average NPL in Private Commercial Banks (PCB). We prioritize cash flow and goodwill of the borrowing companies when approving loans. Our thrust for diversifying our portfolio as well as strengthening our monitoring has remained very much on. And, in the coming days, "No compromise in quality" would be the guiding principle to manage credit portfolio of the Bank.

Towards a sustainable business

We are committed to protect our environment. We have brought our policies up to meet higher standards of international business and aligned them better with our own corporate culture. Our green focus also prompted us to encourage green initiatives by installing solar energy to run Bank premises and ATMs, reduction in paper use per employee, customers getting e-statement instead of paper based statement, facilitated with Internet Banking and so on. These initiatives underline our commitment to sustainability.

We remained responsive to the call of the society like before. This year, we donated around BDT 151.2 million as part of our CSR activities. Of which, 50 million donated for Rohingya refugees, 30 million donated for flood affected people and the rest offered for scholarships, blankets distribution, donation to one of the family of martyred army officers killed in BDR mutiny, bi-cycle to poor school going girls at northern district, UPS to a girls' school and college as part of IT support, for education of disable children and so on in the communities where we operate.

Customer first policy

We value our customers and are committed to offer best-in-class banking experience for them. We believe in relationship banking and relationship grows deep with time. This is our philosophy to win the heart of our customers. Our focus has always been to understand customers' perspectives and develop service and products accordingly.

Caring for people

We believe that the differentiating factor between organizations is its people. For us employees have always been our core brand. We inspire our people to perform and have created a performance–based culture in the organization. The talent, passion and commitment of our people have always been the core strength of our company.

Spreading banking wings

Establishment of the first foreign subsidiary in Hong Kong has allowed the Bank to expand its footprint into a global context. The phenomenal response of our first foreign subsidiary inspired us to explore new territory where we can offer quality banking services to support business growth of Bangladesh. Our Hong Kong business as well as offshore banking in addition to our conventional one has taken us to a new height. We have on the cards plans to open up full-fledged branches in India and representative offices in China. This will enable us to spread our network across the region.

Awards and recognitions

2017 is many ways a significant year for us. We won some major international banking awards including the Best Bank of Bangladesh by Finance Asia and Euromoney, the Best Retail Bank by Asian Banker and the Best Corporate and Investment Bank by AsiaMoney. World's top rating agency Moody's also assigned us Ba3 rating with the stable outlook for the second consecutive year in 2017. EBL also received accolades in different categories from local professional accounting bodies. All these recognitions testify our commitment towards service excellence, sustainable business growth, technological leadership, sound governance and prudent risk management.

We achieved global standards in the safety of cards business when we got PCI DSS certification from UK-based NCC group. And our ISO 9001: 2015 certification demonstrates our commitment to compliance and corporate governance.

All these achievements are a constant reminder for us to work hard and a motivation to set new standards for ourselves and take up the challenges that stare on our face in this constantly changing market place.

The way forward

Innovation has been a key success factor for us over the years and we have been continuously innovating service and product propositions to meet up the contemporary needs of our customers. To remain competitive, our strategy is to regularly update, upgrade and enhance our core systems. We are also focused to attract and retain the best talents, empower them and committed to create enabling environment for them to achieve their full potential. Providing world class customer service is what we aim to offer and treat every customer experience as unique in all possible ways. We are an environment responsive Bank and going forward we are committed to continue with our green investment policy to help preserve the environment and maintain a sustainable growth strategy at all times. We hope to carry forward the values-based banking of EBL and take our services to South and Southeast Asian region in our journey to become a regional bank.

A note of thanks

Finally, I would like to express my deep gratitude to the members of the Board of Directors for their constant support and guidance. I am grateful to my regulators, particularly the Central Bank of Bangladesh for their prudent guidance and advice. Special thanks to our customers for depositing their faith in us and for being with us through thick and thin. My heartfelt thanks to my team members, whose dedication and passion for performance provide the necessary impetus for growth and banking excellence. We are committed to realizing the Bank's full potential. And I am optimistic about the future and look forward to grow sustainably.



Ali Reza Iftekhar
Managing Director & CEO

Directors' Report

The Board of Directors welcomes you all to the 26th Annual General Meeting (AGM) of the Bank and present before you the Annual Report along with the Audited Financial Statements for the year 2017. A review of business and financial performance and the underlying forces affecting these have been briefly pointed out.

Global economy and its outlook

Global economic activity continues to firm up in 2017, which is expected to be sustained over next couple of years, although with downside risk. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Growth in China and other parts of emerging Asia remains strong, and the still-difficult conditions faced by several commodity exports in Latin America, the Commonwealth of Independent States, and sub-Saharan Africa show some signs of improvement. The notable 2017 growth pickup is broad based in advanced economies, with stronger activity in the United States and Canada, the euro area and Japan. However, prospects for medium-term growth are more subdued, as negative output gaps shrink and demographic factors and weak productivity weigh on potential growth.

As per IMF projections, the global growth is expected to be 3.9% in 2018 and 2.3% for advanced economies. Growth in the US economy is projected to be 2.7% with higher projected external demand and expected macroeconomic impact of the tax reform.

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

Particulars	2016	2017 e	2018 p
World	3.2	3.7	3.9
Advanced Economies	1.7	2.3	2.3
Other Advanced Economies	2.3	2.7	2.6
USA	1.5	2.3	2.7
Euro Area	1.8	2.4	2.2
Emerging Market and Developing Economies	4.4	4.7	4.9
China	6.7	6.8	6.6
India	7.1	6.7	7.4

Source: IMF World Economic Outlook Update (January 2018); e for estimate and p for projection.

Growth rates for many of the euro area economies have been marked up, especially for Germany, Italy and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand. Growth is expected to moderate gradually in China, pick up in India and remain broadly stable in the ASEAN-5 region. In Latin America, the recovery is expected to strengthen, primarily for a firmer recovery in Brazil and an improved outlook for Mexico, and favorable effects of stronger commodity prices and easier financing conditions on some commodity-exporting countries. Growth in the Middle East, North Africa, Afghanistan and Pakistan region is also expected to pick up in 2018. While stronger oil prices are helping a recovery in domestic demand in oil exporters, including Saudi Arabia, the fiscal adjustment that is still needed is projected to weigh on growth prospects.

Bangladesh economy: A brief review

Despite some internal and external headwinds, Bangladesh economy continued to maintain healthy growth. According to Bangladesh Bureau of Statistics (BBS), GDP growth in FY 2017 is estimated at 7.28% (7.11% in FY 2016). This is the highest ever growth achieved considering the new base year of 2005-06 for estimating national accounts. And, this is also for the second successive time that the final estimates of GDP growth by the BBS exceeded the planned target. Among the drivers, manufacturing and service sectors contributed the most on the supply side, whereas private consumption and public investment contributed on the demand side. The overall investment rate has increased, supported by a rise in public investment where quality is a concern; private investment remained lackluster, while volatile exports experienced a growth deceleration and remittances through official channels dropped.

As BBS data showed, industries sector has continued to grow at double digit (10.2%) with significant contribution from the large and medium scale manufacturing industries (11.0% growth). Throughout FY 2017, export performance was sluggish, finally registered only 1.7% growth in FY 2017 against the 8% target growth. In particular the RMG exports posed only 0.2% growth in FY 2017. Export growth to EU market slowed down gradually throughout FY 2017, but managed to register 3.5% growth. The other two traditional markets (i.e. USA and Canada) experienced negative growth mainly due to underperformance of the RMG sector. Import growth was relatively steady and posted 9% growth in FY 2017. Consumer goods (i.e. edible oil, pulses and sugar) played a significant role for the said import growth. And at the same time, some import substitution was also evident as raw cotton import was significantly high, while import of yarn and textile articles had seen a decline in growth. However, import of capital goods remained the major driver of the incremental growth in imports.

In FY 2017 inflow of remittance had experienced a repeat major setback and recorded a double digit negative growth (-14.5%) for the first time in the history of Bangladesh. The gross remittance inflow of USD 12.8 billion in FY 2017 was the lowest since FY 2011. In the backdrop of high trade deficit, current account balance entered into the negative territory after FY 2012.

With lower trade credit and commendable FDI inflow in the financial account, Bangladesh's overall balance of payment managed to keep a surplus of USD 3,169 million in FY 2017 (USD 5,036 million was in FY 2016). To keep the balance intact, accumulated forex reserves played an important role. At the end of FY 2017, forex reserves stood at USD 33.4 billion, which was USD 30.2 billion at the end of FY 2016. However, after maintaining stability for a significant period of time, exchange rate of BDT against USD crossed the 80 BDT/USD mark in May 2017, after January 2013, to close FY 2017 with a depreciation of 2.8 percent.

Banking industry in 2017

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 Non-performing loan (NPL) have been the major challenges facing the industry. Weak governance, poor risk management and control measures, financial scams and NPL in certain banks (dominantly SCBs) have continued to

cast a shadow on the overall health and sustainability of this sectors. Banking sector indicators reflected a mixed performance in terms of asset growth, profitability and asset quality in 2017.

At the end of September 2017, liquidity condition of the banking sector remained adequate, accompanied by stable capital to risk-weighted-asset ratio (CRAR). NPL has increased slightly and provision shortfall position against classified loan has softened, mostly driven by SCBs. The balance sheet size of the banking sector stood at BDT 12,608.7 billion at the end of September 2017, recording an increase of 11.6% from BDT 11,296.6 billion of the end of September 2016. Maximum portion of the banking industry's assets were held by PCBs. It is to be mentioned that banking sector assets-to-GDP ratio stood at 63.8% at the end of September 2017 which was 65.2% at end of September 2016. The largest segment among the asset items, was loans and advances and major portion of loans and advances were extended by PCBs. NPL ratio for PCBs was the lowest (5.97%) among different bank groups as on 30 September 2017 and NPL in SCBs increased to 29.3% in September 2017. However, industry NPL ratio closed at 9.31% at year-end 2017 from 10.67% at 30 September 2017.

Profitability of the banking sector increased on a quarter-on-quarter basis up to September 2017. Return on assets (ROA) and return on equity (ROE) of the banking sector stood at 0.4% and 5.9% respectively as on 30 September 2017 against 0.3% and 3.7% of the respective ratios of the 30 June 2017.

As on 30 September 2017, 48 out of 57 banks maintained CRARs of 10.0% or higher in line with Pillar 1 of the Basel III capital framework. Thus, CRAR for PCBs remained well capitalized and stable in September 2017. Capital position of SCBs has declined modestly due to higher NPLs. The overall capital position of banking sector has remained stable at the end of September 2017. The banking sector aggregate CRAR stood at 10.7% as on 30 September 2017 which was 20 basis points lower than the ratio recorded at the end of June 2017 and 40 basis points higher than the ratio of 10.3% recorded at end the of September 2016.

The banking sector, as a whole, was able to maintain the required level of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as on 30 September 2017. Advance to Deposit Ratio (ADR) of the overall banking industry was 74.8% as on 30 September 2017 which was 90 basis points higher than that of 30 June 2017 and 380 basis points higher than that of 30 September 2016.

As on 30 September 2017, banking industry fulfilled the minimum leverage ratio requirement of 3.0%, on both solo and consolidated basis. At the end of September 2017, 50 out of 57 banks have maintained a leverage ratio of 3.0 percent or higher on solo basis. On the other hand, in case of consolidated basis, 33 out of 36 banks have been able to fulfill the regulatory requirement.

Private sector credit growth started to pick up from July 2017 and reached 17.9% (y-o-y) in September 2017, exceeding the Bangladesh Bank target. The growth was 15.3% a year ago. Private sector credit growth was mainly driven by demand from the industrial sector and the trade and commerce sectors, which accounted for more than 70% of the total credit. Higher credit growth compared to deposit growth pushed call money rate from 3.7% in December 2015 to 3.9% in September 2017. The fall in spread between lending and deposit rate continued in September 2017 and the spread reached 4.55% at end-September 2017 from 4.72% in September 2016.

In 2017, among various initiatives, Bangladesh Bank has issued guidelines on agent banking operations, agricultural & rural credit policy and program for the FY 2017-18 and operating guidelines for Two-Step Loan fund under the Foreign Direct Investment Promotion Project, revised provision requirements for loan losses of banks, amended guidelines on credit card operations of banks, instructed banks to set up help desk to assist foreign investors, brought about a number of changes in foreign exchange regulations to make foreign exchange operations easier as well as more disciplined, and provided instructions for prevention of money laundering, terrorist financing and proliferation financing.

Economy and business outlook 2018

Bangladesh Bank's (BB) second half yearly (H2, FY 2018) monetary policy stance has been formulated to accommodate GDP growth target of 7.4% and to fix a monetary growth path aiming at average inflation up to 6%. This would require a monetary program that limits reserve money growth to 12% and broad money growth to 13.3% by June 2018. This is consistent with domestic credit growth of 15.8% and private sector credit growth of 16.8% by June 2018. Repo and reverse repo policy interest rates will for the time being be left unchanged at 6.75% and 4.75% respectively.

Several macro-prudential steps taken by BB to curb imprudent unproductive include: (a) intensive surveillance on adherence to prescribed Asset- Liability Management and Forex Risk Management guidelines; a new directive requiring banks to rationalize their Advance/Deposit Ratios to curb their over-exuberance in lending; increased surveillance on the use of bank loans including import finance; (b) encouraging banks to avoid unduly high medium or long-term investment financing exposures to corporate borrowers, helping instead corporate bond issuance in the capital markets, using banks only as interim bridge financing windows; (c) Taka's market pressure-driven depreciation against USD, coupled with depreciation of USD itself against other major currencies is helping restore external balance by enhancing export competitiveness and workers' remittance inflow. Preventive and punitive steps against the abuse of mobile phone accounts in illegal hundi operations are also shoring up banking channel remittance inflows.

By promoting financial inclusion, creating more and better jobs (including in SMEs, agriculture and green initiatives) and protecting the environment in our densely populated society, the agenda remains critical for Bangladesh in reaching the Sustainable Development Goals by 2030. Bangladesh Bank's ongoing work on developing the Guidance Note on the do's and don'ts of the socially responsible finance coupled with the adoption of the National Financial Inclusion Strategy would help better prioritize, coordinate, monitor, and implement the sustainable finance agenda. Recent experiences suggest that enthusiastic participation by the financial institutions at the field level will be important to raise the awareness of the agenda, increase its ownership and impact. Bangladesh Bank will continue to deepen the engagement of the individual institutions embrace the sustainable finance agenda at the field level.

Eastern Bank: financial performance highlights

Despite heightened challenges, EBL managed its portfolio efficiently closing the year 2017 with an NPL of 2.50% (2.69% in 2016) which

is way lower than that of industry average (9.31%).The prime focus during the year has been improving asset quality, recovering classified and written off loans, upholding service excellence, and rationalizing costs. A brief review of financial performances are as follows:

- Net interest income (NII) which contributed 46% of total operating income increased 4% in 2017 compared to last year (interest income increased by 6% and interest expense increased by 8%).
- Non-interest income which contributed rest 54% increased by 12% as income from investment as well as commission, exchange and brokerage increased by 3% and 23% respectively in 2017.
- Due to higher growth of operating expense (11%) and lower growth of operating income (8%), operating profit of the Bank increased by 6% and reached at BDT 6,795.62 million in 2017.
- Total provision increased by 36% in 2017 compared to last year (specific provision increased by 25%, general provision increased by 4%, and provision for equity investments and other assets decreased by 86% mainly due to increase of market price of quoted securities and sale of securities fully provided for).
- Provision for tax decreased by 5% mainly due to increase of deferred tax income for charging specific provision on Bad/loss loan in 2017 compared to last year.
- Finally Bank's profit after tax (PAT) decreased by BDT 251.66 million or 9% in 2017 compared to 2016.

(Figures are in million BDT)

Particulars	Group		Bank		% Change (Group)	% Change (Bank)
	2017	2016	2017	2016		
Total operating income	12,863.20	11,710.18	12,400.69	11,481.09	10%	8%
Total operating expense	5,807.46	5,194.24	5,605.07	5,062.87	12%	11%
Operating profit (Profit before provision and tax)	**7,055.74**	**6,515.94**	**6,795.62**	**6,418.21**	**8%**	**6%**
Provision for loans and contingent assets:						
Specific provision	2,394.99	1,906.89	2,374.99	1,902.68	26%	25%
General provision	400.51	384.89	400.51	384.89	4%	4%
Provision for equity investments and other assets	(6.73)	(292.88)	(36.51)	(268.87)	-98%	-86%
Total provisions	**2,788.77**	**1,998.89**	**2,738.98**	**2,018.70**	**40%**	**36%**
Profit before tax for the year	**4,266.97**	**4,517.05**	**4,056.63**	**4,399.51**	**-6%**	**-8%**
Tax provision for the year	1,838.70	1,800.71	1,651.81	1,743.03	2%	-5%
Profit after tax (PAT)	**2,428.27**	**2,716.34**	**2,404.82**	**2,656.49**	**-11%**	**-9%**
Earnings per share (EPS)	**3.29**	**3.68**	**3.26**	**3.60**	**-11%**	**-9%**

ROA and ROE have decreased in 2017 due to decrease in PAT by 9%. Cost to income ratio has increased due to higher growth of operating expense than that of operating income. The Capital to risk weighted assets ratio (CRAR) has decreased to 14.09% in 2017 from 15.10% in 2016. Following table presents some of the key financial ratios:

Particulars	BANK	
	Year 2017	Year 2016
Return on average equity (PAT/Average Equity)	11.41%	12.94%
Return on average assets (PAT/Average Assets)	1.04%	1.33%
Cost to income ratio (Operating expense/Revenue)	45.20%	44.10%
Capital to Risk Weighted Assets Ratio	14.09%	15.10%
NPL ratio	2.50%	2.69%
EPS (BDT)	3.26	3.60
Price to book value ratio	174.71%	104.04%

Appropriation of profit

Profit after tax (PAT) of the Bank stands at BDT 2,404.82 million during the year including a deferred tax income component of BDT 193.17 million out of which BDT 182.03 million arises on specific provision made against Bad/Loss loans and cannot be distributed as dividend as per BRPD Circular No.11dated 12 December 2011 of BB. After a mandatory transfer of BDT 388.30 million to statutory reserve, profit available for distribution stands at BDT 1,834.49 million out of which the Board of Directors recommended 20% cash dividend amounting BDT 1,476 million for the year 2017.

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 Asset Ratio (CRAR) remains consistently within the comfort zone during 2017 (14% plus) against the requirement of 10% (Minimum total capital ratio plus capital conservation buffer) during four quarters of 2017. 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 10% 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 (31-12-2017), the bank had paid up capital of BDT 7,379,995,890 of which 86.60% was raised through stock dividend. The history of raising paid up capital to BDT 7,379.99 million as on year-end 2017 is presented below:

AGM Date	Particulars	No. of Shares*	Volume in Taka	Cumulative Paid up Capital in Taka
9 December 1993	As per MOA & AOA	60,000,000	600,000,000	600,000,000
5 August 2001	20% Bonus Share	12,000,000	120,000,000	720,000,000
8 December 2003	15% Bonus Share	10,800,000	108,000,000	828,000,000
12 June 2007	25% Bonus Share	20,700,000	207,000,000	1,035,000,000
25 May 2008	34% Bonus Share	35,190,000	351,900,000	1,386,900,000
25 May 2008	Right Share 2:1 at Par	69,345,000	693,450,000	2,080,350,000
28 April 2009	20% Bonus Share	41,607,000	416,070,000	2,496,420,000
30 March 2010	17% Bonus Share	42,439,140	424,391,400	2,920,811,400
30 March 2011	55% Bonus Share	160,644,627	1,606,446,270	4,527,257,670
29 March 2012	35% Bonus Share	158,454,018	1,584,540,180	6,111,797,850
19 May 2016	15% Bonus Share	91,676,967	916,769,670	7,028,567,520
27April 2017	5% Bonus Share	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.

Status of asset quality

As on 31 December 2017, NPL ratio of the banking industry stood at 9.31% which was 9.23% one year back. The NPL ratio of EBL was 2.50% at the end of 2017 which was 2.69% at end of 2016. The status of unclassified and classified loan of the Bank is as follows:

(Figures are in million BDT)

Particulars	31-12-2017	31-12-2016	% Change
Unclassified loans:	**179,427**	**147,988**	**21.24%**
Standard (Including staff loan)	174,470	144,482	20.76%
Special Mention Accounts (SMA)	4,957	3,506	41.40%
Classified loans:	**4,600**	**4,096**	**12.31%**
Sub-standard (SS)	1,101	731	50.57%
Doubtful (DF)	260	281	-7.45%
Bad/loss (BL)	3,240	3,084	5.04%
Total loans	**184,027**	**152,084**	**21.00%**
NPL %	**2.50%**	**2.69%**	

Review of Business Units

EBL has four business units namely Corporate Banking, Commercial Banking, Consumer Banking and Treasury. A brief review of Business Units during 2017 has been presented in a separate section under **'Management Discussion and Analysis'.**

Review of Subsidiary 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 2017. A brief review of subsidiaries business during 2017 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 internal audit unit of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all units/departments and branches, in accordance with the annual audit plan approved by the Audit Committee of the Board.
- The Audit Committee of the Board reviews internal control findings identified by the Internal Audit of the Bank, Inspection Team of Bangladesh Bank, External Auditors and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems.
- The Board of Directors hold meetings at suitable intervals with senior management, internal auditors, external auditors and the Audit Committee for evaluating the effectiveness of 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 semi-annual basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10, dated 09 May 2017 issued by BB.

Risk management

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

The risk management system of EBL has been described in **"Risk Management Report"** section of this annual report. Also the major areas focused by RMC in 2017 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 2017 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, Ayub & Mahmood, Chartered Accountants, has certified the compliance status of EBL on the BSEC's corporate governance guidelines during 2017 which is mentioned in page 106 of this annual report.

Major awards and recognitions

Rating by Moody's: The rating by a top global agency like Moody's in March 2016 was a high point in our journey to excellence. Moody's has assigned us Ba3 rating with stable outlook and reaffirmed the same in 2017. EBL is the first company in the country to achieve this commendable feat.

PCI DSS compliant bank: The PCI DSS certificate of compliance that has been awarded to us in 2016 and reaffirmed in 2017 by world's most renowned cyber security leader NCC Group of UK is a tell-tale indication of our emphasis on security of our cards in the market.

Best retail bank in Bangladesh: EBL adjudged the 'Best Retail Bank in Bangladesh' award for 2017 consecutively for the fifth time by The Asian Banker held in Tokyo, Japan.

Euromoney best bank in Bangladesh: EBL repeated the performance in 2017 by winning Euromoney Best Bank in Bangladesh award for the second consecutive year.

Asiamoney best Corporate and Investment Bank: EBL received Asiamoney Best Corporate and Investment Bank in Bangladesh Award for 2017 held in Beijing, China.

FinanceAsia best bank in Bangladesh: EBL was adjudged as the Best Bank in Bangladesh by FinanceAsia held in Hong Kong.

CSR activities

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

- We donated BDT 50 million to Prime Minister's Relief and Welfare Fund for the Rohingya refugees sheltered in Bangladesh.
- We donated BDT 30 million to Prime Minister's Relief and Welfare Fund for rehabilitation of over 16 lac flood affected people in 20 districts.
- Donated BDT 20 Million to Prime Minister's Education Assistance Trust and BDT 20 Million to Suchona Foundation through Bangladesh Association of Banks (BAB).
- Donated 50,000 pieces (costing BDT 19.43 Million) of blankets to Prime Minister's Relief and Welfare Fund for distribution among cold-hit people.
- To mark the 10th year of our scholarship program, we have given BDT 4.5 million to 150 deserving students of University of Dhaka for their outstanding academic performance.
- To fulfill a continued commitment for ten years effective from March 2009, EBL contributed BDT 4.8 lac to Prime Minister's Relief and Welfare Fund every year to one family of a martyred army officer killed in BDR carnage in February 2009.

Contribution to national exchequer

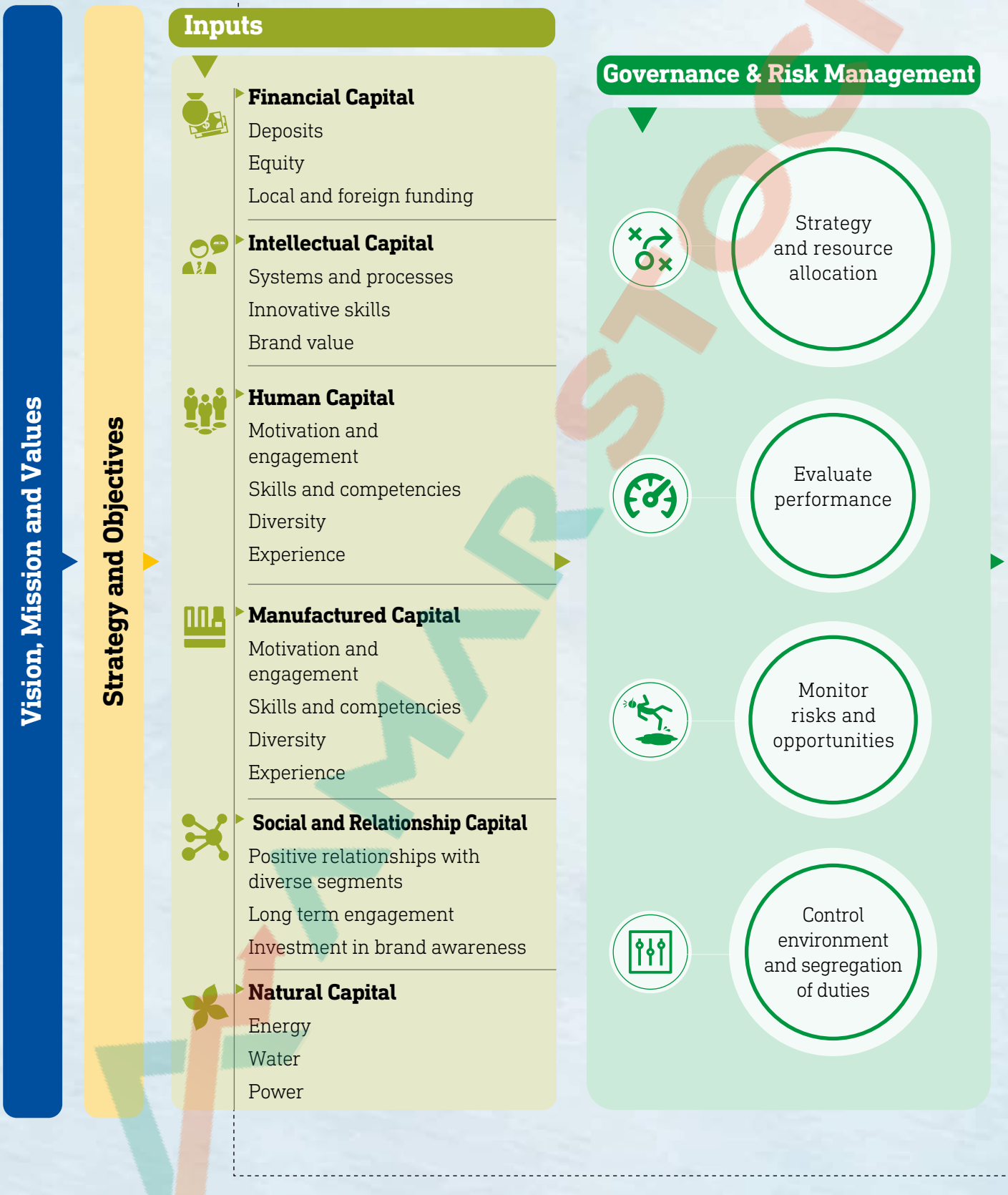
EBL regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from employees' salary as well as on bills from third parties including vendors. During the calendar year 2017 we contributed BDT 4,697.81 million to national exchequer as tax, VAT and excise duty. We paid advance corporate tax of BDT 1,906.06 million while deposited withheld tax of BDT 2,066.34 million, VAT of BDT 487.57 million and Excise Duty of BDT 237.84 million during the year 2017.

On behalf of the Board of Directors



M. Ghaziul Haque
Chairman of the Board of Directors
Dhaka, 24 April 2018

Business Model



Transforming Value

Economic Environment

Macro Environment Impact

Our Business Lines

- Corporate
- Consumer
- Commercial
- Treasury
- Capital Market Operations
- International Operations
- Subsidiaries

Support Services

- IT
- Risk Management
- Operations
- Finance
- Internal Control and Compliance
- HR
- Brand and communication
- Special asset management
- Administration

Products and Services

Communication Channels

- **Prudent Growth**
- **Dedicated Team**
- **Operational Excellence**
- **Technological Leadership**

Outcomes

Customers

- Quality service
- Loan disbursement
- Complaint resolved

Shareholders

- Dividends
- Capital gain

Employees

- Remuneration
- End service benefits
- Work life balance
- Skill development training
- Work environment

Regulators

- Compliance
- Symmetric information

Government

- Taxes paid to the govt.
- Contribution to the economic growth

Suppliers

- Fair dealings
- Value distribution

Society

- Financial inclusion
- Women empowerment
- Environment friendly project
- Offering scholarships

Value Creation for the stakeholders

As of December 31, 2017

Key Information

Stakeholder Groups

Investors

- Return on average equity-**11.41%**
- Return on average assets – **1.04%**
- Earnings per share (BDT)– **3.26**
- Cash dividend- **20%** (Proposed)

Employees

- Per employee operating profit- **BDT 4.26 million**
- **32** man-hour training (average)
- End service benefits- **BDT 280.6 million**
- Total training programs- **310**
- Investment in training- **BDT16.87 million**

Suppliers

- Utilities- **156 million**
- Insurance premium- **103.5 million**
- Technology providers - **57.63 million**
- Rent- **516 million**
- Stationeries, advertisements & business promotions – **316.5 million**

Customers

- **84** Branches
- **65** CDMs
- **14** priority centers
- **200** ATMs
- **24** hours call center
- **19** AD Branches
- **2309** POS machines
- **5** Evening Banking Branches

Community & Environment

- Taxes paid- **BDT 4,698 million**
- CSR- **BDT 151.2 million**
- Distributed- **50000 pieces of blankets** to cold-hit poor people
- Scholarships – **BDT 4.5 million**
- Disaster management- **BDT 30 million**
- Donation for Rohingya Refugees- **BDT 50 million**

Regulators

- AD Ratio- **83.06%**
- MCO- **15.64%**
- LCR- **113.35%**
- NSFR- **102.82%**
- CRAR-**14.09%**
- Leverage Ratio- **5.59%**
- Capital market exposure-**23.15%**

Our Engagement with Stakeholders

Stakeholders	Key Concerns	Engagement Mode	Frequency
 **Shareholders/ Investors**	Sustainable growth	Company website, Annual report	Continuous process, Annually
	Financial performance	Annual reports, Quarterly financial Statements	Quarterly, Semi-annually,Yearly
	Corporate governance	Annual report	Annually
	Risk management	Annual report	Annually
	Business expansion plan	Board meeting	As required
	Relationship	Meetings, Periodic visits, mails/ telephone conversation	As necessary
	Company information	Website of EBL, Annual report	Continuous process, Annually
 **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, Annually
	Recruitment and retention	Exams, Interview, Training programs, Financial and non-financial benefits	As required
	HR information	HR links (intranet)	Continuous
 **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 information updates, Call center	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 programs for customers	On a regular basis
 **Regulatory Bodies and Government**	Compliance with regulations	Submission of returns and status reports	Within the reporting date
	Awareness and knowledge	Training and workshops	As required
	Communication	Telephone conversations, emails, visits	on a regular basis
	Addressing of key issues	Meetings and discussion with board and senior management	As necessary
 **Business partners**	Relationship with suppliers	Meetings, Telephone/mails/letters conversation, periodic visits	On a regular basis
	Performance of a contract	One to one meeting	As required
	Networking	Regular communication, periodic visits	Continuous
	Future business opportunities	Meetings, On site visits	As required
 **Society**	Financial inclusion	Interact through branches, Social media, Mail	As required
	Ethics and code of conduct	EBL website, Annual report	Continuous process, Annually
	Sustainability initiatives	EBL website, Social media, Annual report	On a regular basis, Annually
	Community investment	Annual report, Media advertisement	Annually, On demand

Our Products & 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 Kotipoti
EBL Aspire
EBL Multiplier

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

Loan Products

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

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

Card Products

EBL Consumer Credit Card
EBL Visa Classic
EBL Visa Gold
EBL Visa Platinum
EBL Visa Women's Platinum
EBL Visa Signature [Lite & Acci Shield]
EBL Visa Infinite
EBL Mastercard Titanium
EBL Mastercard World
EBL Diners Club International
Others

Facilities
EBL ZIP (Zero% Installment Plan)
EBL HiPO
EBL Want2Buy
EBL Debit EMI (Equal Monthly Installment)
EBL CAS (Customer Authentication Service)
EBL Acquiring

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

EBL Prepaid Card
EBL MasterCard Aqua Prepaid
EBL Visa Lifestyle Prepaid
EBL Payroll
EBL ACCA

Major Co-Branded Cards:
EBL Visa Army Platinum Credit
EBL Robi Visa Platinum Credit
EBL Jet Airways Visa Platinum Credit
EBL Meena Bazar Visa Platinum Credit
EBL AFC Health Fortis Visa Prepaid
EBL Shwapno Mastercard Titanum Credit
EBL Novo Air Mastercard Prepaid
EBL Vroom DCI Credit

EBL Personalized Image Card
EBL PIC Visa Debit
EBL PIC Mastercard Debit

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.

FINANCIAL STOCK

Digital Banking Services

EBL DIA
Payment Solution
SKYBANKING

Internet Banking
EBL 365
EBL Dropbox

EBL Contact Center with Phone Banking facility
EBL SMS Banking & SMS Alert Service

Corporate Banking

Cash Management Solutions

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

Working Capital Solutions

Funded Facilities

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

Non Funded Facilities

Letter of Credit (Cash/Back to Back)

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

Guarantee (Open ended/Close ended)

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

Bridge Financing

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

Long term Financing

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

Offshore Financing

Foreign Currency Financing from Offshore Banking Unit:

- Import Loan (Funded Short Term)
- Demand Loan (Funded Short Term)
- Bill Discounting/Financing (Funded Short Term)
- Term loan (Funded Long Term)
- Guarantee (Non-Funded)

Structured Financing

- Local and foreign currency syndicated term financing
- Syndicated working capital financing
- Multilateral financing
- Advisory services
- Trustee and agency services
- Arranging Debt (Bonds/Commercial Paper)
- Preference shares
- Export Credit Agency (ECA) backed financing

Commercial Banking

Working Capital Financing

A. Funded Facilities

- Import Loan
- Demand Loan
- Overdraft
- Time Loan
- Packing Credit
- Local Documentary Bill Purchase
- Foreign Documentary Bill Purchase
- Work Order Financing
- EBL Invoice Factoring
- EDF Loan etc.

B. Non-Funded Facilities

- Sight / Usance Letter of Credit
- Bid Bond
- Performance Guarantee
- Advance Payment Guarantee
- Back To Back Letter of Credit

Long Term Financing

- Regular Term Loan for business expansion
- Long Term Financing Facility under Financial Sector Support Project

Medium Segment Loan Product

- EBL Banijyo
- Cash Credit

Treasury

Money Market products

- Call Money
- Term Money
- Re-Purchase Agreement
- Reverse Repo
- Commercial Paper
- Treasury Bill to Inter-Bank

Fixed Investment products

- T-Bond to Inter-Bank
- T-Bond to foreign individuals, investors & Institutions
- Sub-Ordinate Bond

FX Products

- Spot in Major currency pair
- Forward contract
- Foreign Exchange Swap
- Interest Rate Swap (IRS)
- Options
- Futures



STAKEHOLDERS' INFORMATION

As a valued financial brand of the country, we hope to be a leading client-centric bank in Southeast Asia. Diversification and broadening the banking channel in the region is what we aspire to now. As a good corporate and as to meet our regional dream, meeting the stakeholders' aspiration is also crucial. We have given priority in our strategy on issues of transparency in our accounting process and are committed to provide balanced and comprehensive review of financial and non-financial performance of the bank. This will help our stakeholders to understand how goes into make a decision be it resource allocation, capital planning, or business strategy.

Financial Highlights

BDT in Million

Particulars	Group			Bank		
	2017	2016	Change (%)	2017	2016	Change (%)
Performance During the Year						
Net interest income	5,879	5,607	4.84%	5,745	5,529	3.89%
Non interest income	6,985	6,103	14.45%	6,656	5,952	11.83%
Operating income	12,863	11,710	9.85%	12,401	11,481	8.01%
Operating profit	7,056	6,516	8.28%	6,796	6,418	5.88%
Profit after tax	2,428	2,716	-10.60%	2,405	2,656	-9.47%
Year End Financial Position						
Loans and advances	191,685	156,371	22.58%	184,027	152,084	21.00%
Investment	26,106	22,940	13.80%	24,361	21,449	13.58%
Deposits	166,959	140,205	19.08%	167,348	140,284	19.29%
Shareholders' equity	21,876	20,832	5.01%	21,586	20,572	4.93%
Total asset	256,300	212,377	20.68%	253,365	211,185	19.97%
Information Per Ordinary Share						
Earnings per share (BDT) restated	3.29	3.68	-10.60%	3.26	3.60	-9.44%
Price earning ratio (times) restated	15.53	7.88	97.09%	15.68	8.06	94.58%
Net asset value per share (BDT) restated	29.64	28.23	5.01%	29.25	27.87	4.93%
Market price per share (BDT)	51.10	29.00	76.21%	51.10	29.00	76.21%
Ratios (%)						
Capital to RWA ratio (CRAR) (as per Basel III)	13.82%	14.96%	-7.59%	14.09%	15.10%	-6.73%
Non performing loans	2.41%	2.76%	-12.40%	2.50%	2.69%	-7.18%
Cost to income ratio	45.15%	44.36%	1.78%	45.20%	43.99%	2.75%

Five-Year Financial Progression

BDT in Million

Particulars	2017	2016	2015	2014	2013
Balance Sheet Metrics					
Authorised capital	12,000	12,000	12,000	12,000	12,000
Paid up capital	7,380	7,029	6,112	6,112	6,112
Shareholders' equity	21,586	20,572	20,496	20,087	18,450
Loans and advances	184,027	152,084	130,226	118,291	102,910
Deposits	167,348	140,284	127,990	116,792	117,102
Borrowing	50,998	39,061	30,543	26,021	14,080
Statutory liquidity reserve ratio (SLR) (at close of the year)	14.83%	14.81%	16.71%	22.23%	29.88%
Cash reserve ratio (CRR) (at close of the year)	7.33%	6.70%	6.42%	7.27%	6.10%
Liabilities to shareholders' equity (times)	10.74	9.27	8.25	7.57	7.56
Investment	24,361	21,449	23,398	24,655	25,904
Fixed assets	5,923	5,940	5,943	7,087	6,897
Interest bearing assets	200,119	183,761	163,993	146,689	133,057
Total assets	253,365	211,185	189,563	172,124	157,882
Income Statement Metrics					
Net interest income (excluding investment income)	5,745	5,529	3,545	4,009	4,892
Non-interest income	6,656	5,952	6,351	5,980	4,491
Investment income	3,415	3,315	3,576	3,343	2,071
Non investment income (exchange, fees & charges)	3,241	2,636	2,774	2,637	2,420
Operating income	12,401	11,481	9,896	9,989	9,382
Operating expense	5,605	5,063	4,691	4,214	3,594
Operating profit (profit before provision and tax)	6,796	6,418	5,204	5,775	5,788

AMARSTOCK

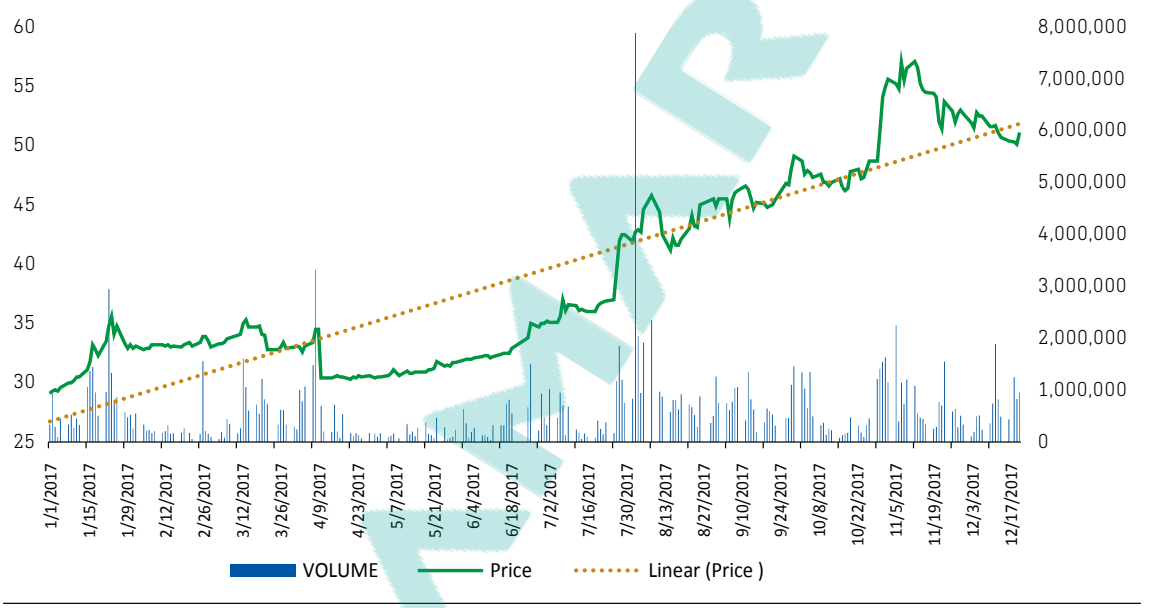
Particulars	2017	2016	2015	2014	2013
Provision for loans, investment and other assets	2,739	2,019	1,788	1,802	953
Profit before tax (PBT)	4,057	4,400	3,417	3,973	4,836
Profit after tax (PAT)	2,405	2,656	2,221	2,107	2,568
Capital Metrics					
Total Risk weighted assets (RWA)	165,435	148,811	143,707	137,037	140,279
Common Equity Tier-1 Capital	16,943	16,078	14,688	13,958	13,245
Tier-2 Capital	6,358	6,394	5,776	4,163	3,519
Total Regulatory capital (Tier 1 and Tier 2)	23,302	22,472	20,463	18,121	16,764
Capital to risk weighted assets ratio (CRAR)	14.09%	15.10%	14.24%	13.22%	11.95%
Common Equity Tier - 1 Capital to RWA	10.24%	10.80%	10.22%	10.19%	9.44%
RWA to total assets	65.30%	70.46%	75.81%	79.62%	88.85%
Credit Quality					
Non performing /classified loans (NPLs)	4,600	4,096	4,263	5,157	3,697
Specific provision (cumulative)	4,379	3,475	2,821	2,409	1,929
General provision (cumulative)	2,960	2,546	2,160	1,916	1,644
NPL Ratio	2.50%	2.69%	3.27%	4.36%	3.59%
NPL coverage ratio (Specific provision + General Provision)/Gross NPL	159.52%	146.99%	116.84%	83.86%	96.66%
Trade Business Metrics					
Export	98,493	91,834	84,302	77,452	74,003
Import (LC)	156,994	121,421	113,770	104,939	112,977
Guarantee	12,609	8,508	8,534	5,573	6,307
Efficiency / Productivity Ratios					
Return on average equity (ROE)	11.41%	12.94%	10.95%	10.93%	14.44%
Return on average assets (ROA)	1.04%	1.33%	1.23%	1.28%	1.68%
Cost to income ratio	45.20%	44.10%	47.41%	42.18%	38.31%
Weighted average interest rate of loan (year-end) (A)	9.47%	9.98%	11.29%	12.43%	14.57%
Weighted average interest rate of deposits (year-end) (B)	5.06%	4.87%	6.12%	7.26%	8.84%
Spread (C = A-B)	4.41%	5.11%	5.17%	5.17%	5.73%
Operating profit per employee	4.26	4.05	3.30	3.70	3.86
Operating profit per branch	80.90	78.27	65.06	75.99	81.52
Share Based Metrics					
Earnings per share (EPS) in BDT (Not restated)	3.26	3.78	3.63	3.45	4.20
Operating profit per share in BDT (Not restated)	9.21	9.13	8.52	9.45	9.47
Price earning ratio (times)	15.68	7.67	7.87	7.89	6.93
Market price per share (BDT) as on close of the year at DSE	51.10	29.00	28.60	27.20	29.10
NAV (book value) per share in BDT (Not restated)	29.25	29.27	33.54	32.87	30.19
Dividend Cover ratio: (EPS/DPS)	1.63	1.51	1.04	1.72	2.10
Dividend (%)	20	25	35	20	20
Cash (%)	20	20	20	20	20
Stock (%)	-	5	15	-	-
Market capitalization (at close of year)	37,712	20,383	17,480	16,624	17,785
Market price to NAV per share (times)	1.75	0.99	0.85	0.83	0.96
Other Information					
Number of branches	84	82	80	76	71
Number of permanent employees	1,594	1,584	1,577	1,559	1,498
Number of deposit accounts	532,208	426,685	367,487	380,156	352,627
Number of loan Accounts	222,986	305,611	234,185	179,328	178,896
Number of foreign correspondents	522	727	713	697	715
Number of ATM	200	202	197	191	175
Number of priority centers	14	13	15	14	11

Market Price Information of EBL Share

BDT in Million

Month	DSE			CSE			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	
Jan-17	35.90	29.00	17,861,740	35.90	29.00	1,030,824	18,892,564
Feb-17	34.20	32.10	5,662,871	34.00	32.00	214,100	5,876,971
Mar-17	36.00	32.50	11,043,724	36.80	32.50	10,862,950	21,906,674
Apr-17	35.00	29.70	11,698,544	34.70	29.50	7,868,858	19,567,402
May-17	31.90	30.20	3,723,667	31.50	30.00	841,961	4,565,628
Jun-17	35.80	31.60	7,432,410	35.00	31.00	256,731	7,689,141
Jul-17	40.00	34.00	9,302,771	39.60	32.70	527,783	9,830,554
Aug-17	48.00	39.30	28,458,892	48.00	39.90	1,467,310	29,926,202
Sep-17	47.00	43.40	13,027,343	47.00	43.00	252,952	13,280,295
Oct-17	50.00	43.30	11,330,480	49.90	45.00	109,126	11,439,606
Nov-17	59.00	47.40	19,958,981	57.90	47.80	2,019,205	21,978,186
Dec-17	54.10	49.50	11,699,582	53.20	49.80	7,047,226	18,746,808

DSE Price-Volume Movement of EBL Share



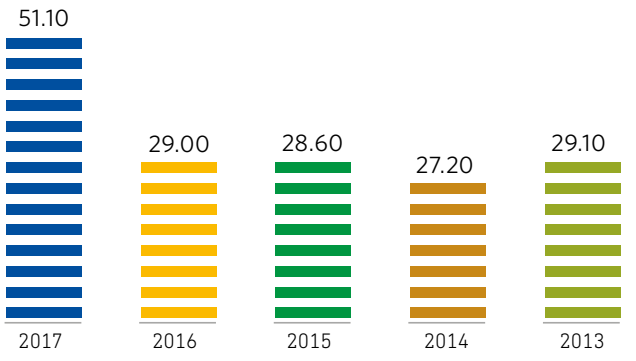
Financial Goals and Performance (Bank)

Parameters	Goals 2018	Actual 2017	Actual 2016
Capital to risk weighted assets ratio (CRAR)	13.5%	14.09%	15.10%
Return on average equity (ROE)	13% Plus	11.41%	12.94%
Return on average assets (ROA)	1.25% Plus	1.04%	1.33%
Cost to income ratio	Less than 42.5%	45.20%	43.99%
NPL (%)	Less than 2.5%	2.50%	2.69%
Year-end deposits (BDT million)	208,642	167,348	140,284
Year-end loans and advances (BDT million)	213,751	184,027	152,084

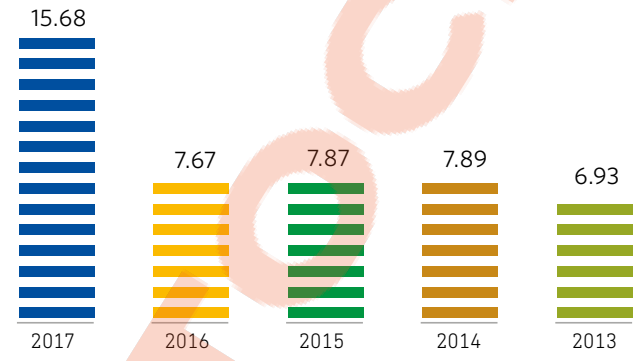
Graphical Presentation

Key Performance Indicators

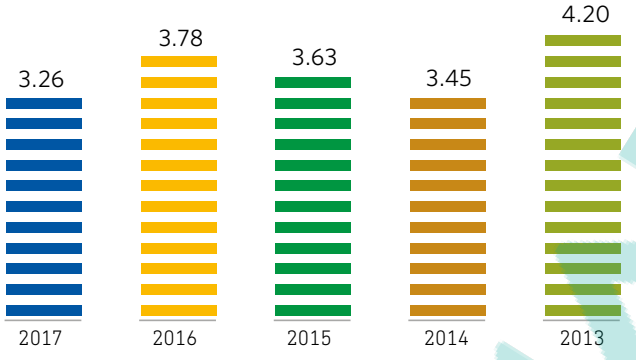
Market price per share (BDT)



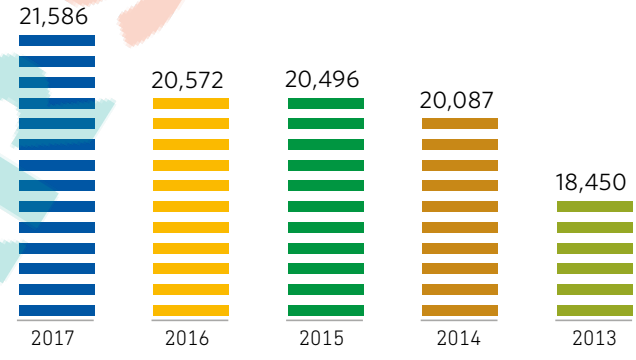
Price earning ratio (Times)



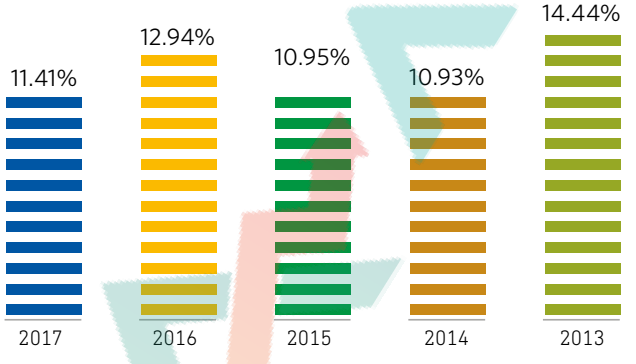
Earnings per share (BDT) (not restated)



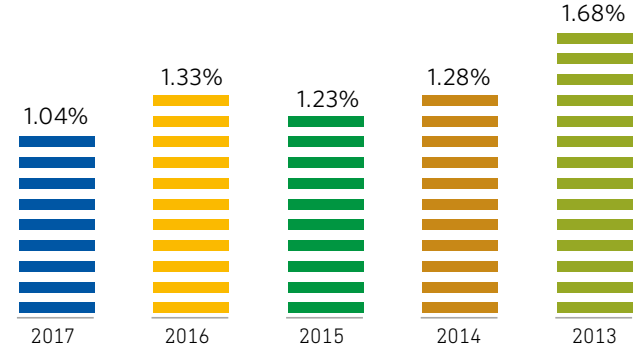
Shareholders' equity (BDT million)



Return on average equity (Percentage)



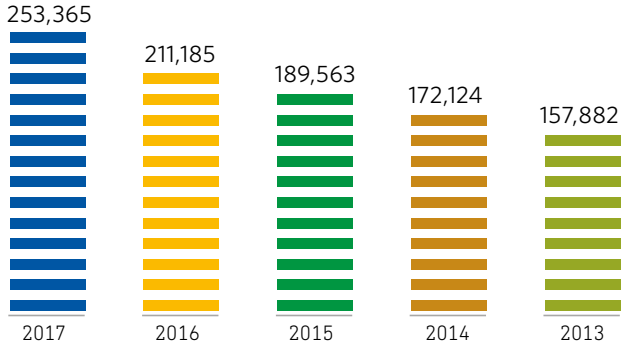
Return on average assets (Percentage)



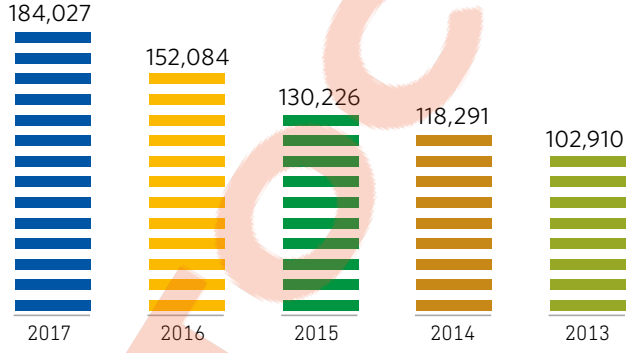
Graphical Presentation

Key Performance Indicators

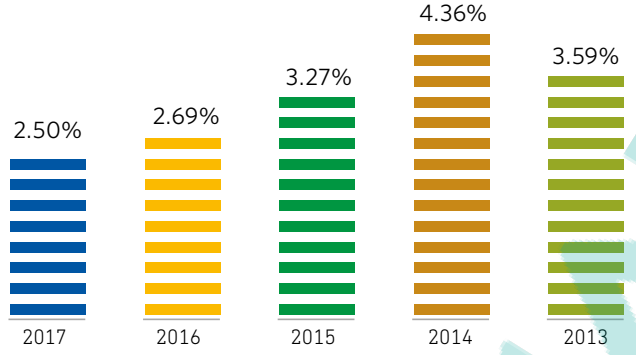
Total assets (BDT million)



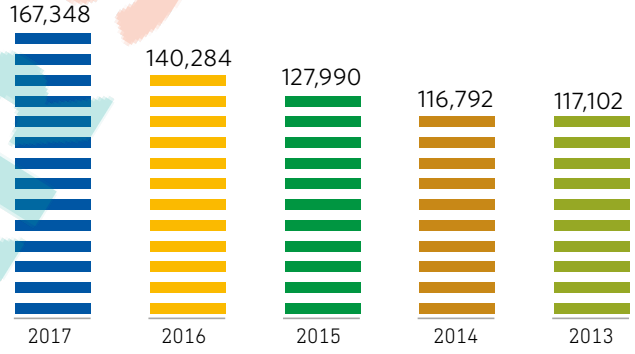
Loans and advances (BDT million)



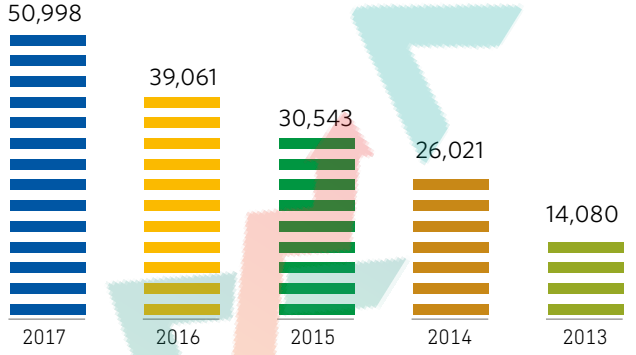
Non Performing Loan (percentage)



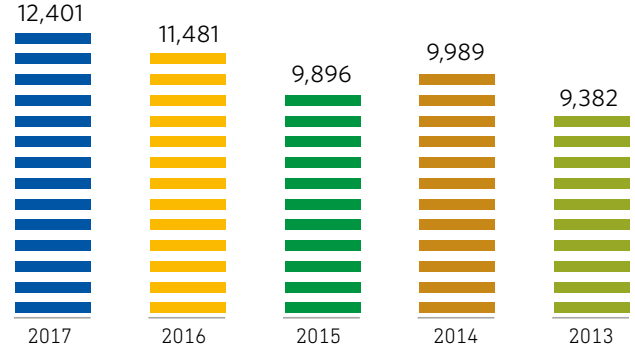
Deposits (BDT million)



Borrowing (BDT million)



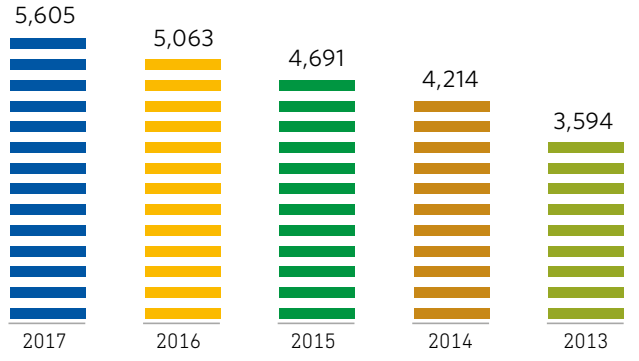
Operating income (BDT million)



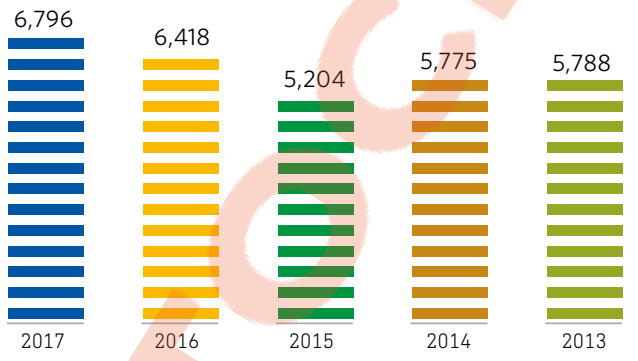
Graphical Presentation

Key Performance Indicators

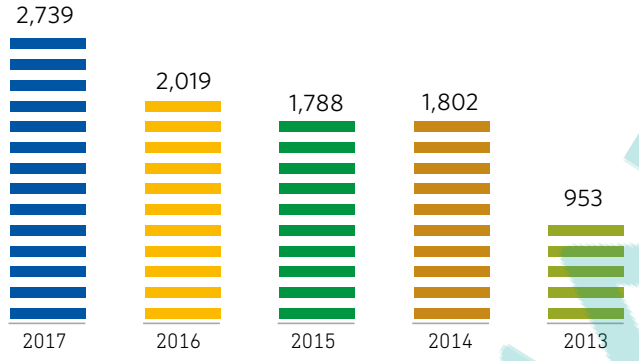
Operating expense (BDT million)



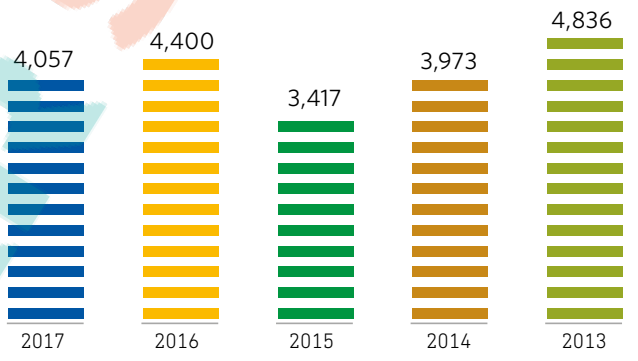
Operating profit (BDT million)



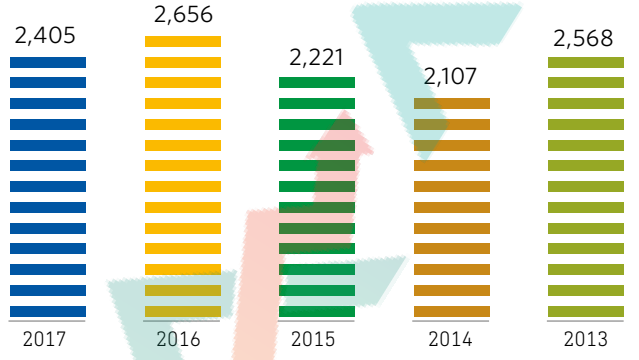
Total provision (BDT million)



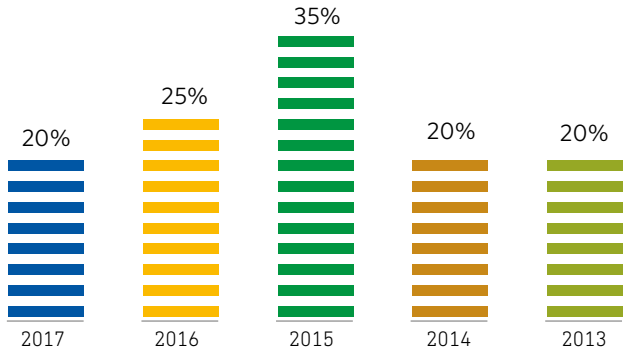
Profit before tax (BDT million)



Profit after tax (BDT million)



Dividend (Percentage)



Value Added Statement

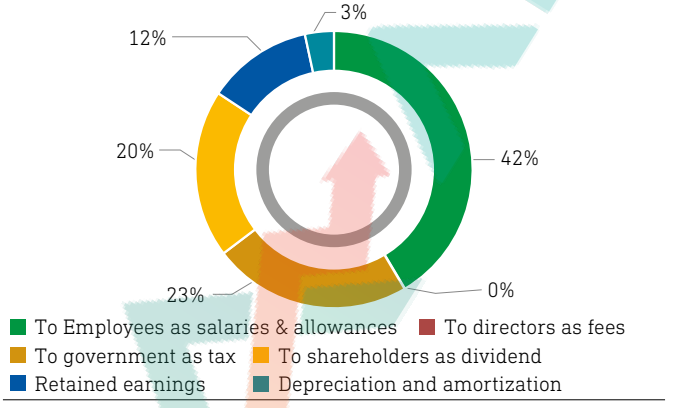
Value added is the wealth accretion made by Eastern Bank Limited through providing banking and other financial services in 2017 for its employees, directors, government and shareholders in the form of salaries & allowances, remuneration, duties & taxes, net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

Value Added Statement for the year ended 31 December

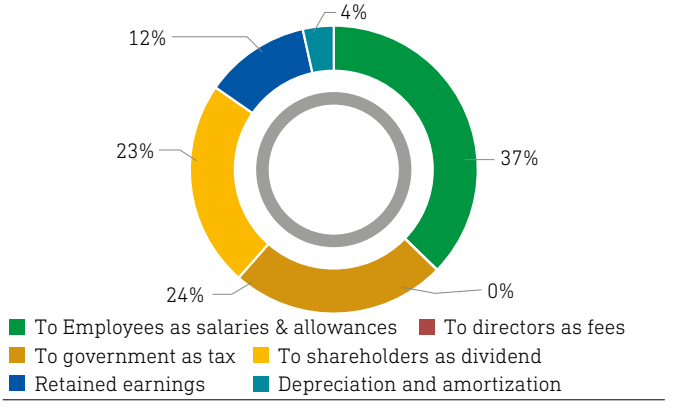
Figures in BDT

Particulars	2017	2016
Wealth creation		
Revenue from banking services	14,399,103,828	13,545,638,173
Less: Cost of services & supplies	(10,789,006,402)	(9,900,218,092)
	3,610,097,426	3,645,420,081
Non-banking income	6,655,947,827	5,951,671,003
Provision for loans & other assets	(2,738,984,634)	(2,018,702,613)
Total wealth creation	**7,527,060,619**	**7,578,388,470**
Wealth distribution		
Employees & Directors		
Employees as salaries & allowances	3,119,165,228	2,821,251,248
Directors as fees	4,122,333	3,769,127
Government	**1,745,023,836**	**1,834,397,794**
Coporate tax	1,651,807,667	1,743,025,266
Service tax/ Value added tax	87,699,565	87,434,575
Municipalties/ local taxes	2,999,604	2,452,952
Excise duties	2,517,000	1,485,000
Shareholders		
Dividend to shareholders	1,475,999,178	1,757,141,880
Retention for future business growth		
Retained earnings	928,824,114	899,344,945
Depreciation and amortization	253,925,930	262,483,477
Total wealth distribution	**7,527,060,619**	**7,578,388,470**

Wealth Distribution (%): 2017



Wealth Distribution (%): 2016



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. EBL management is committed to maximize wealth of its shareholders and other equity providers.

EVA statement for the year ended 31 December

Figures in BDT

Particulars	**2017**	**2016**
Shareholders equity	21,585,565,606	20,571,642,404
Add: Accumulated provision for loans & advances and other assets	7,430,988,701	6,150,252,324
Capital Employed	**29,016,554,306**	**26,721,894,728**
Average Capital Employed / Shareholders' equity	**27,869,224,516**	**26,305,451,124**
Earnings		
Profit after tax	2,404,823,295	2,656,486,826
Add:Provision for loans & advances and other assets charged during the year	2,738,984,634	2,018,702,613
Less: Written off loans during the year	2,206,671,791	1,957,170,216
Net earnings	**2,937,136,138**	**2,718,019,223**
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	**9.24%**	**9.16%**
Capital charge (Cost of average equity)	**2,575,116,345**	**2,409,579,323**
Economic Value Added	**362,019,793**	**308,439,900**

Market Value Added (MVA) 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	**2017**	**2016**
Face Value per share (BDT)	10.00	10.00
Market value per share (BDT)	51.10	29.00
Number of shares outstanding	737,999,589	702,856,752
Total market capitalization (BDT million)	37,712	20,383
Book value of paid up capital (BDT million)	7,380	7,029
Market value added (BDT million)	30,332	13,354

Financial Calendar

Quarterly results

Particulars	Submission date to BSEC
Un-audited consolidated results for the 1st Quarter ended 31 March 2017	14 May 2017
Un-audited consolidated results for the 2nd Quarter ended 30 June 2017	27 July 2017
Un-audited consolidated results for the 3rd Quarter ended 30 September 2017	26 October 2017

Dividends

25th Annual General Meeting	Notice Date	22 March 2017
Entitlement for Dividends for the Financial Year ended 31 December 2016	Record Date	11 April 2017
25th Annual General Meeting	Held On	27 April 2017
Distribution of Cash Dividend	Date of Disbursement	8 May 2017
Issuance of Stock Dividend	Date of Issuance	23 May 2017

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)	737,999,589	737,999,589

Information sensitive to share price

Particulars	Date of disclosure
Corporate Disclosure for approval of Financial Statements 2016, Recommendation of Dividend, Record Date for Dividend entitlement of the 25th AGM (27.04.2017) of EBL	20 March 2017
Corporate Disclosure for First Quarterly Financial Information (Un-Audited) ended on 31 March 2017	11 May 2017
Appointment of PWC (PricewaterhouseCoopers), Kolkata for ground support of getting the required approval for License from the Reserve Bank of India (RBI) to open and set up EBL Branches at Kolkata, West Bengal and at Guwahati, Assam in India subject to approval of all Regulatory Authorities at home and abroad (India).	7 June 2017
Selling out own plots of Land of EBL [(a) Plot 832/B, Block-I, Bashundhara R/A, Dhaka (b) Purbachal, Kaligonj, Gazipur (c) Palash Bari, Ashulia, Savar, Dhaka] at market price in compliance with Regulatory Guidelines.	22 June 2017

WWW.RSTOCK

Particulars	Date of disclosure
Corporate Disclosure for Second Quarterly Financial Information (Un-Audited) ended on 30 June 2017	26 July 2017
Corporate Disclosure for Third Quarterly Financial Information (Un-Audited) ended on 30 September 2017	25 October 2017

Accessibility of Annual Report 2017

Annual Report 2017 and other information about EBL may be found 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.

Officials of Investors' Relation Department

The Shareholders of Eastern Bank Limited (EBL) may contact/communicate to the Head of Share Department for Share related issues. The address of the Investors' Relation Department as follows:

Mr. Md. Joynal Abedin
Share Department

Head office, Jiban Bima Bhaban (1st Floor)
10, Dilkusha C/A
Dhaka-1000
Fax: 880-2-9562364
E-mail: abedinj@ebl-bd.com
Telephone: PABX -9556360 Ext-133
Mobile: +880 1814 2253 35

AMAR STOCK

Capital Market Exposure

Capital market in Bangladesh exhibited a phenomenal performance in 2017, bouncing back from a sluggish trend that continued over the last six years since a disaster in 2010. There was good turnover and rise in price index in the stock market due to active engagement of institutional investors. Price index of DSE, the prime bourse of the country, rose by 23.98% to close at 6,244 points at the end of 2017. Market capitalization grew by 23.93% in 2017. All these helped the Bank to get good return from the investment in the capital market.

Exposure in capital market (solo)

BDT in Million

Particulars	2017	2016
Total of capital components	16,772	15,337
Exposure in capital market	3,883	3,721
Exposure (in percentage)	23.15%	24.27%

Like previous years, our investment in capital market was within the regulatory limit and well-defined strategies helped us to get the best possible return from the market.

Return on investment from capital market

BDT in Million

Particulars	2017	2016
Investment (average)	2,633	2,670
Gain from sale of Shares & MFs (Net off Loss)	439	(153)
Dividend Income (excluding subsidiaries)	72	51
Return on Investment	19.44%	(3.83%)

In the coming days, EBL will focus more to transform the existing portfolio in a diversified & rebalanced way to maintain a healthy portfolio as well as generate adequate return complying the prescribed limit set by regulators.

AMAR STOCK

Credit Rating of EBL

International (by Moody's)

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

EBL's long-term foreign currency deposit rating of B1 and long-term local currency deposit rating of Ba3 are underpinned by the Bank's standalone credit strength and moderate level of systemic support. Besides, EBL's Baseline Credit Assessment (BCA) of b1 reflects the Bank's track record of good asset quality, strong balance-sheet buffers and good profitability. And, its asset quality has been consistently better than that of its peers. On the capital front, EBL has healthy capital buffers in the form of capital levels and loan-loss coverage ratios.

Rating outlook

The outlook on all the long-term ratings of EBL is stable.

Local (by CRISL)

Long-Term rating of EBL has been upgraded to "AA+" (Pronounced as double A plus) from AA and Short-Term rating was reaffirmed at "ST-2". Banks rated in this category are to be of high quality, offer higher safety and higher credit quality.

Date of Rating : 29 June 2017	**Valid up to : 28 June 2018**	
	Long Term	**Short Term**
Surveillance Rating	AA+	ST-2
Outlook	Stable	

This level of rating indicates a banking entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. Short-term rating indicates high certainty of timely repayment. During that period, EBL maintained robust financial performance with good capital adequacy, good non-funded business, diversified loan portfolio, experienced top management etc. To sum up, EBL has been quite consistent over the years in terms of protecting the interest of the depositors/creditors and holding the confidence of the investors.

Glimpses from the 25th AGM



Directors and MD and CEO of EBL are seen on the dais at the 25th AGM



Chairman of the Board M. Ghaziul Haque gives his inaugural speech at the 25th AGM



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



Safiar Rahman, DMD & Company Secretary gives his welcome speech at the 25th AGM



Registration for the AGM in progress



Shareholders offering munajat in memory of the deceased shareholders during the 25th AGM of EBL



A section of the shareholders attending the 25th AGM of EBL



GOVERNANCE
REPORTS

We consider our corporate governance as the cornerstone of everything that we do. Effective corporate governance in accordance with high international standards is of paramount importance to us. 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 corporate governance report is a reflection of our strong adherence to good corporate governance practices and in full compliance of the rules and regulations of various regulatory bodies including central bank and Bangladesh Securities and Exchange Commission.

AMAR STOCK

Directors' Responsibility Statement

Among other 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 2017' 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 2017 and Management Discussion and Analysis (MD&A) section with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 388.30 million has been transferred to 'Statutory Reserve' to equalize with the paid up capital as per section 24 of Bank Company Act 1991 (amended up to 2013).
- **Recommended dividend:** The Board has recommended 20% cash dividend for the completed year 2017.
- **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 2017.

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 2017.
- **Segment-wise or Product-wise Performance:** Business-wise performance has been presented in the MD&A section.
- **Risks and Concerns:** A detailed discussion regarding risks and management of the same has been presented in "Risk Management" section of this Report.
- **Discussion on Operating Performance:** A brief description has been presented in "Eastern Bank: Financial Performance Highlights" part of the Directors' Report 2017.
- **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 2017.
- **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:** No major variances have been occurred between quarterly and annual performance.
- **Remuneration to directors including independent directors:** Remuneration provided to directors has been presented in the Corporate Governance Report and Note 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 2017 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 2017.
- **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 2017.
- **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 2017 have been adequately discussed in the Directors' Report 2017 and MD&A section.
- **Summarization of last five year's key operating and financial data:** Please see 'Five-Year Progression of EBL' in the section of Stakeholders' Information.
- **Declaration of dividend or not:** Declared 20% cash dividend for the year 2017.
- **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 2017.
- **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 2017.

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 2017 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 27 April 2017 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	06/11
03.	Mufakkharul Islam Khasru	Director	Member	MBA (IBA)	11/11
04.	Gazi Md. Shakhawat Hossain	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 the committee have been defined in line with the relevant provisions of Corporate Governance Guidelines/Notification issued by BB and BSEC, two paramount regulators for the Bank, and other best practices of governance. Some important roles and responsibilities are highlighted below:

Internal Control

- Evaluate whether management is adhering to appropriate risk management, compliance and governance practices and have clear understanding of their respective roles and responsibilities.
- Review whether arrangements made by the management for developing and maintaining a suitable Management Information System (MIS) are adequate.
- Monitor whether suitable suggestions made by internal and external auditors to improve internal control practices have been duly implemented by the management.
- Review the existing risk management policy and procedures to improve health and efficiency of 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 2017 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.	91 Audit Committee Meeting	25 January 2017
02.	92 Audit Committee Meeting	22 February 2017
03.	93 Audit Committee Meeting	20 March 2017
04.	94 Audit Committee Meeting	12 April 2017
05.	95 Audit Committee Meeting	11 May 2017
06.	96 Audit Committee Meeting	22 June 2017
07.	97 Audit Committee Meeting	26 July 2017
08.	98 Audit Committee Meeting	23 August 2017
09.	99 Audit Committee Meeting	25 October 2017
10.	100 Audit Committee Meeting	1 November 2017
11.	101 Audit Committee Meeting	27 December 2017

Major areas focused by Audit Committee in 2017

- Reviewed Annual Financial Statements of the Bank for the year ended 31 December 2016 as certified by the External Auditors, Rahman Rahman Huq, Chartered Accountants, before submission to the Board of Directors for approval.
- Reviewed the Bangladesh Bank, DOS Circular Letter No. 17, dated 7 November 2012 for the Quarter Ended 31 December 2016 and DOS Circular Letter No. 10, dated 9 May 2017 for the Half Year Ended 30 June 2017 and compliance thereof.
- Evaluated performance of External Auditors (Rahman Rahman Huq) before recommendation to the Board for their re-appointment in 2017; to be approved finally by the shareholders in the AGM.
- Evaluated performance of Corporate Governance Auditors (Hoda Vasi Chowdhury & Co.) before recommendation for their re-appointment in 2017 to the Board.
- Reviewed the Treasury Manual, Rate Appropriateness Policy, Fund Transfer Pricing Policy, Foreign Exchange Risk Management Policy and the Procurement & Disposal Policy of the Bank, before submission to the Board of Directors for approval.
- Reviewed the Corporate Governance Compliance Report for the year ended 31 December 2016 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 2017 before submission to the Board for approval.
- Reviewed Management Report on the Bank for the year ended 31 December 2016 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 2016 and subsequent compliance by the management thereof.
- Reviewed the process of strengthening the effectiveness of Internal Control System of the Bank.
- Reviewed the internal audit rating of branches, subsidiaries, Core Risks of the Bank and internal audit rating on Anti-Money Laundering for the year 2016 and 2017.
- Reviewed the Compliance status and related risk level of branches, departments, Core Risks, Subsidiaries and SME centers of the Bank.
- Reviewed the annual report on financial health of the Bank for the year 2016.
- Reviewed and approved the 'Annual Audit Plan 2018' and 'Risk Based Audit Plan 2018'.
- Reviewed the Audit Policy and Guidelines of EBL.
- Reviewed Bangladesh Secretarial Standards of ICSB for adoption by the Board.
- Made thorough and item-wise review of Budget of the Bank for 2018 for onward submission to the Board for approval.
- Reviewed First Quarter (Q-1), Half-yearly (H-1) and Third Quarter (Q-3) actual performances with Budget variances of EBL and its subsidiaries.

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) formed a three-member Risk Management Committee (RMC) of the BoD on 07 November 2013 and was last reconstituted on 19 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 No.	Name	Status with the Bank	Status with the Committee	Educational Qualification	Meeting Attendance
1	Mir Nasir Hossain	Director	Chairman	M.com (Accounting)	4/4
2	Meah Mohammed Abdur Rahim	Independent Director	Member	Bachelor of Commerce/ A.I.C.S, B.Sc. in Economics & Finance	0/4
3	Gazi Md. Shakhawat Hossain	Director	Member	M.com (Accounting)	4/4

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 a suitable risk governance structure in place 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, separate management committees have been formed and monitored by RMC accordingly.
- RMC has to review the risk management policy and guidelines of the Bank at least once a year, make necessary modifications as per requirement and submit the same to the BoD for approval. Besides, the committee reviews the approval limits of loan and others and takes necessary initiatives to modify the same as per requirement.
- The committee monitors implementation status of risk management policy of the Bank and examines whether remedial measures have been taken to minimize credit risk, market risk and operation risk of the Bank.
- The committee reviews various decisions and recommendations made by different risk committees of management for onward submission to BoD on regular basis.
- The committee complies with different directives/guidelines as issued by Regulators from time to time.

Meetings of the RMC

Bangladesh Bank advised RMC to hold at least 4 meetings in a year. In line with the same, RMC held 4 (Four) meetings during 2017 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	16 March 2017
02.	RMC Meeting 02	16 May 2017
03.	RMC Meeting 03	09 August 2017
04.	RMC Meeting 04	27 December 2017

Major areas focused by RMC in 2017

Major areas of focus by RMC during 2017 are highlighted below:

- Reviewed and approved revised Terms of Reference (ToR) of 'Bank Risk Management Committee (BRMC)' in line 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 2016 to November 2017 and with certain directions endorsed the same for onward submission to Bangladesh Bank.
- Reviewed Stress Test Reports from quarter ending December 2016 to quarter ending September 2017 and endorsed the same for onward submission to BB. Also reviewed Bangladesh Bank's report on EBL's Comprehensive Risk Management Ratings and Stress Test Report.
- Reviewed and approved ICAAP (Internal Capital Adequacy Assessment Process) and SRP (Supervisory Review Process) return of the Bank for the year 2016 for onward submission to BB.
- Reviewed Bangladesh Bank's recommendations as put forward in SRP-SREP dialogue on ICAAP Return for the year 2015 and advised Management for proper implementation/compliance of the same.
- Reviewed Enterprise Risk Management (ERM) Policy, Credit Policy Manual (CPM), IT Risk Management Policy, Business Continuity Plan for IT Services and endorsed those for obtaining approval from Board. RMC also followed-up implementation status of ERM Policy.
- Reviewed risk performance against approved Risk Matrix (Key Risk Indicators) for the year ending December 2016 and half year ending June 2017 respectively.
- Monitored outstanding balances regularly in relation to classified, special mentions, written-off and compromised settlement accounts and recovery status therefrom.
- Reviewed and approved Bank's risk appetite/internal limits on major risk areas for the year 2017.
- Reviewed and approved Bank's Risk Matrix (KRI) for the year 2017 with appropriate Management Action Triggers (MAT).
- Monitored closely the implementation status of new capital accord 'BASEL III' by the Bank which is under phase-wise implementation by 2019 as per guidance of BB.
- Reviewed Top 50 credit exposure (Group) of EBL and advised Management to closely monitor the account performance and to pay special attention to those accounts which performs poorly.

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

On behalf of RMC,

Mir Nasir Hossain
Chairman of the Risk Management Committee

CORPORATE GOVERNANCE REPORT

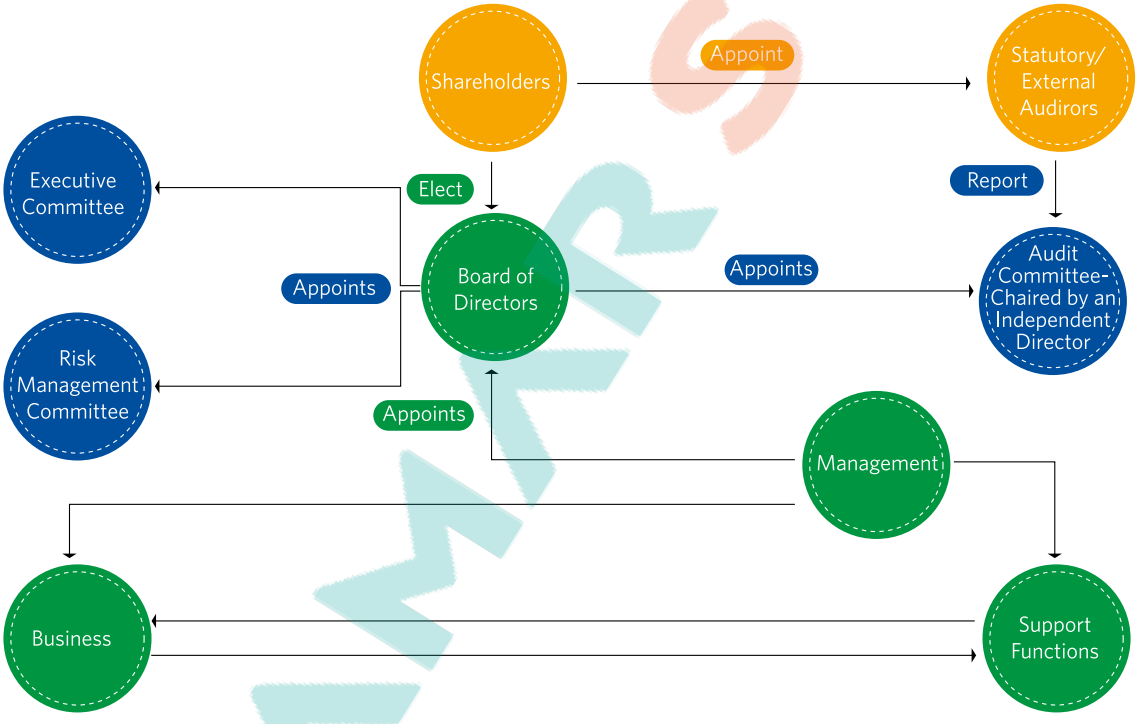
Corporate governance

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

Governance structure of the Bank

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

The Board of Directors plays a pivotal role in shaping governance structure and practices through their choice of strategy and leadership to drive the Bank to growth path. Design and implementation of governance mechanism including selection and appointment of members of sub-committees of Board and senior management rests primarily on the Board. The onus of setting strategic pursuits and goals of the company is also on the Board. The management of EBL as an extended wing of the Board executes policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of the Bank has been designed and kept fully independent from Business to guard against any unforeseen events that undermine the brand value of the Bank.



Guiding philosophy of governance practices

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

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and best practices of local and global banks. As a responsible corporate citizen, the Bank is committed to sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders.

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

- Creating value for all stakeholders without compromising ethical principles.
- Ensuring fairness and equitable treatment of all stakeholders, including employees and shareholders.
- Compliance with all applicable laws, rules and regulations, not only in letter but also in their spirit.
- Ensuring transparency and accountability, and maintaining a high degree of disclosure levels with the motto 'when in doubt, disclose'.
- Embracing a trusteeship model in which management is the trustee of the shareholders' wealth and not the owner.
- Establishing a sound system of risk management and internal controls with adequate safeguards and early warning systems.

Structure of the Board

According to Clauses 94 of the Articles of Association of EBL, the Board of Directors (BoD) currently comprises 11 directors among whom 10 (ten) are Non-executive directors including the Chairman and 1 (one) is the Managing Director (Ex-Officio). The existing BoD of the Bank includes two Independent Directors as prescribed in the BSEC Corporate Governance Guidelines (No. 1.2), and Section 15 of Bank Company Act 1991 (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 25th Annual General Meeting (AGM) held on 27 April 2017.

SL. No.	Name of Director	Mode of Change
1.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Re-elected
2.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Re-elected
3.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Re-elected

To comply with the Corporate Governance (CG) Guidelines issued by BSEC on 07 August 2012 and also the Section 15 of the Bank Company Act-1991 (Amended up to 2013), 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 is 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 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 26th AGM. All the retiring Directors are eligible for re-election in the ensuing 26th 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 2017, a total 23 Board Meetings were held; the attendance records are as follows:

Sl.	Name	Position	No. of Meetings attended
1.	M. Ghaziul Haque	Chairman	23/23
2.	Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	14/23
3.	A. M. Shaukat Ali	Director	15/23
4.	Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	20/23
5.	Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	17/23
6.	Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	11/23
7.	Meah Mohammed Abdur Rahim	Independent Director	14/23

Sl.	Name	Position	No. of Meetings attended
8.	Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	21/23
9.	Ormaan Rafay Nizam	Independent Director	18/23
10.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Director	17/23
11.	Ali Reza Iftekhar	Managing Director & CEO	22/23

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

Attendance of HoF and CS in Board Meeting

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

Ownership Composition

As on 31 December 2017 the Directors of EBL held 31.56% of total shares whereas Financial Institutions and General Public held 10.42% and 58.02% respectively:

		31-12-2017		31-12-2016	
Sl.	Composition	No of Shares Held	% of total shares	No of Shares Held	% of total shares
1	Directors	232,911,064	31.56%	221,820,064	31.56%
2	General Public	428,156,163	58.02%	407,869,621	58.03%
3	Financial Institutions	76,932,362	10.42%	73,167,067	10.41%
		737,999,589	**100.00%**	**702,856,752**	**100.00%**

Directors' shareholding status

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

Shareholding structure of directors is as follows:

Sl.	Name	Position	31-12-2017	
			No of Shares Held	% of total shares
1.	M. Ghaziul Haque	Chairman	23,697,909	3.21%
2.	Mir Holdings Ltd. (Represented by Mir Nasir Hossain)	Director	36,800,054	4.99%
3.	A. M. Shaukat Ali	Director	15,116,077	2.05%
4.	Namreen Enterprise Ltd. (Represented by Md. Showkat Ali Chowdhury)	Director	73,546,748	9.97%
5.	Namreen Enterprise Ltd. (Represented by Mufakkharul Islam Khasru)	Director		
6.	Borak Real Estate (Pvt.) Ltd. (Represented by Salina Ali)	Director	35,398,978	4.79%
7.	Aquamarine Distributions Ltd. (Represented by Anis Ahmed)	Director	15,053,655	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	33,297,643	4.51%
11.	Ali Reza Iftekhar	Managing Director & CEO	-	-
	Total		**232,911,064**	**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 2017.

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 get actively involved in setting strategic direction but do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Annual appraisal of the Board's performance

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

The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share etc. of the Bank. The attendance of Directors and their active participation in the meeting on various agenda is ensured in every Board meeting. The Board approves annual budget 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 to Risk Weighted Asset 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. 94-100 and the guidelines issued by BSEC have been presented in page no. 100-105. 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. 106.

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. 18 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. 20 of this annual report.
- Our sector wise business objectives, strategies, priorities and future business outlooks have been elaborately described in **"Management Discussion and Analysis"** section of this report.

Board Committees and their Responsibilities

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

To ensure proper accountability and transparency, EBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee to oversee and direct the operations, performance and strategic direction of the Bank. The composition of the said Board Committees is presented in the page no. 22-23.

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 2017 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. 22.

- **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 2017. Hence, no EC meeting was held in 2017.

Audit Committee (AC)

The Audit Committee of the Board carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors of the Bank. To make the quorum of the AC meeting at least 01 (one) Independent Director has to be present. The Company Secretary acts as the secretary of the committee.

- Appointment and composition: In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance 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. 22.

- **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 2017 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 2017 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. 23.

- **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 2017 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 2017 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 2017 have been presented in **"Report of the Risk Management Committee of the Board"** section of this report.

Activities of Remuneration Committee

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).

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"** section of this report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2017 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 25th AGM held on 27 April 2017 appointed Rahman Rahman Huq, Chartered Accountants, as the statutory auditors for the year 2017.

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 2017 while conducting statutory audit:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Book-keeping or other services related to accounting records or financial statements.

- Broker-dealer 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 2017 covering Head Office and some branches and departments of EBL. Bangladesh Bank has 32 Inspection reports during 2017. Major Findings of the inspection were discussed in a meeting participated by Bangladesh Bank representatives, the Board and related management personnel of the Bank. The Board took the observations with upmost importance and instructed management to comply with Bangladesh Bank suggestions for further improvement.

Related party transactions

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in 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 2017. 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 1,100 employees to raise their awareness in 2017.
- **Whistleblowing and Anti-Fraud Program:** The Audit Committee of the Board reviews the Bank's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The Audit Committee also reviews the Bank's procedures for detection and prevention of fraud.

  The Internal Control & Compliance Division (ICCD) of the Bank always engage in examination of whether any fraud-forgery or irregularities is going on in the Bank. The ICCD also conducts special audit or investigations as instructed by the Board or Audit Committee of the Bank. The ICCD submits reports upon the observations they detect throughout their audit to the Audit Committee at a regular interval.

Compliance with Secretarial Standards

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

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

Human capital

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

Communication with stakeholders

- **Communication with shareholders:** The assigned desk under Board Secretariat 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 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 25th 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 and 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 Board Secretariat, Administration, Finance, IT and Operations, 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 Policy', 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 Policy, sealed quotations are opened by the PC which recommends the vendors considering price and quality of the goods and services.
- PC analyses quotations provided by the Procurement Department, and provide recommendation for approval by MD & CEO.

- PC ensures that all necessary procurement procedures is properly followed.
- PC also ensures fair competition and price for disposal of any assets and stores of the Bank upon approval from competent authority.

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 (CRMC)

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 CRMC 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 elimination of the bad ones. The committee submits a 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.

Since its inception, COC has been able to save a reasonable amount of money 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 to identify, 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 of Bangladesh Bank and ensure their proper supervision.
- 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. Also conduct training on issues like compliance of Bangladesh Bank issues, compliance of various audit observations, Internal, credit risk grading, IT auditing etc.

Monitoring Unit: This unit is dedicated to prevent and minimize the operational risk of the Bank i.e. the risk of loss resulting from inadequate or ineffective internal processes, people and system or impact of external events. The policies related to managing operational risks are approved by the BOD following relevant guidelines of Central Bank. 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 workflow 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. While focusing on effective risk management and controls, risk-based internal audit of EBL is not only offering suggestions for mitigating current risks but also anticipating areas of potential risks and playing an important role in protecting the bank from various risks. 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 2017: In 2017, 83 branches (81 branches in 2016), 62 divisions/departments/units (60 divisions/departments/units in 2016) and 3 subsidiaries 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 as per 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.

Audit unit also prepares audit rating (strong, satisfactory, fair, marginal, and unsatisfactory) at the time of finalization of audit report as per EBL Audit Policy and Guidelines. In 2017, most of the branches, division/departments/units got satisfactory audit rating. Following are the highlights of 2017 audit and projection for 2018:

Year	No. of Branches	No. of division/ departments/units	No of subsidiaries
2017 (Planned)	83	61	4
2017 (Actual)	84	62	3
2018 (Planned)	85	62	4

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

Sl. No.	Particulars	Compliance Status
	f. Updated list of Directors	Complied
1.2	**Vacancy of office of a Director**	
(a)	The office of a Director shall be vacated as per the provision of Section 108(1) of Companies Act 1994. Besides, provision of Section 17 of Bank Company Act 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a Director.	No such case
(b)	If the office of a Director is vacated as per Section 17 of Bank Company Act 1991, s/he will not be eligible to become Director of that bank company or any other bank company or financial institutions within one year from the date of repayment of the total dues to the bank. The dues can be adjusted with the shares held by the Director in that bank company and he cannot transfer his shares of that bank company until he repays his all the liabilities of that bank company or financial institutions.	No such incident
(c)	BB can remove Directors or Chairman of a bank company other than the state-owned banks for doing any activity that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can also dissolve the Board of a bank company under Section 47 of Bank Company Act 1991.	No such instance as yet
1.3	**Removal of Directors from office:** With the prior approval of Bangladesh Bank, any Director of a bank company other than specialized banks can be removed from his office for the reasons specified in its Articles of Association. The reason and grounds of the dismissal/removal and the copy of such decision taken by BoD and a list of Directors shall be submitted to Bangladesh Bank. Such removal shall be effective from the date of BB's approval.	No such instance as yet
1.4	**Appointment of Alternate Director:** An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh by fulfilling 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.	No Depositor Director in EBL
3	**Information regarding Directors: Banks are advised to take the following steps regarding directors information:**	
(a)	Every bank should keep an updated list of bank directors.	Complied
(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
(c)	Banks should display a list of directors on the website and update it on a regular basis.	Complied
4	**Responsibilities of the Board of Directors (BoD)**	
4.1	**Responsibilities and Authorities of the BoD:**	
(a)	**Work planning and strategic management**	
	(i) The BoD shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied
	(ii) The BoD shall have its analytical review presented in the Annual Report as regard to success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and executives immediate two tiers below the CEO and have it evaluated at times.	Complied
(b)	**Loan and Risk Management:**	
	(i) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the BoD's approval under the purview of the existing laws, rules and regulations. The BoD shall specifically distribute the power of sanction of loan/ investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied

Sl. No.	Particulars	Compliance Status
	(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
(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.

Sl. No.	Particulars	Compliance Status
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):** EC is to be formed for taking decision on urgent and day-to-day or routine activities between the intervals of two BoD meetings. The EC will perform according to the terms of reference set by the BoD. The EC will be formed with maximum of 07 (seven) members for a period of 03 (three) years. The Chairman of the BoD can also be the member of the EC. The company secretary of the bank shall act as the secretary of the EC. EC members, besides being honest and sincere, should have reasonable knowledge on banking business, its operations and risk management and be capable of making valuable and effective contributions in the functioning of the Committee. The Committee shall discharge responsibilities and take decision on the matters as instructed by the BoD except discharging of those responsibilities and taking decisions that are specifically assigned to the full BoD by the Bank Company Act 1991 or other related laws and regulations. The decisions taken by the Committee shall be ratified in the next BoD meeting. Upon necessity the Committee can call meeting at any time. The Committee may invite CEO, Chief Risk Officer or any executive to attend the Committee meeting.	Complied
5.2	**Audit Committee (AC):** The AC should have maximum five members and two of them shall be Independent Directors. It should be constituted of such members who are not members of the EC of the BoD. The members of the Committee may be nominated for three years and the company secretary of the bank shall act as the secretary of the Committee. Please see **'Report of the Audit Committee'** for details.	Complied
5.3	**Risk Management Committee (RMC):** The RMC is to be formed to mitigate impending risks which could be arisen during implementation of BoD approved policies, procedures and strategies. This committee is entrusted to examine and review whether management is properly working on identifying and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate capital and provision against the risks identified.	Complied

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Sl. No.	Particulars	Compliance Status
	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.	
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:**	
	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.	Complied
	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:	
	a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.	Complied
	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
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

Sl. No.	Particulars	Compliance Status
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:	
	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.	Complied
	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

Sl. No.	Particulars	Compliance Status
	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
	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 2012 and 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.	**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.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		
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.	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		
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.

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xxii)	**In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:**			
1.5 (xxii) a)	A brief resume of the Director;	√		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas.	√		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		Please refer to Annexure C of the FS
2.0	**Chief Financial Officer, Head of Internal Audit & Company Secretary**			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	√		Head of Finance in place of CFO
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting.	√		
3	**Audit Committee:**			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business.	√		Please refer to the Report of the Audit Committee.
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		Please refer to the Report of the Audit Committee.
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1 (ii)	Constitution of Audit Committee with Board Members including one Independent Director.	√		
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	Filling of Casual Vacancy in Committee.	√		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.	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results.	N/A		
3.4.	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1 (ii) a)	Report on conflicts of Interests.	NIL		
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	NIL		
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	NIL		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	NIL		
3.4.2	Reporting of anything having material financial impact to the Commission.	NIL		
3.5	Reporting to the shareholders and general investors.	NIL		
4	**External/Statutory Auditors:** 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.	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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:	√		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		Please refer to the Statement on Integrity of FS by MD & CEO and Head of Finance.
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.	√		

SHARESTOCK

AYUB & MAHMOOD
Chartered Accountants

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

We have examined the status of compliance of condition of corporate governance guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Eastern Bank Limited (the "Company") for the year ended December 31, 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and subsequent Notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 of Bangladesh Securities and Exchange Commission on Corporate Governance.

The Company's Responsibilities

The management of the Company and those charged with governance are responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the Company are also responsible for stating in the directors' report whether the Company has complied with the conditions of corporate governance guidelines.

Our Responsibilities

Our responsibility is to examine the status of Company's compliance with the conditions of corporate governance guidelines and to certify thereon in the form of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we complied with ethical requirements, including independence requirements, planned and performed our procedures to obtain assurance whether the Company has complied with the conditions of corporate governance guidelines. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

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

Md. Ayub Chowdhury, FCA
ICAB Enrollment No. 557
For **Ayub & Mahmood,**
Chartered Accountants
Dhaka, May 07, 2018

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Risk Management Report

Effective risk management is one of the most crucial success factors for sustenance of a Bank. That is why, we have established a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all the employees of the Bank.

Key initiatives in 2017

- Included new parameters while reviewing key risk indicators with appropriate Management Action Trigger (MAT) and obtained approval from Board of Directors.
- Incorporation of changes proposed in Core Risk Guideline on credit issued by the Central Bank while reviewing Credit Policy Manual and Credit Instruction Manual of EBL.
- Reviewed Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) and obtained approval from Board of Directors.
- Reviewed risk appetite statement and internal limit for different credit, market and operation related indicators and obtained approval from Board of Directors.
- Initiated process of developing automated resources for calculating different risk indicators.

Risk management framework



The Bank's risk management framework is predicated on the three-lines-of-defense model. Within this model, functional business line staff and management (the first line) incur and own the risks, while Risk Management Division and other control functions (the second line) provide independent oversight and objective challenge to the first line of defense, as well as monitoring and control of risk. Internal Audit Department (the third line) provides assurance that control objectives are achieved by the first and second lines of defense.

Business Line/ Corporate Function

- Own the risks associated with business activities.
- Exercise business judgment to evaluate risk.
- Ensure activities within the Bank's risk appetite and risk management policies.

Risk Management and Other Control Functions

- Independently facilitate and monitor the implementation of effective risk management practices.
- Responsible for policy development, measurement & reporting, limits & controls, oversight & monitoring.
- Provide objective challenge to the first line of defence.
- Provide training, tools and advice to support policy and compliance.

Risk Management and Other Control Functions

- Independent monitoring and oversight function.
- Focus on governance framework and control systems.
- Audit findings reported to management and Audit Committee.

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

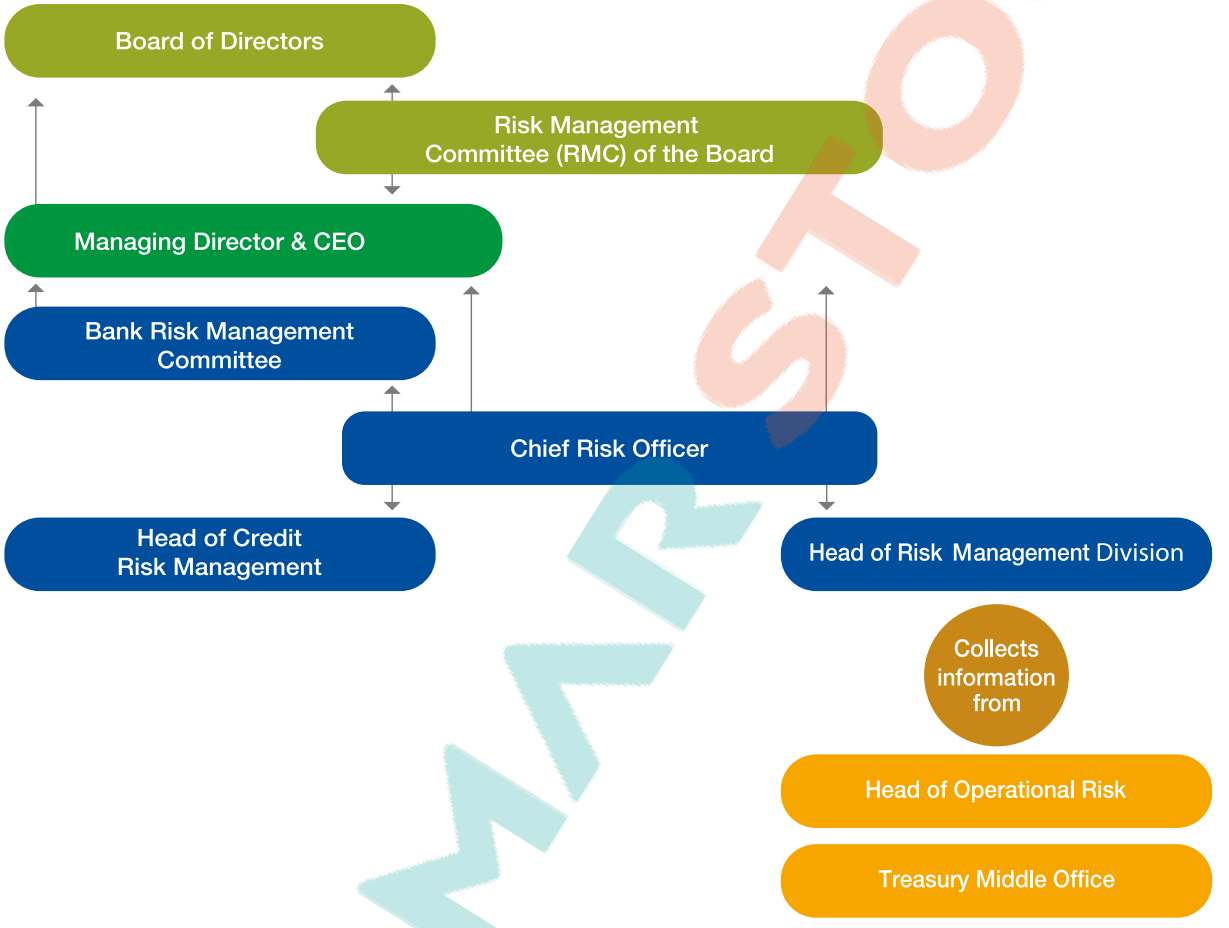
Risk governance

Risk appetite

Risk management tools

Risk governance

Bank's risk governance structure: Organogram of risk BOD, RMC OF BOD, BRMC, CRMC



Risk Management Committees

Committee	Key objectives	Represented by
Risk Management Committee (RMC) of Board	To ensure that the bank wide risks are managed within the risk strategy and appetite established by the Board of Directors.	Mir Nasir Hossain, Director and Chairman of the committee Meah Mohammed Abdur Rahim-Independent Director and Member of the committee Gazi Md. Shakhawat Hossain, Director and Member of the committee
Bank Risk Management Committee (BRMC)	To monitor activities of the Risk Management Division responsible for integrated risk management across the bank.	Risk management, Treasury, Operations, IT, Finance and Internal Control & compliance.
ICT Steering Committee	Provide guidance related to risks, funding or sourcing to achieve ICT strategic goals, monitor and evaluate ICT projects implementation and achievements against ICT strategic plan.	Additional Managing Director, Deputy Managing Director (Operations), Risk management, HR, Credit Administration, Operations, IT, Finance and Internal Control & Compliance.
Asset Liability Committee (ALCO)	To optimize bank's financial goal retaining liquidity risk and interest rate risk of the bank at desired level.	Business units, risk management, treasury, Finance, Deputy Managing Director and Managing Director.

Committee	Key objectives	Represented by
BASEL III Committee	Implementation of BASEL guidelines as per requirement of Bangladesh Bank time to time. Regulatory requirements to be the minimum standards to establish.	Operations, IT, Treasury, Finance, Risk Management and DMD-Ops, DMD & CRO
Credit Risk Management Committee	Review of bank's credit risk appetite, tolerance and strategy considering current and prospective macroeconomic and financial environment.	Business Heads, Risk Management, Finance, Credit Risk Management and Deputy Managing Director & CRO
Sustainable Finance Committee	Formulate, review and update all policies and guidelines relating to sustainable finance	Additional Managing Director, Business Heads, Risk Management, Finance and Credit Risk Management.

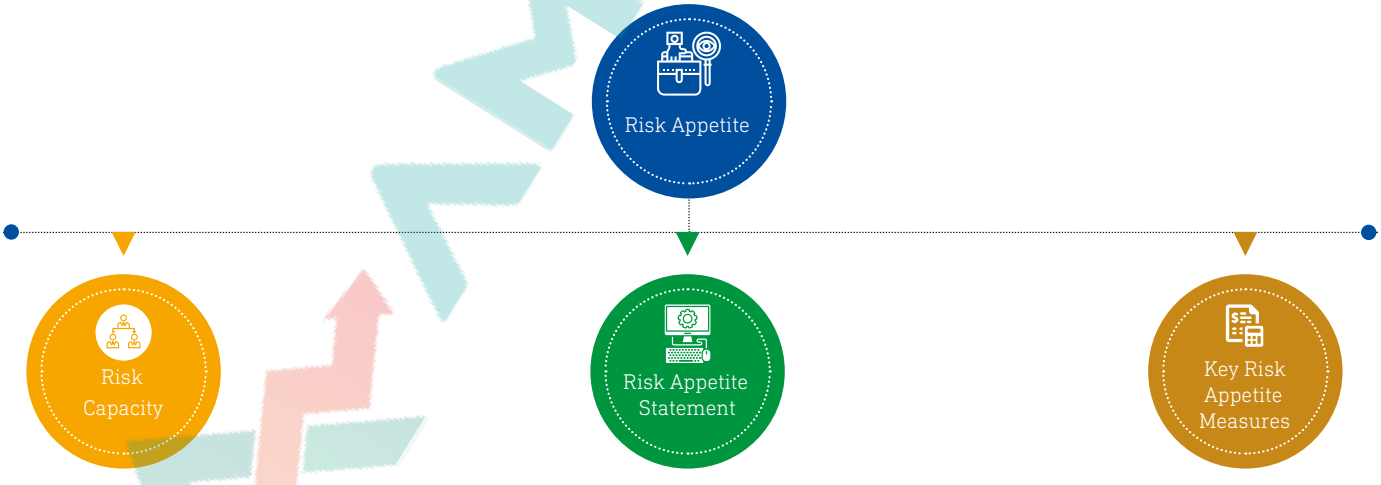
Risk culture

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

- **Tone from the top:** Clear and consistent communication from leaders on risk behavior expectations and the importance of EBL's values.
- **Accountability:** All EBL employees in every business function are held accountable for risk ownership and their actions in accordance with the Three Lines of Defense Model.
- **Compensation:** Programs are structured to discourage behavior not aligned with the Bank's values or EBL's GAP Policy (Code of Conduct) and ensure that such behaviors will not be rewarded.
- **Reporting:** Reputational & operational risk dashboards and other key metrics are monitored and reported. The Bank also seeks out employee feedback through a variety of surveys.
- **Training:** EBL continually reinforces risk culture by providing effective and informative mandatory and non-mandatory training modules for all employees, as well as presentations and other training media on a variety of risk management topics.
- **Decision-making on risk issues highly centralized:** The membership of senior and executive management committees responsible for the review, approval and monitoring of transactions and the related risk exposures (whether global or local) include business line heads and senior risk officers.

Risk appetite

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

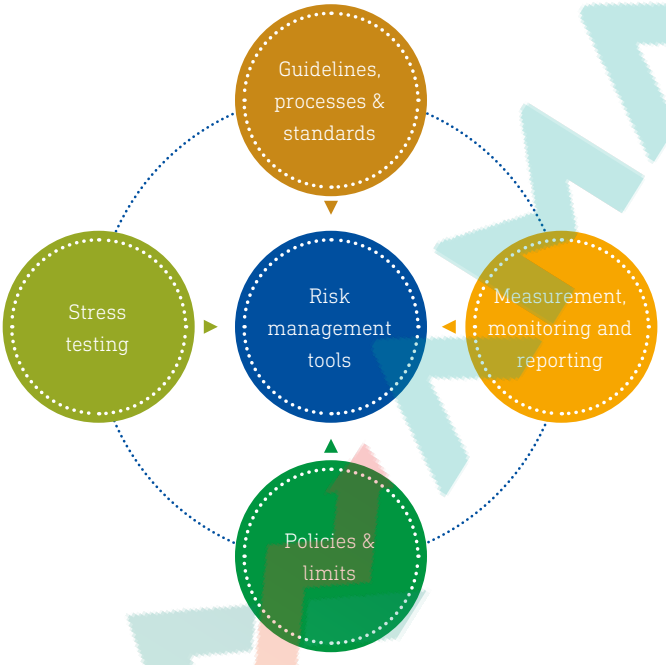


Risk appetite criteria	Appetite	EBL's Position			
		2017	2016	Movement	
Credit Risk					
Non-Performing Loans (NPL)	Less than 3%	2.50%	2.69%	↓	Favorable
Aggregate on and off balance sheet exposure on customers internally rated (CRGM) between 1-5	More than 50%	87.35%	86.68%	↑	Favorable
Maximum exposure to any single obligor.	Less than 15%	0.00%	0.00%	=	Consistent
Large loan concentration	Less than 56%	47.45%	37.16%	↑	Remains within limit
Loan concentration on top 20 borrowers	Less than 30%	20.25%	23.66%	↓	Favorable
Off Balance Sheet Exposure as percentage of Total Asset	Less than 40%	38.80%	35.64%	↑	Remains within limit
Percentage of portfolio with credit rating	More than 70%	89.01%	76.65%	↑	Favorable
Market Risk					
Impact on Net Interest Income (NII) due to change in interest rate	Less than 10%	0.00%	1.63%	↓	Favorable
Value at Risk (VAR)	Less than Tk. 10 million	2.50	0.30	↑	Remains within limit
Concentration on top 10 depositors	Less than 25%	13.06%	8.36%	↑	Remains within limit
Capital market exposure	Less than 25%	23.15%	24.27%	↓	Favorable
Liquidity Risk					
Advance to Deposit Ratio (AD)	Less than 83.5%	83.06%	80.45%	↑	Favorable
Liquidity Coverage Ratio (LCR)	100% or more	113.35%	103.70%	↑	Favorable
Net Stable Funding Ratio (NSFR)	More than 100%	102.82%	102.60%	↑	Favorable
Maximum Cumulative Outflow (MCO)	Less than 19%	15.64%	18.38%	↓	Favorable
Operational Risk					
Internal fraud	0.20% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
External fraud	0.80% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
Employment practice and workplace safety	0.10% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
Clients, products and business practice	0.10% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent

Risk appetite criteria	Appetite	EBL's Position			
		2017	2016	Movement	
Damage to physical assets	0.20% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
Business disruption and system failure	0.15% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
Execution, delivery and process management	0.45% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
Overall operational risk	2% of last 3 years' avg. operating profit	0.00%	0.00%	=	Consistent
Capital Management					
Capital to Risk Weighted Asset (RWA) Ratio (CRAR)	More than 11.25%	14.09%	15.18%	↓	Above the regulatory threshold
Leverage Ratio	More than 3%	5.59%	6.40%	↓	Above the regulatory threshold
Common Equity Tier 1 (CET I) ratio	More than 4.5%	10.24%	10.90%	↓	Above the regulatory threshold

Risk management tools

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



Policies and limits

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.

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

Stress testing

Stress testing programs at enterprise level allow the Bank to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, credit environment, liquidity demands, or other risk factors. The development, approval and on-going review of the Bank's stress testing programs are subject to Bangladesh Bank's updated guidelines and instructions. Stress testing report is prepared on quarterly basis and presented to the Risk Management Committee of the Board.

Guidelines, processes and standards

Guidelines 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.

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

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

Measurement, monitoring and reporting

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

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.

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

Risk mitigation methodologies

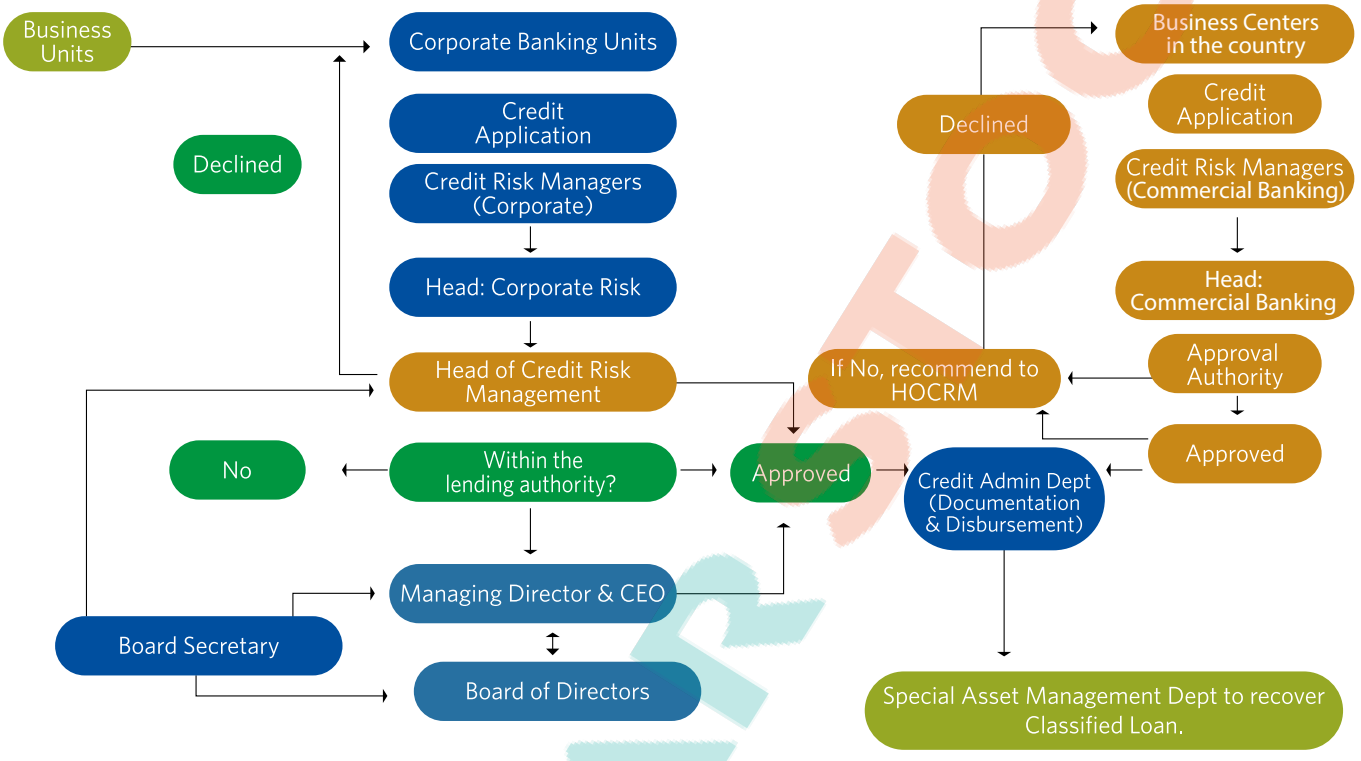
Principal risk types at a glance

Risk types	Governing documentation	Application to risk appetite limits/ tolerances
Credit risk	Credit 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	■ 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	■ 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.
Operational risk	Operational risk management policy and framework, Internal control policy, Fiduciary risk management policy, New products and services risk management policy, Information technology risk management policy, Outsourcing & other arrangements risk management policy	■ Systematic identification, measurement, mitigation and monitoring of operational risk, ■ 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 from business activities, initiatives, products, services, transactions or processes, or from a lack of suitability of products for clients.
Environmental risk	Environmental policy	■ Ensuring that projects are developed in a socially responsible manner
Strategic risk	Annual strategy report to the Board of Directors	■ It links the Bank's risk appetite framework with the enterprise strategy, business line strategies and corporate function strategies;

Credit risk

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

Credit management process



Credit risk management

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

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

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

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

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

Key credit risk management principles;

Delegation of authority;

Counterparty risk management for trading and investment activities;

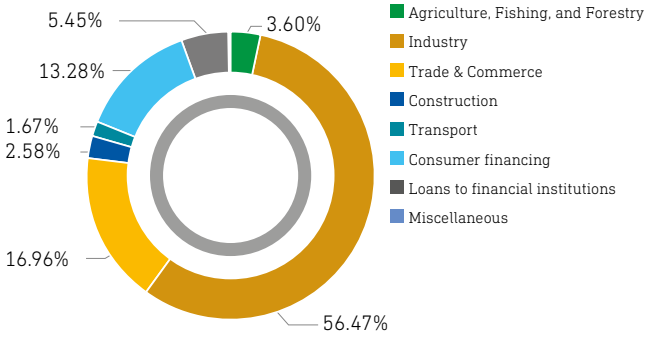
Aggregate limits, beyond which credit applications must be escalated to the Board for approval; and

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

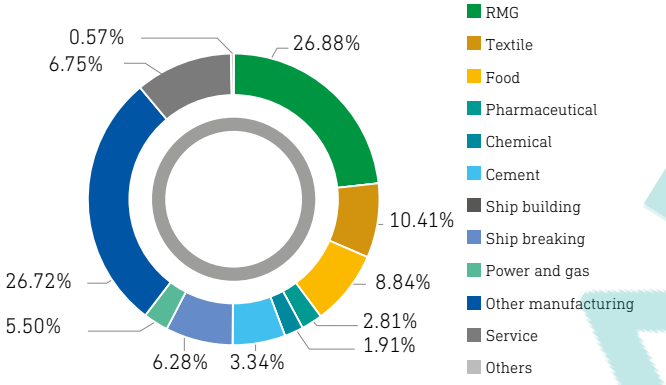
Industry and sector concentration scenario of the loan portfolio:

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

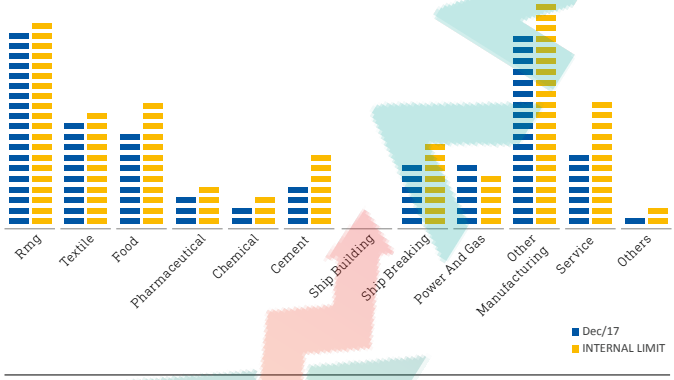
Portfolio Concentration



Industry Concentration



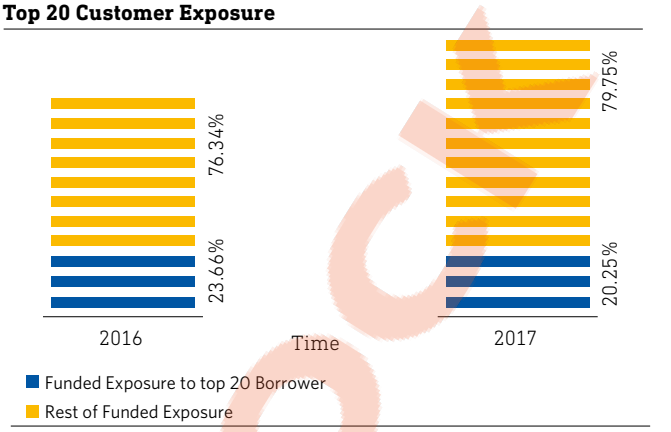
Industry Exposure vs. Limit



Concentration among top borrowers:

The Bank is pursuing its business in SME sector since last seven years to reduce concentration on large borrower and SME portfolio now consists about 16.5 percent of total portfolio. Bank shall continue its priority in SME sector to reduce concentration risk on large borrowers.

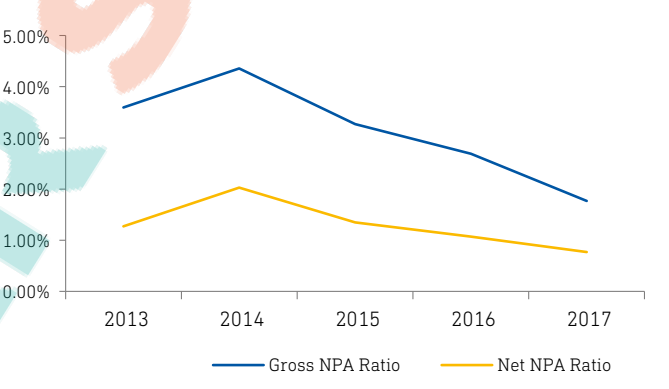
Top 20 Customer Exposure



NPL

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

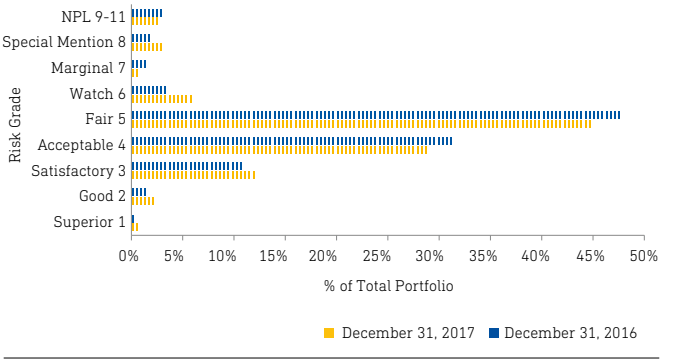
Non Performing Loans



Internal risk rating & credit rating status:

Percentage of rated loans to total eligible loans for rating is showing an upward trend which is very positive for the portfolio. Considering internal risk rating, the portfolio improved in 2017.

Portfolio by Internal Risk Rating



Particulars	2015	2016	2017
Percentage of rated loans to total eligible loans for rating	74.70%	76.65%	89.01%

Loan portfolio under stressed scenario

Particulars	2016			2017		
	Minor	Minor	Minor	Minor	Moderate	Major
Shock applied by the bank	3%	9%	15%	3%	9%	15%
Increase in NPL	13.32%	9.19%	4.10%	11.84%	6.94%	1.07%
Shock applied by the bank	10%	20%	40%	10%	20%	40%
Decrease in value of collateral taken against loans and advances	15.05%	14.91%	14.65%	13.94%	13.79%	13.50%
Shock applied by the bank	5%	10%	15%	5%	10%	15%
Negative Shifting of NPL	14.95%	14.29%	14.01%	13.80%	13.35%	13.05%
Shock applied by the bank	3%	9%	15%	3%	9%	15%
If some sectors become classified	14.65%	13.57%	12.46%	13.48%	12.24%	10.98%
Shock applied by the bank	3	7	10	3	7	10
If some large borrowers become classified	10.39%	4.40%	0.90%	9.56%	4.63%	1.57%
Combined credit risk result (after shock)						
CRAR after combined credit shock	12.95%	8.04%	2.41%	11.41%	5.91%	-0.56%

Credit risk mitigation – collateral/security

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

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

Liquidity risk

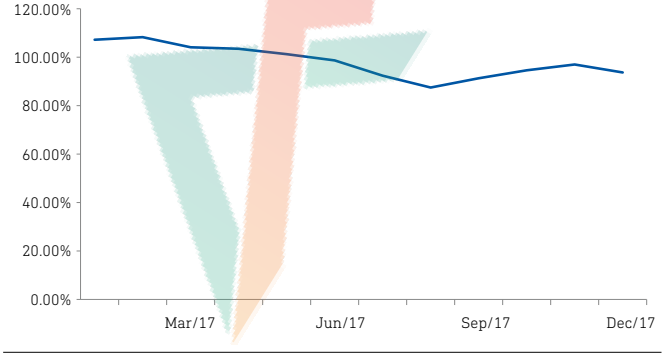
Liquidity risk is the potential for loss to a bank arising from either its inability to meet its obligations as they fall due or to fund growth of assets without incurring unacceptable cost or losses.

Liquidity risk measurement

An important aspect of measuring liquidity is making assumptions about future funding needs. One important factor to consider is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms.

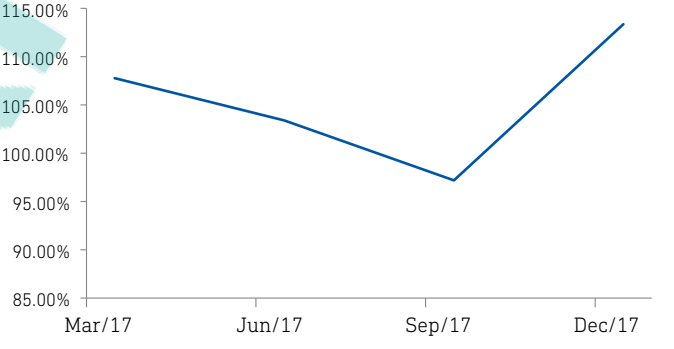
We have identified several key liquidity risk indicators, which are monitored on a regular basis to ensure healthy liquidity position.

Liquid Assets to Short Term Liabilities



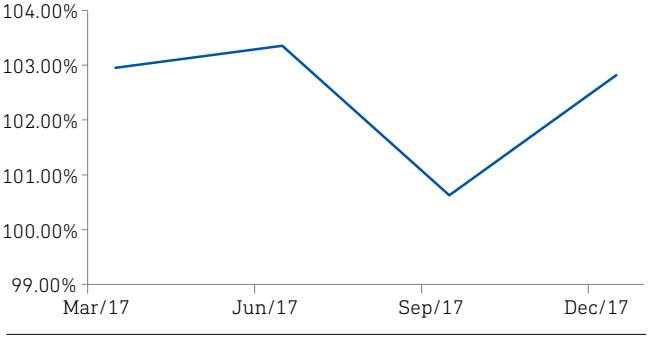
To calculate liquid asset to short term deposit cash in hand, balance with Bangladesh Bank, other banks & financial institutions, Money on call and investment (Government) are considered as liquid asset. To calculate short term liabilities those which will be maturing within 3 months are considered.

Liquidity Coverage Ratio (LCR)



LCR aims to ensure that a bank maintains an adequate level of unencumbered, high -quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. LCR took a downfall below 100% in the month of April but EBL management was able to manage the situation and the year ended with a strong liquidity position of around 113%.

Net Stable Funding Ratio (NSFR)



NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. This ratio is part of BASEL III liquidity parameters and calculated on central bank's guidelines and methodologies. NSFR stayed above the regulatory requirement of 100% throughout the year and the year ended with around 103%.

Liquidity risk management and mitigation

In order to develop comprehensive liquidity risk management framework, we have Contingency Funding Plan (CFP), which is a set of policies and procedures that serve as a blueprint for the Bank to meet its funding needs in a timely manner and at a reasonable cost.

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

a) A reasonable amount of liquid assets is maintained;

b) Measurement and projection of funding requirements during various scenarios; and

c) Management of access to funding sources.

Market risk

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

Market risk governance

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

Market risk factors

Interest rate risk

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

The techniques for measuring Bank's interest rate risk exposure begin with a maturity/re-pricing schedule that distributes interest sensitive assets, liabilities, and off-balance sheet positions into a certain number of predefined time bands according to their maturity (if fixed rate) or time remaining to their next re-pricing (if floating rate).

Exchange rate risk

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

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

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

iii. Settlement risk due to default of counter parties.

iv. Time-zone risk, which arises out of time lags in settlement of one currency in one center and settlement of another currency in another center located at different time zone.

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

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

ii. Governing the management of foreign currency activities; and

iii. Independent inspections or audits.

Investment portfolio risk

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

Bank is yet to compute VAR on equity portfolio to measure equity price risk but managing the risk by keeping its exposure within the regulatory limits. As on 31 December 2017, total exposure to capital market was 23.15% of banks Paid up Capital, Share premium, Retained Earnings and Statutory Reserve against regulatory requirement of 25%.

Marking to Market is the tool Bank applies offsetting losses arisen from changes in market price of securities. As of 31 December 2017, bank set aside Tk. 3.32 crore charging its profit and loss account to cover the differential amount between purchase price and market price of shares and securities under its portfolio.

Other risks

Operational risk

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

Reputational risk

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

Environmental risk

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

Strategic risk

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

Money laundering & terrorist financing risk

As a part of maintaining control and compliance, EBL has established separate Central Compliance Committee (CCC) and appointed a senior official as CAMLCO and Head of CCC to ensure compliance of Anti-Money Laundering Prevention Act and Anti-Terrorism Act.

Following tasks are carried out to mitigate Money laundering & terrorist financing risk -

- CCC has implemented EBL AML Sanction Screening Software in all Branches to ensure all possible sanction screening i.e. Individual, Organization, Distribution Channel and Jurisdiction. This software ensures Sanction Screening against UN, OFAC, SDN, EU, French and Domestic list.
- In the beginning of the year, Managing Director and CEO has given a Zero Tolerance commitment letter against Money laundering and terrorist financing. This commitment letter has been circulated throughout the Bank for further implementation process.
- CCC nominates Department Anti-Money Laundering Compliance Officer (DAMLCO) and Branch Anti-Money Laundering Compliance Officer (BAMLCO) and sets their respective duties and responsibilities to ensure safety and compliance.
- CCC arranges DAMLCO and BAMLCO conference every year and trains up Bank employees through in-house experts and hired experts from Bangladesh Bank. In line with that, CCC arranged training for 1100 employees in the year of 2017.
- CCC 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 assures the implementation of anti-money laundering and countering terrorist financing programs and policies to mitigate such financial frauds and risks.
- It examines and analyzes the STR report received from various branches and reports them to BFIU, Bangladesh Bank if needed.
- CCC addresses and satisfies any query from Bangladesh Financial Intelligence Unit (BFIU) for any account of a customer.

Due to formation of central compliance committee honored with responsibilities and proper monitoring; EBL is under good governance in terms of mitigating of anti-money laundering and terrorist financing risk. Moreover, our overall initiative has created good awareness to the stakeholders. Subsequently, we end up with a Satisfactory Rating in special inspection on Money Laundering & Terrorist Financing conducted by BFIU.

Information and Communication Technology (ICT) risk

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

Following tasks are carried out to mitigate ICT risk of the Bank-

- PCI-DSS reassessment successfully performed.
- Business Impact Analysis (BIA), Key Risk Indicators (KRIs), Risk Tolerances, Risk Appetite for IT Services successfully defined.
- ICT risk management policy is successfully reviewed with updated information.
- Data Center Migration is successfully conducted from Motijheel Head Office to 100 Gulshan Avenue.
- Design, plan/schedule and coordinate IT Disaster Recovery Plan (DRP) tests (primarily focused on testing correct operation of the DR technologies) evaluating their effectiveness and promoting any improvement activities that are considered necessary to meet the business objectives.
- IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster.
- Monitor access to all systems and maintain access control profiles on computer network and systems.
- IT assets inventory is adequately maintained and reviewed periodically.
- Research and investigate measures that address data security risks and potential losses for reporting purposes.
- 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.
- 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 center, 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.

Risk measurement

Value at Risk (VaR)

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

historical simulation based on 6 months market data.

BDT in Million

Particulars	2015	2016	2017
Approved VaR limit	10	10	10
Actual VaR	1.2	0.3	2.5

Gap analysis

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

Duration analysis

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

Control of foreign exchange activities

(a) Organizational controls to ensure that there exists a clear and effective segregation of duties between those persons who initiate foreign exchange transactions and those persons who are responsible for operational functions.

(b) Procedural controls to ensure that:

i. Transactions are fully recorded in the records and accounts of the Bank;

ii. Transactions are promptly and correctly settled; and

iii. Unauthorized dealing is promptly identified and reported to management

Stress testing results

Particulars	2016			2017		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock applied by the bank	1%	2%	3%	1%	2%	3%
Interest rate	(0.20)	(0.40)	(0.60)	-0.13	-0.27	-0.4
CRAR after interest rate shock	14.98%	14.78%	14.58%	13.95%	13.82%	13.69%
Shock applied by the bank	5%	10%	15%	5%	10%	15%
Currency depreciation	(0.02)	(0.03)	(0.05)	-0.02	-0.03	-0.05
CRAR after exchange rate shock	15.16%	15.15%	15.13%	14.07%	14.05%	14.04%
Shock applied by the bank	10%	20%	40%	10%	20%	40%
Equity shock	(0.16)	(0.32)	(0.65)	-0.23	-0.47	-0.94
CRAR after equity shock	15.02%	14.86%	14.53%	13.85%	13.62%	13.15%

Comprehensive risk management report

Risk Management Report is prepared on monthly interval to record 81 risks related issues of credit, market and operational risk across the Bank during the month and submitted towards Bangladesh Bank for all months other than June and December within 30 days following the month end. In addition, Comprehensive Risk Management Report (CRMR) is submitted to Bangladesh Bank by 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 2017.

Way forward

EBL follows a holistic approach when implementing framework of risk management practices. We also use dynamic tools to address different risks and continuously focus on improvements to get the better return. Besides, the Bank's focus will be staying robust at times of challenge and keeping well-informed of fast-paced changes. In addition to that, continuous monitoring and no compromise approach would be the guiding principle for the risk management of the Bank in the upcoming years.

Disclosures on Risk Based Capital (Basel III)

Background

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

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

Consistency and Validation

The quantitative disclosures are made on the basis of consolidated audited financial statements of EBL and its subsidiaries as at and for the year ended 31 December 2017. 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 intercompany transactions. Assets of the subsidiaries are risk weighted and equities of subsidiaries are crossed out with the investment of EBL while consolidating. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated and separate audited financial statements of EBL (Group and Bank) available on the website of the Bank (www.ebl.com.bd). The report is prepared once a year and is available in the website.

A. Scope of Application

Qualitative Disclosures

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

The framework applies to **Eastern Bank Limited (EBL)** on **'Consolidated Basis'** as there were four subsidiaries of the Bank as on the reporting date i.e. 31 December 2017. 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 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. All subsidiaries of the Bank have been incorporated in Bangladesh except for EBL Finance (HK) Limited which is incorporated in Hong Kong.

EBL Securities Ltd.: EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRECs (Trading Right Entitlement Certificate) and ordinary shares of both the bourses i.e. Dhaka Stock Exchange (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 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 the business of asset management, capital market operation, equity investment etc. Initial subscription of Tk 50 million was made in 2015 and afterward Tk 200 million was subscribed in 2017 to increase its paid-up capital after having regulatory permissions. It has got the required registration in 2017 (Code no. BSEC/Asset Management/2017/28 dated 25 May 2017) from BSEC to run full-fledged business operations. Registered office of EBLAML is located at 10 Dilkusha R/A, Dhaka-1000.

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

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

The rules and regulations of BRPD of Bangladesh Bank that govern 'Single Borrower Exposure Limit' for the customers are equally applicable for the Bank in financing its own subsidiaries. Bank is

following latest Bangladesh Bank circular in determining maximum amount of finance to the subsidiaries of the Bank.

Quantitative Disclosures

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

Not Applicable.

B. Capital Structure

Qualitative Disclosures

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

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

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

Quantitative Disclosures

BDT Million

Particulars	Solo (Bank)	Consolidated
Common Equity Tier-1 (CET-1) Capital	18,266	18,551
Regulatory adjustments	(1,322)	(1,329)
Total Common Equity Tier -1 Capital	**16,943**	**17,222**
Additional Tier 1 Capital	-	-
Tier-2 Capital	7,707	7,707
Regulatory adjustments	(1,348)	(1,348)
Total Tier-2 Capital	**6,358**	**6,358**
Total Regulatory Capital	**23,302**	**23,580**

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 2017 (14% 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 (Bank)	Consolidated
Capital requirement for Credit Risk	14,148	14,282
Capital requirement for Market Risk	575	909
Capital requirement for Operational Risk	1,821	1,877
Minimum capital requirement (MCR)	**16,544**	**17,068**
Total regulatory capital	**23,302**	**23,580**
Risk weighted assets	165,435	170,677
Capital to Risk Weighted Asset Ratio	**14.09%**	**13.82%**
Common Equity Tier-1 (CET-1) Capital Ratio	10.24%	10.09%
Tier-2 Capital Ratio	3.84%	3.73%
Capital Conservation Buffer (1.25% of RWA)	2,068	2,133
Available Capital under Pillar II requirement	4,690	4,379

D. Credit Risk

Qualitative Disclosures

(a) General Disclosure

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

Credit risk management has been independent of origination of business functions to establish better control and to reduce conflicts of interest. The Head of Credit Risk Management (HoCRM) has well-defined responsibility for management of credit risk. Final authority and responsibility for all activities that expose the bank to credit risk rests with the Board of Directors. The Board however delegated authority to the Managing Director and CEO or other officers of the credit risk management division.

The Board of Directors (BoD) sets credit policies and delegates authority to the management for setting procedures, which together has structured the credit risk management framework in the bank. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and is designed to meet the organizational requirements that exist today as well as to provide flexibility for future. These policies represent the minimum standards for credit extension by the bank, and are not a substitute of experience and good judgment.

Definitions of past due and impaired credit:

To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 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 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular no 1 dated 3 January 2018 and BRPD circular no 1 dated 20 February 2018 (with retrospective effect from 31 December 2017). 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:

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

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

Heads	**Rates of provision**
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	1%
Unclassified consumer financing other than housing finance and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Short term agri credit and micro credit	1%
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%

Quantitative Disclosures

(b Total gross credit risk exposures (by major types) of 31-12-17:

BDT Million

Particulars	Amount
Continuous loan (CL-2)	
Consumer Finance (CF)	4,767
Small & Medium Enterprise (SME)	3,619
Loans to BHs/MBs/SDs against Shares	978
Other than SMEF, CF, BHs/MBs/SDs	6,937
	16,301
Demand loan (CL-3)	-
Small & Medium Enterprise (SMEF)	5,740
Other than SMEF, CF, BHs/MBs/SDs	80,847
	86,587
Term loan (CL-4)	-
Consumer Finance (including staff, other than HF)	10,334
Housing Finance (HF)	1,908
Small & Medium Enterprise	16,988
Other than SMEF, CF, BHs/MBs/SDs	46,863
	76,093
Short term agri credit and microcredit (CL-5)	-
Short term agri credit	5,046
	5,046
Total	**184,027**

(C) Geographical distribution of exposures (31-12-17):

BDT Million

Division	Total
Dhaka Division	134,125
Chittagong Division	42,172
Sylhet Division	1,071
Rajshahi Division	2,526
Khulna Division	2,566
Rangpur Division	439
Barisal Division	223
Mymensingh Division	906
Total	**184,027**

(d) Sector wise exposure of Total loan (31-12-17):

BDT Million

Particulars	31-12-2017	Mix (%)
Commercial and trading	31,212	16.96%
Construction	4,741	2.58%
Cement and ceramic industries	3,468	1.88%
Chemical and fertilizer	1,989	1.08%
Sugar and edible oil refinery	3,800	2.07%
Crops, fisheries and livestock	1,622	0.88%

AMAR STOCK

Particulars	31-12-2017	Mix (%)
Food and allied industries	7,388	4.01%
Electronics and electrical goods	3,681	2.00%
Individuals	24,438	13.28%
Pharmaceuticals industries	2,917	1.59%
Readymade garments industry	27,932	15.18%
Ship breaking industry	6,523	3.54%
Metal and steel products	14,735	8.01%
Transport and e-communication	6,166	3.35%
Textile mills	10,817	5.88%
Power and fuel	5,715	3.11%
Rubber and plastic industries	3,569	1.94%
Agri and micro credit through NGO	9,313	5.06%
Other manufacturing or extractive industries	4,375	2.38%
Others	9,625	5.23%
Total	**184,027**	**100.00%**

(e) Residual contractual maturity of credit exposure (31-12-17):

BDT Million

Particulars	Amount
On demand	4,735
In not more than one month	10,211
In more than one month but not more than three months	30,530
In more than three months but not more than one year	69,411
In more than one year but not more than five years	60,773
In more than five years	8,366
Total	**184,027**

(f) Sector wise exposure of classified loans (31-12-17):

BDT Million

Particulars	31-12-2017	
	Amount	Mix (%)
Commercial and trading	1,809	39.32%
Sugar, edible oil refinery & food processing	11	0.25%
Crops, fisheries & livestock	3	0.06%
Electronics & electrical goods	21	0.45%
Individuals	247	5.36%
Readymade garments industry	1,096	23.82%
Ship breaking industry	528	11.47%
Metal & steel products	-	0.00%
Power & fuel	146	3.18%
Transport & e-communication	117	2.54%
Textile mills	165	3.60%
Agri & micro credit through NGO	-	0.00%
Others	458	9.96%
Total	**4,600**	**100.00%**

AMARSTOCK

(g) Gross Non-Performing Assets (NPAs)

On the reporting date i.e. 31 December 2017, Gross Non-Performing Assets stood at BDT 4,600 million.

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

On the reporting date i.e. 31 December 2017, Non-Performing Assets (NPAs) to Outstanding Loans & advances was 2.50%.

Movement of Non-Performing Assets (NPAs)

BDT Million

Particulars	31-12-2017	31-12-2016
Opening balance	4,096	4,263
Additions during the year	3,252	3,022
Reductions during the year	(2,747)	(3,190)
Closing balance	**4,600**	**4,096**

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

BDT Million

Particulars	31-12-2017	31-12-2016
Opening balance	3,475	2,821
On fully provided debt written off during the year	(1,972)	(1,629)
On recovery from loans written off earlier	501	380
Specific provision for the year	2,375	1,903
Provision held at the end of the year	**4,379**	**3,475**

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

Particulars	Solo (Bank) 2017	Consolidated 2017
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period/**Net gain/(loss) on sale of quoted securities**	439	1,029
Total unrealized gains (losses)/**Provision for revaluation of shares (net)**	33	75
Total latent revaluation gains (losses)		
Any amount of the above included in Tier 2 capital		
Capital charge required for quoted securities:	492	825.5
Specific risk	246	412.7
General market risk	246	412.7

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.
- No early en cash is considered in term and recurring deposit.
- Non maturity deposit withdrawal is considered based on past withdrawal behavior.
- Interest paid on liabilities tend to move faster than interest rates earned on assets.
- Interest rate attached to bank assets and liabilities do not move at the same speed as market interest rates.
- Point at which some assets and liabilities are re-priced is not easy to identify

Quantitative Disclosures:

Funding GAP Analysis:

Funding GAP Analysis attempts to determine the potential impact on net interest income (NII) due to changes in interest rate. Result of Funding Gap analysis as on December 31, 2017:

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 4.06 Million	BDT ± 77.27 Million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 8.12 Million	BDT ± 154.53 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, 2016	Dec-31, 2017
Duration of Asset	1.34	1.33
Duration of Liabilities	1.71	1.72
Duration Gap	**-0.18**	**-0.22**

Changes in Market value of Equity due to an increase in interest Rates as of 31st December, 2017		
1%	1%	1%
BDT 473.40 Million	BDT 946.79 Million	BDT 1,420.20 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%	1,458,187	2,232,534	2,414,550	2,965,436	3,366,582
95%	2,127,319	2,518,632	2,965,436	3,633,531	4,481,998
99%	2,839,581	3,736,672	4,462,828	5,211,140	5,955,465

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

Quantitative Disclosures:

Capital charge required (Solo basis) for market risk on the reporting date 31-12-17:

	Particulars	**Amount**
a	Interest rate risk	23
b	Equities	492
c	Foreign exchange risk	61
d	Commodity risk	-
	Total	**575**

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	1,877	1,821

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 2017 are given below:

BDT Million

Particulars	Amount
Stock of High quality liquid assets	33,306
Total net cash outflows over the next 30 calendar days	29,384
Liquidity Coverage Ratio (%)	113.35%
Available amount of stable funding	177,361
Required amount of stable funding	172,496
Net Stable Funding Ratio (%)	102.82%

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 2017 is given below:

BDT Million

Particulars	Amount
On balance sheet exposure (A)	248,986
Off balance sheet exposure (B)	55,290
Regulatory Adjustments (C)	(1,322)
Total exposure (A+B-C)	302,954
Leverage Ratio	5.59%

K. Remuneration

Qualitative Disclosures

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

a) Information relating to the bodies that oversee remuneration.

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

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

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

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

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

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

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

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

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

An overview of the key features and objectives of remuneration policy

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

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

Fixed pay:

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

Benefits:

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

Annual Incentives:

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

Regulations of Pay and Allowances

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

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

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

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

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

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

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

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

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

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

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

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

These measures ensure that the remuneration process of EBL is:

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

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

No changes took place.

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

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

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

- Business Objectives
- Personal Development Objective
- Management Objectives

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

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

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

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

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

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

Not applicable.

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

Not applicable.

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

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

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

Quantitative Disclosures:

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

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

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

Not applicable*

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

Two basics for two festivals.

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

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

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

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

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

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

Not applicable.

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

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

Not applicable.

Note: Till 2017, 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.

Capital Planning and Management

Strategic and capital plan

EBL annually conducts an integrated strategic planning process which lays out the development of future strategic direction for business units. This process translates EBL's long term strategic targets into measurable short to medium term financial targets and enables intra-year performance monitoring and management.

Strategic planning process consists of two phases:

Top-down target setting, and

Bottom-up substantiation.

Phase I – (Top down target setting) – EBL sets key targets for profit and loss (including revenues and expenses), capital supply, and capital demand as well as leverage, funding and liquidity for the key business areas. In this process, the targets for the following years are set based on macro-economic outlook and the expected regulatory framework. Subsequently, the targets are approved by the Board of Directors.

Phase II – The top-down objectives are substantiated bottom-up by detailed business unit plans, which consist of month by month operative plans. The proposed bottom-up plans are reviewed and discussed individually with the business heads. The bottom-up plans include targets for business units to review local risk and capitalization levels.

The Strategic and Capital Planning process allows EBL to:

Set earnings and key risk and capital adequacy targets considering EBL's strategic focus and business plans;

Assess risk-bearing capacity with regard to internal and external requirements; and

Apply an appropriate stress test to assess the impact on capital demand, capital supply and liquidity.

The specific limits e.g. for regulatory capital demand, and leverage exposures are derived from the Strategic and Capital Plan to align risk, capital and performance targets at all relevant levels of the organization.

All financial targets are monitored on an ongoing basis in management committees that includes BASEL Unit, Bank Risk Management Committee (BRMC), SRP Team, etc. Any projected 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.

Internal Capital Adequacy Assessment Process (ICAAP)

EBL maintains compliance with the ICAAP 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 management framework

Capital management of EBL refers to maintaining adequate capital, assessing internal capital adequacy of the Bank and calculating its capital adequacy ratio. Following are the outcomes of capital management:

A capital plan that meets the needs of the Bank over a three to five year time horizon;

An ICAAP (Internal Capital Adequacy Assessment Process) that determines precise level of required capital (the "solvency need") of the Bank according to the measures of balance sheet capital and regulatory capital;

A periodic process to compare available capital with current and projected solvency needs, and address deficiencies in a timely manner.

Monitoring of capital adequacy

The Bank monitors capital adequacy, bank's capital plan, risk profile, and external environment on a regular basis.

Reporting to board and senior management

Necessary information is provided to the Board to make appropriate assessment in a regular and timely manner or as on need basis.

Feedback to relevant divisions

The Bank highlights the results of its assessment, analysis and consideration with regard to the status of capital adequacy to relevant divisions as necessary.

Control



Counter measures to case where unmanageable risks exist: Board makes decisions after analyzing all necessary information as to whether EBL needs to withdraw from or downsize the operations affected by those risks.



Counter measures to case where capital adequacy is insufficient: Board and senior management make decisions as to what specific counter measures should be taken in future.

Review and revision

RMD regularly reviews whether ICAAP suits the Bank's strategic objectives, scale and nature of its business, and its risk profile and revise method, or provide information to the Board to make appropriate assessment and judgments.

Capital contingency plan

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

How good capital planning benefits our stakeholders

During financial crisis, banks underestimated risks inherent in their business strategies and inappropriately assessed their capital needs. Some banks continued to pay dividends instead of retaining capital to address potential future losses due to absence of forward looking capital planning. These activities had adverse impact on achieving long-term goals for deterioration of asset quality. Banks and regulators have recognized the operational benefits of additional capital along with the benefit of stakeholders' confidence. Therefore, EBL has assessed its optimal capital needs along with liquidity buffers to attain sustainable long term benefits for the stakeholders.

Going Concern and Viability

Key financial indicators (Bank only)

	2017	2016	2015	2014	2013
Return on average assets	1.04%	1.33%	1.23%	1.28%	1.68%
Return on average equity	11.41%	12.94%	10.95%	10.93%	14.44%
Cost to income ratio	45.20%	44.10%	47.41%	42.18%	38.31%
Capital to risk weighted assets ratio	14.09%	15.10%	14.24%	13.22%	11.95%
NPL ratio	2.50%	2.69%	3.27%	4.36%	3.59%
EPS (BDT)-Not restated	3.26	3.78	3.63	3.45	4.20

Credit rating

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

Long-Term rating of EBL has been upgraded to "AA+" (Pronounced as double A plus) from AA and Short-Term rating was reaffirmed at "ST-2" by CRISL. This level of rating indicates a banking entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. Short-term rating indicates high certainty of timely repayment. EBL maintained improving financial performance with good capital adequacy, good non-funded business, diversified loan portfolio, experienced top management etc.

Global recognition

EBL has been adjudged best retail bank in Bangladesh by the Asian Banker for the last five years consecutively since 2013. EBL won best Corporate and Investment bank accolade from Asiamoney and Best bank in Bangladesh by FinanceAsia. Apart from that, the jury of Euromoney awards for excellence conferred the best bank in Bangladesh for its professionalism, prudence and growth. All these recognitions prove EBL's acceptance globally.

Going regional to diversify business

To tap potential of regional business and to diversify income sources the Bank is eyeing beyond boundaries. At present the bank has eighty four branches, 200 ATMs throughout the country and one subsidiary in Hong Kong and representative office in Myanmar. After successful operation in those countries, the Bank is planning to spread its wings both in China and India.

Motivated employees create happy customers

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

EBL has completed its journey over 25 years with a bunch of delightful customers. Our people truly holds the flagship of the Bank and they try to provide quality service to our customers that has created long lasting bonding.

Consistency in higher dividend payment

Particulars	2017	2016	2015	2014	2013
Dividends					
Cash dividend (%)	20	20	20	20	20
Stock dividend (%)	-	5	15	-	-
Total	**20**	**25**	**35**	**20**	**20**

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

Strong brand image

Banking business purely depends on trust. People have entrusted us with so many responsibilities. In reciprocity, we have always put our best efforts to meet diverse stakeholders' expectations that's what made us a strong financial service brand in the market.

Governance and risk management

Good governance is the key to sustainable growth. Our continuous effort to adopt and adapt to international best practices in corporate governance has been recognized by 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. Moreover, EBL has a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all of the employees of the Bank.

Regulatory compliance

EBL is one of the most compliant banks in the industry. We do business complying applicable laws, rules and regulations of the regulators (BB, BSEC, NBR).

Capital management

BDT in Million

Particulars	2017	2016	2015
Minimum capital requirement	16,544	14,881	14,371
Maintenance of capital	23,302	22,472	20,463
Surplus	6,758	7,591	6,092
CRAR	14.09%	15.10%	14.24%

The bank has been maintaining adequate capital above its regulatory requirement. Minimum capital requirement of the Bank as of 31 December 2017 is BDT 16,544 million whereas EBL maintained BDT 23,302 million that led to CRAR 14.09% of which core capital to RWA is 10.24% and supplementary capital to RWA is 3.84% that indicates how efficiently EBL manages its capital and constantly upgrades it to create strong capital base and meet up regulatory requirements.

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

AMAR STOCK

Management of Non-performing Loan (NPL)

Banks are institutions designed to optimize the transfer of funds from savers to borrowers. While no bank intends to make a non-performing loan (NPL), however, with lending comes the inherent risk that loan repayments might fall behind schedule. NPLs are viewed as a typical byproduct of financial crisis one that has enormous potential to deepen the severity and duration of financial crisis and to complicate macro-economic management.

NPL ratio (NPL to Total loan) is the single most important indicator for banks to measure its portfolio health. Appropriate and efficient management of NPL can elevate a bank's performance in several embellishments in the form of:

- Avoiding probable decrease in net interest income;
- Reduction in impairments costs;
- Savings of capital requirement for high-risk weighted assets;
- Enhanced risk appetite for new lending; and
- Savings of management time and servicing costs to resolve the problem.

Industry NPL movement

After 2011, Non-performing loan in Bangladesh started soaring due to market volatility, inadequate infrastructure facility holding back growth opportunity of investment and political instability. Change in Classification criteria in 2012 to remain abreast with International standards and number of loan scams in state-owned banks also fueled the growth of NPL in the banking industry.

Rescheduling of loans, Large loan restructuring allowed by the Central Bank in the year 2015 and Write off of loans for which banks provided full provision made banking industry NPL look better in subsequent years.

NPL ratio movement: EBL vs. Industry & PCB

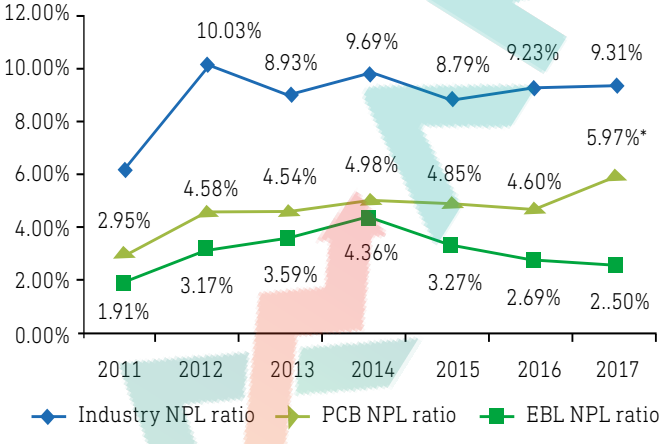


*Figure as of September, 2017

NPL position at EBL

At EBL, we believe in "Quality first, Revenue will follow". The intense focus on quality of asset drove the Bank to achieve the enviable low NPL ratio of 2.50% at the end of 2017; which is far below from the industry average as well as much lower than average NPL in Private Commercial Banks (PCB). In the year 2017, EBL achieved marked improvement in NPL, which was 2.69% in last year. However, the outstandingly low NPL in 2017 is not incidental, rather follows the improvement trend of EBL since 2014.

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

Our approach/strategies to deal with NPL

- **Efficient recovery system:** Top most priority is attached for recovery of problem loans. Special Asset Management Division put their all-out effort for recovery of loans including compromise settlement portion. Intense follow-up and monitoring through frequent customer visits is the key to efficient and effective recovery system.
- **Prevention is better than cure:** Robust risk management culture with a well-articulated underwriting criteria, policies and procedures helps EBL to arrest flow of new NPL. Policies, guidelines and procedures are continuously reviewed and updated on the basis of actual performance and industry best practices.
- **Portfolio watchdog:** A vigorous early warning system is employed to identify individual position in the portfolio for immediate attention and remediation. As soon as signs of deterioration are detected, strategies on vulnerable and concerning accounts are set with the goal of preventing these performing loans from converting into NPLs.
- **Resolution expert:** At EBL, a constant effort is provided to identify routes to recovery and routes to exit from problem

portfolio. Attention is given to rescheduling of classified accounts within the purview of regulatory guidelines where it is a viable option. Continuous and close contact is maintained with customers facing problems and necessary financial and advisory assistance is provided.

- **Writing-off loans:** It is the Bank's policy to write off bad debts 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 present the Bank's balance sheet chubbier.

Way forward

"No compromise in Quality" would be the guiding principle for management of Credit Portfolio of the Bank in 2018.

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 position, enhancing credit principles and bringing in innovation in recovery shall be the key strategic priorities for NPL management in the year 2018.

Combating with NPL is a continuous process and there is no room for complacence in improving portfolio heath. It is the Bank's strategic intent to keep NPL ratio below 2.00% in the year 2018.

AMARSTOCK

Recovery of Classified and Written off Loans

Industry overview and status of EBL

Default loan has dogged into the country's banking sector that halts the overall economy to grow and deprives honest borrowers to collect required funds. And, for the rise of default culture, banks are losing out revenues and need to make provisioning against the bad loans from income.

However, amongst all these concerns, , EBL default loan came down to BDT 4,600 Million with NPL ratio of 2.5% at the end of 2017, credit goes to Bank management, showing Bank's commitment to its stakeholders. Special asset management team of the Bank played contributory role to get that figure with their all-out effort for recovery of loans. Intense follow-up and proper monitoring through frequent customer visits are the keys to efficient and effective recovery system.

Collection performance highlights in 2017

- Sold Non-Banking Assets (NBA) property for BDT 9 crore of Bangla Union (w/off).
- Fully Settled Kashem Ali & Sons for BDT 6 crore (w/off).
- Fully Settled S.R Zaman & Company for BDT 9 crore (B/L).
- Workshop with Honorable Judges in Dhaka & Chittagong.
- Number of 136 High court cases were successfully disposed out of 342 cases. And, 3025 cases (1069 ARA cases & 1956 NI Act Cases) were settled in lower courts.
- 545 compromised settlement proposals were approved from the Board for BDT 38.70 crore.
- Successfully completed recovery campaign for SME-S and CNB- Loan and Cards during last quarter 2017.

Steps taken in 2017 to recover classified and written off loans

- 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.
- 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.
- 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 down 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 namely 'BIAC' for settlement of dispute/ recovery from defaulting borrowers out of court through negotiation.

Recovery status at a glance

BDT in Million

Particulars	2017	2016	2015
Written off loan recovery	501	380	282
Classified loan recovery	858	722	499
Total	**1,359**	**1,102**	**781**

Status of legal proceedings

Legal unit of special asset management is now looking after 6,693 suits/cases filed against default borrowers involving an amount of BDT 2,043.93 crore. 20 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, 206 writ petitions/criminal misc. cases/appeals are pending before the Supreme Court of Bangladesh whereas 136 cases were settled.

Way forward

- 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 down the accounts under suits/cases outside the court with the help of legal unit and panel lawyers.
- Strengthening activities to attach unencumbered assets of the default borrowers.
- Regular feedback to credit risk management and business units for proper business initiation.
- In-house runner concept for expediting recovery for CNB, SME-small and Cards segment.
- Product segment-wise dedicated lawyers for effective and efficient monitoring for speedy disposal of the cases.



SUSTAINABILITY
REPORT

An enterprise will only make sense in the long run if it has a social purpose and is commercially viable. To deliver sustainable value we need to understand our responsibility to our clients, employees, shareholders and for our society. Our goal is clear: we want to be profitable and sustainable at the same time. We always focus on the aspect that our performance culture must go hand-in-hand with our core values of responsibility. We are committed to ensure ethical, social and environmental criteria that are diligently followed when conducting business and making business decisions.

Sustainability Report

Sustainability: An overview

EBL's sustainability ethos is deeply embedded in the overall business strategy and intrinsic to the way the Bank conducts its business. By integrating social and environmental responsibility into core business processes and stakeholder management, the Bank endeavors to achieve the ultimate goal of creating both social and corporate value. We are committed to serve all strata of society through careful customer segmentation that provides financial access and services across the continuum of socio-demographic groups. We are also 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.

Sustainability governance

EBL has updated the governance structure of its sustainability function to include the international best practices on corporate social responsibility and good governance.

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

EBL has a Sustainable Finance Committee (SFC) chaired by AMD and comprises the heads of different divisions and corporate areas of the Bank concerned with sustainability. This Committee meets at least once a quarter and proposes, coordinates and promotes the Bank's sustainability initiatives. Credit risk Management (CRM) also assesses the reputational risk stemming from any financial transaction with a social or environmental impact, which issues non-binding recommendations to the relevant decision making body. Subsequently, internal audit-as a third line of defense performs regular evaluations of the implementation of green / sustainability banking and green office guideline.

Policies

EBL ensures compliance with ethical, social and environmental criteria when conducting business. It therefore implemented 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 2017.

Sustainable banking policy

This policy outlines sustainable banking principles in general and its voluntary commitments to its main stakeholders, focused on creation of lasting value. This policy also refers to social and environmental risk management for the Bank's lending activities involving sensitive sectors and business activities, which are described under the "Sectoral Policies".

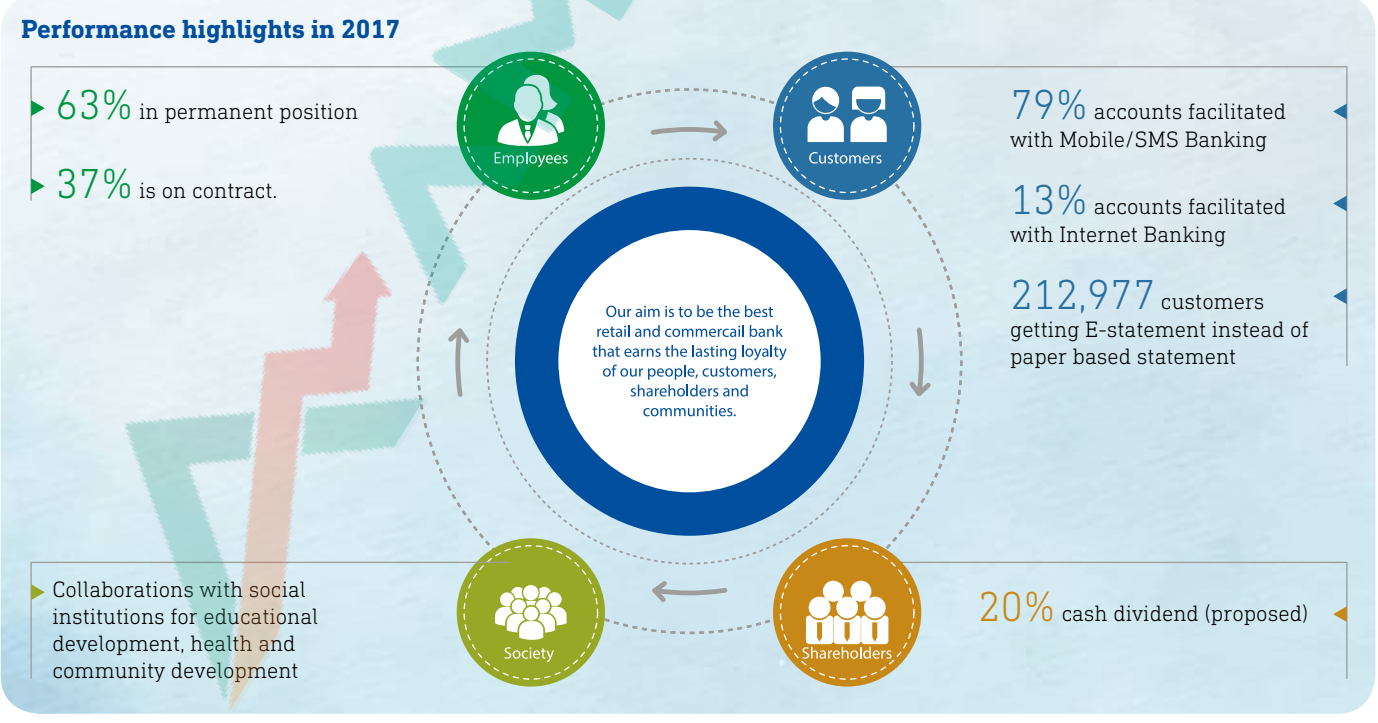
Human resource policy

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 in 2017



Achievements
■ 63% employees have a permanent employment. 18.64% are women. ■ 9,880 days of training round the year. ■ 49 fresh graduates recruited under PO and MTO program.
■ 79% accounts facilitated with Mobile/SMS Banking ■ 13% accounts facilitated with Internet Banking. ■ 212,977 customers getting E-statement.
■ BDT 151.20 million donated for the community, which is 373.4% higher than that of 2016.
■ 2.35% reduction in paper use per employee versus 2016 ■ 3.39 kilowatt installed capacity of solar energy to run bank premises and ATMs

Simple l Personal l Fair

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.

Simple	EBL offers an accessible service for it's customers, with simple, easy to understand products. EBL also uses modest conversations and continuously improving the processes over the years.
Personal	EBL treats its customers in a personalized manner, offering them the alternatives that best suit their needs. EBL desires that each and every one of its employees and customers would feel unique and valued.
Fair	EBL treats its employees and customers fairly and equally, stay transparent and keep the promises. EBL establishes relations in such a way that the Bank as well as its employees, customers and shareholders obtain benefits. Because EBL belief; what is good for them is also good for the Bank.

Key strategic issues

	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

Material concerns 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 Sustainable Finance Committee.
- Analysis is also carried out to identify the main stakeholders and relevant issues throughout the value chain.

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, and innovation

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 signatories 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 community investment program.





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



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



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



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



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



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



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



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

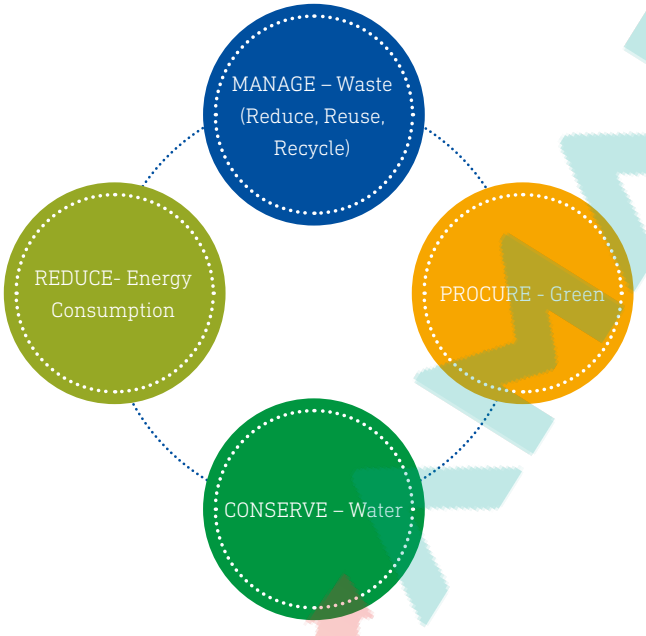
To achieve long-term sustainable development, we must responsibly manage environmental and social (E&S) risks. Environmental risk means the risk of causing pollution or destruction of the natural environment (land, water, air, natural habitats, animals and plant species) through either accidental or 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 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 2017, we reduced our office paper use by 2.35 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 EBL Internet Banking and/or Mobile Apps based EBLSKYBANKING. 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 2017
% of total customers using Internet Banking	13%
% of total customers using SMS banking	79%
% of total accounts statements delivered through email	45%

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

We are connected to National Payment Switch which enables our debit/credit card customers to withdraw money from any other bank's ATMs within Bangladesh for a fee of only 15 taka.

Protecting environment	Year 2017
Number of customers eligible for environmental due diligence	36
Number of customers appraised for environmental risk rating	36
Low	22
Moderate	14
High	-
Cost of water consumed by the Bank (BDT in Million)	4.15
Cost of paper consumed by the Bank (BDT in Million)	3.78
Cost of energy (electricity, fuel, and gas) consumed by the Bank (BDT in Million)	123.44
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	133

Economic aspect

Employee remuneration	
BDT 2,944.06 million in staff costs	EBL has 2,532 employees; 50.19% are with EBL for less than 5 years, 31.68% are for 5 > 10 years, 9.28% are for 10 > 15 years and 8.85% are for over 15 years.
Loans granted (net) to Small & Medium (SME) businesses	
BDT 23,991.5 million in loans awarded at year-end	The Bank has also disbursed BDT 23,991.5 million loans to Small & Medium businesses. EBL is a market leader when it comes to financing renewable energy projects.
Shareholders	
BDT 1,476 million in shareholder remuneration	Distribute 20% cash dividend (proposed)
Taxes withheld and paid	
BDT 2,791.75 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 direct taxes and withholding indirect taxes from third parties.
Social investment in the community	
BDT 151.20 million in social investment in the community	BDT 151.20 million in community support program. 11 MFI's are linked with EBL to mobilize agricultural loan.

Financial inclusion	**Year 2017**
Cumulative agricultural and rural credit extended through MFIs (BDT Million)	6,530.60
Cumulative agricultural credit extended through own network (BDT Million)	16.94
Cumulative agricultural and rural credit extended from ADB fund (BDT Million)	645.00
Total number of individuals impacted	174,434
Total number of MFIs partnered	11

Promoting sustainable finance	**Year 2017**
Amount financed for installation of ETP to plants in operations	9.8
Amount financed in plants having ETP (loan disbursed to projects having ETP)	25,501.0
Amount financed to solar panel/ renewable energy plants	-
Amount financed to Bio-fertilizer plants	-
Amount financed to brick kilns adopted cleaner technology	122.2
Amount financed to other green projects	-
Total sustainable finance	**25,633.0**
Note: All figures above are BDT in million	
Number of employees trained in sustainable finance	139

Financial assistance received from government	**Year 2017**
Borrowing from Bangladesh Bank under refinancing program of SMESPD (as of 31 December) (BDT in Million)	990.99
Interest loss compensation received from Bangladesh Bank against disbursements in specified agricultural products @ 4% (BDT in Million)	.035

Governance	**Year 2017**
No. of Incidents of non-compliance with regulations resulting in fine or penalty	None

Social aspect

Employees and talent management

In order to be the best consumer 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. 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 2017
Headcount (permanent staff) on year-end	1,594
Percentage of female representation	18.64%
Percentage of voluntary attrition	8%
Number of permanent staff received training	4,710
Total number of training days	9,880
Average training days per employee	4
Percentage growth in headcounts	0.63%
Number of fresh graduates recruited as Management Trainee Officer (MTO)	27
Number of fresh graduates recruited as Probationary Officer	22
Number of fresh graduates recruited in other positions	35
Years of service with EBL as percentage of total permanent staff headcount	
Less than 5 years	50.19%
5 > 10 years	31.68%
10 > 15 years	9.28%
Over 15 years	8.85%
No. of Fire wardens	257

Knowledge

Training is one of the key tools for professional development at EBL. In 2017, for boosting employee knowledge, skills and alignment with the corporate culture, total 4,710 training sessions were 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 are 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.

Excellence in customer service	Year 2017
Number of average customers*	477,989
Number of complaints received through all channels	640
Complaints per 1000 customers	1.34
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 number 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 improve their satisfaction with and loyalty to the Bank.

Products and services offering social and/or environmental added value

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


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

The Bank has over 477 thousand customers, who recognize this 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. The Bank planned to invest in systems for 360-degree customer relationship management and automated system for managing incidents, claims and complaints. A detailed **report on Service Quality** has been presented separately in the annual report.

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. Green banking training is mandatory for all newly joined staffs in Bangladesh. For our corporate relationship managers to have in-depth understanding on sustainable finance, we have introduced 'Sustainable Finance Training' since 2013. In 2017, a total of 272 staffs have attended these trainings which was 139 in 2016.

Community investment

EBL also contributes to economic and social development through initiatives and programs that support the community. 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. A detailed **report on CSR** has been presented separately in the annual report.

Corporate Social Responsibility	Year 2017
Major Expenditure for CSR (BDT in Million)	151.20

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.

BDT in million

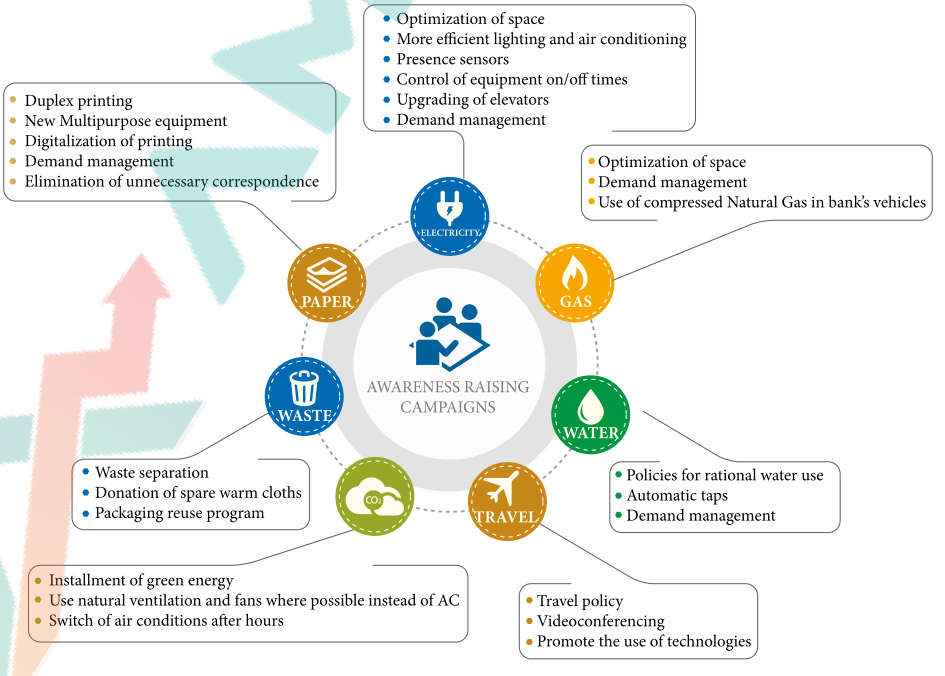
Government	Year 2017
Income tax	3,972
VAT	488
Other duties & taxes	238

Anti-money laundering and counter-terrorist financing

EBL has a system to prevent money laundering and 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 has also a corporate framework in place for the prevention of money laundering and financing of terrorism, and investigating and dealing with any report of suspicious activities and any request for information from supervisors.

Tackling financial crime	Year 2017
Number of staffs completed training on AML	1,100
Number of suspicious transactions reported to Bangladesh Bank	11
Number of accounts closed for unsatisfactory KYC	-

Sustainability plan 2018-2020



Corporate Social Responsibility

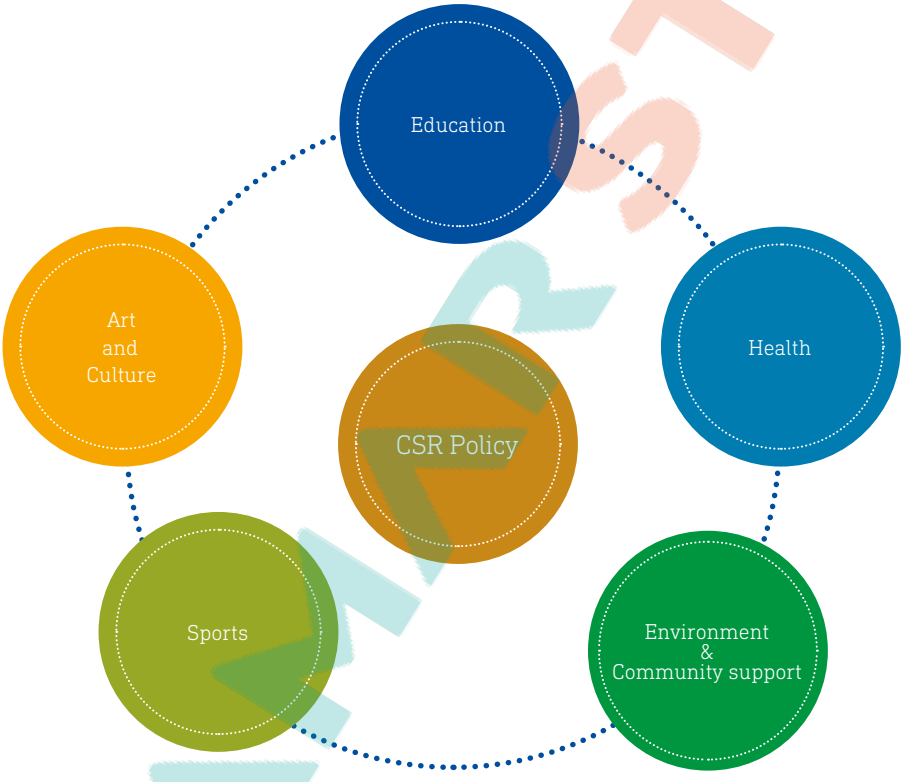
As a good corporate citizen, it is our firm conviction that we need to invest in the society we operate in for bringing about changes that impact lives in positive ways. Our corporate social responsibility is a reflection of our commitment to our society and we put in our best efforts in living according to the values we wholeheartedly believe in. Our attempt has always been to remain as fair as possible in everything that we do.

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

Our corporate citizenship strategy

We apply the same 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.

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, arts and culture are key components 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: key to social and economic development

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

Our approach about education is that we are primarily concerned about tertiary education because we believe that it is where youths are prepared for entering into the job market. For the economic development, our society needs skilled workforce and people who embrace critical thinking. Education is also crucial to social cohesion too, because it enables people from a disadvantaged background to earn an income that can provide a better quality of life and inspire future generation. As a responsive corporate citizen, we have anchored our CSR initiatives on education. Our initiative is based on two pillars: strengthening youth confidence by raising aspirations and providing pathways to education and employment opportunities.

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

To mark the 10th year of our scholarship program, we more than doubled the scholarship amount from 2.30 million to 4.5 million. This BDT 4.5 million is given to 150 deserving students for their outstanding academic performance and each will get around 30,000 BDT plus fee of BDT 230/card.

DUAA works closely with all the departments of University of Dhaka for the selection of the scholarship award. After getting nominations from the departments, DUAA forward those names to us and we load the amount into debit cards and issue the cards to each individual awardee. Finance Minister Abul Maal Abdul Muhith graced the occasion as chief guest while Deputy Governor of Bangladesh Bank SK Sur Chowdhury was the keynote speaker of the program.



EBL in partnership with Dhaka University Alumni Association (DUAA) provides scholarships to the meritorious and disadvantaged students of the University of Dhaka. MD and CEO of the Bank Ali Reza Iftekhar was present at the occasion

Though we are primarily focused about tertiary education, we have also our eyes on primary education. We made a significant contribution in 2017 for the facelift of the Dhupail Primary School, located at a far off place in Natore under Rajshahi Division. Our modest financial aid of taka over 500 thousand came good for refurbishment of dilapidated classrooms. This has brought joy to hundreds of kids who found their classrooms in a new and modern arrangement.



EBL contributes over 5 lac for refurbishment of Dhupail Government Primary School of Rajshahi division as part of CSR initiative of the Bank

Every year we reboot and recycle our desktop computers and donate them to set up IT labs to different educational institutions. We helped set up the IT lab of the Rabeya Ali Girls Schools and College in Faridpur by donating 10 units of 600 VA UPS.

We also donated BDT 20 million to Prime Minister's Education Assistance Trust and BDT 20 million to Suchona Foundation through Bangladesh Association of Banks (BAB). All these contributions made us strongly feel that it is our prime responsibility as a corporate citizen to promote girls' empowerment and the fulfillment of the human rights through education.



Mir Nasir Hossain, Director of EBL hands over a pay order for BDT 4 crore to Prime Minister Sheikh Hasina for 'Education Assistance Trust and Suchona Foundation' as part of CSR initiative of the Bank.

Promoting human welfare

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

We always stand by the people who are suffering or in difficulties. Every year we give a cheque of BDT 480 thousand to a family of one of the officers killed in the BDR carnage. We are committed to provide this support for ten years until 2018.

Since August 2017, military operations of Myanmar's government have pushed around seven lac Rohingyas to come into Bangladesh

sparking a dire humanitarian crisis. The UN has also reported that the Rohingyas are experiencing the most extreme levels of ethnic cleansing they have witnessed in the 21st century. And, Rohingyas who fled the country, both by land and sea, to Bangladesh in search of safety, mostly are women and young children.

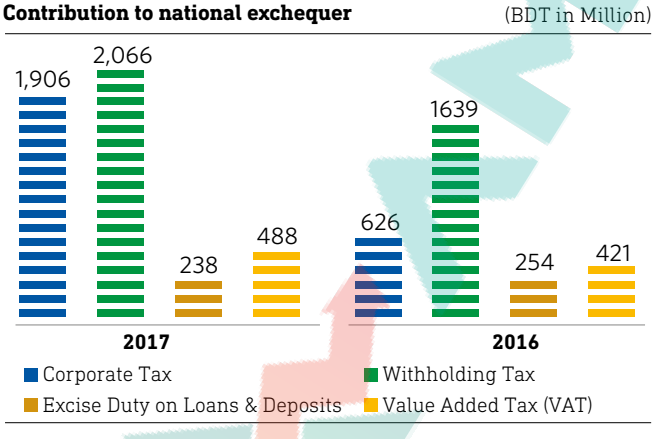
Prime Minister of Government of the People's Republic of Bangladesh Sheikh Hasina has also taken a strong stance to shelter the hapless Rohingya refugees and doing all that is possible to mitigate their miseries. We donated BDT 50 million to Prime Minister's Relief and Welfare Fund for the Rohingya refugees sheltered in Bangladesh. Honorable Prime Minister Sheikh Hasina received the cheque for the amount on 16 October, 2017 with a simple ceremony at her office along with other banks.



EBL donates BDT 5 Crore for Rohingya refugees to the 'Prime Ministers' Relief and Welfare Fund.' EBL Chairman M. Ghaziul Haque was present at the occasion

Contribution to national exchequer

Being a responsible and tax abiding corporate citizen, EBL regularly pays corporate tax on time, sometimes even before it falls due as (Image Rohingya refugees) withheld tax and VAT to govt. exchequer on time deducted from employees' salary as well as payments to customers and vendors. Following graph shows our contribution-



Women empowerment

It is now globally accepted that empowering women facilitates economic growth. We are a great believer of women empowerment. We have special products for women entrepreneurs at special discounted loan pricing to provide growth support. Women clients can avail EBL Mukti loan up-to BDT 25 Lac without any collateral and up-to BDT 50 lac with collateral. EBL not only provides financing but also guides women clients on various business issues such as financial record keeping/accounting, sales routing through bank account, trade license, taxation, marketing, insurance etc. Moreover, to empower women, every year we celebrate international women's day to celebrate womanhood while calling for greater equality. This year, EBL also organized a function at the head office in Dhaka on March 08.



Celebrating international Women's Day at EBL Head Office

We had amongst us the nightingale of Bangladesh Sabina Yasmin; Esha Yusuf, executive director of the most successful movie of 2016 Aynabaji; and Kantara K. Khan, director of Shuchinta Foundation to share stories of their life.

Environment-friendly Bank

We believe that every small 'GREEN' step taken today would go a long way in building a greener future. As an environment-responsive bank we initiated Go Green campaign in our Bank. After reducing the use of electricity and paper at the office, EBL is now gearing up for carbon trading to show its commitment to environment-friendly funding. 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.



A Sustainable Finance Project financed by EBL

Disaster management

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

In 2017, we experienced one of the worst floods in history. Over 16 lac people were affected in twenty districts due to the flood. We were quick to respond to the need of the sufferings of humanity and donated BDT 30 million to Prime Minister's Relief Fund. We handed over the cheque for the amount to honorable Prime Minister at her office on 23rd August 2017.



EBL donates relief to the flood affected people of Rangpur division of the country

We always feel that our responsibility towards the society is not limited to banking only. We set up a team from our colleagues to visit and understand the need of the moment of the flood victims of the northern district of Rangpur. We distributed food and medicine to flood victims with the help of the Rotary International and 50,000 pieces of blankets costing BDT 19.43 million to cold-hit people of the country. And, we had the pleasure of distributing the emergency aid in person to those affected people.



EBL donates 50 thousand blankets to the 'Prime Ministers' Relief and Welfare Fund.' EBL Chairman M. Ghaziul Haque and MD and CEO of the Bank Ali Reza Iftekhar were also present

Way forward

To enhance our engagement to foster the development of the community.

To act as promoter for positive change through our action in educational development, healthcare, women empowerment, entrepreneurship and so on.

To promote responsible lending through sustainable finance.

To continue our support in the emergency situation of the country.



MANAGEMENT DISCUSSION
AND ANALYSIS

A close reading of the financials is the key to have a greater understanding of the pulse of a company. The analysis and discussion of the salient features of the important financial ratios, key strengths, major challenges and initiatives, market dynamics, and strategic outlook will provide an overview of the bank's internal mechanism and external environment and eventually help everyone to better understand the company. It is like putting all significant ratios under microscope and making sense of the decisions taken to drive the bank.

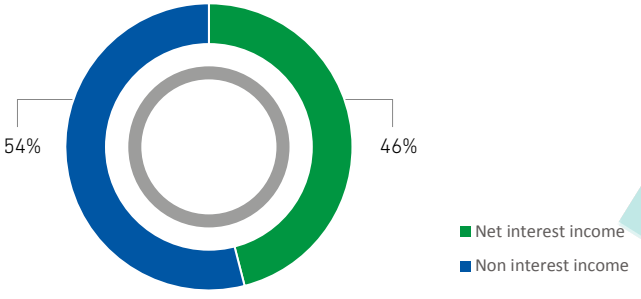
Financial Performance Review

Despite facing numerous external challenges, the bank fared well in 2017 in terms of liquidity and solvency in exchange of a moderate price of profitability. Our focus has been on improving asset quality, recovering classified and written off loans, enhancing service excellence, and rationalizing costs. The underlying reasons behind this year's financial performance has been noted below:

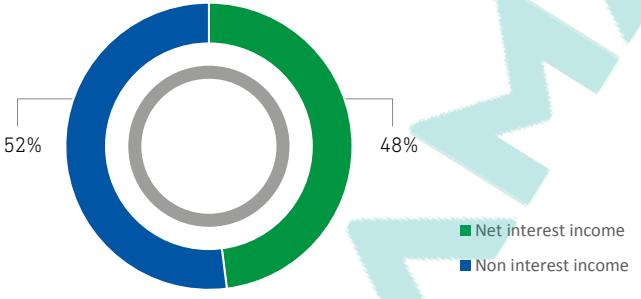
Operating Income (+8%)

Despite being affected by certain industry challenges, our core banking activities have produced somewhat satisfactory results in 2017. Net interest income (which contributes 46% of total operating income) increased marginally by 4% while our non-interest income grew by 12%. Investment income grew marginally by 3% and Commission, exchange and brokerage income showed a healthy growth of 23%.

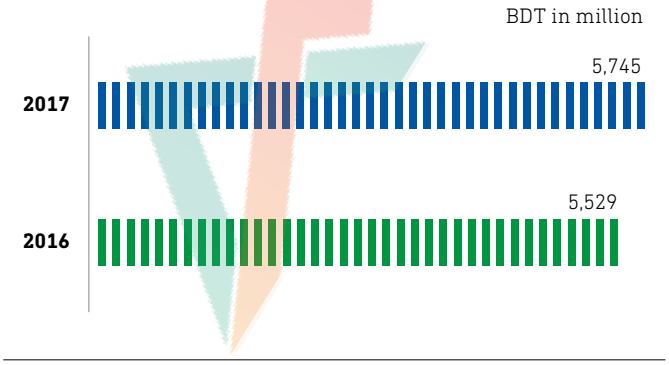
Operating Income Mix (%): 2017



Operating Income Mix (%): 2016



Net Interest Income (4%)



In 2017, NII increased marginally by 4% to BDT 5,745 million mainly due to higher growth of interest expense (interest income grew by 6% whereas interest expense grew by 8%) compared to interest income of the bank.

Interest Income (+6%)

Bank's interest income, mostly from loans, increased by 6% (BDT 853 million) mainly for following reasons:

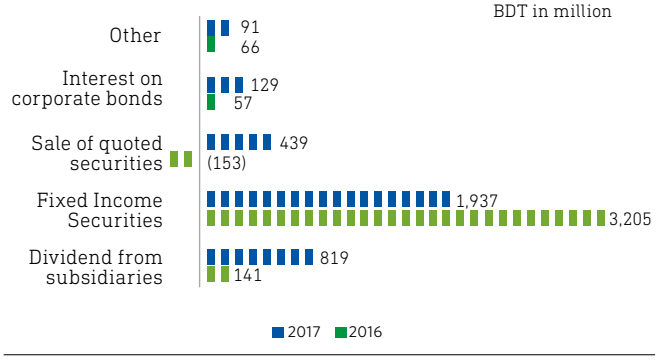
- Loans and advances grew by 21% to BDT 184,027 million at year-end 2017 characterized by slower growth in first half but a positive turnaround in the second half of 2017 which eventually affected the average loan balances.
- For the most part of 2017, the lending rate of the bank hovered in the single digit. The large borrowers, to whom the bank extended around 75% of its portfolio, remained very much rate sensitive as most of the competing banks chase them. As a result, the overall weighted average return on loans decreased to 9.47% in December 2017 compared to 9.98% in the previous year.

Interest Expense (+8%)

Bank's interest expense on deposit and borrowing increased by 8% (BDT 638 million) primarily due to following reasons:

- Interest expense on deposit increased by 6% to BDT 6,770 million in 2017 compared to previous year.
- Banking industry faced a sudden shortage of liquid funds in the last quarter of 2017 which forced banks to increase deposit rates to maintain ADR and the liquidity ratios (like LCR, NSFR) within the regulatory limit. As a result, the weighted average cost of deposit increased to 5.06% as on December 2017 compared to 4.87% in the previous year.
- Interest expense on borrowing (from BB & SME foundation for refinance) increased by 50% to BDT 396 million driven mainly by increased volume of Export Development Fund (EDF) of BDT 3,250 million and Long Term Financing Facility (LTFF) of BDT 968 million received from Bangladesh Bank.

Investment Income (+3%)



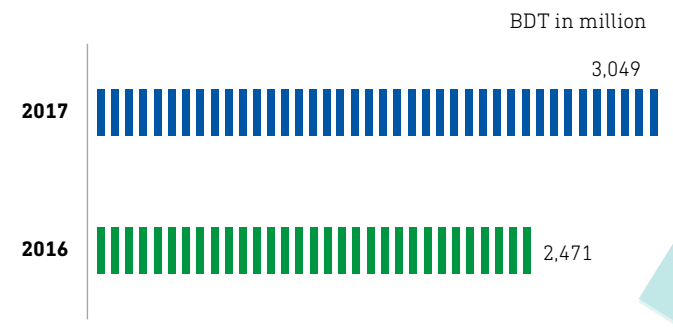
Bank's investment income is generated from fixed income securities (treasury bills/bonds), corporate bonds, secondary marker portfolio and investment in subsidiaries. Overall income from investments in 2017 increased marginally by 3% to BDT 3,415 million.

Investment income from fixed income securities decreased by 40% or BDT 1,268 million in 2017 mainly due to sluggish bond market which declined the gain from trading of govt. securities. In 2017, government borrowed heavily from private sector through National Savings Certificates which made the bond market sluggish. In this situation the bank did not enhance the portfolio after maturity of bonds to avoid possible value erosion

Bank's strategy to grow inorganically has paid a wonderful dividends in 2017. EBL Securities Ltd, the securities brokerage subsidiary of the bank, produced a phenomenal performance in the year. They alone contributed BDT 705 million of total dividend of BDT 819 million received from subsidiaries in 2017 (BDT 141 million total dividend in 2016).

In 2017 the bank has made a gain of BDT 439 million from sale of quoted securities.

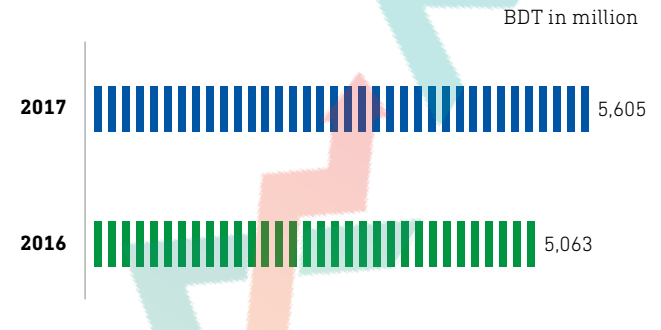
Commission, Exchange and Brokerage Income (+23%)



Commission along with FX income experienced a growth of 23% (BDT 578 million) in 2017 mainly on higher growth of FX income which increased by BDT 434 million from forward dealing, corporate dealing, SWAP, card business etc. Treasury took the opportunity of this volatile Foreign Exchange Market and gained 65% growth in 2017.

Fees, commission and charges income saw a growth of BDT 143 million or 8% mainly by growth of commission earned from trade business of BDT 91 million.

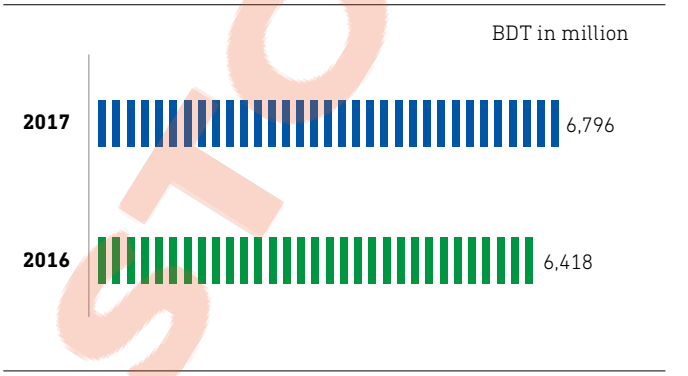
Operating Expenses (+11%)



Operating expenses of the Bank increased reasonably by 11% or BDT 542 million compared to that of 2016 mainly for the following reasons:

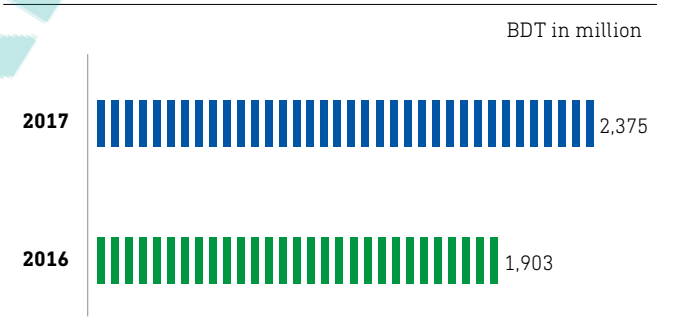
- Salary and allowances have increased by 11% or BDT 297 million in 2017 compared to that of 2016 due to regular increments on March 2017.
- Legal and professional expenses has increased by 29% or BDT 32 million over that of 2016 due to increase of number of cases filed. Earlier cases were filed when accounts were doubtful but from 2017 cases are filed when accounts are substandard.
- The bank made a significant contribution in CSR/Donation for various purposes in 2017 (BDT 153 million in 2017 vs. BDT 41 million in 2016) lion share of which was made through Prime Minister's Relief and Welfare Fund. However, the bank continued to rationalize various controllable and discretionary costs throughout the year.

Operating Profit (+6%)



Due to higher growth of operating expenses (11%) and lower growth of operating income (8%), operating profit of the Bank increased by 6% and reached at BDT 6,796 million in 2017.

Specific Provision (+25%)



Specific provision charged during the year against classified loans increased by 25% or BDT 472 million against that of 2016. Though asset quality has improved in 2017 (NPL 2.50% compared to 2.69% at year-end 2016) we have maintained some additional amount of provision against certain ailing borrowers on prudential grounds as well as to meet regulatory requirement.

However, provision coverage ratio as on year-end 2017 stood at 160% which acts as cushion against probable distress in future.

General Provision (+4%)

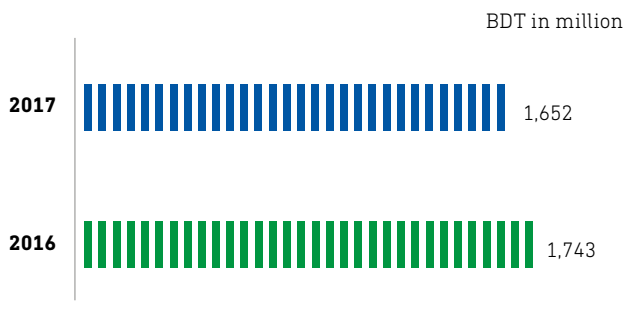
Overall general provision charged against unclassified loans and off-balance sheet exposures during the year increased slightly by 4% or BDT 16 million. However, general provision for unclassified loans and advances decreased by 27% or BDT 76 million due to lowering of provision requirement by BB for housing finance, credit card, short-term agriculture and microcredit.

Provision for Loss on Revaluation of Shares (-84%)

As per BB circular, 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). For shares: provision is made on the overall portfolio (not individual share basis) but for mutual funds: provision is made on lower of cost and (higher of market value and 85% of NAV).

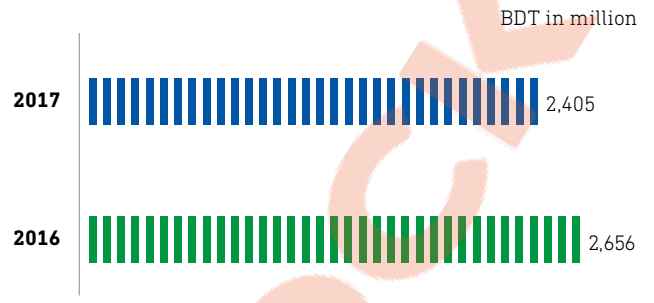
In 2017, provision against revaluation of shares was released by the amount of BDT 47 million due to increase of market price of quoted securities and sale of securities fully provided for.

Provision for Income Tax (-5%)



Tax Provision (net of deferred tax income) decreased by 5% mainly due to increase of deferred tax income for charging specific provision on Bad/loss loans in 2017 compared to last year.

Profit After Tax (-9%)



Eventually, the profit after tax of the bank decreased by 9% and stands at BDT 2,405 million due to the factors mentioned above.

As a result, our earning per share (EPS) in 2017 has also decreased to BDT 3.26 (BDT 3.60 in 2016).

AMAR STOCK

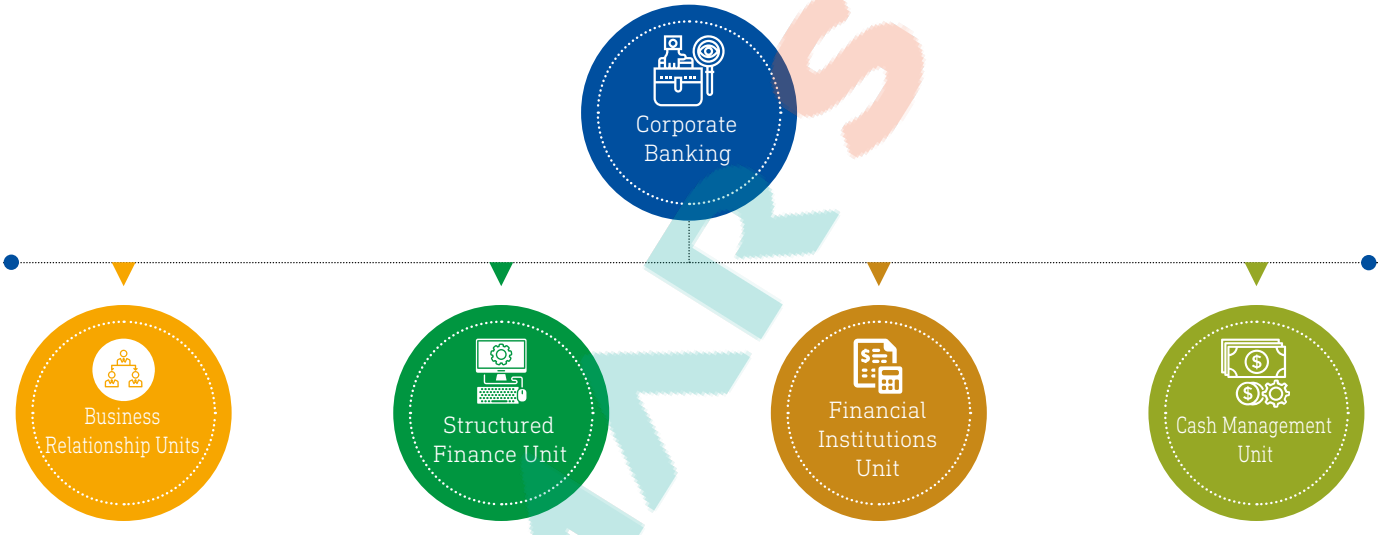
Corporate Banking

Bangladesh economy continued to demonstrate resilience during 2017 largely reflected in consistent growth of GDP (7% plus). But for the banking industry, it has been a mix year. Strong growth in the first two quarters gradually slowed down due to liquidity reasons and this triggered a sudden rise in both deposit and lending rates. Despite all these, Corporate Banking business of EBL registered a liability growth of 55% and asset growth of 19.13% in 2017. This primarily came from different sectors such as: ready-made garments and textiles, commodities, power & energy, construction, telecom etc. Corporate Banking recorded phenomenal NPL position of 1.76%. For the first time, the trade business of EBL exceeded USD 3 billion landmark. Moreover, being the pioneer in Off-Shore Banking business in the country, its balance sheet grew in an efficient manner and is one of the largest among other Banks in Bangladesh.

Key financials (2017)

BDT in Million

129,331	19%	52,029	55%
Loans	**Growth in Loans**	**Deposits**	**Growth in Deposits**



Our strengths

- Team comprises of highly skilled and experienced professionals.
- State of the art IT infrastructure, international credit rating and strong brand value backed by stream of Bank's products.
- Long standing strategic partnership with the multilateral agencies.

Challenges

Stress in liquidity, rising interest rates and maintaining the quality of the assets are few most important challenges faced by the banking industry in 2017, which ultimately impede the expected growth and profitability. Capitalization of cross selling propositions, holistic approach to onboard low cost fund sources, farsighted treasury management, finding 'good borrower' and 'portfolio diversifications' will be crucial in 2018.

Major deals & achievements

Structured Finance Unit

Arranged the largest ever syndicated term loan facility of BDT 29.30 Billion for Banglalink Digital Communications Ltd. jointly with Citi N.A.

Arranged BDT 4,265 million and USD 25 million syndicated term loan facility for the expansion project of BSRM Steels Limited.

Closed deal worth of BDT 1,150 million unsecured commercial paper for LankaBangla Finance Limited.

Financial Institutions Unit

Arranged USD 40 Million fund from DEG & FMO and USD 20 Million term loan agreement signed with ADB.

OBU fund raising to the tune of USD 258 million (short term) and USD 44 million (long term); Total USD 302 million compared to last year USD 180 million (Short Term) and USD 10 million (long term); Total USD 190 million, indicating 58.95% increase.

EBL has entered into an agreement with Bangladesh Bank on 13 February 2017 on JICA-Two step loan fund for the purpose of refinancing on fire safety, retrofitting, rebuilding and relocation of garment buildings.

Cash Management Unit

Collection of IPO Application subscription fees of Dhaka Stock Exchange Limited through Electronic Subscription System (ESS): All the eligible investors (Brokerage House & other institutes) will submit their application in accordance with the Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 through the Electronic Subscription System of the Stock Exchange(s).

Pilot project for British American Tobacco (BAT) collection successfully completed the pilot collection for BAT through Drop Box.

VISA fees collection of Royal Thai Embassy, Dhaka.

Established collection account of Bangladesh Economy Zone Authority (BEZA).

Other noteworthy deals

Contractor Financing for "Construction of New Dual Gauge Single Railway Line from Dohazari to Cox's Bazar by CCECC MAX JV (Project cost BDT 3,500 crore)

Contractor financing amounting BDT 1,016 crore to Next Spaces Ltd. for a Power Plant.

Way forward

There may be an overall slowdown in credit growth for the private sector since liquidity situation will remain as one of the key concerns. Hence, there will be high focus on managing low cost deposit mobilization across all businesses. Moreover, EBL corporate banking business will continue to expand selectively the business in areas; such as - infrastructure, energy & power, pharmaceuticals, agriculture, RMG, service, construction etc.

AMARSTOCK

Corporate Banking Event Highlights



EBL signs participatory agreement with Bangladesh Bank under JICA fund



Snapshot of Deal Closing Ceremony for Syndicated Term Loan facility for BSRM



Launching ceremony of largest ever syndication deal of Bangladesh for Banglalink Digital Communications Ltd.



Ali Reza Iftekhar, MD & CEO and Ahmed Shaheen, DMD and Head of Corporate Banking at the loan signing ceremony of USD 40 million with DEG & FMO



Customer night to celebrate the Rooster Year 2017 (Chinese New Year) at The Westin, Dhaka



Corporate Banking team members after a training session with Bangladesh Bank



Guests at Corporate Borshoboron 1424



Corporate Banking team at Corporate Conference 2017 held at Bhawal Resort

Consumer Banking

2017 has been a year of ups and downs for banking industry. We saw excess liquidity in market and it continued till the first half of the year, while in the second half, most of the banks felt the deposit crunch, and scrambled to meet the business as well as regulatory requirements. However, the Asset rate curve didn't keep up with the deposit rate curve, and stayed more or less flat throughout the year. As a result, Banks had to rely on volume growth, rather than a higher spread from its asset and deposit portfolio.

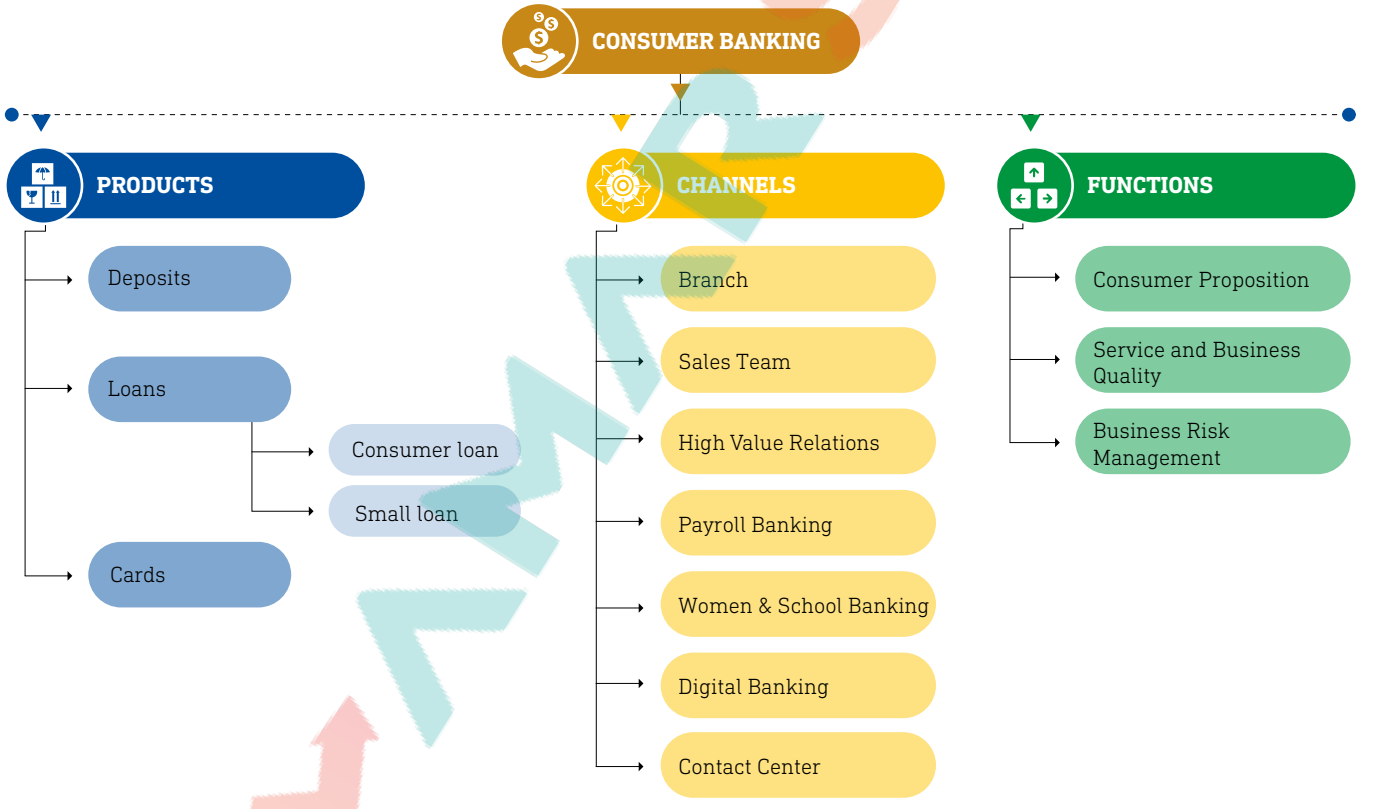
In a market marred by high NPL ratio and declining health of Banks' consumer loan portfolio, increasing the overall credit portfolio has been quite challenging. However, EBL has been successful in keeping NPL low on both its Small loan and CNB loan portfolio, below 2% and 4% respectively.

After the relative stagnation in the non-retail market in 2016, Consumer market has been buoyant during 2017. Overall, it was a successful year, as we achieved all parameters in terms of portfolio growth, product and service innovation, customer service excellence and compliance. And, we plan to repeat and better our performance in the coming years.

Key financials (2017)

BDT in Million

39,888	26%	96,811	11%
Loans	**Growth in Loans**	**Deposits**	**Growth in Deposits**



Currently, Consumer Banking (CNB) sports a total of 84 branches, total 14 Priority centers and around 5 lac happy customers all over Bangladesh. And, CNB has been on the foreground of innovation, customer service and business landscape, which has got its due recognition with the fifth consecutive Asian Banker's award for "Best Retail Bank" in Bangladesh. Awards such as these, means that our customers believe in us providing the best mix of service and products around. In a year of shifting priorities, CNB has done an excellent job of understanding and responding to ever changing landscape of the country's economy. CNB has continued 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.

Our strengths

- Maturity to take inspiration from international financial marketplace and adopt itself to incorporate the best practices, and tweak them for the local market.
- Ensuring uniform Service Quality across all channels through centralized banking process.
- 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.
- A skilled RM base, with capability to shift focus as per management need.

Opportunities

- Current focus of government on technology-led innovations will help EBL in adopting its digital means to reach and serve the customers.
- We are doing business beyond the boundary of the country- meaning the prospect of growth is endless.
- There is immense opportunity of growth in sight for Commercial Banking, which, from 2018, will be sourced by the full Consumer team. With our trademark product innovation, digital integration and top notch customer service, we will make the best out of this opportunity.

Major challenges

- Increase in fraud and dishonest practices especially in new field of Digital Banking.
- Increase in NPL ratio has been a trend across the banking industry.
- As the Bank grows larger with a broader reach, process re-engineering is essential to keep the Bank's operational activities at par with the world standard.

Our approach

- We will remain up to date with the latest security apparatus for all its platforms so that customers feel safe and get all benefits out of it.
- CNB will go back to its basics, and use its skills to hunt deposit and make this as its core competency.
- EBL has already placed a HUB based system under its centralized banking to serve the customers better. We will accommodate the broader business reach within the Ops Model.
- Merging with commercial banking deposit portfolio will help maximizing the potential of all branches' RMs as well as explore untapped commercial banking market.
- CNB has already 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 makes customers understand that EBL is valuing them as individuals and not just a generic customer.
- To ensure customers get better access to meet up their requirements through various digital platforms such as SKYBANKING, Internet Banking, SMS Banking, ATMs & CDMs, E Connect and Contact Center as well as help merchants by facilitating e-commerce transactions through EBL SKYPAY gateway.

CNB performance highlights in 2017

- **Award and Recognition:** EBL has won the Best Retail Bank award in Bangladesh for the fifth time by the Asian Banker.
- **Sustainable Deposit Portfolio:** CNB Deposit portfolio has had a healthy growth of around BDT 1000 crore in 2017 end, and currently has a CASA: FD ratio of a healthy 45:55.
- **Priority Banking:** Priority customers made smooth way out to ensure the deposit growth. It has achieved the highest growth in its history in 2017. On top of that, EBL Priority has flexed its muscle in the field of asset and credit card too, and contributed significantly in achieving the cross selling target.
- **An ever-growing Asset Portfolio:** CNB Asset also continued its top form from 2016 - when it disbursed over 2,000 crore loan in 2017, and achieved asset growth of over around 800 crore, highest in EBL history.
- **EBL Vroom Co-Branded DCI Credit Card:** 1st vehicle related credit card in Bangladesh to provide Vroom members lifetime free credit card and 'Fuel card' for the vehicle drivers.
- **EBL Personalized Image Card [EBL PIC]:** 1st online platform for the debit cardholders to print personalized debit cards.
- **Strong Payroll Banking:** In Year 2017 almost 800 payroll companies with around 20,000 payroll accounts were opened. Monthly disbursement stood at over 170 crore. We on boarded corporate houses such as IPDC Finance, Apex Husain, Confidence Group, Rancon Group (Rangs), Crown Cement Group, EON Group of Industries, Samuda Chemical Complex Ltd, Abul Khair Group, Robi Axiata Limited, and Meridian Group. Payroll unit has also launched new product for their payroll customers named "EBL Salary Shield".
- **Consumer Proposition:** In 2017, Consumer Proposition has arranged multiple customer events and on boarded many discount alliances and ZIP partners that ensured distinctive branding. Skylounge is another unique aspiration led by Consumer Proposition at Hazrat Shahjalal International Airport. Apart from the premium EBL Card Holders, business class passengers from many 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 and Internet Banking:** In 2017, EBL SKYBANKING was available on IOS devices. There was a significant growth in transaction of Internet Banking and SKYBANKING. from previous year. The total number of users across both platforms has reached close to 1 lac customers. In 2018, the registration process of EBL SKYBANKING mobile app will be automated which would allow the customers to register for this service on the go.
- **EBL 365:** In 2017, over 5 million transactions got processes by 200 EBL 365 across the country. 2017 was also the year with the highest ATM disbursal ever in EBL history. EBL ATMs are fully equipped with latest advanced level anti-skimming and EMV technology to secure customer's transaction.
- **EBL DROPBOX - A new channel of revenue in Bangladesh:** EBL Dropbox has emerged as the latest revenue channel, being the first bank in the entire country by collecting payments from corporate as well as educational institutions in 2017. We currently have 62 DROPBOX around the country.
- **Social Media Banking (EBL DIA) - 1st time ever in Bangladesh:** Launched in December 2017, EBL DIA (EBL Digital Interactive Agent) is country's first ever AI (Artificial Intelligence) based banking Chabot for social media platform and is running successfully. By 2018, it is expected that customers will be able to make utility payments using EBL DIA.

Way forward

Making an efficient deposit portfolio: CNB will go back to its core competency, and leverage its skill in achieving deposit growth.

Focusing on small loan: CNB will focus on Small loan to be its primary asset product in the market, as a part of its strategic decision.

Customer integration: EBL Commercial Banking deposit will be merged with consumer, to be renamed as EBL Retail Deposit. This integration of Commercial Banking deposit with branches will ensure RMs to use their full potential in hunting deposit.

Go digital: We are planning to incorporate a whole host of digital initiatives, such as Digital Wallet, Biometric card and contactless NFC to name a few. With these programs, we are planning to capture a bigger pie of the digital channels oriented customer base.

Agent banking: Agent banking will be a completely new business venture for EBL. We are planning to go into the semi-rural areas, where we will be able reach customers who are generally out of the reach of EBL branches.

Supply chain finance: Supply chain finance will embark on its journey in 2018. And its focus is to liaison with suppliers and dealers of major corporate clients with special products such as invoice factoring, reverse factoring and dealer finance. The primary aim is to provide collateral free loans to suppliers and dealers which help the customers to obtain more orders or procure more for distribution. These product solutions are intended to provide access to finance for small businesses of the country.

Consumer Banking Event Highlights



EBL opens SKYLOUNGE at Shah Amanat International Airport.



EBL organizes Empowering Women through Banking and Customer Meet Program for its customers



Launching of country's First Grocery Titanium Credit Card with Mastercard and Shwapno



EBL signs deal with Emirates Airlines



Launching ceremony of EBL- AFC Health Fortis Visa Prepaid card



Team EBL at Consumer Conference



EBL Mehndi Utsab for customers



The Payroll Banking team of EBL pose for a photograph at EBL Payroll Night

Treasury

Robust growth of private sector credit and the sharp decline of government's net borrowing from banking system due to higher than planned sales of National Savings Certificate (NSCs) posed challenges for the entire banking industry. Growing trend of Non-Performing Loans (NPL) increased demand for additional capital and liquidity driving banks profitability downwards.

The market-based exchange rate of BDT is depreciating due to rapidly growing imports, weakening of exports and workers' remittance inflows resulting in a tight liquidity condition in the foreign exchange market as well. Amidst all these challenges, EBL Treasury continued to make meaningful contribution for the Bank in terms of profitability, liquidity management and risk management. And, in the face of these market challenges, the ALM concentration of the Bank was to source low cost deposit from the market to fund the asset portfolio and maximize spread through exploring new opportunities. However, EBL Treasury remained ever active in the market and some trading opportunities contributed significant return for the stakeholders in 2017.

Key financials (2017)

696	22%	964	54%
FX products sold to corporate customers (USD in Million)	**Growth in FX products sold**	**Total exchange gain** (BDT in Million)	**Growth in exchange gain**



Our strengths

- Good access to the market that helped to source inward remittance amidst the volatile FX Market.
- Adapting to the changing regulations and compliance requirements and structuring products accordingly.
- Strong relationship with customers and regulators.
- Sound professionals with relevant expertise in forecasting and grasping attractive business opportunities.

Challenges

The extent to which the yields of government securities will rise in line to the current market scenario might be difficult to predict as the sales of the NSCs is also growing.

Volatile FX market and widening trade deficit -limits access to liquidity.

Stringent regulations.

Opportunities

Offering FX forward contracts to corporate customers to hedge the exchange rate risk.

Diversification of asset portfolio by investing in commercial paper and subordinated bond.

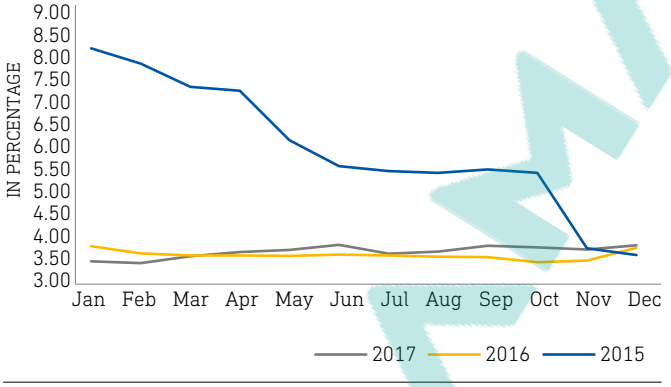
Increasing volume in the FX swap market.

Market dynamics

Money market

Money market remained highly liquid mostly in the first three quarters of 2017. However, there has been some liquidity crunch in the market due to a reduction in bond maturity in November combined with some long term customer asset booking by the banks. Another factor for this liquidity crunch was the intervention of Central Bank by selling USD in the market, resulting in a crisis in the money market. And, the obligation to maintain the key liquidity ratios triggered the demand for money further. Overall, the market was liquid and the average call money rates hovered below 4.00% while most of the deals were settled around 3.50%.

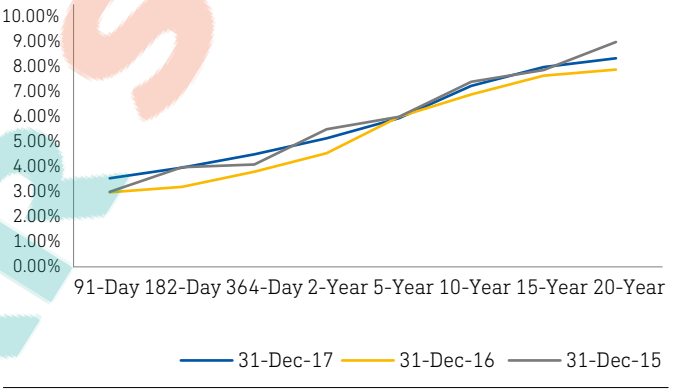
Average Call Money Rate



Fixed income securities market

There are a few players with a limited number of instruments in the bond market. The yield curve movement in the year 2017 was not much favourable to make fresh investment to enhance the bond portfolio. T-bill and T-Bond auction was irregular throughout the year. This irregular auction of bond, decline in governments' bank borrowing due to huge net sale of national savings certificates impeded the bond market momentum. We were holding the existing fixed income securities and maintained the SLR requirement through various other structured products to avoid the capital loss that could have incurred if invested in sluggish security market.

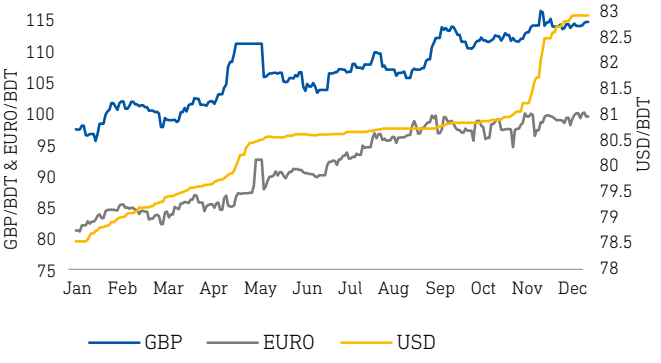
Yield Curve Comparisons of Govt. Securities



FX market

The widening gap of import and export triggered a huge trade deficit during the early 2017. The USD/BDT pair faced an upsurge of about 5% during the year. Some of the major dynamics that caused this instability includes faster growing imports than exports, implementation of large govt. projects, a substantial decline in wage earner's remittance, escalation of oil price and the rising trend of rice import ---all these testified the volatility in the foreign exchange market in 2017. Central Bank intervened in the FX market to stabilize this volatility and sustain the export competitiveness with our neighbouring countries i.e. India and China. Corporate houses responded by hedging their future positions, which also contributed to this upward pressure in USD/BDT rate. Amidst all these challenges, our foreign exchange activities related to imports, exports, remittance and interbank transaction generated an exchange gain of BDT 968.41 million. A major contributor was the inward remittance generated from NRB business despite of the sluggish growth in countrywide export and wage earners remittance. EBL achieved a growth in FX trading profit of 69.81% from 2016 to 2017.

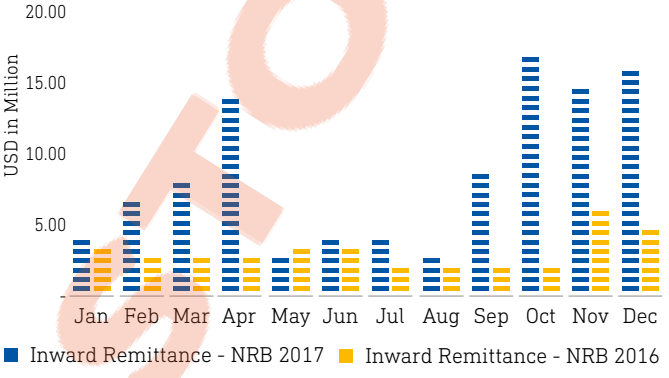
Cross Rates of Major Currencies Against BDT



Treasury business highlights

We actively managed the liquidity gaps by managing the flow of assets and liabilities under strict regulatory requirements. According to Basel-III Capital norms, more capital is required to cover additional risk areas under the risk-based supervision framework. However, EBL Treasury magnified its market presence in both the money market and the foreign exchange market and provided competitive and innovative treasury products to both its internal and external customers and generated a substantial profit in 2017 fulfilling the stringent regulatory requirements. In times of the volatile foreign exchange market, NRB Business has shown tremendous performance sourcing inward remittance of USD 132.49 million in 2017 compared to USD 43.04 million in 2016, resulting in a 208% growth. Simultaneously, remittance transaction including MoneyGram, Western Union and Xpress Money amplified resulting the volume of transaction to grow by 124%. Another milestone achieved in 2017 was the ISDA(International Swaps and Derivatives Association) signing with Mashreq Bank PSC which enabled us to offer more derivative products to our customers.

NRB Business



Way forward

- Prudently maintaining the asset-liability gap and pricing accordingly to maximize profit in addition to complying with the regulations.
- FTP process development and automation will enhance new dimensions in measuring and reporting business performance.
- Offering custom FX products and solutions to corporate houses.
- Exploring fixed income securities market and generate better returns in compliance with the SLR requirement.

Commercial Banking

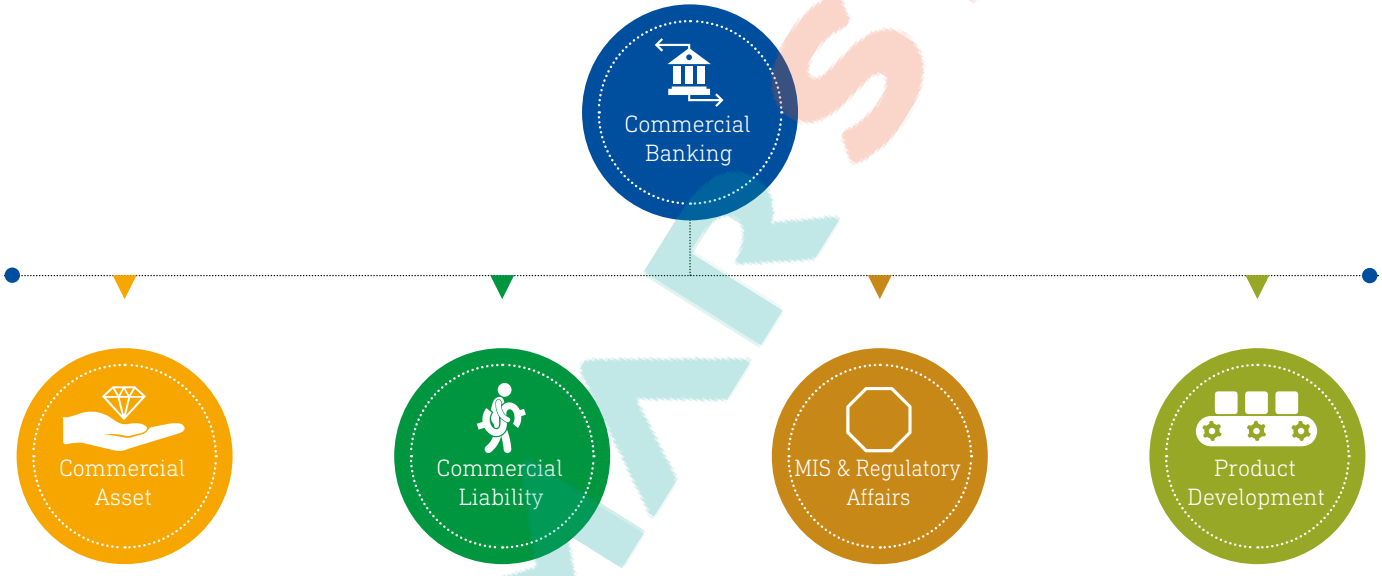
Commercial Banking aims to maintain high value business relationships with customers having genuine potential to emerge as corporate clients within next few years. With a strategy to finance manufacturing concerns of Bangladesh, we have structured our business model to originate and serve creditworthy and clients with positive growth potential by deploying relationship units both in Dhaka and Chittagong area.

Manufacturing, service and agro based industries are the target segments of the Commercial Banking. In addition, we have also provided lending facilities to a number of readymade garments manufacturers, garment accessories manufacturers, plastic items and packaging product manufacturers, food processing companies, trading companies, steel re-rolling mills. govt. and non-government organizations.

Key financials (2017)

BDT in Million

13,244	30%	17,663	-8%
Loans	**Growth in Loans**	**Deposits**	**Growth in Deposits**



Our strengths

- Dedicated and well trained team to reach out clients and provide best quality service.
- Lending-focusing on cash flows of the clients.
- Financing to manufacturing, service and agro based industries as a priority sector.
- Advisory support to our valued clients.

Major challenges

Commercial Banking aims to acquire business houses those are in growth stage in its business life cycle and will emerge as corporate clients within next few years. Identifying and acquiring a healthy and compliant medium enterprises is one of the major challenges. Moreover, growing companies in Bangladesh are standoffish regarding financial discipline which is another major challenge to analyze the client's financial health. Rising interest rates and liquidity crunch may hamper the credit growth in 2018. However, Commercial Banking is ready to give all-out effort to hunt 'Good Borrowers' in 2018.

Opportunities

Our aim is to improve the access to finance and find innovative solutions to help unlock potentials. 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. Moreover, our wide range of products and service offerings will help businesses grow and emerge as bigger clients within next few years.

Our approach

Commercial Banking gives more priority on business health of the customers. Clients' capacity to repay from cash flows, business acumen and growth potential of the business get the priority while granting finance. Commercial Banking follows a holistic approach combining 'access to finance' and 'advisory to clients' to increase the contribution that can make to the economy. Timely finance and adoption of suitable technology is vital for this sector to grow and sustain. Commercial Banking puts efforts to-

- Maintain low turnaround time (TAT) for making decisions.
- Provide advisory support for clients.
- Arrange trainings for Relationship Managers (RMs) to increase capabilities.
- Detect potential downgrade of customer business health early through continuous monitoring and take appropriate measures based on that.
- Get the most benefits out of strategic locations of all the branches.
- Continual review of policy and products to outperform in the market.
- Control attrition of experienced human resources through reward and recognition.

Business highlights in 2017

- Launched transaction account product named '**EBL Protect',** which is bundled with life insurance coverage and hospitalization benefits for single owners.
- Credit Portfolio grew by around 30%.
- Financed BDT 90 crore to Society for Social Services (NGO).

Way forward

Commercial Banking will mainly focus onboarding businesses of manufacturing companies of different sectors including public sector since large infrastructure development in this sector will be continuing in the upcoming years. Moreover, our focus on asset quality as well as expanding customer base onboarding good clients in the identified sectors will be highly prioritized. Apart from that, Commercial Banking will also emphasize to acquire non-funded business in 2018 since rising interest rates might reduce the interest rate spread significantly.

REVIEW OF EBL SUBSIDIARIES

EBL Securities Limited

EBL Securities Limited (EBLSL), fully owned subsidiary of Eastern Bank Ltd, is one of the top five leading stock brokerage houses in the premier bourse of the country with the commitment to become a preferred brokerage house in Bangladesh.

Our core values



Focus areas

- EBLSL will devote efforts to retain its current ranking in DSE and grow the market share.
- Customer satisfaction through service excellence and assistance while making informed decision will remain company's priority in 2018.
- We will continue its foreign trading by attaining more trade from foreign investors.
- EBLSL is also planning to open a new branch in Gulshan and the Head Office is about to relocate at 10, Dilkusha, Motijheel in 2018 at an office space of more than 10,000 square foot. Management has a plan to strengthen its capital base in the coming year.
- EBLSL management also expects cross-selling opportunities and commission based income in the year ahead.

Products & services

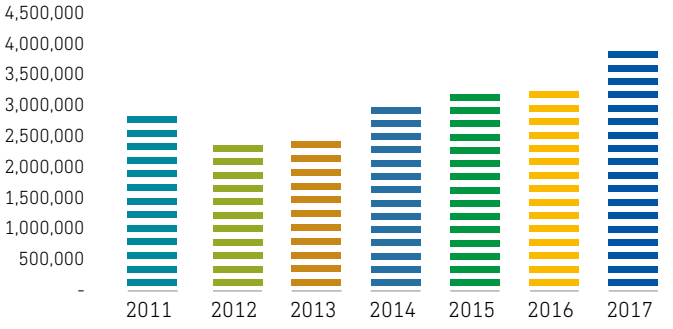


Capital market scenario in 2017

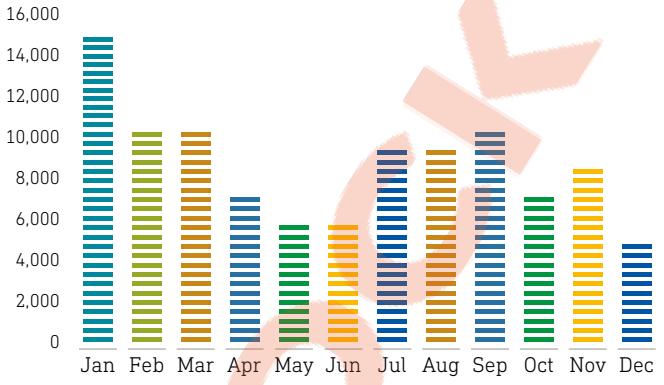
Year 2017 went through a steady ride posting an impressive market return of 24.0% depending on the bullish movement of the scrips from Bank, Telecom and Financial Institution sector which was apparent in their around 50% average return. Core index reached to as high as 6,336.8 points after starting the year with an index of 5,036.1 points and finally settled at 6,244.5 points by the end of the year. Moreover, market turnover reached to the highest level since the stock market went through a major crash in 2010. Average market turnover stood at BDT 8,748.3 million in 2017 which was BDT 4,944.3 million a year earlier. Final month of the year experienced some slowdown which witnessed average turnover of BDT 4,862.3 million. Even after a little drag at the end of the year, the overall picture indicates an outstanding year for the capital market. The increase in investors' participation in the capital market was incited by a decline in the interest rate since excess liquidity persisted in the banking channel. Furthermore, sound economic indicators and industrial growth has persuaded more foreign investors to inject fund and, in the end total buy-sell by foreign investors accounted for 5.28% of DSE turnover in 2017.

AMARSTOCK

Market Capitalization (in mn)

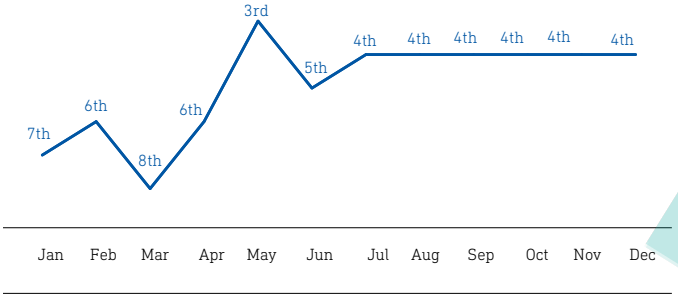


Average Monthly Turnover in DSE (2017) (BDT MN)

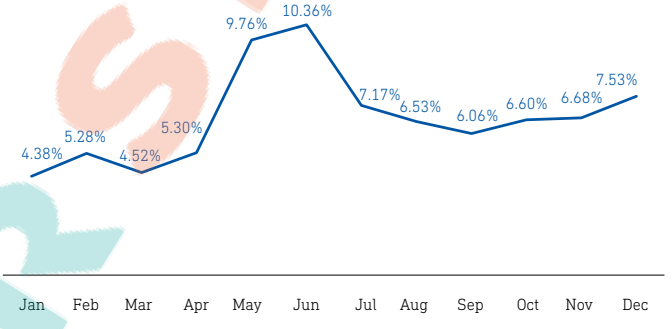


Market position of EBLSL in 2017

EBLSL Ranking in DSE



EBLSL Market Share in (DSE+CSE)



Financial performance

Particulars	(BDT in million)		
	2017	2016	Change (%)
Total income	992.54	190.94	419%
Operating profit	861.24	116.74	637%
Net profit	670.21	97.63	586%
Total assets	6,267.61	3,928.30	59%
Dividend	705.00	90.00	683%

Way forward

EBLSL expects to grow its market share in both DSE and CSE. Company officials will exert efforts to collect more funds and generate turnover after ensuring quality return for investors. Initiatives will be taken to ensure competitive margin interest rates and bring more margin clients.

Banks, Insurance, Merchant Banks and Leasing Companies will be approached for investing in Capital Market to increase corporate or institutional client base.

In-house research team capacity is increasing to attract new funds from institutions as well as foreign clients. EBLSL will emphasize both on-line and off-line branding in 2018.

EBLSL will increase its co-branding with Eastern Bank Limited and EBL Investments Limited to bring new group of clients and avail synergistic benefits.

EBL Investments Limited

EBL Investments Limited (EBLIL) is a full-fledged merchant bank with a motive to expand its service horizon by offering a comprehensive range of financial solutions starting from debt to equity through public offering, corporate advisory services, portfolio investment products and equity research.

Products and services

- Issue Management
- Corporate Advisory
- Debt Capital Management
- Portfolio Management

Our strengths

- Professionalism
- Prompt & quality service
- Low cost
- Integrity
- Reliability
- Risk management capacity
- Regulatory compliant

Financial review

Particulars	(BDT in million)		
	2017	2016	Change (%)
Total operating income	104.02	60.12	73%
Operating profit before provisions	82.92	42.30	96%
Profit before tax	75.11	46.43	62%
Profit after tax (PAT)	60.06	37.08	62%
Total asset	441.65	381.80	16%
Dividend	80.00	20.00	300%

Way forward

Primary Market Operations

- To strengthen corporate advisory service, merger and acquisition
- Firming up IPO floatation service both fixed price and book building method
- Strengthening debt issue service through private placement and trusteeship service in issuance of debt

Secondary Market Operations

- Discretionary & non-discretionary portfolio management service
- Emphasis to sell on Monthly Investment Scheme named "EBLIL Sanchaya"
- Emphasis to gather investment under discretionary portfolio management services "EBLIL Puji"
- Equity investment in the prospective company yet to come in IPO

EBL Finance (HK) Limited

EBL Hong Kong business is an expression of EBL's commitment to increase trade services in the ever-expanding global trade and supply chain across the world. Establishment of this first foreign subsidiary has allowed EBL to expand its footprint in a major financial market as well as to diversify its revenue base.

EBL Finance (HK) Limited, a fully owned subsidiary of EBL, was established in Hong Kong to facilitate international trade business through advising of letter of credits, handling documentary collections and bill financing against letter of credit issued by EBL and other local commercial banks in Bangladesh.

For a newly formed subsidiary specialized in trade finance, there could not be a better place than Hong Kong, a special administrative region of China with a population of just over 7 million an area of about a thousand km with a GDP of over USD300 billion, a former British colony which is an established economic and financial hub in the region. Hong Kong has one of the highest concentration of banking institutions in the world. Seventy of the largest 100 banks have operations in Hong Kong.

In such a vast financial market, it is always challenging to operate in a small niche market and come out successful with profit. EBL has taken up the challenge, and with the right strategies and effort, EBL Finance (HK) Limited has enhanced its presence successfully in the Hong Kong and China market with an objective to increase Bangladesh linked business. Major products include advising letters of credit, handling export documents and financing exports. Last four years of the journey has yielded good returns for EBL and made it possible to provide higher dividends for its shareholders.

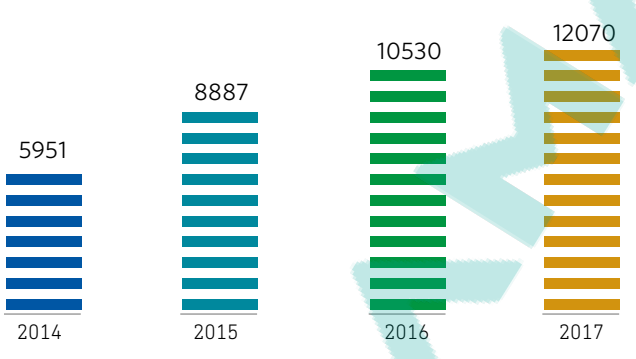
Key financials

HKD in Million

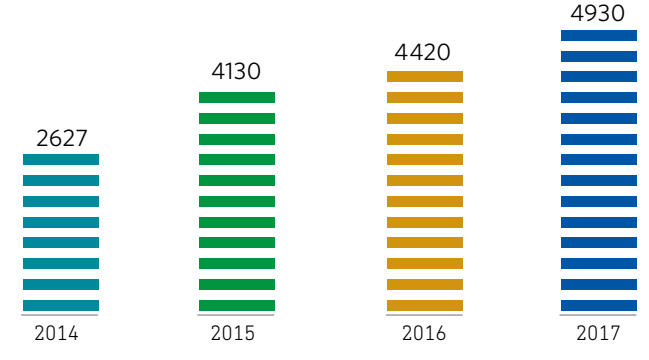
Indicators	2017	2016	Change (%)
Net assets	15.24	7.86	94%
Revenue	31.35	18.77	67%
Gross profit	17.25	11.35	52%
Operating profit	12.68	7.75	64%
Profit after tax	10.61	6.45	64%

Business highlights

LC Advising (Numbers)



Document Handling (Numbers)



Way forward

- To maintain sustainable growth.
- Strengthening brand image of EBL Finance (HK) Ltd.
- Establishment of new corresponding banking relationship.
- Expanding customer base in mainland market.

EBL Asset Management Limited

EBL Asset Management Limited (EBLAML) received asset management license from Bangladesh Securities & Exchange Commission (BSEC) in May 2017 with a paid up capital of BDT 50 million. EBLAML endeavors to operate in the asset management sector of Bangladesh which is now at the developing stage and has huge potential to grow. EBL's capital market product portfolio got a lead with EBL Asset Management Company's commencement in the capital market with full operation starting in 2017.

Products and services



Mutual Funds Management



Portfolio Management



Corporate Advisory

Way forward

EBLAML is planning to float Open-End & Closed-End Mutual Funds in 2018. It has also plan to apply to BSEC for getting license of Alternative Investment Fund Management in 2018.

Event Highlights of EBL Subsidiaries



Director of EBL Md. Showkat Ali Chowdhury, MD & CEO of EBL Ali Reza Iftekhar along with the guests and colleagues at the 'The Power of You and Us Together' gala dinner



Director of EBL Md. Showkat Ali Chowdhury, Managing Director & CEO of EBL Ali Reza Iftekhar, CEO of EBL Finance (HK) Ltd Sohail Murshed with the Hong Kong business team



MD & CEO of EBL Ali Reza Iftekhar, Sarwar Mahmood, Consul General of Bangladesh in Hong Kong, CEO of EBL Finance (HK) Ltd Sohail Murshed, and Head of Financial Institutions, Md. Obaidul Islam pose for a photograph during a dinner in Hong Kong



Investors congratulating Md. Sayadur Rahman, Managing Director of EBL Securities Ltd. for becoming the Director of Chittagong Stock Exchange Ltd.



Training on 'Compliance' conducted by Saifur Rahman, Executive Director, Bangladesh Securities and Exchange Commission (BSEC).



EBL Securities stall at 'World Investor Week 2017'



To comply with nationwide investment literacy program, EBLSL arranges 'Investor Awareness Program' at its head office premises

IT: The Enabler of Business

Information Technology (IT) is playing a vital role to transform the banking sector in new dimension. Banks are adopting new technology to offer innovative products and services for its customers and increasing value for the stakeholders. EBL is one of the leading technology entranced banks in the country and has continuously been focusing on transformation of its banking services through technology penetration. It provides technology leadership for the bank including governance, architecture, resources, and expertise in deploying modern information technologies to improve organizational efficiency and customer service.

Strategic goals

To implement modern, but proven technologies. EBL always stays abreast of emerging trends through on-going evaluation, seminars, and conferences. New technologies are also evaluated through testing its business and analysing cost benefits before adoption.

To ensure all technology solutions and policies adhere to all standard and applicable security regulations and mandates such as-Bangladesh Bank ICT guidelines, PCIDSS, EMV guidelines that will ensure confidentiality, integrity and availability of all electronic data.

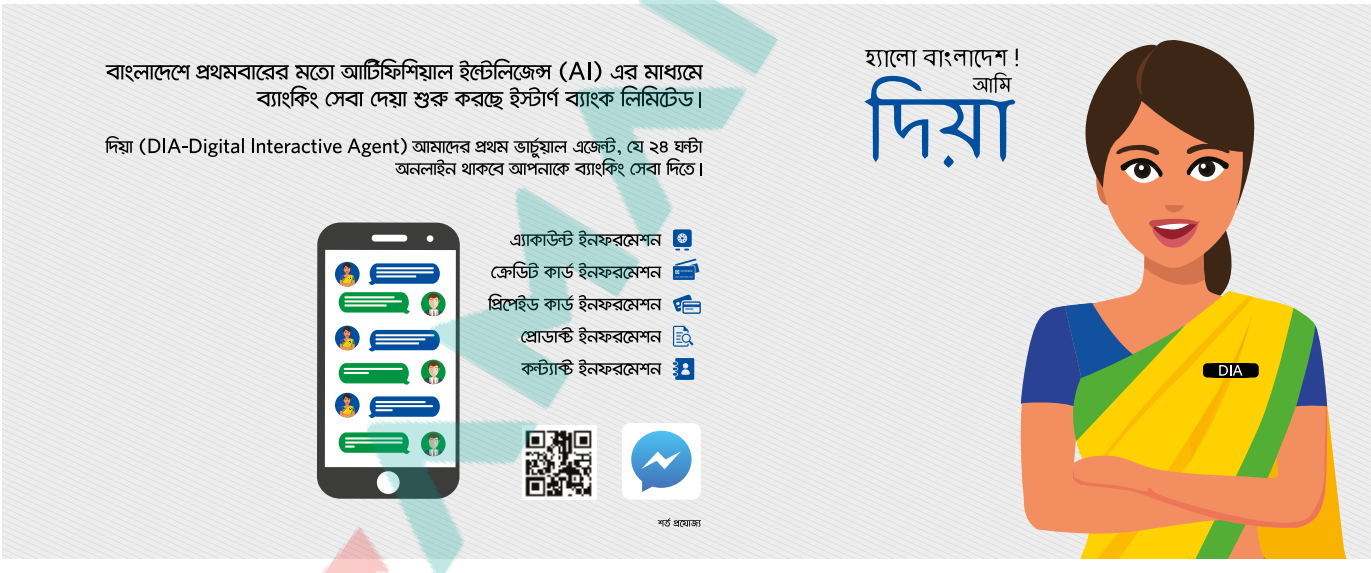
To ensure timely and convenient access to appropriate information and services for its customers, shareholders and employees leveraging the technology.

To maximize productivity of EBL employees and improve customer service.

Centralize all technology support to reduce costs.

Key Initiatives in 2017

Launched first artificial intelligence (AI) based Facebook messenger banking chatbot



EBL DIA—country's first Facebook Messenger banking chatbot has been designed and launched to engage customers in a real-time banking experience. EBL DIA offers an extremely comprehensive set of features, and operates in a manner that is personable, easy to understand and intuitive—similar to how a human conversation is conducted. As part of its initial launch, EBL DIA addresses a range of common customer needs, including account-specific enquiries such as checking of account balances and transactions, and answering frequently asked questions. Leveraging natural language processing, the second phase of EBL DIA will introduce more new features such as card activation, credit card bill summaries, rewards and point balances, ability to lock and unlock credit cards, transaction alerts, etc. EBL plans to make progressive and incremental enhancements to its chatbot.

New data centre for new head office

A new data center was built in EBL's new head office at 100 Gulshan that will enable future growth across the enterprise. Bank's operation from new data center will certainly improve business agility and responsiveness.

Database consolidation

Six standalone databases for different applications have been merged as Multi-Tenant under one single hardware resources.

Rule based straight through transaction processing for RTGS transactions

For B2B money market, FX deals, LC bills payments, P2P transfers, our customers are receiving payment in few seconds after being sent from other banks/customers and vice versa.

Incorporated multi-lateral facilities in ATM

Besides cash withdrawal services, customers can now make credit card payments, chequebook requests, fund transfer, Pre-Paid card top-up, and mobile phone top-up through ATMs.

Other initiatives

- Implementation of a real-time online web based portal to make payment for corporate customers.
- Successful implementation of Distributor Payment Collection Module for Bkash from any EBL branches.
- Implementation of redundant connectivity for contact centre.
- Security assessment & remediation of IT infrastructure.
- Payment Card Industry Data Security Standard (PCI DSS v3.2) compliance consecutively for two years.
- Implementation of security information and event management solution to monitor security threats.
- Development of SWIFT Customer Security Program (CSP) roadmap to secure SWIFT system.
- Implementation of SWIFT Sanctions Screening Solution.
- PCI DSS awareness program for PAN EBL.
- Successful rollout of Anti Money Laundering (AML) System.
- Extension of SWIFT automation.

Way forward

To boost revenue and rationalize costs, and at the same time to deliver a better customer experience, we will continue to invest in emerging technologies. In 2018 we will see rollout of the following-

- Enhancement of IT services.
- Implementation of data warehouse plan.
- Current Business Continuity Plan (BCP) will be updated to reflect many changes that our business environment has undergone in the last couple of years.
- Migration to new and improved E-mail system.
- Planning to make more use of cloud technology.
- Cyber security enhancement.
- To implement new collaboration tools such as desktop sharing and video conferencing, Lending Automation Processing System (LAPS) Restructuring, Export Finance Analytics (EFA), Agent Banking, OMNI Channel System for SMS, 2FA, Supply Chain Financing, etc.

Centralized Operations

EBL Operations has undergone a large-scale restructure and reconfiguration in 2017 as part of a balancing act towards reducing "organizational cholesterol" i.e. the inertia, tedious sticky routines, and functional imbalances. This was driven by a holistic reassessment of ever-changing deliverables from Operations Division.

The team worked together towards restructuring the operational processes, prioritizing customer satisfaction and retention. Consequently, the Division received ISO 9001:2015 certification — a testimony of operational excellence and organized teamwork.

Key initiatives in 2017

- Remained focused on providing best-in-house client service to importers and exporters: providing numerous counseling services, offering customized services and execution of diverse trade services.
- Committed to combat financial crime and arrange several extensive trainings on trade based money laundering.
- Contributed towards automation of payment and deal confirmation messages, replacing some previously practiced manual transmission process, resulting error free processing, efficiency and real time service delivery.
- Worked towards automation of bond transactions processing and Sanchayapatra periodic coupon payments.
- Several system enhancements were implemented, such as inward and outward RTGS payment automation, inward and outward domestic payment processing (BEFTN) and returns automation, fund pulling from other banks via EBL Connect, etc.
- Combined debit card customer data input process with CASA opening, as a result Card Management System (CMS) is able to retrieve data from Core Banking System (CBS). This reduced duplication and minimized KYC gap.
- Introduced two value added ATM services i.e. Robi Mobile Top-Up and fund transfer services via ATM, both became very popular among customers transforming their banking experience.
- Maintained close liaison with the regulatory authorities and other stakeholders.
- Provided periodic and ad-hoc reports with detailed analysis to Bangladesh Bank in strict compliance with Central Bank's guideline.

Major achievements

Some of the major achievements are highlighted below:

Trade Operations

- Achieved 20% growth in trade volume in comparison to 2016.
- A sanction screening software was deployed.
- Trade volume of EBL contributed to approximately 4.16% of country's overall trade volume in 2017.
- In the year of 2017, trade operations handled 7.25% higher worth of export bills and facilitated 29.30% more LC issuance than 2016.
- Issued 48.21% higher worth of guarantees for private and public-sector contracts in 2017 including local and overseas companies.

Service Delivery

- Processed 21% additional CASA accounts and 66% more FD & RD accounts in 2017comapred to previous year.
- Conducted regular meetings with business units and branches to discuss branch related findings and pending issues.
- Simplified Debit card issuance process.
- Processed 49% higher number of savings certificates, FCY bond, bond encashment and coupon payments in comparison to 2016.
- Centralized cheque clearing process throughout all branches in Bangladesh.
- Upgraded CPS software and implemented FCY cheque processing through cheque clearing.
- Automated positive pay confirmation and interfaced with EBL Connect, SKYBANKING and online banking system.

Cards Operations

- Card PINs are generated through IVR.
- Achieved 20% growth in cards customer base.
- 40% rise in payroll payments.
- Card usage and acquiring went up by approximately 30%.
- Merchant transactions such as POS and e-Commerce transaction counts increased significantly by approximately 50%.
- Introduced loyalty point redemption services for certain transactions.

Cash Management Operations (CMO)

- Remittance volume tripled to BDT 10,965 million in comparison to previous year.
- Processed 29% higher number of inward remittance and 53% higher number of outward remittance transactions in 2017, compared to 2016.
- 236% growth in utility bill and other collections, 36% growth in payroll/ salary transfer compared to 2016.

Off-shore Banking Unit (OBU) Operations

- Number of bills financed/discounted increased by 138% during 2017.
- Provided support in disbursement of long term loans to customers under BIDA approval other than trade operation support to EPZ Type 'A' industrial units.
- 28% growth in export bills volume in comparison to 2016.
- Continued automation of its services in all possible areas, followed by successful implementation of SWIFT message automation of several trade products.

Treasury and Investment Banking Operations (TIBO)

- Worked towards automation of RTGS inward and outward payment messages with a view to eliminating manual user intervention, thereby saving processing time.
- Processed 8% higher number of transactions than 2016.

Regulatory Reporting and Reconciliation (RRR)

- Automation of GL reconciliation and centralization of GL account reconciliation of different departments under Operations Division.
- To streamline operational activities, all accounts with Bangladesh Bank were brought under one central reconciliation unit.

Way forward



Dedicated to implement advanced operational and technological practices.



Optimization of all services to benefit all customers.



To minimize manual tasks involved in day to day processing.



Adapting to changes with instantaneous reconfigurations.

Tax Planning and Management

Tax planning of the Bank

EBL falls in the jurisdiction of 'Large Taxpayers Unit (LTU)' of National Board of Revenue (NBR) as a tax payer. The Bank also acts as an important collecting agent of the government. EBL follows 'Income Tax Ordinance -1984', 'VAT Act 1991', 'Excise and Salt Act 1944' and other relevant rules, Double Tax Avoidance Agreement (DTAAs), NBR circulars while computing tax and VAT liability of the bank. Moreover, it seeks expert opinion from an independent tax consultant and maintains a pool of accountants who have strong theoretical and practical knowledge to address critical issues related to TAX, VAT, Excise Duty and Customs Act.

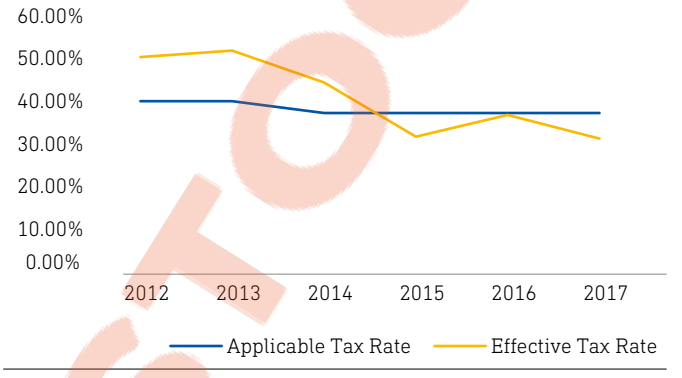
Tax assessment

The Bank follows accrual basis of accounting for its financial reporting purpose as guided by Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) and BB circulars whereas NBR uses cash basis of accounting. Due to this difference, temporary differences arise which might lead to deferred tax assets/liabilities favoring/against EBL which should be reconciled and adjusted over the period. Moreover, EBL adjusts its advance tax paid, unused tax credits or losses in a planned manner.

Contribution to national exchequer

EBL feels proud to work as revenue collecting agent of govt. while effecting transactions related to foreign trade, remittance and other banking services. Besides, the Bank regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also collect excise duty, withheld tax and VAT and deposit it to govt. exchequer on time. In 2017, we contributed BDT 4,698 million to national exchequer as tax, VAT and excise duty. We paid corporate tax of BDT 1,906 million and deposited withheld tax of BDT 2,066 million, VAT of BDT 488 million and Excise Duty of BDT 238 million during the year 2017.

Effective tax rate



Effective tax rate is lower than applicable tax rate if tax savings from concessional (or zero) rated income/gain and allowable expense is higher than tax loss suffered from disallowed expenses and vice versa. Usually capital gain and dividend attracts concessional tax rates and provision against loans and investments, excess perquisites are considered as disallowed expenses. However, loans written off (principal only) after making full provision and filing law suits against borrower usually qualify as an allowable expenses.

Human Capital

Happy employee! eblHR ensures happiness and creates value for employees by ensuring equal opportunity, career progression and diversity. And, that is why EBL has become a great place to work-where employees look forward to coming to office every day. People work here with fun and pride. Our continuous effort for creating long lasting value and gaining competitive advantages through engaging employees towards achieving organizational goal made EBL "Employer of Choice".

Performance highlights in 2017

HR planning

- New strategic HR plan for the Bank
- Cost effective talent acquisition solution to ensure better return on investment
- Introduced employee wellness program
- Implemented new performance management process

Employee satisfaction survey in 2017

- More than 93% employees are happy with the Job in EBL
- Around 92% employees believe that their job is secured in EBL
- More than 84% employees are satisfied with the work life Balance
- Around 91% employees can speak up to raise their concerns

Rewards & benefits

- Commission structure is revised therefore top performers will get higher commission than the average performers
- Increased salary for trainee employees up to 22.22%
- Revised support staffs salary and overtime policy
- Market adjustment for high performers to ensure internal and external equity
- Pay scale was revised to increase people's end-service benefit
- Interest rate reduced for all types of staff loans

Learning & development

- 310 training programs were arranged for 7745 participants.
- Each employee received 32 man-hour training (average).
- Conducted e-learning for 3398 participants.

Succession planning

Recruited 49 future leaders as a part of succession plan and placed them in different departments after providing adequate training.

Our code of conduct and ethical guidelines

We have our own code of conduct which is reviewed periodically and is aligned with Central Bank advised guidelines. The objective of having code of conduct is to provide a safe and disciplined environment within which our people can perform without compromising compliance. These code of conduct and ethical guidelines are the corner stones of our integrity philosophy and business standards. All our employees have to maintain the highest ethical standards in all aspects especially in compliance of laws, integrity of records, serving customers and all the stakeholders, conflict of interest, acceptance of gift, etc.

Learning & development

We hire attitude then we train them for skill. Accordingly EBL always concentrates on continuous development of all the employees of the Bank so that they can develop new skills as well as sharpen their available skill sets. Every year EBL Human Resources (HR) facilitates good number of learning opportunities for the people. As a result, our per employee profitability has been one of the highest in the industry for years.



E-learning examination of EBL

Training Title/ Certification	No of Participants
Soft skill Training	294
Money Laundering Prevention Act-2012 and Anti-Terrorism Act 2012	1125
IT Awareness	566
Foundation Training	337
Training through BIBM, BBTA & BB	326
CSA Certificate	16
CDCS	6
Lead Auditor	4
E-learning	3398

Investment in Training

Year	Amount in BDT
2017	16,872,753
2016	14,063,798

Equal opportunity, career progression and diversity

At EBL, we ensure equal opportunity for all employees. They are treated equally and fairly. They are not disadvantaged by prejudices or bias. We don't have discrimination on the grounds of gender, age, racial origin, religious affiliation, disability or marital status. Our employment decisions are taken on the basis of an individual's ability to do a particular job. We evaluate performance of the potential employees on the ground of their ability, experiences and potentials.

Employee engagement

Great Career Starts Here! Our management created an enviable culture where everyone feels strongly connected based on shared values and beliefs. We are successfully putting great leaders for each and every team. We make sure employees' engagement in all our activities including decision making. We value our people's suggestions, ask for their ideas, listen to them carefully and then complete the planning loop. Employee recognition is our one of the top engagement drivers. We give credit where credit is wanted. We focus on people development, not just on career development.



eblHR arranged Employee Appreciation Day for all employees to celebrate the 25th anniversary of EBL

For celebrating 25th years of bonding relations eblHR met all members of EBL family on behalf of the management. The objective of the program is to share "Thank You" message from the management to all the people of EBL and to promote the culture of praising, appreciating and thanking each other to build a better team.

Work life balance

We believe work life balance can play a very vital role for the positive employee- employer relationship. When employees feel a greater sense of control and ownership over their own lives, they tend to have better relationships with management and are able to leave work issues at work and home issues at home. Balanced employees tend to feel more motivated and less stressed out at work. Thereby, it increases Bank's productivity and reduces the number of conflicts among co-workers and management.

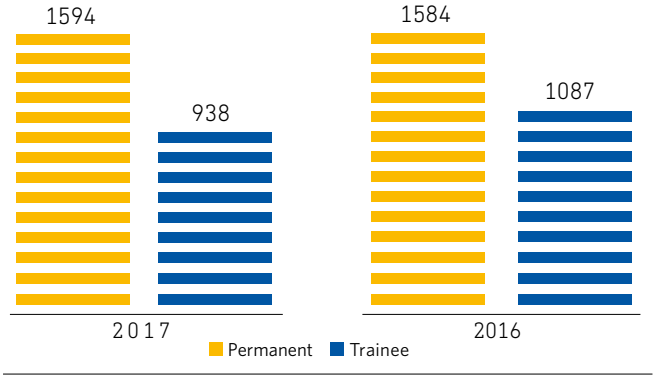


EBL cricket team participated at corporate cricket tournament

Human resource analysis

Headcount		
Employees	**2017**	**2016**
Permanent employees	1594	1,584
Trainee:		
Trainee assistant officer (cash)	264	225
Trainee assistant officer (other departments)	431	474
Sales executive	226	368
KYC & scanning Project	17	20
Total	**2,532**	**2,671**

Employee Type



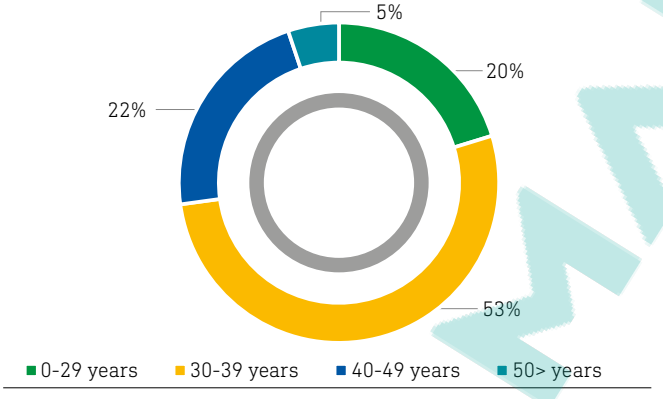
Employee by Region	2017	2016
Dhaka	1189	1173
Chittagong	277	285
Sylhet	57	52
Rajshahi	29	30
Barisal	7	8
Khulna	34	34
Hong Kong (on deputation)	1	2
Grand Total	**1594**	**1584**

Female representation, average age and average length of service

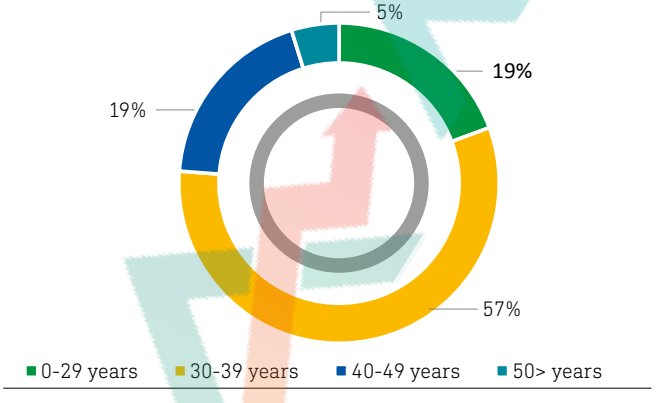
Particulars	2017	2016
Number of employees	2532	2,671
Female Representation	18.64%	17.78%
Average Age	35.79 Years	35.54 Years
Average Length of Service	6.02	5.78

Age distribution of permanent employees

2017



2016



Future leader development program



Future Leader's team building day out

Year	2017	2016
Management Trainee Officer (MTO)	27	24
Probationary Officer	22	04



eblHR arranged career show at the IBA of the University of Dhaka

Performance appraisal

At EBL, performance appraisal is one of the performance management tools that contribute to business objectives, and used as part of a holistic approach to manage performance.



EBL recognizes outstanding performers

Our performance appraisal is feedback based and participation of all stakeholders of an individual employee is the crucial aspect of our performance management process. And, this is based on a culture of trust and openness.

Remuneration and benefits

EBL remuneration and benefits policy is based on two pillars – equity and return on investment. By ensuring internal and external equity, we keep our people motivated. On the other hand, we always have an eye on the return on investment –and that is why starting from recruitment to training our people related investment is backed by proper justification. We invest on right people that results in higher productivity and sustainability.

Succession planning

Our succession planning sits inside a very much wider set of resourcing and development processes and that is why we call it 'succession management' which includes management resourcing strategy, aggregate analysis of demand/supply (human resource planning and auditing), skills analysis, the job filling process, and management development including graduate and high-flyer programs. HR plays a key role with each of these processes.



Leadership training by eblHR at the eblNest

Grievance management

We make sure every individual is treated in the same way in similar circumstances and we deal with issues fairly and reasonably. Our grievance policy ensures that employers comply with current law and follow the code of conduct as well as disciplinary and grievance policy. We also ensure that our employees are well aware of what's expected of them in terms of standards of code or conduct and the likely consequences of continued failure to meet the code of conduct.

Human rights, health & safety

People first- is our policy. That is why we have an employee wellness program to maintain proper work life balance. We encourage mothers to give more time to their children – we allow them proper maternity leave and reimburse relevant hospital expenses. We have invested lots of money for day care center so that employee can feel safe and secure for the children. We have already flexible hours in place to support employees managing their personal life with work life.



Employee Wellness Program arranged by eblHR

We have insurance policy for staff house building loan scheme and superannuation fund for supporting employee with accidental death and disability. And, like previous years, EBL arranged fire drill at Head Office on 18 May 2017-



EBL arranges fire drill at Head Office

Way forward

- Revisit future leader acquisition process from business perspective.
- People management policy review.
- Upgradation of Human Resource Information System (HRIS).
- Compensation and benefits survey.
- Revising KPI matrix for the whole Bank.
- Revamp of e-learning program.
- Ensure work life balance and employee wellness.
- Creating better value with employee engagement.
- Upgradation of automated employee services.
- ISO Certification upgradation

We Provide- "Best-in-Class Service"

Our main focus is to ensure superior level of customer satisfaction and delightful experience. And, to retain that, EBL always offers some attractive products and service propositions well-focused on the customers' life style.

Our approach

- Assessing customer experience and satisfaction level meticulously
- Innovations that customer value.
- Continuous development of the resources for "Customer Delight".
- Leveraging technology to take customer convenience to next level.
- Effective customer grievance management.

Assessing customer experience and satisfaction level meticulously

Mystery Shopping Visits at branches by Independent Research Organization	Customer Satisfaction Survey by reputed third party	Real Time Customer Feedback Survey	Complainant's Feedback Survey
1888 visits	500 customers	100+ customers	50 complainant customers

Innovations that customer value

EBL is committed to maintain its service excellence and significant innovations through its products and processes driven by customers' expectation. Therefore, Customer feedback received from different research and survey programs are immediately discharged to the respective wings to meet up the customers' needs.

Continuous development of the resources for "Customer Delight"

Segmental training needs and workshop sessions are conducted to develop employee skills on customer service experience management.

Workshop on "Unleash the Power within" for RM groups	Service excellence sessions for all BST & CST members	Motivational & service excellence sessions for CSOs	Workshops on "Leading the team towards excellence" for all the Branch BOMs/CSMs
30 Participants	160 Participants	300 Participants	60 Participants

Leveraging technology to take customer convenience to next level.

To gain the superior level of customer satisfaction and to meet customer's expectation, Bank has introduced several new generation tools leveraging its technology that assist the customer to avail their desired banking service from anywhere.

Effective customer grievance management

The Bank has established a fundamental process which assist the customers to get possible best solution within the quickest timeframe.

Channels to address customers' complaints –

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 Customer can lodge their complaint directly to Central Complaint Management Cell via EBL Direct IP Phone (available in some selected Branches)

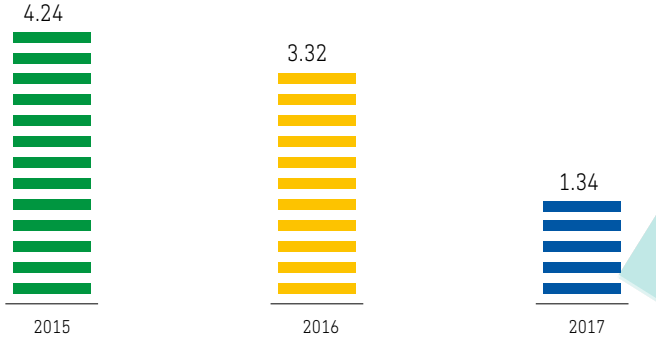
Channels	Actions
24X7 Contact Centre	Contact Centre: 16230 (from any mobile inside Bangladesh) Contact Centre: 028332232 (from anywhere in the world) Fax: 880-2-9882316
Website	Access website: https://www.ebl.com.bd/home/complaint_cell
E-mail	ccs.cmc@ebl-bd.com
Mobile Application	Raise your complaint directly through EBL SKYBANKING
Letter	Send letter to: Any customer touch point / Head Office

Protecting Customer Rights by Central Complaint Management Cell

The main objective of the Central Customer Service & Complaint Management Cell is to shield customer right by observing effective resolution of the customer grievance received through different channels and finding out the necessary measure and improvement areas to stop reoccurrence of similar complaints.

Complaint Index-Complaint per 1000 customers

Number of complaints as sustainibiltity parameter



Post Incident Experience of the Complainants

EBL always considers that the complaint resolution process is not end just after the resolution of the complaint, the Bank continues to follow up the post incident experience of the complaining customers. It helps the Bank to take necessary initiatives to eliminate the negative elements which are creating hindrances to delight customers.

In 2017, all complaints that we received were resolved.

Experience of our valued clients



The best part of my banking experience with EBL is ease and comfort, with that, I along with my wife accomplish our transactions and business. The most striking aspect of our experience at the branch is the ever present highly skilled banking staffs, who always welcome us with smile, make us feel at home. We always get treated like very special persons.

We feel very elated to be part of the EBL 'family' and thanks to all the banking staffs at the branch, who are ever ready to assist us with all our banking needs. The innovative banking solutions and perks being provided by EBL to its customers like us are considered as "the best" in the industry in Bangladesh.

We look forward to our visits to the Branch, amid friendly banking staffs, who not only fulfill our banking needs but also look after us, like family.

We wish EBL Godspeed and urge EBL to keep up the good work.

Major Syed Munibur Rahman (Retired)
EBL Customer at the Dhanmondi Branch

EBL Nest: A Center for Idea Generation

EBL Capacity Enhancement Center is actually a brainstorming studio named as EBL Nest. It is the Bank's platform for idea generation and innovation, one where employees from various departments can interact to raise problems and find solutions. The idea generation center is to give every employee in the Bank a chance to share his or her views without any fear. That is why the motto of EBL Nest is "Imagination without Fear".

Factsheet of EBL NEST in 2017

16	269	459	1	85+
Number of regular sessions	Number of participants	Uncut Ideas	Leadership lecture	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:

- Better management of commission structure
- Effective collection module/ management
- Branch revenue focus
- How to increase loan portfolio
- Better management of RM's service & productivity

During the course of period, ideas generated at EBL Nest have been implemented. Following are some of ideas that have been implemented:

- Re-engineering card cheque processing
- Direct salary disbursement instruction to payroll support through secured portal
- EBL A/C to A/C fund transfer, payment of credit card dues and top-up of prepaid card using debit card/account via EBL365.

In addition to organizing regular brainstorming session, EBL Nest also conducted 29 value added workshops and training sessions in liaising with different departments throughout the year. Below we highlight some of the important workshops held in EBL Nest aside from the regular brainstorming session:

- Workshop on "Law & Practices of VAT & TAX"
- IFC "Train the Trainer" for Unit Heads
- Workshop on "Challenges & Remedy of Court Cases"
- Living in Professionalism conducted by Human Resource
- Business Writing Workshop conducted by Professor Dr. Fakrul Alam
- Foreign Exchange Reporting on Statistics, Dept. of Bangladesh Bank
- ICT Guidelines conducted by Bangladesh Bank

We had Dr. Shirin Sharmin Chaudhury, Honorable Speaker of National Parliament, as guest speaker for our "Leadership Lecture Series' jointly held by the Nest and Brand & Communication Department. 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 opportunity to spend an afternoon at the Innovation Center of EBL with senior bankers & leaders of the corporate sector. Sharing experience & exchange of views has been tremendous learning process for me. Wish the participants the very best." (Dr. Shirin Sharmin Chaudhury, MP, Speaker Bangladesh Parliament)

"Wonderful Room!! It's a great place for teambuilding, inspiring for each other and to brainstorm to take EBL to the next level! Add some color to evoke even more creativity. It feels like a warm at Nest after a long day's work." (Dave Smit & Elisabeth, FMO)

Financial sector of Bangladesh is one of the most thriving & important contributors for the economy of Bangladesh. In today's highly saturated and competitive banking industry, customer satisfaction and customer delight is considered as the essence of success. The brainstorming studio is indeed helping the bank assess whether we are able to meet the expectation of our valued customers.

EBL Nest Event Highlights



Leadership Lecture Series Speaker of the Parliament– Dr. Shirin Sharmeen Chaudhury was Guest Speaker at EBL



Training Session on Leadership and People Management by Head of HR



FMO and ADB Team visit EBL NEST



Batch Photo of Better Management of Commission Structure



Batch Photo on Effective Collection Module/Management



Batch Photo on Branch Revenue Focus



Batch Photo on Business Sourcing Through



Brainstorming Session by SAMD Team



FINANCIAL
REPORTS

Financial report of a company is what medical report to a person. It gives a comprehensive picture of financial health of the company. As a good corporate our prime concern has always been integrity of our financial statements. In doing so, we help our shareholders make informed decisions about investment in our stocks and build up relationship with us. We meticulously prepare our financial statements in accordance with Bangladesh Financial Reporting Standards and in compliance with the reporting criterion of our key regulatory body, Bangladesh Bank.

AMAR STOCK

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 2017 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 2017 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, 23 April 2018

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 2017, 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 2017, 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 4,286 person hours for the audit of the books and accounts of the Bank.

Rahman Rahman Huq

Dhaka, 24 April 2018

Rahman Rahman Huq

AMAR STOCK

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2017

	Note	2017 Taka	2016 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	2,024,742,407	2,035,038,421
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	12,296,507,177	10,164,025,705
		14,321,249,584	**12,199,064,126**
Balance with other banks and financial institutions	4		
In Bangladesh	4.1	10,743,290,183	9,799,656,546
Outside Bangladesh	4.2	1,733,092,624	826,202,789
		12,476,382,807	**10,625,859,335**
Money at call and short notice	5	-	**100,000,000**
Investments	6		
Government	6.1	19,480,497,640	18,320,613,148
Others	6.2	6,625,500,985	4,619,215,993
		26,105,998,625	**22,939,829,141**
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	165,691,389,665	137,473,558,900
Bills purchased and discounted	7.2	25,993,145,776	18,897,775,910
		191,684,535,441	**156,371,334,810**
Fixed assets including land, building, furniture and fixtures	8	5,957,095,835	5,954,156,754
Other assets	9	5,620,486,753	4,032,882,402
Non-banking assets	10	134,016,495	154,050,500
Total assets		**256,299,765,540**	**212,377,177,068**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	**52,447,284,352**	**39,369,685,979**
Deposits and other accounts	12		
Current accounts and other accounts	12.1	16,993,725,421	16,651,527,406
Bills payable	12.2	845,849,963	797,002,510
Savings bank deposits	12.3	41,894,304,551	38,426,476,123
Fixed deposits	12.4	107,224,667,689	84,330,111,292
Bearer certificates of deposit		-	-
		166,958,547,624	**140,205,117,331**
Other liabilities	13	**15,017,731,534**	**11,970,564,023**
Total liabilities		**234,423,563,510**	**191,545,367,333**
Capital/shareholders' equity			
Paid-up capital	14	7,379,995,890	7,028,567,520
Statutory reserve	15	7,379,995,890	6,991,700,268
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre-take over loss-BCCI	17	642,857,893	617,792,231
Asset revaluation reserve	18	2,534,874,738	2,534,874,738
Reserve for amortisation of treasury securities (HTM)	19	9,964,360	6,200,987
Reserve for revaluation of treasury securities (HFT)	20	1,465,284	12,145,508
General reserve		130,000,000	130,000,000
Reserve against non-banking assets	21	121,671,165	141,288,665
Foreign currency translation difference	22	14,110,435	657,505
Surplus in profit and loss account	23	3,305,226,375	3,012,542,313
Total shareholders' equity		**21,876,202,030**	**20,831,809,735**
Total liabilities and shareholders' equity		**256,299,765,540**	**212,377,177,068**

AMARSTOCK

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2017

	Note	2017 Taka	2016 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	24		
Acceptances and endorsements	24.1	37,313,068,570	32,666,382,402
Letters of guarantees	24.2	18,139,419,275	15,905,357,265
Irrevocable letters of credit	24.3	38,108,685,882	17,720,419,522
Bills for collection	24.4	7,055,462,385	5,836,991,295
Other contingent liabilities		-	-
Total		**100,616,636,112**	**72,129,150,484**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	24.5	661,600,000	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		**101,278,236,112**	**75,576,306,844**

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, 24 April 2018

Auditor
Rahman Rahman Huq
Chartered Accountants

AMAR STOCK

Eastern Bank Limited and its subsidiaries

Consolidated Profit and Loss Account

for the year ended 31 December 2017

	Note	2017 Taka	2016 Taka
Interest income	25	14,610,518,896	13,662,629,884
Interest paid on deposits and borrowings etc.	26	(8,731,897,131)	(8,055,398,021)
Net interest income		**5,878,621,765**	**5,607,231,863**
Investment income	27	3,252,068,175	3,261,885,000
Commission, exchange and brokerage	28	3,526,731,065	2,659,444,644
Other operating income	29	205,780,397	181,614,792
		6,984,579,637	**6,102,944,436**
Total operating income (A)		**12,863,201,402**	**11,710,176,299**
Salary & allowances (excluding those of MD)	30	3,216,287,503	2,883,203,413
Rent, taxes, insurance, utilities etc.	31	757,082,309	664,918,580
Legal & professional expenses	32	143,262,967	110,821,082
Postage, stamp, telecommunication, etc.	33	138,432,988	144,449,537
Stationery, printing, advertisements, etc.	34	327,353,784	302,496,398
Managing Director's salary and allowances (Bank only)	35	21,550,646	20,413,194
Directors' fees & expenses	36	4,461,583	3,963,477
Auditors' fees	37	1,722,030	1,598,574
Depreciation and repair of Bank's assets	38	503,860,298	503,709,980
Other expenses	39	693,447,736	558,666,878
Total operating expenses (B)		**5,807,461,844**	**5,194,241,113**
Profit before provision (C=A-B)		**7,055,739,558**	**6,515,935,186**
Provision for loans and advances & off-balance sheet exposures	13.4.1		
General provision		207,915,553	283,884,025
Specific provision (net off w/off recovery)		2,394,986,904	1,906,885,158
Off-balance sheet exposures		192,593,775	101,003,143
Total provision for loans and advances & OBS		**2,795,496,232**	**2,291,772,326**
Other provision	40	(6,727,719)	(292,883,038)
Total provision (D)		**2,788,768,513**	**1,998,889,288**
Total profit before taxes (E=C-D)		**4,266,971,045**	**4,517,045,898**
Provision for taxation (F)	41		
Current tax expense		2,031,873,549	1,830,849,042
Deferred tax (income)/expense		(193,172,244)	(30,138,865)
Total provision for taxation		**1,838,701,305**	**1,800,710,177**
Net profit after tax (G=E-F)		**2,428,269,740**	**2,716,335,721**
Appropriations			
Statutory reserve	15	(388,295,622)	(879,902,418)
General reserve		-	-
		(388,295,622)	**(879,902,418)**
Retained surplus for the year		**2,039,974,118**	**1,836,433,303**
Earnings Per Share (EPS)	42	**3.29**	**3.68**

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, 24 April 2018

Auditor
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

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 for non-banking assets	Foreign currency translation difference	Surplus in profit and loss account	Total equity
Balance as at 1 January 2017	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
Bonus share issued for 2016	351,428,370	-	-	-	-	-	-	-	-	-	(351,428,370)	-
Cash dividend paid for 2016	-	-	-	-	-	-	-	-	-	-	(1,405,713,504)	(1,405,713,504)
Transfer to statutory reserve	-	388,295,622	-	-	-	-	-	-	-	-	(388,295,622)	-
Adjustment of revaluation of treasury securities (HFT)	-	-	-	-	-	-	(10,680,224)	-	-	-	-	(10,680,224)
Reserve for amortisation of treasury securities (HTM)	-	-	-	-	-	3,763,373	-	-	-	-	-	3,763,373
Recovery of pre-take over loss	-	-	-	25,065,662	-	-	-	-	-	-	-	25,065,662
Adjustment of reserved for non banking assets	-	-	-	-	-	-	-	-	(19,617,500)	-	-	(19,617,500)
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	13,452,930	-	13,452,930
Net profit for the year	-	-	-	-	-	-	-	-	-	-	2,428,269,740	2,428,269,740
Currency adjustment for offshore	-	-	-	-	-	-	-	-	-	-	9,851,818	9,851,818
Balance as at 31 December 2017	**7,379,995,890**	**7,379,995,890**	**356,040,000**	**642,857,893**	**2,534,874,738**	**9,964,360**	**1,465,284**	**130,000,000**	**121,671,165**	**14,110,435**	**3,305,226,375**	**21,876,202,030**

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 for 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 offshore	-	-	-	-	-	-	-	-	-	-	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**

The annexed notes 1 to 45 form an integral part of these financial statements.

Eastern Bank Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2017

		Note	2017 Taka	2016 Taka
A)	**Cash flows from operating activities**			
	Interest receipts in cash		14,269,303,717	14,560,752,356
	Interest paid		(8,738,504,828)	(8,082,609,372)
	Dividend receipts		130,667,822	83,507,340
	Fees and commission receipts in cash		3,466,131,064	2,637,539,211
	Income from investment (other than dividend received)		3,099,289,668	3,510,540,389
	Recovery of loans previously written off	13.4.1	500,782,730	380,021,967
	Cash payments to employees (including directors)		(3,170,943,270)	(2,860,908,860)
	Cash payments to suppliers		(1,608,497,893)	(1,450,104,087)
	Income taxes paid	13.3.2	(2,036,137,625)	(987,773,957)
	Receipts from other operating activities		205,780,397	181,614,791
	Payments for other operating activities		(693,447,735)	(546,735,667)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		**5,424,424,047**	**7,425,844,111**
	Increase/(decrease) in operating assets and liabilities			
	Sale/(Purchase) of trading securities		(2,412,149,598)	(196,623,896)
	Loans and advances to customers (other than banks)		(34,960,042,247)	(21,925,596,087)
	Non banking assets		416,505	-
	Other assets	43	(1,516,836,870)	(1,047,202,631)
	Deposits from banks	12.b.1	95,862,237	297,406,250
	Deposits from customers (other than banks)		26,787,988,647	12,172,697,540
	Recovery from/(payment against) BCCI assets	17.2	25,065,662	-
	Liability for tax		197,436,320	(812,936,221)
	Liabilities for provision		(3,289,551,243)	(2,378,911,255)
	Other liabilities	44	2,850,276,119	835,539,111
	Cash generated from operating assets and liabilities (ii)		**(12,221,534,468)**	**(13,055,627,189)**
	Net cash from operating activities (i+ii)		**(6,797,110,421)**	**(5,629,783,078)**
B)	**Cash flows from investing activities**			
	(Purchase)/sale of non-trading securities		(759,695,837)	(202,512,063)
	(Purchase)/sale of property, plant and equipment		(264,433,535)	(267,343,647)
	Net cash used in investing activities		**(1,024,129,372)**	**(469,855,710)**
C)	**Cash flows from financing activities**			
	Borrowings from other banks, financial institutions and agents	11	13,077,598,376	7,834,846,364
	Dividend paid (cash dividend)		(1,405,713,504)	(1,222,359,570)
	Net cash from financing activities		**11,671,884,872**	**6,612,486,794**
D)	**Net increase in cash and cash equivalents (A+B+C)**		**3,850,645,079**	**512,848,006**
E)	Effects of exchange rate changes on cash and cash equivalents		23,304,751	(10,223,934)
F)	Opening cash and cash equivalents		22,927,408,561	22,424,784,489
G)	**Closing cash and cash equivalents (D+E+F)***		**26,801,358,391**	**22,927,408,561**
	***Cash and cash equivalents at end of the year consists of:**			
	Cash in hand (including foreign currencies)	3.1	2,024,742,407	2,035,038,421
	Balances with Bangladesh Bank and its agent bank(s)	3.2	12,296,507,177	10,164,025,705
	Balances with other banks and financial institutions	4	12,476,382,807	10,625,859,335
	Money at call and short notice	5	-	100,000,000
	Prize bonds	6.1	3,726,000	2,485,100
			26,801,358,391	**22,927,408,561**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

Dhaka, 24 April 2018

Eastern Bank Limited and its subsidiaries

Consolidated Liquidity Statement (Asset and Liability Maturity Analysis)

as at 31 December 2017

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)	14,321,249,584	-	-	-	-	14,321,249,584
Balances with other banks and financial institutions	5,537,502,807	6,286,730,000	652,150,000	-	-	12,476,382,807
Money at call and short notice	-	-	-	-	-	-
Investments	1,170,321,635	2,779,730,715	7,792,871,622	7,099,120,953	7,263,953,700	26,105,998,625
Loans and advances	15,272,116,039	31,106,265,205	76,166,364,851	60,773,331,073	8,366,458,273	191,684,535,441
Fixed assets including land, building, furniture and fixtures	11,782,234	23,564,466	106,040,098	498,365,981	5,317,343,056	5,957,095,835
Other assets	20,395,117	754,509	2,439,774,477	2,404,262,650	755,300,000	5,620,486,753
Non-banking assets	-	-	-	134,016,495	-	134,016,495
Total assets	**36,333,367,416**	**40,197,044,895**	**87,157,201,048**	**70,909,097,152**	**21,703,055,029**	**256,299,765,540**
Liabilities						
Borrowing from other banks, financial institutions and agents	6,676,134,825	16,317,498,510	18,709,699,652	9,665,423,799	1,078,527,566	52,447,284,352
Deposits and other accounts	20,138,022,097	21,854,978,691	37,632,775,516	85,844,920,300	1,487,851,020	166,958,547,624
Provisions and other liabilities	1,885,930,747	2,506,798,118	88,715,408	7,880,180,031	2,656,107,230	15,017,731,534
Total liabilities	**28,700,087,669**	**40,679,275,319**	**56,431,190,576**	**103,390,524,130**	**5,222,485,816**	**234,423,563,510**
Net liquidity gap	**7,633,279,747**	**(482,230,424)**	**30,726,010,472**	**(32,481,426,978)**	**16,480,569,213**	**21,876,202,030**
Cumulative net liquidity gap	**7,633,279,747**	**7,151,049,323**	**37,877,059,795**	**5,395,632,817**	**21,876,202,030**	**-**

AMARSTOCK

Eastern Bank Limited

Balance Sheet

as at 31 December 2017

	Note	2017 Taka	2016 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	2,024,510,392	2,034,945,887
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	12,296,507,177	10,164,025,705
		14,321,017,569	**12,198,971,592**
Balance with other banks and financial institutions	4		
In Bangladesh	4.1	10,251,404,987	9,021,366,991
Outside Bangladesh	4.2	7,579,806,712	4,550,920,216
		17,831,211,699	**13,572,287,207**
Money at call and short notice	5	-	**100,000,000**
Investments	6		
Government	6.1	19,480,497,640	18,320,613,148
Others	6.2	4,880,446,475	3,128,020,635
		24,360,944,115	**21,448,633,783**
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	163,974,017,428	137,051,246,091
Bills purchased and discounted	7.2	20,053,283,403	15,032,441,445
		184,027,300,831	**152,083,687,536**
Fixed assets including land, building, furniture and fixtures	8	5,922,614,795	5,940,093,948
Other assets	9	6,768,197,976	5,687,733,590
Non-banking assets	10	134,016,495	154,050,500
Total assets		**253,365,303,480**	**211,185,458,156**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	**50,997,691,603**	**39,061,159,749**
Deposits and other accounts	12		
Current accounts and other accounts	12.1	17,113,543,041	16,659,952,664
Bills payable	12.2	845,849,963	797,002,510
Savings bank deposits	12.3	41,894,304,551	38,426,476,123
Fixed deposits	12.4	107,494,497,467	84,400,727,353
Bearer certificate of deposit		-	-
		167,348,195,022	**140,284,158,650**
Other liabilities	13	**13,433,851,256**	**11,268,497,353**
Total liabilities		**231,779,737,881**	**190,613,815,752**
Capital/shareholders' equity			
Paid-up capital	14	7,379,995,890	7,028,567,520
Statutory reserve	15	7,379,995,890	6,991,700,268
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre-take over loss-BCCI	17	642,857,893	617,792,231
Asset revaluation reserve	18	2,534,874,738	2,534,874,738
Reserve for amortisation of treasury securities (HTM)	19	9,964,360	6,200,987
Reserve for revaluation of treasury securities (HFT)	20	1,465,284	12,145,508
General reserve		130,000,000	130,000,000
Reserve against non-banking assets	21	121,671,165	141,288,665
Foreign currency translation difference	22	9,127,461	1,125,580
Surplus in profit and loss account	23	3,019,572,918	2,751,906,907
Total shareholders' equity		**21,585,565,599**	**20,571,642,404**
Total liabilities and shareholders' equity		**253,365,303,480**	**211,185,458,156**

AMAR STOCK

Eastern Bank Limited

Balance Sheet

as at 31 December 2017

	Note	2017 Taka	2016 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	24		
Acceptances and endorsements	24.1	37,313,068,570	32,666,382,402
Letters of guarantees	24.2	18,139,419,275	15,905,357,265
Irrevocable letters of credit	24.3	38,108,685,882	17,720,419,522
Bills for collection	24.4	7,055,462,385	5,836,991,295
Other contingent liabilities		-	-
Total		**100,616,636,112**	**72,129,150,484**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	24.5	661,600,000	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		**101,278,236,112**	**75,576,306,844**

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, 24 April 2018

Auditor
Rahman Rahman Huq
Chartered Accountants

AMARSTOCK

Eastern Bank Limited

Profit and Loss Account

for the year ended 31 December 2017

	Note	2017 Taka	2016 Taka
Interest income	25	14,399,103,828	13,545,638,173
Interest paid on deposits and borrowings etc.	26	(8,654,363,996)	(8,016,221,690)
Net interest income		**5,744,739,832**	**5,529,416,483**
Investment income	27	3,414,685,634	3,315,432,277
Commission, exchange and brokerage	28	3,049,485,818	2,471,311,814
Other operating income	29	191,776,376	164,926,912
		6,655,947,828	**5,951,671,003**
Total operating income (A)		**12,400,687,660**	**11,481,087,486**
Salary & allowances (excluding those of MD)	30	3,097,614,582	2,800,838,055
Rent, taxes, insurance, utilities etc.	31	731,758,566	645,304,165
Legal & professional expenses	32	141,851,268	109,721,716
Postage, stamp, telecommunication, etc.	33	129,989,539	138,553,553
Stationery, printing, advertisements, etc.	34	316,597,520	299,380,147
Managing Director's salary and allowances	35	21,550,646	20,413,194
Directors' fees & expenses	36	4,122,333	3,769,127
Auditors' fees	37	920,000	805,000
Depreciation and repair of Bank's assets	38	491,139,665	497,200,620
Other expenses	39	669,527,946	546,887,204
Total operating expenses (B)		**5,605,072,065**	**5,062,872,781**
Profit before provision (C=A-B)		**6,795,615,595**	**6,418,214,705**
Provision for loans and advances & off-balance sheet exposures	13.4.1		
General provision		207,915,553	283,884,025
Specific provision (net off w/off recovery)		2,374,986,904	1,902,684,147
Off-balance sheet exposures		192,593,775	101,003,143
Total provision for loans and advances & OBS		**2,775,496,232**	**2,287,571,315**
Other provision	40	(36,511,599)	(268,868,702)
Total provision (D)		**2,738,984,633**	**2,018,702,613**
Total profit before taxes (E=C-D)		**4,056,630,962**	**4,399,512,092**
Provision for taxation (F)	41		
Current tax expense		1,844,979,911	1,773,164,131
Deferred tax (income)/expense		(193,172,244)	(30,138,865)
Total provision for taxation		**1,651,807,667**	**1,743,025,266**
Net profit after tax (G=E-F)		**2,404,823,295**	**2,656,486,826**
Appropriations			
Statutory reserve	15	(388,295,622)	(879,902,418)
General reserve		-	-
		(388,295,622)	(879,902,418)
Retained surplus for the year		**2,016,527,673**	**1,776,584,408**
Earnings per share (EPS)	42	**3.26**	**3.60**

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, 24 April 2018

Auditor
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited

Statement of Changes in Equity

for the year ended 31 December 2017

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 for non-banking assets	Foreign currency translation difference	Surplus in profit and loss account	Total equity
Balance as at 1 January 2017	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
Bonus share issued for 2016	351,428,370	-	-	-	-	-	-	-	-	-	(351,428,370)	-
Cash dividend paid for 2016	-	-	-	-	-	-	-	-	-	-	(1,405,713,504)	(1,405,713,504)
Transfer to statutory reserve	-	388,295,622	-	-	-	-	-	-	-	-	(388,295,622)	-
Adjustment of revaluation of treasury securities (HFT)	-	-	-	-	-	-	(10,680,224)	-	-	-	-	(10,680,224)
Reserve for amortisation of treasury securities (HTM)	-	-	-	-	-	3,763,373	-	-	-	-	-	3,763,373
Adjustment of reserve for non-banking assets	-	-	-	-	-	-	-	-	(19,617,500)	-	-	(19,617,500)
Recovery of pre-take over loss	-	-	-	25,065,662	-	-	-	-	-	-	-	25,065,662
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	8,001,881	-	8,001,881
Net profit for the year	-	-	-	-	-	-	-	-	-	-	2,404,823,295	2,404,823,295
Currency adjustment for offshore	-	-	-	-	-	-	-	-	-	-	8,280,212	8,280,212
Balance as at 31 December 2017	**7,379,995,890**	**7,379,995,890**	**356,040,000**	**642,857,893**	**2,534,874,738**	**9,964,360**	**1,465,284**	**130,000,000**	**121,671,165**	**9,127,461**	**3,019,572,918**	**21,585,565,599**

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 for 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 offshore	-	-	-	-	-	-	-	-	-	-	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**

The annexed notes 1 to 45 form an integral part of these financial statements.

Eastern Bank Limited

Cash Flow Statement

for the year ended 31 December 2017

		Note	2017 Taka	2016 Taka
A)	**Cash flows from operating activities**			
	Interest receipts in cash		14,081,532,144	14,459,952,512
	Interest paid		(8,664,388,359)	(8,043,433,043)
	Dividend receipts		589,866,598	78,344,764
	Fees and commission receipts in cash		2,988,885,817	2,449,245,816
	Income from investment (other than dividend received)		2,802,708,351	3,569,250,241
	Recovery of loans previously written off	13.4.1	500,782,730	380,021,967
	Cash payments to employees (including directors)		(3,057,796,622)	(2,782,961,428)
	Cash payments to suppliers		(1,557,410,629)	(1,417,702,446)
	Income taxes paid	13.3.2	(1,905,138,782)	(948,480,473)
	Receipts from other operating activities		191,776,376	164,926,911
	Payments for other operating activities		(669,527,945)	(534,795,483)
	Cash generated from operating activities before changes in operating assets and liabilities (i)		**5,301,289,679**	**7,374,369,338**
	Increase/(decrease) in operating assets and liabilities			
	Sale/(purchase) of trading securities		(2,165,290,447)	782,145,588
	Loans and advances to customers (other than banks)		(31,627,890,597)	(21,880,661,882)
	Non banking assets		416,505	-
	Other assets	43	(795,904,716)	(1,103,952,043)
	Deposits from other banks	12.b.1	95,862,237	297,406,250
	Deposits from customers (other than banks)		27,098,594,726	12,167,602,010
	Recovery from/(payment against) BCCI assets	17.2	25,065,662	-
	Liability for tax		253,331,115	(794,544,794)
	Liabilities for provision		(3,239,767,363)	(2,398,724,580)
	Other liabilities	44	1,978,546,553	548,167,377
	Cash generated from operating assets and liabilities (ii)		**(8,377,036,325)**	**(12,382,562,074)**
	Net cash from operating activities (i+ii)		**(3,075,746,646)**	**(5,008,192,736)**
B)	**Cash flows from investing activities**			
	(Purchase)/sale of non-trading securities		(752,695,837)	(194,512,063)
	(Purchase)/sale of property, plant and equipment		(236,446,777)	(259,872,371)
	Investment in Subsidiary-EBL Securities Limited		-	(600,000,000)
	Investment in Subsidiary-EBL Asset Management Limited		(200,000,000)	-
	Net cash used in investing activities		**(1,189,142,614)**	**(1,054,384,434)**
C)	**Cash flows from financing activities**			
	Borrowings from other banks, financial institutions and agents	11	11,936,531,857	8,517,680,311
	Dividend paid (cash dividend)		(1,405,713,504)	(1,222,359,570)
	Net cash from financing activities		**10,530,818,353**	**7,295,320,741**
D)	**Net increase in cash and cash equivalents (A+B+C)**		**6,265,929,093**	**1,232,743,571**
E)	Effects of exchange rate changes on cash and cash equivalents		16,282,276	820,167
F)	Opening cash and cash equivalents		25,873,743,899	24,640,180,161
G)	**Closing cash and cash equivalents (D+E+F)***		**32,155,955,268**	**25,873,743,899**
	***Cash and cash equivalents at end of the year consists of:**			
	Cash in hand (including foreign currencies)	3.1	2,024,510,392	2,034,945,887
	Balances with Bangladesh Bank and its agent bank(s)	3.2	12,296,507,177	10,164,025,705
	Balances with other banks and financial institutions	4	17,831,211,699	13,572,287,207
	Money at call and short notice	5	-	100,000,000
	Prize bonds	6.1	3,726,000	2,485,100
			32,155,955,268	**25,873,743,899**

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO | Director | Director | Chairman

Dhaka, 24 April 2018

Eastern Bank Limited

Liquidity Statement
(Asset and Liability Maturity Analysis)

as at 31 December 2017

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)	14,321,017,569	-	-	-	-	14,321,017,569
Balances with other banks and financial institutions	10,892,331,699	6,286,730,000	652,150,000	-	-	17,831,211,699
Money at call and short notice	-	-	-	-	-	-
Investments	1,170,321,635	2,779,730,714	6,047,817,114	7,099,120,953	7,263,953,699	24,360,944,115
Loans and advances	14,946,034,695	30,530,494,242	69,410,982,549	60,773,331,072	8,366,458,273	184,027,300,831
Fixed assets including land, building, furniture and fixtures	11,233,197	22,466,395	101,098,776	475,269,602	5,312,546,825	5,922,614,795
Other assets	20,348,417	18,249,180	1,806,038,495	2,391,382,733	2,532,179,151	6,768,197,976
Non-banking assets	-	-	-	134,016,495	-	134,016,495
Total assets	**41,361,287,212**	**39,637,670,531**	**78,018,086,934**	**70,873,120,855**	**23,475,137,948**	**253,365,303,480**
Liabilities						
Borrowing from other banks, financial institutions and agents	6,676,134,825	16,317,498,510	17,260,106,903	9,665,423,799	1,078,527,566	50,997,691,603
Deposits and other accounts	20,218,149,188	21,855,660,574	37,638,308,510	86,148,225,730	1,487,851,020	167,348,195,022
Provisions & other liabilities	542,775,828	2,563,099,897	88,687,808	7,583,180,493	2,656,107,230	13,433,851,256
Total liabilities	**27,437,059,841**	**40,736,258,981**	**54,987,103,221**	**103,396,830,022**	**5,222,485,816**	**231,779,737,881**
Net liquidity gap	**13,924,227,371**	**(1,098,588,450)**	**23,030,983,713**	**(32,523,709,167)**	**18,252,652,132**	**21,585,565,599**
Cumulative net liquidity gap	**13,924,227,371**	**12,825,638,921**	**35,856,622,634**	**3,332,913,467**	**21,585,565,599**	**-**

AMARSTOCK

Eastern Bank Limited and its subsidiaries

Notes to the financial statements

as at and for the year ended 31 December 2017

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 84 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 (BB) 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. All subsidiaries of the Bank have been incorporated in Bangladesh except for EBL Finance (HK) Limited which is incorporated in Hong Kong.

EBL Securities Limited

EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRECs (Trading Right Entitlement Certificate) and ordinary shares of both the bourses i.e. Dhaka Stock Exchange (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 (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 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. Initial subscription of Tk 50 million was made in 2015 and afterward Tk 200 million was subscribed in 2017 to increase its paid-up capital after having regulatory permissions. It has got the required registration in 2017 (Code no. BSEC/Asset Management/2017/28 dated 25 May 2017) from BSEC to run full-fledged business operations. Registered office of EBLAML is located at 10 Dilkusha R/A, Dhaka-1000.

Representative Office of the Bank

The bank has a Representative Office (RO) in Myanmar named 'EBL Yangon Representative Office' which was established in 2014 with a view to extend its trade businesses by providing banking and business information to the business people of the two countries. Registered office of this RO is located at Room (2B/2C), 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon, Myanmar.

2 Basis of preparation and significant accounting policies

Basis of preparation

Separate and consolidated financial statements

The separate financial statements of the Bank as at and for the year ended 31 December 2017 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. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as banks. The Bank Company Act, 1991 was amended to require banks to prepare their financial statements under such financial reporting standards.

As the FRS is yet to be issued as per the provisions of the FRA, the consolidated and separate financial statements of the Group and the Bank respectively 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 flow 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 flow 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 on mark-to-market basis and took a provision of Tk. 33.23 million as of 2017 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. 25.25 million and amortisation loss of Tk. 111.23 million in profit and loss account in 2017 against its investment in government treasury securities catagorised as HFT and HTM respectively. Unrealised gain of Tk. 1.47 million arising from revaluation of HFT securities and Tk. 9.97 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. 400.51 million (Tk. 207.92 million against unclassified loans & advances, and Tk. 192.59 million for off-balance sheet exposures) in 2017 (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 flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow statement is to be prepared following a mixture of direct and indirect method.

xii) Balance with Bangladesh Bank (cash reserve requirement)

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.

Business Combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition and identifiable net assets acquired are measured at fair value. Any goodwill that arises is annually tested for impairment. Any gain on bargain purchase is recognised in Group's profit or loss account immediately. Transaction costs are expensed as incurred except if they are related to the issue of debt or equity securities.

2.7 Cash flow statement

Cash flow statement has been prepared in accordance with 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	Realisation/amortisation basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Settlement/adjustment schedule basis.

2.10 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by Bangladesh Bank as the prime regulator.

Accounting policies of subsidiaries

The financial statements of subsidiaries which are included in the consolidated financial statements of the Group have been prepared using uniform accounting policies of the Bank (Parent) for transactions and other events of similar nature. There is no significant restriction on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances.

A. Assets and basis of their valuation

i) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at ATM, unrestricted balances held with 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 HTM or/and HFT) is given following DOS circular no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

Held to Maturity (HTM)

Investments which are intended to be held till maturity are classified as Held to Maturity (HTM). These are measured at amortised cost at each year-end by taking into account any discount or premium on acquisition. Premiums are amortised and discounts are accredited, using the effective or historical yield. Any increase in value of such investments is booked to equity but decrease to profit and loss account.

Held for Trading (HFT)

These are investments primarily held for selling or trading. After initial recognition, investments are marked-to-market weekly and any decrease in the present value is recognised in the profit and loss account and any increase is booked to revaluation reserve account through profit and loss account as per BB DOS circular no. 5 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.
Govt. T-bills/T-bonds - Held To Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/bond	Cost	Cost	Not applicable.
Shares (quoted) *	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Shares (unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to profit and loss account but no unrealised gain booking.
Prize bond	Cost	Cost	None

* Provision for shares against unrealised loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (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 catagories 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 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular no 1 dated 3 January 2018 and BRPD circular no 1 dated 20 February 2018 (with retrospective effect from 31 December 2017). Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Companies Act 1991 (amendment upto 2013), instead of netting off with loans.

Heads	Rates of provision
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	1%
Unclassified consumer financing other than housing finance, credit card and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Short term agri credit and micro credit	1%
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 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 off.

The cost of an item of fixed assets is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

The cost of an item of fixed assets comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs

Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the costs will flow to the entity and cost can be measured reliably. The carrying amount of the replaced portion is derecognised. The costs of day to day servicing of fixed assets, i.e. repairs and maintenance is charged to profit and loss account as expense when incurred.

Depreciation

Depreciation is charged at the rates stated below on all the items of fixed assets on the basis of estimated useful lives as determined in the fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation is charged on building under construction until the usage of the assets.

The rates and useful lives at which fixed assets are depreciated for current and comparative years are given below:

Category	Estimated useful lives (Years)	Rate of depreciation/ amortisation p.a.
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 of its intended use.

Derecognition of fixed assets

The carrying amount of an item of fixed assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of fixed assets is to be recorded in profit or loss when the item is derecognised.

Details of fixed assets are presented in note 8 and 'Annexure - A' of these financial statements.

v) 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.

These assets are depreciated fully over the shorter of the lease terms and their useful lives.

vi) Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. 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.

ntangible 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 and 'Annexure - D1'

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

i) Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest bearing borrowings which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

ii) Debt securities (subordinated 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.

iii) Deposits and other accounts

Deposits and other accounts include non-interest bearing current deposits redeemable at call, interest bearing short-term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties.

iv) Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognised as per the guidelines of Bangladesh Bank (BB) and Bangladesh Financial Reporting Standards (BFRSs).

v) 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 2017 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.

vi) Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in note 13.4 of these financial statements.

vii) Provision against investment in capital market

Provision for diminution of value of quoted shares and mutual funds (closed-end), placed under other liability, has been made on portfolio basis (gain net off) following DOS circular No. 4 dated 24 November 2011 and DOS circular letter no. 3 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.

viii) Provision for off-balance sheet exposures

In compliance with BRPD circular no. 14 dated 23 September 2012 and related earlier circulars, the Bank has been maintaining provision @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

ix) Provision for other assets

Provision for other assets is made as per the instructions through BRPD circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more or classified as Bad/Loss.

x) Provision for nostro accounts

Provision for unsettled transactions in nostro accounts is made as per FEPD circular no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 of Bangladesh Bank. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

xi) Provision for liabilities and accrued expenses

In compliance with 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.

xii) Retirement/post-employment benefits

The Bank contributes to a defined contribution plan (Provident Fund) and two defined benefit plans (gratuity fund and superannuation fund) in compliance with the provisions of 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. Two subsidiaries (EBLSL & EBLIL) also maintain a funded defined benefit plan i.e. 'Gratuity fund' under separate trustee boards from 1 March 2015.

Gratuity fund

The Bank operates a funded gratuity scheme recognised by NBR with effect from 1 January 1997. This fund is managed separately by 'EBL Employees Gratuity Fund Trust' and any investment decision out of this fund is also made by this Trust. The benefit is paid on separation to the eligible employees i.e. who have completed at least 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 2017 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 2017, 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 plans 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 up to 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 maintained necessary provision against liability for earned leave encashment as per actuarial valuation.

The Group does not have any other long term employee benefit plans.

Short term benefits

Short term employee benefits i.e. group insurance policy, 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.

xiii) Contingent liabilities

Contingent liabilities which include certain guarantees and letters of credit pledged as collateral are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank. Contingent liabilities are not recognised in the financial statements as per BAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. However, disclosure on contingent liabilities have been made on the face of balance sheet under 'Off-balance Sheet Items' as per the guidelines of BRPD circular No. 14 dated 25 June 2003.

C. Share capital and reserves

i) 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 2017, the Bank transferred Tk. 388.30 million to statutory reserve statutory reserve to equalise with paid-up capital. Details are stated in note 15 of these financial statements.

v) Asset revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount 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 amortisation/revaluation of securities

When the value of a government treasury security categorised as HTM increases as a result of amortisation, the amount thus increased is recognised directly to equity as 'reserve for amortisation'. However, any increase in the value of such securities categorised as HFT as a result of 'mark to market' is booked under equity as 'revaluation reserve' but any decrease is directly charged to profit and loss account as per Bangladesh Bank DOS circular letter no. 5 dated 26 May 2008 & DOS circular letter no. 5 dated 28 January 2009.

D. Revenue recognition

i) Interest income

Interest on unclassified loans and advances (except those of rescheduled and stay order accounts) is recognised as income on accrual basis, interest on classified loans and advances (including rescheduled and stay order accounts) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014.

ii) Interest income from investments

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis as per BAS 18 'Revenue'.

iii) Fees and commission income

Fess and commission income arising from services provided by the Bank and recognised as income on accrual basis as per BAS 18. Commission charged to customers on trade finance i.e. letters of credit, letters of guarantee and acceptance and other general banking services i.e card services, management fees, arrangement fees, locker charges etc. are credited to income at the time of effecting the transactions except those which are received in advance.

iv) Income from investments (Non-interest Income)

Non-interest investment income i.e gain/loss arising from trading in government securities (HFT), quoted and unquoted shares & MFs are recongised in profit & loss account at the time of effecting the transactions except those which are restricted by Bangladesh Bank.

v) Foreign exchange gain/(loss)

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

vi) Dividend income

Dividend income from investments is recognised at the time when it is declared, ascertained and right to receive the payment is established as per BAS 18 'Revenue'.

vii) Interest paid on borrowings and deposits

Interest paid on borrowings and deposits are calculated on 360 days basis (except for some treasury instruments which are calculated on 364 days basis) in a year and recognised on accrual basis.

viii) Management and other expenses

Expenses incurred by the Bank are recognised on actual and accrual basis.

ix) Taxation

The expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

a. Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to the tax payable in respect of previous years.

Provision for current income tax of the Bank has been made on taxable income @ 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 2017.

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:

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 maintained against impaired loans as well as unclassified loans following relevant circulars of Bangladesh Bank. Details of which are stated in note 13.4 to the financial statements.

b) Liquidity risk

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows 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. The Bank deploys several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions.

e) Foreign exchange risk

Foreign exchange risk is the risk 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 2017, the Bank sets aside Tk. 33.23 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

Banks undertake a series of activities in assessing, monitoring and disclosing risk related to transactions done by customers with 'zero-tolerance' on issues like Anti-money Laundering (AML) and Combatting Financing of Terrorist (CFT). The bank established a control framework for strict compliance with all regulatory directives issued from Bangladesh Financial Intelligence Unit with regard to AML & CFT. For prevention of Money Laundering and Terrorist Financing, the bank has a comprehensive guideline on assessment and management of Money Laundering and Terrorist Financing Risk approved by the Board. The CEO's formal annual commitment on combatting Money Laundering (ML) and Financing of Terrorism (FT) is issued to emphasize on greater due diligence and compliance at all levels of the bank. The bank has replaced CCU by CCC (Central Compliance Committee) under the leadership of CAMLCO as per BFIU Circular No. 19 (dated September 17, 2017) to broaden its horizon and make it more representative to better handle AML and CFT issues collectively in participation with departments like HR, Trade Operations, Offshore Banking Unit, IT, Cards Operations, Business Units etc.

i) Information and communication technology risk

EBL adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. EBL has been certified by international accreditation certification on data security i.e. Payment Card Industry Data Security Standard (PCI DSS) in 2016 and maintaining the compliance since then. To prevent attack from Cyber criminals/fraudsters, EBL IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g., Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.). Besides, EBL has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. To better monitoring security incidents EBL has implemented SIEM (Security Information & Event Management) solution. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and implementing control for mitigation.

EBL has Business Continuity Management (BCM) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cybersecurity among all EBL employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve 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

The bank has a Board approved policy titled 'EBL Fraud and Theft Risk Prevention and Management Policy' to minimize the incidence and impact of fraud. Incidence of fraud or theft has become one of the inherent risks in banking business but can very well be avoided or minimized by creating a highly regimented environment and harnessing a culture and value of transparency, accountability, trust and teamwork. With this endeavour to encourage all employees to report perceived unethical or illegal conduct of employees to appropriate authorities in a confidential manner without any fear of harassment, a "Speak Up Policy" has been approved by the Board.

2A Credit rating of the Bank

As per BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the audited financial statements as at and for the year ended 31 December 2016. The following ratings have been awarded:

Particulars	Periods	Date of rating	Long term	Short term
Entity rating	January to December 2016	29 June 2017	AA+	ST-2
Entity rating	January to December 2015	22 June 2016	AA	ST-2
Entity rating	January to December 2014	17 June 2015	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 2017.

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

In January 2018 the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Bank going forward.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

"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.

BFRS 16 Leases

Summary of the requirements

BFRS 16 eliminates the current operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS will replace the existing guidance in IAS 17 Leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted if BFRS 15 Revenue from Contracts with Customers is also adopted.

Possible impact on financial statements

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 16.

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 104 meeting held on 24 April 2018 and was subsequently approved by the Board in its 622 meeting held on the same date.

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Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
3	**Cash**					
	Cash in hand (including foreign currencies)	3.1	2,024,742,407	2,035,038,421	2,024,510,392	2,034,945,887
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	12,296,507,177	10,164,025,705	12,296,507,177	10,164,025,705
			14,321,249,584	**12,199,064,126**	**14,321,017,569**	**12,198,971,592**
3.1	**Cash in hand (including foreign currencies)**					
	Local currency	3.1.1	1,999,404,937	2,018,392,648	1,999,172,922	2,018,300,114
	Foreign currencies		25,337,470	16,645,773	25,337,470	16,645,773
			2,024,742,407	**2,035,038,421**	**2,024,510,392**	**2,034,945,887**
3.1.1	**Local currency**					
	With bank		1,999,172,922	2,018,300,114	1,999,172,922	2,018,300,114
	With subsidiaries		232,015	92,534	-	-
			1,999,404,937	**2,018,392,648**	**1,999,172,922**	**2,018,300,114**
3.2	**Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)**					
	Bangladesh Bank					
	Local currency		11,451,527,769	9,520,990,214	11,451,527,769	9,520,990,214
	Foreign currencies		367,263,934	218,536,903	367,263,934	218,536,903
			11,818,791,703	**9,739,527,117**	**11,818,791,703**	**9,739,527,117**
	Sonali Bank (as an agent of Bangladesh Bank) - local currency		477,715,474	424,498,588	477,715,474	424,498,588
			12,296,507,177	**10,164,025,705**	**12,296,507,177**	**10,164,025,705**

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 2017 is maintained on the basis of weekly ATDTL of October 2017). Reserve maintained by the bank as at 31 December is as follows:

	Bank (Solo)	
	2017	2016
Average total demand and time liabilities of October 2017 (excluding inter-bank deposit)	**156,944,606,000**	**142,252,018,000**
Daily basis		
Required reserve (6.0% of ATDTL)	9,416,676,360	8,535,121,080
Actual reserve held with Bangladesh Bank (In local currency)*	11,501,639,630	9,534,108,703
Surplus	**2,084,963,270**	**998,987,623**

Bi-weekly basis

The bank maintained excess cash reserve of Tk. 5,707.33 million in the last fortnight of 2017 (Tk. 1,613.02 million was in 2016) 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 2017 is based on weekly ATDTL of October 2017). Reserve maintained by the bank as at 31 December is as follows:

		Bank (Solo)	
		2017	2016
Required reserve (13% of ATDTL)		20,402,798,780	18,492,762,340
Actual reserve held	3.c	23,279,237,746	21,065,300,056
Surplus/(shortage)		**2,876,438,966**	**2,572,537,716**

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
3.c	**Actual reserve held**					
	Excess cash reserve	3.c.1			1,300,240,240	287,727,533
	Cash held				2,024,510,392	2,034,945,887
	Balance with Sonali Bank				477,715,474	424,498,588
	Unencumbered approved securities (HFT)				2,676,921,269	607,023,408
	Unencumbered approved securities (HTM)				16,799,850,371	17,711,104,640
	Unencumbered approved securities (other eligible)				-	-
					23,279,237,746	**21,065,300,056**
3.c.1	Balance with Bangladesh Bank (local currency)				11,501,639,630	9,534,108,703
	Less: Required cash reserve on bi weekly average basis (6.5% of ATDTL)				10,201,399,390	9,246,381,170
	Excess cash reserve				**1,300,240,240**	**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 Reserve (SLR) for that particular day.

4 Balances with other banks and financial institutions

In Bangladesh	4.1	10,743,290,183	9,799,656,546	10,251,404,987	9,021,366,991
Outside Bangladesh	4.2	1,733,092,624	826,202,789	7,579,806,712	4,550,920,216
		12,476,382,807	**10,625,859,335**	**17,831,211,699**	**13,572,287,207**
4.1	**Balance in Bangladesh**				
	In current deposit accounts with				
	Banks	217,008,497	156,931,284	39,989,223	48,830,089
	Non Banking Financial Institutions (NBFIs)	-	-	-	-
		217,008,497	156,931,284	39,989,223	48,830,089
	Less: Inter company elimination	(173,498,413)	(8,425,258)	-	-
		43,510,084	**148,506,026**	**39,989,223**	**48,830,089**
	In special notice deposit accounts with				
	Banks	801,009,877	748,980,839	42,815,764	52,662,751
	Non Banking Financial Institutions (NBFIs)	-	-	-	-
		801,009,877	748,980,839	42,815,764	52,662,751
	Less: Inter company elimination	(269,829,778)	(17,704,470)	-	-
		531,180,099	**731,276,369**	**42,815,764**	**52,662,751**
	In fixed deposit accounts with				
	Banks	15,664,306,871	11,051,915,494	15,664,306,871	11,051,915,494
	Non Banking Financial Institutions (NBFIs)	3,130,000,000	5,910,000,000	3,130,000,000	5,910,000,000
		18,794,306,871	16,961,915,494	18,794,306,871	16,961,915,494
	Less: Inter unit/company elimination	(8,625,706,871)	(8,042,041,343)	(8,625,706,871)	(8,042,041,343)
		10,168,600,000	**8,919,874,151**	**10,168,600,000**	**8,919,874,151**
		10,743,290,183	**9,799,656,546**	**10,251,404,987**	**9,021,366,991**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
4.2	**Balance outside Bangladesh**				
	In deposit account (non-interest bearing) with				
	AB Bank Limited, India	1,229,407	17,967,351	1,229,407	17,967,351
	Al-Rajhi Bank, KSA	1,143,406	314,750	1,143,406	314,750
	Bank of Bhutan, Bhutan	277,174	410,752	277,174	410,752
	Bank of Nova Scotia, Canada	1,058,837	1,148,953	1,058,837	1,148,953
	Bank of Tokyo-Mitshubishi UFJ, Ltd., India	557,150	530,217	557,150	530,217
	Bank of Tokyo-Mitshubishi UFJ, Ltd., Japan	1,238,237	1,213,332	1,238,237	1,213,332
	Citibank NA, USA	410,793,532	187,676,384	410,793,532	187,676,384
	Commerz Bank AG, Germany	8,741,307	7,800,616	8,741,307	7,800,616
	Habib American Bank, USA	15,419,946	-	15,419,946	-
	ICICI Bank Limited, India	64,090,777	21,527,756	64,090,777	21,527,756
	ICICI Bank Limited, Hong Kong	62,633,431	23,136,291	29,377,519	1,628,998
	JP Morgan Chase Bank NA, London	18,211,652	19,022,618	18,211,652	19,022,618
	JP Morgan Chase Bank NA, Australia	1,754,655	2,516,210	1,754,655	2,516,210
	JP Morgan Chase Bank NA, USA	105,116,535	81,864,884	105,116,535	81,864,884
	JP Morgan Chase Bank NA, Germany	-	5,623,409	-	5,623,409
	Mashreqbank, USA	76,044,322	8,008,157	76,044,322	8,008,157
	National Commercial Bank, KSA	-	1,383,689	-	1,383,689
	Nepal Bangladesh Bank Limited, Nepal	3,390,518	8,873,179	3,390,518	8,873,179
	NIB Bank Limited, Pakistan	-	39,906,619	-	39,906,619
	Nordea Bank, Norway	27,660	1,692,458	27,660	1,692,458
	Standard Chartered Bank, Sri Lanka	422,907	7,309,676	422,907	7,309,676
	Standard Chartered Bank, Germany	5,939,680	10,047,209	5,939,680	10,047,209
	Standard Chartered Bank, India	87,183,266	135,928,146	87,183,266	135,928,146
	Standard Chartered Bank, USA	618,468,213	132,984,327	618,468,213	132,984,327
	Standard Chartered Bank, Singapore	17,759	212,326	17,759	212,326
	Wells Fargo, USA	247,712,328	108,732,335	247,712,328	108,732,335
	Zuercher Kantonal Bank, Switzerland	1,619,925	371,145	1,619,925	371,145
		1,733,092,624	**826,202,789**	**1,699,836,712**	**804,695,496**
	Placement by OBU (interest bearing) :				
	EBL Finance (HK) Limited	5,879,970,000	3,746,224,720	5,879,970,000	3,746,224,720
	Less: Inter company elimination	(5,879,970,000)	(3,746,224,720)	-	-
		1,733,092,624	**826,202,789**	**7,579,806,712**	**4,550,920,216**

Details of foreign currency amounts with exchange rates are presented in 'Annexure - B'.

4.a	**Balances of subsidiaries with other banks and financial institutions**		
	With Eastern Bank Limited (eliminated as intra group balance)		
	EBL Securities Limited	192,000,315	2,712,806
	EBL Investments Limited	24,149,015	14,992,009
	EBL Finance (HK) Limited	119,817,275	8,424,913
	EBL Asset Management Limited	53,680,793	52,911,590
		389,647,398	**79,041,318**
	Balance of subsidiaries with other banks and financial institutions		
	Banks	525,141,108	821,304,142
	Non Banking Financial Institutions (NBFIs)	-	-
		525,141,108	**821,304,142**
	Total	**914,788,506**	**900,345,460**

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
4.b	**Group entity-wise consolidated balances with other banks and financial institutions**					
	Eastern Bank Limited (Parent)		17,831,211,699	13,572,287,207		
	EBL Securities Limited		683,833,358	780,950,480		
	EBL Investments Limited		24,201,168	15,043,891		
	EBL Finance (HK) Limited		153,073,187	29,932,206		
	EBL Asset Management Limited		53,680,793	52,911,590		
			18,746,000,205	**14,451,125,374**		
	Less: Inter company elimination		(6,269,617,398)	(3,825,266,039)		
	Total		**12,476,382,807**	**10,625,859,335**		
4.c	**Balance with other banks and financial institutions (according to remaining maturity grouping)**					
	Receivable					
	On demand		1,219,989,222	668,830,089	1,219,989,222	668,830,089
	In not more than one month		4,317,513,585	2,242,242,568	9,672,342,477	5,867,284,058
	In more than one months but not more than three months		6,286,730,000	4,552,374,878	6,286,730,000	3,873,761,260
	In more than three months but not more than one year		652,150,000	3,162,411,800	652,150,000	3,162,411,800
	In more than one year but not more than five years		-	-	-	-
	In more than five years		-	-	-	-
			12,476,382,807	**10,625,859,335**	**17,831,211,699**	**13,572,287,207**
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	19,480,497,640	18,320,613,148	19,480,497,640	18,320,613,148
	Others	6.2	6,625,500,985	4,619,215,993	4,880,446,475	3,128,020,635
			26,105,998,625	**22,939,829,141**	**24,360,944,115**	**21,448,633,783**
6.a	**Group entity-wise consolidated investments**					
	Eastern Bank Limited (Parent)		24,360,944,115	21,448,633,783		
	EBL Securities Limited		1,545,328,205	1,348,604,849		
	EBL Investments Limited		199,726,305	142,590,509		
			26,105,998,625	**22,939,829,141**		
	Less: Inter company elimination		-	-		
	Total		**26,105,998,625**	**22,939,829,141**		
6.1	**Government (investment in govt. securities)**					
	Bangladesh Bank bill		899,779,500	-	899,779,500	-
	Treasury bills	6.1.1	996,823,000	-	996,823,000	-
	Treasury bonds	6.1.2	17,580,169,140	18,318,128,048	17,580,169,140	18,318,128,048
	Prize bonds		3,726,000	2,485,100	3,726,000	2,485,100
			19,480,497,640	**18,320,613,148**	**19,480,497,640**	**18,320,613,148**
6.1.1	**Treasury bills**					
	Held for Trading (HFT)		996,823,000	-	996,823,000	-
	Held to Maturity (HTM)		-	-	-	-
		6.1.1.a	**996,823,000**	**-**	**996,823,000**	-
6.1.1.a	**Treasury bills (tenor wise holding)**					
	Unencumbered					
	91-day treasury bills		996,823,000	-	996,823,000	-
	182-day treasury bills		-	-	-	-
	364-day treasury bills		-	-	-	-
			996,823,000	**-**	**996,823,000**	**-**

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
6.1.2	**Treasury bonds**					
	Held for Trading (HFT)		780,318,769	607,023,408	780,318,769	607,023,408
	Held to Maturity (HTM)		16,799,850,371	17,711,104,640	16,799,850,371	17,711,104,640
		6.1.2.a	**17,580,169,140**	**18,318,128,048**	**17,580,169,140**	**18,318,128,048**
6.1.2.a	**Treasury bonds (tenor wise holding)**					
	Unencumbered					
	2-year treasury bonds		-	12,199,040	-	12,199,040
	5-year treasury bonds		6,121,372,675	7,121,525,194	6,121,372,675	7,121,525,194
	10-year treasury bonds		8,125,793,492	8,552,767,172	8,125,793,492	8,552,767,172
	15-year treasury bonds		2,712,498,906	2,013,965,888	2,712,498,906	2,013,965,888
	20-year treasury bonds		620,504,067	617,670,754	620,504,067	617,670,754
			17,580,169,140	**18,318,128,048**	**17,580,169,140**	**18,318,128,048**
	Disclosure on REPO and Reverse Repo transactions is presented in 'Annexure - D'.					
6.2	**Others (investment in other than govt. securities)**					
	Corporate bonds	6.2.1	1,970,000,000	540,000,000	1,970,000,000	540,000,000
	Ordinary shares & Mutual Funds (MFs) - quoted and unquoted	6.2.2	4,422,500,985	4,079,215,993	2,677,446,475	2,588,020,635
	Commercial paper	6.2.3	233,000,000	-	233,000,000	-
			6,625,500,985	**4,619,215,993**	**4,880,446,475**	**3,128,020,635**
6.2.1	**Corporate bonds**					
	Trust Bank Subordinated Bond		20,000,000	40,000,000	20,000,000	40,000,000
	United Commercial Bank Subordinated Bond		500,000,000	500,000,000	500,000,000	500,000,000
	Jamuna Bank Subordinated Bond		400,000,000	-	400,000,000	-
	MTBL Subordinated Bond		300,000,000	-	300,000,000	-
	SIBL 2nd Mudaraba Subordinated Bond		250,000,000	-	250,000,000	-
	Standard Bank Subordinated Bond		500,000,000	-	500,000,000	-
			1,970,000,000	**540,000,000**	**1,970,000,000**	**540,000,000**
6.2.2	**Ordinary shares & Mutual Funds (MFs) - quoted and unquoted**					
	Quoted shares & MFs					
	Quoted shares (sector wise)					
	Banks		573,360,154	536,909,376	212,020,889	221,496,140
	NBFIs		694,815,643	1,012,189,174	289,493,824	454,774,533
	Insurances		147,348,527	40,767,599	51,351,216	28,376,197
	Fuel & power		653,286,147	478,962,580	386,053,785	215,465,839
	Chemicals & pharmaceuticals		421,098,632	386,151,325	179,182,477	240,833,699
	Cement & ceramics		20,242,517	12,174,896	3,449,440	3,449,440
	Engineering		213,900,985	28,242,890	87,849,698	19,450,469
	Others		438,822,099	233,622,087	277,330,588	101,249,378
			3,162,874,704	**2,729,019,927**	**1,486,731,917**	**1,285,095,695**
	Mutual Funds (MFs):					
	EBL sponsored Mutual Funds:					
	EBL First Mutual Fund		61,826,726	103,185,000	61,826,726	103,185,000
	EBL NRB Mutual Fund		252,654,042	250,973,470	250,973,470	250,973,470
	First Bangladesh Fixed Income Fund		756,731,742	750,000,000	750,000,000	750,000,000
	Mutual funds - others		116,903,821	186,241,126	91,404,412	166,970,000
			1,188,116,331	**1,290,399,596**	**1,154,204,608**	**1,271,128,470**
	Total quoted shares & MFs		**4,350,991,035**	**4,019,419,523**	**2,640,936,525**	**2,556,224,165**
	Unquoted shares & MFs					
	Shares		71,509,950	59,796,470	36,509,950	31,796,470
			71,509,950	**59,796,470**	**36,509,950**	**31,796,470**
	Total ordinary shares & MFs (quoted and unquoted) at cost		**4,422,500,985**	**4,079,215,993**	**2,677,446,475**	**2,588,020,635**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
6.2.3.1 Market value of shares & MFs (as on 31 December)					
Quoted shares & MFs					
Banks		543,923,648	615,946,782	199,209,434	277,008,690
NBFIs		750,674,265	1,036,710,147	358,784,926	392,109,623
Insurances		114,030,927	25,932,939	38,819,025	17,679,448
Fuel & power		553,196,136	439,515,710	336,372,999	179,686,718
Chemicals & pharmaceuticals		409,881,627	399,621,103	190,201,408	256,314,000
Cement & ceramics		1,737,675	2,133,383	1,737,675	2,133,383
Engineering		201,033,734	26,263,611	78,871,315	17,496,000
Others		351,612,269	179,161,612	233,743,837	69,171,609
		2,926,090,281	**2,725,285,287**	**1,437,740,619**	**1,211,599,471**
Mutual funds		1,022,718,528	1,055,036,376	1,022,718,528	1,055,036,376
Total		**3,948,808,809**	**3,780,321,663**	**2,460,459,147**	**2,266,635,847**

*** Lock in status of shares & mutual funds**	**Trading Started**	**Lock in period**	**Lock in expiry**
EBL First Mutual Fund (sponsor unit)	19 August 2009	10 years	18 August 2019
EBL NRB Mutual Fund (sponsor unit)	23 May 2011	10 years	22 May 2021
First Bangladesh Fixed Income Fund (sponsor unit)	19 March 2012	10 years	18 March 2022

10% of all three EBL sponsored Mutual Funds are under lock-in status for 10 years from the date of prospectus issued.

6.2.3 Commercial paper					
RFL Plastics Limited		83,000,000	-	83,000,000	-
Partex Laminates Limited		150,000,000	-	150,000,000	-
		233,000,000	**-**	**233,000,000**	**-**
6.b Remaining maturity grouping of investments					
On demand		3,726,000	2,485,100	3,726,000	2,485,100
In not more than one month		1,166,595,635	-	1,166,595,635	-
In more than one month but not more than three months		2,779,730,715	12,199,041	2,779,730,714	12,199,041
In more than three months but not more than one year		7,792,871,622	7,432,202,282	6,047,817,114	5,941,006,924
In more than one year but not more than five years		7,099,120,953	7,271,900,617	7,099,120,953	7,271,900,617
In more than five years		7,263,953,700	8,221,042,101	7,263,953,699	8,221,042,101
		26,105,998,625	**22,939,829,141**	**24,360,944,115**	**21,448,633,783**
7 Loans and advances					
Loans, cash credits, overdrafts etc.	7.1	165,691,389,665	137,473,558,900	163,974,017,428	137,051,246,091
Bills purchased and discounted	7.2	25,993,145,776	18,897,775,910	20,053,283,403	15,032,441,445
		191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**
7.a Group entity-wise consolidated loans and advances					
Eastern Bank Limited (Parent)		184,027,300,831	152,083,687,536		
EBL Securities Limited		2,576,590,058	1,294,701,118		
EBL Investments Limited		203,665,672	182,873,663		
EBL Finance (HK) Limited		5,939,862,373	3,865,334,465		
EBL Asset Management Limited		200,000,000	-		
		192,947,418,934	**157,426,596,782**		
Less: Inter company elimination		(1,262,883,493)	(1,055,261,972)		
Total		**191,684,535,441**	**156,371,334,810**		

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
7.1	**Loans, cash credits, overdrafts etc.**					
	Inside Bangladesh					
	Loans - general		147,876,670,040	122,543,498,693	147,673,004,368	122,423,498,693
	Cash credit		164,458,356	188,458,068	164,458,356	188,458,068
	Overdraft		18,713,144,762	15,796,864,111	16,136,554,704	14,439,289,330
			166,754,273,158	**138,528,820,872**	**163,974,017,428**	**137,051,246,091**
	Less: Inter company elimination		(1,062,883,493)	(1,055,261,972)	-	-
	Total		**165,691,389,665**	**137,473,558,900**	**163,974,017,428**	**137,051,246,091**
7.2	**Bills purchased and discounted**					
	Inside Bangladesh					
	Local bills/documents		19,887,356,289	14,971,542,046	19,887,356,289	14,971,542,046
	Foreign bills/documents		165,927,114	60,899,399	165,927,114	60,899,399
			20,053,283,403	**15,032,441,445**	**20,053,283,403**	**15,032,441,445**
	Outside Bangladesh					
	Bills financed & UPAS (by EBL Finance HK Ltd.)		5,939,862,373	3,865,334,465	-	-
	Total		**25,993,145,776**	**18,897,775,910**	**20,053,283,403**	**15,032,441,445**
7.2.1	**Bills purchased and discounted (on the basis of the residual maturity grouping)**					
	On Demand		728,391,305	513,373,087	728,391,305	513,373,087
	Within one month		4,537,324,110	2,297,489,045	3,408,469,110	2,297,489,045
	In more than one month but less than three months		8,312,732,767	8,117,282,001	6,285,755,767	5,218,820,581
	In more than three months but less than six months		7,610,978,592	5,683,165,928	5,746,093,592	4,893,557,554
	Above six months		4,803,719,002	2,286,465,849	3,884,573,629	2,109,201,178
			25,993,145,776	**18,897,775,910**	**20,053,283,403**	**15,032,441,445**
7.a.1	**Residual maturity grouping of loans and advances including bills purchased & discounted**					
	Receivable					
	On demand		4,735,103,419	5,316,966,920	4,735,103,420	5,316,966,920
	In not more than one month		10,537,012,620	12,474,095,586	10,210,931,275	12,474,095,586
	In more than one month but not more than three months		31,106,265,205	25,027,760,979	30,530,494,242	24,605,448,170
	In more than three months but not more than one year		76,166,364,851	57,571,542,698	69,410,982,549	53,706,208,233
	In more than one year but not more than five years		60,773,331,073	50,598,195,066	60,773,331,072	50,598,195,066
	In more than five years		8,366,458,273	5,382,773,561	8,366,458,273	5,382,773,561
			191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**
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		15,383,585	16,233,480	15,383,585	16,233,480
	Advances to other executives and staffs		1,549,236,540	1,576,821,503	1,549,236,540	1,576,821,503
	Advances to customers (group wise)		147,608,999,954	119,016,781,914	139,951,765,344	114,729,134,641
	Industrial loans and advances		42,510,915,362	35,761,497,913	42,510,915,362	35,761,497,912
			191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
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)			104,534	68,586
	Number of customers			29	19
	Classified amount thereon			715	Nil

* This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding Tk. 2,330.18 million which is equivalent to 10% of total capital of the bank as at 31 December 2017.

7.b.3 Industry-wise concentration of loans and advances including bills purchased and discounted

Commercial and trading	31,212,435,475	25,952,035,637	31,212,435,475	25,952,035,637
Construction	4,740,874,971	2,976,988,855	4,740,874,971	2,976,988,855
Cement and ceramic industries	3,467,929,894	5,027,421,357	3,467,929,894	5,027,421,357
Chemical and fertilizer	1,988,913,572	1,813,979,082	1,988,913,572	1,813,979,082
Sugar and edible oil refinery	3,800,207,177	2,391,560,786	3,800,207,177	2,391,560,786
Crops, fisheries and livestock	1,621,832,698	3,226,079,584	1,621,832,698	3,226,079,584
Food and allied industries	7,388,067,406	5,137,951,829	7,388,067,406	5,137,951,829
Electronics and electrical goods	3,681,452,485	2,803,890,226	3,681,452,485	2,803,890,226
Individuals	26,155,679,113	21,103,197,968	24,438,306,876	20,680,885,159
Pharmaceuticals industries	2,917,062,260	2,009,484,248	2,917,062,260	2,009,484,248
Readymade garments industry	33,871,949,231	23,797,726,459	27,932,086,858	19,932,391,994
Ship breaking industry	6,522,980,982	6,404,516,686	6,522,980,982	6,404,516,686
Metal and steel products	14,734,876,194	13,796,487,042	14,734,876,194	13,796,487,042
Transport and e-communication	6,166,209,842	7,666,590,425	6,166,209,842	7,666,590,425
Textile mills	10,817,169,772	7,074,910,441	10,817,169,772	7,074,910,441
Power and fuel	5,715,189,531	2,374,954,846	5,715,189,531	2,374,954,846
Rubber and plastic industries	3,569,466,271	2,971,485,863	3,569,466,271	2,971,485,863
Agri and micro credit through NGO	9,312,724,112	6,673,394,339	9,312,724,112	6,673,394,339
Other manufacturing or extractive industries	4,374,592,115	4,717,632,900	4,374,592,115	4,717,632,900
Others	9,624,922,340	8,451,046,237	9,624,922,340	8,451,046,237
	191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**

7.b.4 Sector-wise concentration of loans and advances including bills purchased and discounted

Government sector	-	-	-	-
Public sector	208,343,478	450,818,892	208,343,478	450,818,892
Private sector	191,476,191,963	155,920,515,918	183,818,957,353	151,632,868,644
	191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**

7.b.5 Geographical location-wise concentration of loans and advances including bills purchased and discounted

Inside Bangladesh				
Dhaka division	135,842,067,152	106,322,645,043	134,124,694,915	105,905,420,832
Chittagong division	42,171,683,023	40,225,258,181	42,171,683,023	40,220,169,583
Sylhet division	1,071,367,538	832,412,785	1,071,367,538	832,412,785
Rajshahi division	2,525,743,082	2,401,185,758	2,525,743,082	2,401,185,758
Khulna division	2,566,186,729	1,538,257,220	2,566,186,729	1,538,257,220
Rangpur division	438,838,715	360,542,434	438,838,715	360,542,434
Barisal division	223,210,458	131,943,731	223,210,458	131,943,731
Mymensingh division	905,576,371	693,755,192	905,576,371	693,755,193
	185,744,673,068	**152,506,000,344**	**184,027,300,831**	**152,083,687,536**
Outside Bangladesh				
Bills financed & UPAS (by EBL Finance HK Ltd)	5,939,862,373	3,865,334,466	-	-
Total	**191,684,535,441**	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**

7.b.6 Geographical location and business segment-wise concentration of loans and advances (including bills purchased and discounted) for 2017 only

Figures in Taka

	Corporate	Commercial	Consumer (including staffs)	Total
Division				
Dhaka division	98,176,731,693	8,909,013,813	27,038,949,410	134,124,694,916
Chittagong division	30,165,663,186	2,764,806,518	9,241,213,320	42,171,683,024
Sylhet division	-	70,733,384	1,000,634,154	1,071,367,538
Rajshahi division	988,551,646	530,659,259	1,006,532,176	2,525,743,081
Khulna division	-	968,295,128	1,597,891,601	2,566,186,729
Rangpur division	-	-	438,838,710	438,838,710
Barisal division	-	-	223,210,458	223,210,458
Mymensingh division	-	-	905,576,375	905,576,375
	129,330,946,525	**13,243,508,102**	**41,452,846,204**	**184,027,300,831**

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
7.b.7 Business segment-wise concentration of loans and advances including bills purchased and discounted					
Corporate		110,443,092,529	85,192,645,429	102,785,857,920	86,040,026,237
Offshore Banking Unit (OBU)		26,545,088,605	26,428,944,651	26,545,088,605	22,563,610,186
Commercial		13,243,508,103	10,190,003,581	13,243,508,102	10,190,003,581
Consumer (Retail & Small)		39,888,226,079	32,966,686,167	39,888,226,079	31,696,992,551
Executives & staffs		1,564,620,125	1,593,054,982	1,564,620,125	1,593,054,982
		191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**
7.b.8 Loans & advances (as categorised in CL Statement)					
Inside Bangladesh					
Continuous loan (CL-2)					
Consumer finance		7,462,337,134	5,787,850,028	4,767,081,404	4,430,275,247
Small & Medium Enterprise (SME)		3,618,697,521	3,281,726,793	3,618,697,521	3,281,726,793
Loans to BHs/MBs/SDs against shares		-	935,261,972	977,883,493	935,261,972
Other corporate loans		6,937,296,405	5,045,213,340	6,937,296,405	5,980,475,312
		18,018,331,060	**15,050,052,133**	**16,300,958,823**	**14,627,739,324**
Demand loan (CL-3)					
Small & Medium Enterprise (SME)		5,740,198,072	5,011,217,853	5,740,198,072	5,011,217,853
Corporate loans		80,846,689,791	67,948,471,043	80,846,689,791	67,948,471,043
		86,586,887,863	**72,959,688,896**	**86,586,887,863**	**72,959,688,896**
Term loan (CL-4)					
Consumer finance (including staff, other than HF)		10,334,368,376	8,094,479,657	10,334,368,376	8,094,479,657
Housing Finance (HF)		1,907,520,809	1,513,248,291	1,907,520,809	1,513,248,291
Small & Medium Enterprise (SME)		16,988,431,650	13,596,367,043	16,988,431,650	13,596,367,043
Corporate loans		46,863,165,595	39,189,944,143	46,863,165,595	39,189,944,143
		76,093,486,430	**62,394,039,134**	**76,093,486,430**	**62,394,039,134**
Short term agri credit and microcredit (CL-5)					
Short term agri credit		5,045,967,715	2,102,220,182	5,045,967,715	2,102,220,182
		5,045,967,715	**2,102,220,182**	**5,045,967,715**	**2,102,220,182**
Outside Bangladesh					
Loans, cash credits, overdrafts etc.		5,939,862,373	3,865,334,465	-	-
Total		**191,684,535,441**	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
7.b.9 Security/collateral-wise concentration of loans and advances (including bills purchased and discounted)					
Collateral of movable/immovable assets		62,252,842,820	54,279,681,784	62,252,842,820	54,279,681,784
Local banks and financial institutions guarantee		6,542,742,777	3,671,150,925	6,542,742,777	3,671,150,925
Government guarantee		213,679,665	450,818,892	213,679,665	450,818,892
Foreign bank guarantee		-	-	-	-
Export documents		11,229,348,829	7,495,045,592	11,229,348,829	7,495,045,592
Fixed Deposit Receipts (FDR)-own bank		9,767,635,380	8,608,369,035	9,767,635,380	8,608,369,035
FDR of other banks		600,513,897	703,636,982	600,513,897	703,636,982
Government bonds		-	-	-	-
Personal guarantee		13,403,094,219	10,816,684,856	13,403,094,219	10,816,684,856
Other securities (hypothecation charges)		87,674,677,854	70,345,946,744	80,017,443,244	66,058,299,470
		191,684,535,441	**156,371,334,810**	**184,027,300,831**	**152,083,687,536**
7.b.10 Classification status of loans & advances					
Unclassified					
Standard		180,535,456,606	146,963,549,657	172,905,059,956	142,888,838,654
Special Mention Accounts (SMA)		4,957,300,000	3,505,787,270	4,957,300,000	3,505,787,270
		185,492,756,606	**150,469,336,927**	**177,862,359,956**	**146,394,625,924**
Classified/NPL					
Sub-standard		1,100,917,093	731,150,983	1,100,917,093	731,150,983
Doubtful		259,765,813	280,664,510	259,765,813	280,664,510
Bad/Loss		3,266,475,804	3,297,127,408	3,239,637,844	3,084,191,138
	7.b.11	**4,627,158,710**	**4,308,942,901**	**4,600,320,750**	**4,096,006,631**
Staff loan		1,564,620,125	1,593,054,982	1,564,620,125	1,593,054,982
Total		**191,684,535,441**	**156,371,334,810**	**184,027,300,831**	**152,083,687,537**
Percentage of classified loans & advances/NPL		**2.41%**	**2.76%**	**2.50%**	**2.69%**

7.b.10.a The amount reported under SMA category includes certain loan accounts with an aggregate outstanding of Tk. 3,430.10 million as at 31 December 2017 (Tk. 2,557.40 million as at 31 December 2016) 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 2017, an aggregate amount of Tk. 1,837.60 million (Tk. 1,083.16 million in 2016) has been kept as specific provision against required provision of Tk. 2,037.42 million if all those accounts are considered as bad/loss.

7.b.11 Movements of classified loans and advances

Opening balance		4,308,942,901	4,384,313,103	4,096,006,631	4,263,325,004
Additions during the year		3,251,539,622	3,114,279,042	3,251,539,622	3,022,330,871
Reductions during the year		(2,933,323,813)	(3,189,649,244)	(2,747,225,503)	(3,189,649,244)
Closing balance	7.b.11.a	**4,627,158,710**	**4,308,942,901**	**4,600,320,750**	**4,096,006,631**

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 SMS, letters and reminders to customers.

ii) Engaging specialised recovery team for holding discussion with customers to recover the loans and advances.

iii) Engaging separate team for collection from interim/early delinquent accounts.

iv) Assigning debt collection agency (third party) and/or In-house runner to expedite recovery.

v) Taking repossession of hypothecated vehicles/mortgaged properties.

vi) Disposal/encashment of security through auction.

vii) Taking legal proceedings and settlement.

viii) Reporting to central bank.

ix) Rescheduling and restructuring.

x) Negotiation and waiver of interest for compromise settlement with approval from competent authority.

7.b.11.a Business segment-wise classified loans & advances of the Bank

Figures in Taka

	2017		2016	
	Taka	%	Taka	%
Corporate	2,281,422,911	49.59%	2,180,864,741	53.24%
Offshore Banking Unit (OBU)	-	-	-	-
Commercial	1,477,866,706	32.13%	1,577,401,758	38.51%
Consumer (Retail & Small)	841,031,133	18.28%	337,740,132	8.25%
	4,600,320,750	**100.00%**	**4,096,006,631**	**100.00%**

7.b.11.b Industry-wise concentration of classified loans & advances of the Bank

Commercial and trading	1,808,901,477	39.32%	1,651,708,162	40.32%
Sugar & edible oil refinery	11,353,791	0.25%	7,145,317	0.17%
Crops, fisheries & livestock	2,768,871	0.06%	1,619,615	0.04%
Electronics goods	20,761,467	0.45%	22,766,237	0.56%
Individuals	246,704,651	5.36%	337,740,132	8.25%
Readymade garments industry	1,095,693,239	23.82%	166,907,738	4.07%
Ship breaking industry	527,621,685	11.47%	717,817,699	17.52%
Metal & steel products	-	0.00%	11,410,864	0.28%
Power & fuel	146,413,305	3.18%	156,800,802	3.83%
Transport & e-communication	116,678,657	2.54%	355,566,152	8.68%
Textile mills	165,430,293	3.60%	270,548,723	6.61%
Agri & micro credit through NGO	-	0.00%	15,970,590	0.39%
Others	457,993,314	9.96%	380,004,600	9.28%
	4,600,320,750	**100.00%**	**4,096,006,631**	**100.00%**

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
7.b.12 Particulars of loans and advances					
i) Debts considered good in respect of which the bank is fully secured		178,293,613,527	145,554,649,954	170,636,378,917	141,267,002,680
ii) Debts considered good for which the bank holds no other security than the debtor's personal security		4,766,722,600	4,427,702,866	4,766,722,600	4,427,702,866
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.		8,624,199,314	6,388,981,990	8,624,199,314	6,388,981,990
iv) Debts adversely classified; for which no provision is created.		-	-	-	-
		191,684,535,441	156,371,334,810	184,027,300,831	152,083,687,536
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.		1,564,620,125	1,593,054,982	1,564,620,125	1,593,054,982
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.		1,564,620,125	1,593,054,982	1,564,620,125	1,593,054,982
viii) Maximum total amount of advances, including temporary advances, granted during the period to the companies or firms in which the directors of the bank have interests as directors, partners or managing agents or, in case of private companies as members .		-	-	-	-
ix) Due from other banking companies		-	-	-	-
x) Information in respect of classified loans and advances					
a) Classified loans for which interest/profit not credited to income		4,627,158,710	4,308,942,901	4,600,320,750	4,096,006,631
(i) (Decrease)/increase of provision (specific)		2,594,343,207	1,826,806,114	2,594,343,207	1,826,806,114
(ii) Amount of written off debt against fully provided debts		2,206,671,791	1,957,170,216	2,206,671,791	1,957,170,216

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
	(iii) Amount recovered against the debt which was previously written off		500,782,730	380,021,967	500,782,730	380,021,967
	b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date		4,119,278,497	2,445,493,404	4,092,440,537	2,415,147,538
	c) Amount of interest creditable to the interest suspense account		1,478,980,026	1,476,831,793	1,372,871,627	1,294,241,388
	xi) Cumulative amount of written off loans					
	Opening balance		7,625,173,792	5,668,003,576	7,625,173,792	5,668,003,576
	Amount written off during the year		2,206,671,791	1,957,170,216	2,206,671,791	1,957,170,216
	Balance of written off loans and advances		**9,831,845,583**	**7,625,173,792**	**9,831,845,583**	**7,625,173,792**
7.b.13	**Cumulative amount of recovery from written off loans**		**2,147,979,944**	**1,647,197,214**	**2,147,979,944**	**1,647,197,214**
7.b.14	**Cumulative amount of written off loans for which law suits have been filed**	7.b.15	**11,501,561,018**	**9,396,944,855**	**11,501,561,018**	**9,396,944,855**
7.b.15	**Details of cumulative amount of written off loans including legal and other charges**					
	Opening balance		9,396,944,855	7,344,042,699	9,396,944,855	7,344,042,699
	During the year		2,104,616,163	2,052,902,156	2,104,616,163	2,052,902,156
	Closing balance	7.b.15.1	**11,501,561,018**	**9,396,944,855**	**11,501,561,018**	**9,396,944,855**
7.b.15.1	**Cumulative number of written off loan accounts against which suits filed**					
	Opening balance				6,173	5,227
	During the year				1,018	946
	Closing balance				**7,191**	**6,173**

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*	666,345,092	631,520,511	666,345,092	631,520,511
Machinery and equipment	789,265,898	768,107,795	782,031,248	761,627,108
Computer and network equipment	582,184,575	527,838,289	570,171,241	521,069,734
Furniture and fixtures	409,621,065	392,605,837	390,837,486	379,436,402
Vehicles	151,686,651	140,989,183	132,394,575	135,690,824
Leased assets (finance lease)	90,084,859	90,084,859	90,084,859	90,084,859
Software	461,057,113	432,406,833	457,837,010	429,249,953
Total cost	**7,925,861,309**	**7,759,169,363**	**7,865,317,567**	**7,724,295,447**
Accumulated depreciation and amortisation	(1,968,765,474)	(1,805,012,609)	(1,942,702,772)	(1,784,201,499)
Written down value at 31 December	**5,957,095,835**	**5,954,156,754**	**5,922,614,795**	**5,940,093,948**

* 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 its intended use.

Details of the fixed assets are presented in 'Annexure - A'.

8.a Group entity-wise consolidated fixed assets

Eastern Bank Limited (Parent)	5,922,614,795	5,940,093,948
EBL Securities Limited	31,359,884	12,307,329
EBL Investments Limited	1,068,581	1,053,768
EBL Finance (HK) Limited	952,919	701,709
EBL Asset Management Limited	1,099,656	-
	5,957,095,835	**5,954,156,754**
Less: Inter company elimination	-	-
Total	**5,957,095,835**	**5,954,156,754**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
9 Other assets					
Income generating					
Investment in subsidiary-EBL Securities Limited	9.1	-	-	1,967,400,000	1,967,400,000
Investment in subsidiary-EBL Investments Limited	9.2	-	-	299,999,900	299,999,900
Investment in subsidiary-EBL Finance (HK) Limited	9.3	-	-	14,779,352	14,779,352
Investment in subsidiary-EBL Asset Management Limited	9.4	-	-	249,999,900	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	-	-	17,494,671	213,833,968
Stock of stationeries		13,162,729	12,624,241	13,162,729	12,624,241
Stamps on hand		7,232,388	3,382,597	7,185,688	3,371,397
Advance to staff for expenses	9.8	754,509	1,484,658	754,509	1,484,658
Security deposits-govt. agencies		12,080,611	6,934,714	6,004,564	6,494,714
Interest, fees and dividend receivables	9.9	711,849,403	628,557,273	1,163,352,334	776,972,929
Sundry receivables	9.10	648,239,642	480,080,667	642,686,162	443,006,103
Advance rent		324,847,799	309,150,611	323,730,799	306,458,786
Prepayments and advance to vendors	9.11	937,051,222	654,623,283	931,364,350	654,196,868
Deferred tax assets (net off liabilities)	9.12	1,130,283,018	937,110,774	1,130,283,018	937,110,774
Other assets of subsidiaries	9.13	1,079,685,432	243,633,584	-	-
		5,620,486,753	**4,032,882,402**	**6,768,197,976**	**5,687,733,590**

9.a Group entity- wise consolidated other assets

Eastern Bank Limited (Parent)	6,768,197,976	5,687,733,590
EBL Securities Limited	1,306,752,166	460,230,879
EBL Investments Limited	13,062,563	40,224,257
EBL Finance (HK) Limited	1,798,607	1,699,485
EBL Asset Management Limited	3,416,667	-
	8,093,227,979	**6,189,888,211**
Less: Inter company elimination	(2,472,741,226)	(2,157,005,809)
Total	**5,620,486,753**	**4,032,882,402**

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 which was made in 2015 and Share Money Deposit of Tk 200 million which was subscribed in 2017 to increase its paid up capital after having regulatory permissions. It has got required license from BSEC in 2017 and is waiting to start full fledged operations from early 2018.

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. Tk. 344.40 million (instead of full value of Tk. 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 Tk. 201.50 million in 2012 and started its trading operation in 2013.

9.b Trading Right Entitlement Certificate (TREC) of DSE & CSE (obtained in exchange of membership of DSE & CSE under Demutualisation Scheme)

As per Exchange Demutualisation 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 (Solo)	
		2017	2016	2017	2016
9.7 Receivable from subsidiaries					
Receivable from:					
EBL Securities Limited (Trading account)		17,494,671	213,833,968	17,494,671	213,833,968
		17,494,671	**213,833,968**	**17,494,671**	**213,833,968**
Less: Inter company elimination		(17,494,671)	(213,833,968)	-	-
Total		**-**	**-**	**17,494,671**	**213,833,968**
9.8 Advance to staff for expenses					
Due for					
Less than three months		754,509	1,484,658	754,509	1,484,658
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		-	-	-	-
		754,509	**1,484,658**	**754,509**	**1,484,658**
9.9 Interest, fees and dividend receivables					
Interest receivables on placement		119,499,059	112,531,829	116,082,392	112,531,829
Interest receivables on government securities		496,108,480	510,024,704	496,108,480	510,024,704
Interest receivables on non-government securities		58,110,243	22,083,333	58,110,243	22,083,333
Fees receivables		60,850,000	-	60,600,000	-
Dividend receivables		460,175,522	152,236,234	445,710,096	143,890,363
		1,194,743,304	**796,876,100**	**1,176,611,211**	**788,530,229**
Less: Inter unit/company elimination		(482,893,901)	(168,318,827)	(13,258,877)	(11,557,300)
		711,849,403	**628,557,273**	**1,163,352,334**	**776,972,929**
9.10 Sundry receivables					
Receivable from BB for Sanchaypatra and WEDB	9.10.a	297,330,217	179,558,247	297,330,217	179,558,247
Excise duty receivable from customers		140,913,960	116,886,643	140,913,960	116,886,643
NRB remittance		1,481,111	1,931,596	1,481,111	1,931,596
Recoverable expenses		2,790,000	3,365,324	2,790,000	3,365,324
AIT recoverable from customers		76,500,000	-	76,500,000	-
Cards acquiring/transactional account		121,179,224	106,364,299	121,179,224	106,364,299
Other receivables		8,045,130	71,974,558	2,491,650	34,899,994
		648,239,642	**480,080,667**	**642,686,162**	**443,006,103**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
9.10.a Receivable from Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.					
For encashment of Sanchaypatra		288,071,626	177,257,847	288,071,626	177,257,847
For encashment of WEDB, DIB & DPB		9,258,591	2,300,400	9,258,591	2,300,400
		297,330,217	**179,558,247**	**297,330,217**	**179,558,247**
9.11 Prepayments and advance to vendors					

Advance to Vendors includes payment of Tk. 737 million made for interior and exterior development work of the 15 storied corporate head office building located at 100 Gulshan Avenue, Dhaka to make it ready for intended use. Most of the elements booked here are close to completion and await completion certificate to qualify as assets under different categories like 'Machineries' and 'Furniture & Fixtures' etc.

9.12 Deferred tax asset (net off liability)					
Deferred tax asset	9.12.a	1,148,084,112	966,059,015	1,148,084,112	966,059,015
Deferred tax liability	9.12.b	(17,801,094)	(28,948,241)	(17,801,094)	(28,948,241)
		1,130,283,018	**937,110,774**	**1,130,283,018**	**937,110,774**
9.12.a Deferred tax asset					
Temporary timing difference between charging specific provision and writing off Bad/Loss loans					
Cumulative provision made against Bad/Loss loans				4,841,740,652	4,043,734,788
Adjustment of corresponding provision on write off				(1,971,530,371)	(1,628,587,251)
Deductible temporary difference				**2,870,210,281**	**2,415,147,537**
Tax rate				40.00%	40.00%
Deferred tax asset				**1,148,084,112**	**966,059,015**
Opening deferred tax asset				966,059,015	940,265,298
Deferred tax expense/(income)				**(182,025,097)**	**(25,793,717)**
9.12.b Deferred tax liability					
Temporary timing difference in written down value of fixed assets					
Carrying amount of fixed assets				1,201,553,679	1,253,539,255
Tax base				(1,157,050,943)	(1,181,168,653)
Taxable temporary difference				**44,502,736**	**72,370,602**
Tax rate				40.00%	40.00%
Deferred tax liability				**17,801,094**	**28,948,241**
Opening deferred tax liability				28,948,241	33,293,389
Deferred tax expense/(income)				**(11,147,147)**	**(4,345,148)**

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 (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.

9.13 Other assets of subsidiaries					
Account receivables (DSE, CSE, Trade Receivables etc.)				1,086,911,813	251,652,973
Deferred revenue expenses				-	5,573
				1,086,911,813	**251,658,546**
Less: Inter company elimination				(7,226,381)	(8,024,962)
				1,079,685,432	**243,633,584**

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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 Tk. 134.02 million 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:

Figures in Taka

Name of parties	Asset details	Entitlement date	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
Safa Garments Ltd *	18 decimal of land, Tejgaon, Dhaka	18 Jan 2005	8,727,000	8,727,000	8,727,000	8,727,000
Arshim & Co.	12 katha of land, Tejgaon, Dhaka	27 Mar 2007	4,200,000	4,200,000	4,200,000	4,200,000
Innovative Computer Ltd.	11.25 decimal of land, Dhaka	7 Jun 2007	262,000	262,000	262,000	262,000
North American Computer Dynamics and ors.	6.5 decimal of land Tejgaon, Dhaka	16 Jul 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 Jul 2007	-	19,617,500	-	19,617,500
Computer Bazar Network	0.14 acres of land, Sabujbagh, Dhaka	21 Jun 2009	1,696,000	1,696,000	1,696,000	1,696,000
Stec Fashions Ltd.	28.03 decimal of land, Mirpur, Dhaka	26 Jan 2009	1,904,495	2,321,000	1,904,495	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 Apr 2007	6,600,000	6,600,000	6,600,000	6,600,000
Unicorn Bangladesh Ltd.	16.5 decimal of land, Dhaka	22 Nov 2007	15,000,000	15,000,000	15,000,000	15,000,000
HM Yunus	1.84 acres of land, Gazipur	6 Feb 2008	55,700,000	55,700,000	55,700,000	55,700,000
Total			**134,016,495**	**154,050,500**	**134,016,495**	**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.

The bank sold Bangla Union Steel Ind. Ltd. fully and Stec Fashions Ltd partially in 2017 at a price of Tk. 127.68 million and Tk. 1.55 million respectively and derecognised those properties from NBAs and reserve against NBAs accordingly. For rest of the properties, EBL has obtained time extension from BB after expiry of initial 7 years. Meanwhile, EBL has published general sales notice to dispose those properties at earliest. But no amount was recovered against rest of the NBAs during 2017. The Bank has maintained required amount of provision (Book value of NBA minus Reserve against NBA) to avoid any further loss on impairment in future due to complexity in taking absolute possession and/or selling the same.

The carrying value of NBAs are reviewed at each reporting period to determine whether there is any indication of impairment. As per latest valuation report by independent valuer, market value of booked NBAs is Tk. 694 million and forced sale value is Tk. 560.00 million. However, due to complexity in selling of those properties the bank avoided any upward booking in 2017.

Details of NBAs awarded to the Bank under section 33(7) & 33(5) of Artharin Adalat Act, 2003 as at 31 December 2017 are in 'Annexure- D1'.

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
11	**Borrowings from other banks, financial institutions and agents**					
	Borrowings inside Bangladesh	11.1	31,117,047,025	23,137,137,589	29,667,454,276	22,828,611,359
	Borrowings outside Bangladesh	11.2	21,330,237,327	16,232,548,390	21,330,237,327	16,232,548,390
			52,447,284,352	**39,369,685,979**	**50,997,691,603**	**39,061,159,749**
11.a	**Group entity-wise consolidated borrowings from Banks, FIs etc.**					
	Eastern Bank Limited (Parent)		50,997,691,603	39,061,159,749		
	EBL Securities Limited		2,719,403,939	1,363,788,202		
	EBL Finance (HK) Limited		5,879,976,790	3,746,233,907		
			59,597,072,332	**44,171,181,858**		
	Less: Inter company elimination		(7,149,787,980)	(4,801,495,879)		
	Total		**52,447,284,352**	**39,369,685,979**		
11.1	**Borrowings inside Bangladesh**					
	Demand borrowing					
	Banks		10,389,412,198	9,623,829,576	8,625,706,871	8,442,041,374
	Non Banking Financial Institutions (NBFIs)		285,000,000	182,000,000	-	-
			10,674,412,198	**9,805,829,576**	**8,625,706,871**	**8,442,041,374**
	Less: Inter unit/company elimination		(9,895,518,060)	(9,097,303,346)	(8,625,706,871)	(8,042,041,374)
			778,894,138	**708,526,230**	**-**	**400,000,000**
	Term borrowing					
	Banks		17,036,991,790	11,365,005,507	11,157,015,000	7,618,771,600
	Non Banking Financial Institutions (NBFIs)		670,698,611	-	-	-
			17,707,690,401	**11,365,005,507**	**11,157,015,000**	**7,618,771,600**
	Less: Inter unit/company elimination		(5,879,976,790)	(3,746,233,907)	-	-
			11,827,713,611	**7,618,771,600**	**11,157,015,000**	**7,618,771,600**
	Subordinated bond & other borrowings under schemes From Bangladesh Bank & others					
	Investment Promotion & Financing Facility (IPFF)		541,292,705	608,718,282	541,292,705	608,718,282
	Export Development Fund (EDF)		11,294,201,869	8,044,627,065	11,294,201,869	8,044,627,065
	Refinancing for agrobased industries		647,226,999	776,672,399	647,226,999	776,672,399
	Refinancing agribusiness - revolving		990,994,455	1,292,885,157	990,994,455	1,292,885,157
	Second crop diversification project		1,019,369,000	1,019,369,000	1,019,369,000	1,019,369,000
	SME Foundation		27,000,000	45,000,000	27,000,000	45,000,000
	Long Term Financing Facility (LTFF)		1,490,354,248	522,567,856	1,490,354,248	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
			18,510,439,276	**14,809,839,759**	**18,510,439,276**	**14,809,839,759**
	Total		**31,117,047,025**	**23,137,137,589**	**29,667,454,276**	**22,828,611,359**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016

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 31 January 2018. Although it's a recognised component of Tier - II capital, the outstanding amount of the Bond is shown as 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 Borrowings from outside Bangladesh

In non-interest bearing with:				
HSBC, USA	-	15,740	-	15,740
Habib American Bank, USA	-	10,105,727	-	10,105,727
JP Morgan Chase Bank, USA	1,028,283	-	1,028,283	-
NIB Bank Limited - Pakistan	3,298,119	-	3,298,119	
	4,326,402	**10,121,467**	**4,326,402**	**10,121,467**
In interest bearing with:				
Abu Dhabi Commercial Bank, UAE	103,892,636	-	103,892,636	-
Bank One Limited, Mauritous	499,473,450	-	499,473,450	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	5,292,800,000	2,833,279,200	5,292,800,000	2,833,279,200
FMO, Netherland	330,800,000	629,617,600	330,800,000	629,617,600
ICICI Bank, UAE	-	2,065,712,208	-	2,065,712,208
ICICI Bank, India	2,465,935,122	-	2,465,935,122	-
ICICI Bank, Hong Kong	145,071,182	472,213,200	145,071,182	472,213,200
International Finance Corporation (IFC), USA	660,486,712	3,148,088,000	660,486,712	3,148,088,000
Mashreqbank, USA	-	501,483,859	-	501,483,859
National Bank of Ras Al-Khaimah, UAE	1,522,045,618	465,580,971	1,522,045,618	465,580,971
PROPARCO, France	1,353,272,727	1,259,235,200	1,353,272,727	1,259,235,200
Standard Chartered Bank, Hong Kong	-	308,823,399	-	308,823,399
Standard Chartered Bank, Singapore	7,438,410,365	2,820,492,687	7,438,410,365	2,820,492,687
United Bank Limited, UAE	1,513,723,113	1,302,377,953	1,513,723,113	1,302,377,953
Wells Fargo, USA	-	415,522,646	-	415,522,646
	21,325,910,925	**16,222,426,923**	**21,325,910,925**	**16,222,426,923**
Total	**21,330,237,327**	**16,232,548,390**	**21,330,237,327**	**16,232,548,390**

11.b Remaining maturity grouping of borrowings

Payable				
On demand	778,894,138	910,098,818	-	481,572,588
In not more than one month	5,897,240,687	6,213,533,106	6,676,134,825	6,513,501,467
In more than one month but not more than three months	16,317,498,510	7,937,208,533	16,317,498,510	7,637,240,173
In more than three months but not more than one year	18,709,699,652	12,930,139,040	17,260,106,903	13,050,139,040
In more than one year but not more than five years	9,665,423,799	9,468,157,221	9,665,423,799	9,468,157,221
In more than five years	1,078,527,566	1,910,549,261	1,078,527,566	1,910,549,261
	52,447,284,352	**39,369,685,979**	**50,997,691,603**	**39,061,159,750**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
12 Deposits and other accounts					
Current deposits and other accounts etc.	12.1	16,993,725,421	16,651,527,406	17,113,543,041	16,659,952,664
Bills payable	12.2	845,849,963	797,002,510	845,849,963	797,002,510
Savings bank deposits	12.3	41,894,304,551	38,426,476,123	41,894,304,551	38,426,476,123
Fixed deposits	12.4	107,224,667,689	84,330,111,292	107,494,497,467	84,400,727,353
		166,958,547,624	**140,205,117,331**	**167,348,195,022**	**140,284,158,650**

As on the reporting date, the bank had no Bearer certificates of deposits.

12.a Group entity-wise consolidated deposits and other accounts					
Eastern Bank Limited (Parent)		167,348,195,022	140,284,158,650		
EBL subsidiaries		-	-		
		167,348,195,022	**140,284,158,650**		
Less: Inter company elimination		(389,647,398)	(79,041,319)		
Total		**166,958,547,624**	**140,205,117,331**		
12.1 Current deposits and other accounts					
Current deposits	12.1.1	9,751,226,549	9,782,269,814	9,871,044,169	9,790,695,072
Deposit margin on facilities (LC, LG, acceptance etc.)		5,680,756,668	5,177,094,793	5,680,756,668	5,177,094,793
Interest accrued on deposits		1,561,742,204	1,692,162,799	1,561,742,204	1,692,162,799
		16,993,725,421	**16,651,527,406**	**17,113,543,041**	**16,659,952,664**
12.1.1 Current deposits					
Local currency		8,280,948,061	7,663,524,187	8,280,948,061	7,663,524,187
Foreign currencies		1,590,096,108	2,127,170,885	1,590,096,108	2,127,170,885
		9,871,044,169	**9,790,695,072**	**9,871,044,169**	**9,790,695,072**
Less: Inter unit/company elimination		(119,817,620)	(8,425,258)	-	-
Total		**9,751,226,549**	**9,782,269,814**	**9,871,044,169**	**9,790,695,072**
12.2 Bills payable					
Local currency		845,849,963	796,567,310	845,849,963	796,567,310
Foreign currencies		-	435,200	-	435,200
		845,849,963	**797,002,510**	**845,849,963**	**797,002,510**
12.3 Savings bank deposits					
Transactional deposit accounts					
Local currency		33,106,468,719	31,005,859,173	33,106,468,719	31,005,859,173
Foreign currencies		555,982,546	355,188,534	555,982,546	355,188,534
		33,662,451,265	**31,361,047,707**	**33,662,451,265**	**31,361,047,707**
Scheme deposit accounts in local currency					
EBL Confidence account		4,527,815,260	3,978,395,251	4,527,815,260	3,978,395,251
EBL Secure account		21,177,903	39,503,175	21,177,903	39,503,175
EBL Child Future Plan account		508,624,050	398,861,870	508,624,050	398,861,870
EBL Millionaire Scheme		2,683,296,096	2,292,943,385	2,683,296,096	2,292,943,385
SME Equity Builder account		356,683,954	355,724,735	356,683,954	355,724,735
EBL Aspire		3,321,128	-	3,321,128	-
EBL Kotipoti		87,058,060	-	87,058,060	-
EBL Multiplier		43,876,835	-	43,876,835	-
		8,231,853,286	**7,065,428,416**	**8,231,853,286**	**7,065,428,416**
Total		**41,894,304,551**	**38,426,476,123**	**41,894,304,551**	**38,426,476,123**

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
12.4	**Fixed deposits**					
	Special Notice Deposits (SND) account		28,412,625,094	18,553,170,816	28,412,625,094	18,553,170,816
	Term deposits account		79,023,868,379	65,793,951,301	79,023,868,379	65,793,951,301
	RFCD account		4,361,179	3,889,420	4,361,179	3,889,420
	NFCD account		53,642,815	49,715,816	53,642,815	49,715,816
			107,494,497,467	**84,400,727,353**	**107,494,497,467**	**84,400,727,353**
	Less: Inter unit/company elimination		(269,829,778)	(70,616,061)	-	-
	Total		**107,224,667,689**	**84,330,111,292**	**107,494,497,467**	**84,400,727,353**
12.b	**Deposit concentration**					
	Deposits from banks-inside Bangladesh	12.b.1	95,862,237	297,406,250	95,862,237	297,406,250
	Other than banks		166,862,685,387	139,907,711,081	167,252,332,785	139,986,752,400
			166,958,547,624	**140,205,117,332**	**167,348,195,022**	**140,284,158,650**
12.b.1	**Deposits from banks**					
	Bangladesh Development Bank Limited		1,301,350	-	1,301,350	-
	First Security Islami Bank Limited		497,603	-	497,603	-
	Janata Bank Limited		41,540	42,311	41,540	42,311
	Meghna Bank Limited		2,945,310	2,716,445	2,945,310	2,716,445
	Midland Bank Limited		3,038,381	2,974,277	3,038,381	2,974,277
	Modhumoti Bank Limited		50,500,247	5,090,385	50,500,247	5,090,385
	National Bank Limited		156,360	156,253	156,360	156,253
	National Credit and Commerce Bank Limited		516,694	504,480	516,694	504,480
	NRB Bank Limited		32,818,969	78,799,169	32,818,969	78,799,169
	NRB Commercial Bank Limited		188,237	3,147,348	188,237	3,147,348
	One Bank Limited		709,190	703,520	709,190	703,520
	Southeast Bank Limited		27,252	28,150	27,252	28,150
	SBAC Bank Limited		3,119,300	203,241,029	3,119,300	203,241,029
	Standard Bank Limited		1,804	2,883	1,804	2,883
			95,862,237	**297,406,250**	**95,862,237**	**297,406,250**
12.c	**Deposits on the basis of significant concentration**					
12.c.1	**Sector-wise concentration of deposits and other accounts**					
	Government sector		1,768,472,726	977,312,960	1,768,472,726	977,312,960
	Other public sector		12,743,413,971	12,309,489,204	12,743,413,971	12,309,489,204
	Private sector		152,446,660,927	126,918,315,167	152,836,308,325	126,997,356,486
			166,958,547,624	**140,205,117,331**	**167,348,195,022**	**140,284,158,650**
12.c.2	**Business segment-wise concentration of deposits and other accounts**					
	Corporate		51,451,351,995	33,083,218,547	51,840,999,393	33,162,259,866
	Offshore Banking Unit (OBU)		188,286,892	319,899,058	188,286,892	319,899,058
	Commercial		17,662,549,476	19,154,447,451	17,662,549,476	19,154,447,451
	Consumer		96,810,509,298	86,850,549,764	96,810,509,298	86,850,549,764
	Others - bills payables		845,849,963	797,002,511	845,849,963	797,002,511
			166,958,547,624	**140,205,117,331**	**167,348,195,022**	**140,284,158,650**
12.d	**Residual maturity grouping of deposits**					
	From banks					
	Payable					
	On demand		-	-	-	-
	Within one month		95,862,237	297,406,250	95,862,237	297,406,250
	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		-	-	-	-
			95,862,237	**297,406,250**	**95,862,237**	**297,406,250**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
From other than banks					
Payable					
On demand		10,201,355,054	9,537,692,352	10,201,355,054	9,537,692,352
Within one month		9,840,804,806	9,463,039,689	9,920,931,897	9,471,464,947
In more than one month but less than three months		21,854,978,691	19,051,650,210	21,855,660,574	19,122,266,272
In more than three months but less than one year		37,632,775,516	33,576,136,047	37,638,308,510	33,576,136,047
In more than one year but within five years		85,844,920,300	66,048,436,313	86,148,225,730	66,048,436,312
In more than five years but within ten years		1,487,851,020	2,230,756,470	1,487,851,020	2,230,756,470
		166,862,685,387	**139,907,711,081**	**167,252,332,785**	**139,986,752,400**
Total		**166,958,547,624**	**140,205,117,332**	**167,348,195,022**	**140,284,158,650**
Unclaimed deposit aging 10 years or more		**3,239,068**	**1,481,198**	**3,239,068**	**1,481,198**

13 Other liabilities

Privileged creditors	13.1	422,890,252	322,742,146	422,890,252	322,741,668
Acquirer liabilities	13.2	601,799,166	500,234,880	601,799,166	500,234,880
Sundry creditors		62,107,724	61,162,902	62,107,724	61,162,902
Security deposit		52,615,151	44,290,752	52,587,551	44,290,752
Current tax liabilities/(assets)	13.3	1,467,645,142	1,492,097,992	1,421,527,646	1,481,686,518
Provision for loans, advances and OBS exposures (excluding OBU)	13.4	7,085,143,466	5,808,671,101	7,058,305,506	5,778,325,235
Provision for loans, advances and OBS exposures (OBU)	13.4.a	280,235,064	242,461,849	280,235,064	242,461,849
Interest suspense account	13.5	1,478,980,026	1,476,831,794	1,372,871,627	1,294,241,389
Provision for protested bill & others	13.6	10,770,000	11,046,380	10,770,000	11,046,380
Provision for non-banking assets		12,345,330	12,761,835	12,345,330	12,761,835
Provision for rebate to good borrowers	13.7	36,100,257	25,685,842	36,100,257	25,685,842
Provision for loss on revaluation of shares (net)	13.8	74,668,232	91,622,986	33,232,549	79,971,183
Advance interest/commission received		27,115,409	20,653,393	21,144,001	17,831,174
Expenses payable		499,102,150	401,199,336	458,006,884	386,669,340
Interest payable on borrowing (including OBU)	13.9	493,540,084	365,590,572	485,986,804	365,590,572
Miscellaneous payable	13.10	1,103,940,895	643,795,834	1,103,940,895	643,795,834
Other liabilities of subsidiaries	13.11	1,308,733,186	449,714,429	-	-
		15,017,731,534	**11,970,564,023**	**13,433,851,256**	**11,268,497,353**

13.a Group entity-wise consolidated other liabilities:

Eastern Bank Limited (Parent)	13,433,851,256	11,268,497,353
EBL Securities Limited	1,884,096,511	957,748,368
EBL Investments Limited	130,743,990	50,831,742
EBL Finance (HK) Limited	53,168,890	71,694,954
EBL Asset Management Limited	3,299,267	413,177
	15,505,159,914	**12,349,185,594**
Less: Inter company elimination	(487,428,380)	(378,621,571)
	15,017,731,534	**11,970,564,023**

13.1 Privileged creditors (payable to government)

Tax Deducted at Source (TDS)	167,553,121	123,978,187	167,553,121	123,978,187
VAT Deducted at Source (VDS)	38,672,253	32,105,804	38,672,253	32,105,326
Excise duty deducted from customer accounts	216,664,878	166,658,155	216,664,878	166,658,155
	422,890,252	**322,742,146**	**422,890,252**	**322,741,668**

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
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		341,073,255	377,734,669	341,073,255	377,734,669
	Credit card liability		47,145,830	36,573,050	47,145,830	36,573,050
	Debit card liability		75,064,829	45,014,523	75,064,829	45,014,523
	Acquirer cash and other liabilities		138,515,252	40,912,638	138,515,252	40,912,638
			601,799,166	**500,234,880**	**601,799,166**	**500,234,880**
13.3	**Current tax liabilities/(assets)**					
	Provision for tax					
	Opening balance		2,263,564,631	1,972,995,023	2,219,272,609	1,905,727,553
	Settlement/adjustments for previous years		(1,736,246,302)	(1,540,279,434)	(1,675,145,868)	(1,459,619,075)
	Provision for tax made during the year	13.3.1	2,031,873,549	1,830,849,042	1,844,979,911	1,773,164,131
			2,559,191,878	**2,263,564,631**	**2,389,106,652**	**2,219,272,609**
	Balance of income tax paid					
	Opening balance		771,466,639	1,280,260,965	737,586,091	1,248,724,693
	Settlement/adjustments for previous years		(1,716,057,528)	(1,496,568,283)	(1,675,145,868)	(1,459,619,075)
	Paid during the year	13.3.2	2,036,137,625	987,773,957	1,905,138,782	948,480,473
			1,091,546,736	**771,466,639**	**967,579,006**	**737,586,091**
	Total		**1,467,645,142**	**1,492,097,992**	**1,421,527,646**	**1,481,686,518**
13.3.1	**Income tax expenses/provision for tax**					
	Current tax expenses					
	Current year		2,031,562,948	1,830,782,099	1,844,979,911	1,773,164,131
	Adjustment for prior year		310,601	66,943	-	-
	Total income tax expenses		**2,031,873,549**	**1,830,849,042**	**1,844,979,911**	**1,773,164,131**
13.3.2	**Income tax paid during the year**					
	Withholding tax deducted at source		243,244,863	105,480,302	165,482,980	72,676,385
	Advance tax paid in cash		1,792,892,762	882,293,655	1,739,655,802	875,804,088
	Advance income tax paid		**2,036,137,625**	**987,773,957**	**1,905,138,782**	**948,480,473**
13.4	**Provision for loans, advances and OBS exposures (excluding OBU)**					
	A) Specific provision movement					
	Opening balance		3,505,106,610	2,846,787,522	3,474,760,744	2,820,642,667
	On fully provided debt written off during the year		(1,995,038,277)	(1,628,588,037)	(1,971,530,371)	(1,628,588,037)
	On recovery of debts previously written off		500,782,730	380,021,967	500,782,730	380,021,967
	Specific provision for the year*	13.4.1	2,394,986,904	1,906,885,158	2,374,986,904	1,902,684,147
	Provision held at the end of the year		**4,405,837,967**	**3,505,106,610**	**4,379,000,007**	**3,474,760,744**
	B) General provision movement on funded exposures					
	Opening balance		1,564,627,165	1,328,221,253	1,564,627,165	1,328,221,253
	Provision made during the year	13.4.1	180,329,342	236,405,912	180,329,342	236,405,912
	Provision held at the end of the year		**1,744,956,507**	**1,564,627,165**	**1,744,956,507**	**1,564,627,165**
	C) General provision movement on non funded exposures					
	Opening balance		738,937,326	630,938,922	738,937,326	630,938,922
	Provision made during the year	13.4.1	195,411,666	107,998,404	195,411,666	107,998,404
	Provision held at the end of the year		**934,348,992**	**738,937,326**	**934,348,992**	**738,937,326**
	Total provision for loans, advances and OBS exposures (excluding OBU)		**7,085,143,466**	**5,808,671,101**	**7,058,305,506**	**5,778,325,235**
13.4.a	**Provision for loans, advances and OBS exposures (OBU)**					
	General provision on funded exposures		265,450,886	225,636,102	265,450,886	225,636,102
	General provision on non-funded exposures		14,784,178	16,825,747	14,784,178	16,825,747
			280,235,064	**242,461,849**	**280,235,064**	**242,461,849**
	Total provision for loans, advances and OBS exposures (including OBU)	13.4 & 13.4.a	**7,365,378,530**	**6,051,132,950**	**7,338,540,570**	**6,020,787,084**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
13.4.a.1 Provision for loans, advances and OBS exposures (including OBU):					
General provision on loans and advances		2,010,407,393	1,790,263,267	2,010,407,393	1,790,263,267
General provision on off-balance sheet exposures		949,133,170	755,763,073	949,133,170	755,763,073
Specific provision on loans and advances		4,405,837,967	3,505,106,610	4,379,000,007	3,474,760,744
		7,365,378,530	**6,051,132,950**	**7,338,540,570**	**6,020,787,084**

13.4.1 Provision for loans and advances charged during the year (Bank only)

	2017			2016
	Main Operation	OBU	Total	Total
General provision for UC loans & advances	180,329,342	27,586,211	207,915,553	283,884,025
General provision on off-balance sheet exposures (OBS)	195,411,666	(2,817,891)	192,593,775	101,003,143
General provision charged during the year	**375,741,008**	**24,768,320**	**400,509,328**	**384,887,168**
Specific provision charged during the year	2,875,769,634	-	2,875,769,634	2,282,706,114
Recovery from loans previously written off	(500,782,730)	-	(500,782,730)	(380,021,967)
Specific provision (net off recovery) for the year*	**2,374,986,904**	**-**	**2,374,986,904**	**1,902,684,147**
Total provision for loans and advances charged during the year	**2,750,727,912**	**24,768,320**	**2,775,496,232**	**2,287,571,315**

* 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	172,905,059,956	197,612,617	-	172,769,731,974	1,962,503,030	1,962,503,030	-
SMA	4,957,300,000	611,152,719	-	4,957,300,000	47,904,363	47,904,363	-
SS	1,100,917,093	38,720,179	173,723,765	904,133,788	180,635,151	180,635,151	-
DF	259,765,813	39,333,066	21,700,535	212,559,565	105,924,319	105,924,319	-
BL	3,239,637,844	486,053,046	1,354,482,795	1,615,782,998	4,092,440,537	4,092,440,537	-
Staff loan	1,564,620,125	-	-	-	-	-	-
Total funded exposures	**184,027,300,831**	**1,372,871,627**	**1,549,907,095**	**180,459,508,326**	**6,389,407,400**	**6,389,407,400**	-
Off-balance sheet exposures	101,278,236,112	-	-	94,913,317,026	949,133,170	949,133,170	-
Total funded & non-funded exposures	**285,305,536,943**	**1,372,871,627**	**1,549,907,095**	**275,372,825,352**	**7,338,540,570**	**7,338,540,570**	**-**
Domestic banking unit (Main operation)					7,058,305,506	7,058,305,506	-
Offshore Banking Unit (OBU)					280,235,065	280,235,065	-
Total provision for loans and advances & OBS exposures					**7,338,540,571**	**7,338,540,571**	-

13.5 Interest suspense account

Opening balance	1,476,831,794	1,444,993,449	1,294,241,389	1,350,150,204
Amount transferred during the year	805,476,772	958,296,962	750,244,656	870,549,802
Amount recovered during the year	(568,044,534)	(597,886,551)	(436,330,412)	(597,886,551)
Amount written off during the year	(235,284,006)	(328,572,066)	(235,284,006)	(328,572,066)
Balance at the end of the year	**1,478,980,026**	**1,476,831,794**	**1,372,871,627**	**1,294,241,389**

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	11,046,380	11,937,098	11,046,380	11,384,347
Provision made/(released) during the year	(187,380)	280,000	(187,380)	280,000
Adjustment made during the year	(89,000)	(1,170,718)	(89,000)	(617,967)
Balance at the end of the year	**10,770,000**	**11,046,380**	**10,770,000**	**11,046,380**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
13.7 Provision for rebate to good borrowers					
Opening balance		25,685,842	18,510,673	25,685,842	18,510,673
Provision made during the year		10,414,415	20,000,000	10,414,415	20,000,000
Paid during the year		-	(12,824,831)	-	(12,824,831)
Balance at the end of the year		**36,100,257**	**25,685,842**	**36,100,257**	**25,685,842**

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 2015.
ii) No past due during last 3 years i.e. since January 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. 2015, 2016 & 2017.
v) Full compliance as per sanction terms.

13.8 Provision for diminution of value of quoted securities					
Opening balance		91,622,986	404,786,024	79,971,183	369,119,885
Provision made/(released) during the year		(16,954,754)	(313,163,038)	(46,738,634)	(289,148,702)
Balance at the end of the year		**74,668,232**	**91,622,986**	**33,232,549**	**79,971,183**

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)		310,907,115	207,705,261	273,717,104	207,705,261
Interest payable on borrowing-OBU		225,528,577	185,287,151	225,528,577	169,442,611
		536,435,692	**392,992,412**	**499,245,681**	**377,147,872**
Less: Inter unit/company elimination		(42,895,608)	(27,401,840)	(13,258,877)	(11,557,300)
Total		**493,540,084**	**365,590,572**	**485,986,804**	**365,590,572**
13.10 Miscellaneous payable					
Payable to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.	13.10.a	715,570,000	421,540,000	715,570,000	421,540,000
Unclaimed instruments		-	2,231,300	-	2,231,300
Compromise settlement of classified & written off loans		138,864,456	147,250,316	138,864,456	147,250,316
AIT Payable on account of customer		76,500,000	-	76,500,000	-
Other liabilities (FDD payable, unclaimed instrument etc.)		173,006,439	72,774,218	173,006,439	72,774,218
		1,103,940,895	**643,795,834**	**1,103,940,895**	**643,795,834**
13.10.a Payable to Bangladesh Bank for Sanchaypatra & WEDB					
Payable to Bangladesh Bank					
For sale of Sanchaypatra		714,920,000	412,140,000	714,920,000	412,140,000
For sale of Wage Earners Development Bond (WEDB)		650,000	9,400,000	650,000	9,400,000
		715,570,000	**421,540,000**	**715,570,000**	**421,540,000**
13.11 Other liabilities of subsidiaries					
Accounts payable (trading)		1,327,865,114	650,012,687		
Sundry creditors		948,576	18,798,743		
Dividend payable		440,000,000	140,917,927		
Provision for employee gratuity fund		2,545,252	2,610,194		
		1,771,358,942	**812,339,551**		
Less: Intra group outstanding balances					
Share trading account		(22,627,463)	(221,707,195)		
Dividend account		(439,998,293)	(140,917,927)		
		(462,625,756)	**(362,625,122)**		
Net other liabilities		**1,308,733,186**	**449,714,429**		

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016

13.b Nostro reconciliation

The Bank is not required to keep provision on the unreconciled debit balance as at balance sheet date as there was no debit entry aging more than three months.

14 Share capital

A) 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					
	2017	2016				
Issued against cash	129,345,000	129,345,000	1,293,450,000	1,293,450,000	1,293,450,000	1,293,450,000
Issued as bonus share	608,654,589	573,511,752	6,086,545,890	5,735,117,520	6,086,545,890	5,735,117,520
	737,999,589	**702,856,752**	**7,379,995,890**	**7,028,567,520**	**7,379,995,890**	**7,028,567,520**

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. 12,000.00 million and issued/subscribed/ fully paid up capital is Tk. 7,379.99 million denominated by Tk. 10 per share. Detailed break up of paid up capital of Tk. 7,379.99 million as on 31 December 2017 is as follows:

Percentage of group wise shareholdings:

Shareholders' group	2017			2016		
	No. of shares	% of share holding	Taka	No. of shares	% of share holding	Taka
Directors	232,911,064	31.56%	2,329,110,640	221,820,064	31.56%	2,218,200,640
General public	428,156,163	58.02%	4,281,561,630	407,869,621	58.03%	4,078,696,210
Financial institutions	76,932,362	10.42%	769,323,620	73,167,067	10.41%	731,670,670
Total	**737,999,589**	**100.00%**	**7,379,995,890**	**702,856,752**	**100.00%**	**7,028,567,520**

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	3,979	649,560	0.09%
501-5,000	3,237	5,235,809	0.71%
5,001-10,000	453	3,356,933	0.45%
10,001-20,000	255	3,618,299	0.49%
20,001-30,000	85	2,123,658	0.29%
30,001-40,000	48	1,678,371	0.23%
40,001-50,000	45	2,073,101	0.28%
50,001-100,000	95	6,809,997	0.92%
100,001-1,000,000	174	58,206,054	7.89%
1,000,001 and above	89	654,247,807	88.65%
Total	**8,460**	**737,999,589**	**100.00%**

Status of shareholding (shares of EBL) as on 31 December 2017 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	-
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	-
Ahmed Shaheen	Deputy Managing Director -Corporate Banking	-
Akhtar Kamal Talukder	Deputy Managing Director - Operations	30,114
M Nazeem A. Chowdhury	SEVP & Head of Consumer Banking	-
Md. Khurshed Alam	SEVP & Head of Special Asset Management	-
Shares held by any shareholder to the extent of 10% or more		**Nil**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
14.2 Capital to Risk Weighted Assets Ratio (CRAR):					
Common Equity Tier-1 Capital					
Paid-up capital		7,379,995,890	7,028,567,520	7,379,995,890	7,028,567,520
Statutory reserve		7,379,995,890	6,991,700,268	7,379,995,890	6,991,700,268
General reserve		130,000,000	130,000,000	130,000,000	130,000,000
Dividend equalisation reserve		356,040,000	356,040,000	356,040,000	356,040,000
Retained earnings		3,305,226,375	3,012,542,313	3,019,572,918	2,751,906,907
		18,551,258,155	**17,518,850,101**	**18,265,604,698**	**17,258,214,695**
Regulatory adjustments:					
Goodwill and all other intangible assets (WDV of software)		(197,349,849)	(232,237,591)	(196,822,263)	(231,339,918)
Reciprocal crossholdings in the CET1 capital		(27,868,488)	(78,976,114)	(21,440,376)	(66,700)
Investment in own CET1 capital (mutual fund)		(13,339,260)	(31,409,910)	(13,339,260)	(31,409,910)
Deferred tax assets (95% as per BB circular)		(1,090,679,906)	(917,756,064)	(1,090,679,906)	(917,756,064)
		17,222,020,652	**16,258,470,422**	**16,943,322,893**	**16,077,642,103**
Tier-2 Capital					
General provision		2,959,540,563	2,546,026,340	2,959,540,563	2,546,026,340
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
		7,706,883,598	**7,293,369,375**	**7,706,883,598**	**7,293,369,375**
Regulatory adjustment:					
Revaluation reserves for fixed assets & securities (60% in 2017 & 40% in 2016)		(1,348,405,821)	(898,937,214)	(1,348,405,821)	(898,937,214)
		6,358,477,777	**6,394,432,161**	**6,358,477,777**	**6,394,432,161**
A. Total regulatory capital		**23,580,498,429**	**22,652,902,583**	**23,301,800,670**	**22,472,074,264**
B. Total risk weighted assets		170,677,175,061	151,468,318,161	165,435,329,078	148,811,452,933
C. Required capital based on risk weighted assets (10% on B)		17,067,717,506	15,146,831,816	16,543,532,908	14,881,145,293
D. Surplus/(deficiency) (A-C)		**6,512,780,923**	**7,506,070,767**	**6,758,267,762**	**7,590,928,971**

Capital to Risk Weighted Assets Ratio (CRAR):						
	Minimum requirement		Consolidated		Bank (Solo)	
	2017	2016	2017	2016	2017	2016
On Tier-1 capital to RWA	6.00%	5.50%	10.09%	10.73%	10.24%	10.80%
Capital to Risk Weighted Assets Ratio	Against standard of minimum 10% with capital conservation buffer 1.25%	Against standard of minimum 10% with capital conservation buffer 0.625%	13.82%	14.96%	14.09%	15.10%

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
15 Statutory reserve					
Opening balance		6,991,700,268	6,111,797,850	6,991,700,268	6,111,797,850
Transferred from profit during the year		388,295,622	879,902,418	388,295,622	879,902,418
Closing balance		**7,379,995,890**	**6,991,700,268**	**7,379,995,890**	**6,991,700,268**

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) / Core Capital of the Bank.

17 Excess of reserve over pre-take over loss-BCCI

Reserve against pre-takeover loss	17.1	1,554,759,750	1,554,759,750	1,554,759,750	1,554,759,750
Pre-takeover loss	17.2	(911,901,857)	(936,967,519)	(911,901,857)	(936,967,519)
		642,857,893	**617,792,231**	**642,857,893**	**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)	(936,967,519)	(936,967,519)	(936,967,519)
Recovery during the year	25,065,662	-	25,065,662	-
Closing balance	**(911,901,857)**	**(936,967,519)**	**(911,901,857)**	**(936,967,519)**

18 Assets revaluation reserve (land only)

Opening balance	2,534,874,738	2,534,874,738	2,534,874,738	2,534,874,738
Adjustment for impairment made during the year	-	-	-	-
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.

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
19 Reserve for amortisation of treasury securities (HTM)					
Opening balance		6,200,987	2,764,446	6,200,987	2,764,446
Addition during the year		3,827,066	3,436,541	3,827,066	3,436,541
Adjustment made during the year		(63,693)	-	(63,693)	-
Closing balance		**9,964,360**	**6,200,987**	**9,964,360**	**6,200,987**

*As per instruction/circular of Bangladesh Bank vide DOS circular letter no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

20 Reserve for revaluation of treasury securities (HFT)					
Opening balance		12,145,508	1,374,979,476	12,145,508	1,374,979,476
Addition during the year		5,344,502	734,040,896	5,344,502	734,040,896
Adjustment made during the year		(16,024,726)	(2,096,874,864)	(16,024,726)	(2,096,874,864)
Closing balance		**1,465,284**	**12,145,508**	**1,465,284**	**12,145,508**

*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	141,288,665	141,288,665	141,288,665
Adjustment made during the year		(19,617,500)	-	(19,617,500)	-
Closing balance		**121,671,165**	**141,288,665**	**121,671,165**	**141,288,665**

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 = Tk. 82.70 and HKD 1 = Tk. 10.6641. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1 = Tk. 80.4628 & HKD 1 = Tk. 10.3755). 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		3,012,542,313	3,313,595,911	2,751,906,907	3,113,036,822
Profit for the year (excluding dividend from subsidiaries)		2,428,269,740	2,716,335,721	1,585,530,435	2,515,569,839
Transfer to statutory reserve		(388,295,622)	(879,902,418)	(388,295,622)	(879,902,418)
Bonus share issued		(351,428,370)	(916,769,670)	(351,428,370)	(916,769,670)
Cash dividend paid		(1,405,713,504)	(1,222,359,570)	(1,405,713,504)	(1,222,359,570)
Currency adjustment for OBU		9,851,818	1,642,339	8,280,212	1,414,917
Dividend received from subsidiaries		-	-	819,292,860	140,916,987
Closing balance		**3,305,226,375**	**3,012,542,313**	**3,019,572,918**	**2,751,906,907**
24 Contingent liabilities					
Acceptances and endorsements	24.1	37,313,068,570	32,666,382,402	37,313,068,570	32,666,382,402
Letters of guarantees	24.2	18,139,419,275	15,905,357,265	18,139,419,275	15,905,357,265
Irrevocable letters of credit	24.3	38,108,685,882	17,720,419,522	38,108,685,882	17,720,419,522
Bills for collection	24.4	7,055,462,385	5,836,991,295	7,055,462,385	5,836,991,295
		100,616,636,112	**72,129,150,484**	**100,616,636,112**	**72,129,150,484**
24.1 Acceptances and endorsements					
Acceptances (Back to Back)		8,524,839,138	7,483,698,187	8,524,839,138	7,483,698,187
Acceptances - (ULC-Cash)		28,386,416,757	24,474,319,796	28,386,416,757	24,474,319,796
		36,911,255,895	**31,958,017,983**	**36,911,255,895**	**31,958,017,983**
Acceptances - Offshore Banking Unit		401,812,675	708,364,419	401,812,675	708,364,419
		37,313,068,570	**32,666,382,402**	**37,313,068,570**	**32,666,382,402**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
24.2 Letters of guarantees					
Directors		-	192,900	-	192,900
Government		501,196,327	477,209,527	501,196,327	477,209,527
Banks and other financial institutions		7,025,375,956	8,438,836,229	7,025,375,956	8,438,836,229
Others (customers etc.)		10,612,846,992	6,989,118,609	10,612,846,992	6,989,118,609
		18,139,419,275	**15,905,357,265**	**18,139,419,275**	**15,905,357,265**
Letter of guarantees - Offshore Banking Unit		-	-	-	-
		18,139,419,275	**15,905,357,265**	**18,139,419,275**	**15,905,357,265**

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 has been decreed against NBL on 04 January 2004 for Tk 27.37 million plus interest @ 18% p.a. amounting to Tk 45.57 million from 01 October 1994 to 31 December 2003 making an aggregate amount of Tk 72.93 million. 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 13.68 million to the court being 50% of the principal decreed amount. Again, NBL filed an appeal on 30 July 2015 in the Honorable Supreme Court, Dhaka against the judgment passed by the Honorable High Court, Dhaka. After hearing both the parties the honorable Appellate Division of the Supreme Court passed judgment on 19 May 2016 in favor of EBL, thereafter NBL filed a review petition against the said judgment in the Appellate Division. After obtaining the judgment EBL restored its Artha Execution Case No. 188/2005 in Artha Rin Adalat 03, Dhaka. Thereafter, EBL filed an application to issue the attachment order to NBL, accordingly the court issued show cause notice upon NBL for attachment. Finally NBL proposed to settle the account amicably and agreed to pay the claim. As a result, EBL recovered Tk 71.03 million from NBL on 13 November 2017.

24.3 Irrevocable letters of credit					
Letters of credit (LC) - cash sight		5,428,333,393	3,139,080,353	5,428,333,393	3,139,080,353
Letters of credit (LC) - cash usance		26,302,988,193	10,026,411,174	26,302,988,193	10,026,411,174
Letters of credit (LC) - back to back		6,111,408,701	4,249,818,359	6,111,408,701	4,249,818,359
		37,842,730,287	**17,415,309,886**	**37,842,730,287**	**17,415,309,886**
Letters of credit (LC) - cash sight-OBU		27,421,267	59,453,303	27,421,267	59,453,303
Letters of credit (LC) - cash usance-OBU		238,534,328	245,656,333	238,534,328	245,656,333
		38,108,685,882	**17,720,419,522**	**38,108,685,882**	**17,720,419,522**

As per BRPD circular letter no -01, dated 03 January 2018, general provision charges @1% on Letter of Credit issued in favour of Fast Track Power Projects has been waived. As on the reporting date the bank had outstanding L/C of Tk. 6,364.92 million issued in favour of Fast Track Projects on which ganeral provision has not been maintained.

24.4 Bills for collection					
Foreign Documentary Bills Collection		3,125,808,016	2,121,326,766	3,125,808,016	2,121,326,766
Local Documentary Bills Collection		3,119,004,851	3,046,563,897	3,119,004,851	3,046,563,897
		6,244,812,867	**5,167,890,663**	**6,244,812,867**	**5,167,890,663**
Bills for collection - Offshore Banking Unit (OBU)		810,649,518	669,100,632	810,649,518	669,100,632
		7,055,462,385	**5,836,991,295**	**7,055,462,385**	**5,836,991,295**
24.5 Forward assets purchased and forward deposits placed (against FCY)					
Forward assets purchased		661,600,000	3,447,156,360	661,600,000	3,447,156,360
Forward deposits placed		-	-	-	-
		661,600,000	**3,447,156,360**	**661,600,000**	**3,447,156,360**
25 Interest income					
Interest on advances		14,138,204,226	13,231,395,703	13,691,573,824	12,940,663,584
Interest on money at call and short notice		20,925,564	18,096,272	20,925,564	18,096,272
Interest on placement with banks and financial institutions		1,045,316,262	804,335,392	1,030,415,661	802,978,505
Interest on foreign currency balances		12,560,814	14,619,198	12,560,814	14,619,198
		15,217,006,866	**14,068,446,565**	**14,755,475,863**	**13,776,357,559**
Less: Elimination of inter unit/company transactions		(606,487,970)	(405,816,681)	(356,372,035)	(230,719,386)
		14,610,518,896	**13,662,629,884**	**14,399,103,828**	**13,545,638,173**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
26 Interest paid on deposits and borrowings etc.					
Interest on deposits	26.1	6,769,640,185	6,370,814,546	6,769,640,185	6,370,814,546
Interest on borrowings from banks & FIs	26.2	2,172,337,107	1,824,034,849	1,844,688,037	1,609,761,223
Interest on borrowings from BB & others	26.3	395,731,626	264,591,647	395,731,626	264,591,647
Interest on margin		676,183	1,773,660	676,183	1,773,660
		9,338,385,101	**8,461,214,702**	**9,010,736,031**	**8,246,941,076**
Less: Elimination of inter unit/company transactions		(606,487,970)	(405,816,681)	(356,372,035)	(230,719,386)
		8,731,897,131	**8,055,398,021**	**8,654,363,996**	**8,016,221,690**
26.1 Interest on deposits					
Interest on savings deposits		1,598,641,779	1,448,506,506	1,598,641,779	1,448,506,506
Interest on short notice deposits		948,929,692	489,180,072	948,929,692	489,180,072
Interest on term deposits		4,222,068,714	4,433,127,968	4,222,068,714	4,433,127,968
		6,769,640,185	**6,370,814,546**	**6,769,640,185**	**6,370,814,546**
26.2 Interest on borrowings from banks & FIs					
Interest on demand borrowing		311,504,399	292,554,988	162,903,932	153,604,567
Interest on term borrowing		1,572,842,610	1,134,580,275	1,393,794,007	1,059,257,070
Interest on subordinated bond		287,499,999	288,287,669	287,499,999	288,287,669
Inter bank REPO (repurchase agreement)		490,099	108,611,917	490,099	108,611,917
		2,172,337,107	**1,824,034,849**	**1,844,688,037**	**1,609,761,223**
26.3 Interest on borrowings from BB & others					
Borrowing under IPFF		27,993,428	15,135,962	27,993,428	15,135,962
Borrowing under EDF		215,846,095	111,227,827	215,846,095	111,227,827
Borrowing under LTFF		36,142,917	8,311,766	36,142,917	8,311,766
Refinancing for agrobased Industries		24,402,256	28,995,770	24,402,256	28,995,770
Refinancing agribusiness - revolving		58,641,012	67,683,456	58,641,012	67,683,456
Second crop diversification project		31,005,807	31,090,755	31,005,807	31,090,755
Borrowing from SME Foundation		1,700,111	2,146,111	1,700,111	2,146,111
		395,731,626	**264,591,647**	**395,731,626**	**264,591,647**
27 Investment income					
Dividend Income:					
Ordinary shares (other than dividend from subsidiaries)		139,525,803	86,874,382	72,393,470	50,606,240
Dividend from subsidiaries		-	-	819,292,860	140,916,987
		139,525,803	**86,874,382**	**891,686,330**	**191,523,227**
Interest on reverse REPO		19,714,277	2,742,844	19,714,277	2,742,844
Interest on commercial paper		18,193,778	15,513,397	18,193,778	15,513,397
Interest on corporate bonds		128,594,324	56,707,763	128,594,324	56,707,763
Interest on treasury bonds		1,911,563,283	2,376,842,600	1,911,563,283	2,376,842,600
Interest on govt. treasury/Bangladesh Bank bills		5,938,666	12,325,391	5,938,666	12,325,391
Gain (net off loss) from trading in govt. securities		24,894,988	1,034,383,672	24,894,988	1,034,383,672
Loss on revaluation of treasury securities (HFT)*		(25,249,088)	(221,775,032)	(25,249,088)	(221,775,032)
Loss (net off gain) on sale of quoted securities		1,028,892,144	(101,730,017)	439,349,076	(152,831,585)
		3,252,068,175	**3,261,885,000**	**3,414,685,634**	**3,315,432,277**
28 Commission, exchange and brokerage					
Fees, commission and charges	28.1	2,026,590,823	1,857,791,671	1,943,783,668	1,799,911,899
Exchange gain (net off exchange loss)	28.2	1,107,405,743	673,600,321	1,105,702,150	671,399,915
Brokerage	28.3	392,734,499	128,052,652	-	-
		3,526,731,065	**2,659,444,644**	**3,049,485,818**	**2,471,311,814**

*As per instruction/circular of Bangladesh Bank vide DOS circular letter No. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

Figures in Taka

		Note	Consolidated		Bank (Solo)	
			2017	2016	2017	2016
28.1	**Fees, commission and charges**					
	Loan processing fees		288,550,104	314,927,012	288,550,104	314,927,012
	Service charges (periodic & adhoc)		350,452,981	304,545,057	299,010,327	272,198,016
	Early settlement fees		56,317,376	49,140,188	56,317,376	49,140,188
	Cards fees & charges (net off cards direct expenses)	28.1.a	494,434,644	466,354,701	494,434,644	466,354,757
	Commission on general banking (PO, FDD, remittance, etc)		102,218,820	85,896,492	102,218,820	85,896,492
	Commission on trade business (LG, LC, acceptance)		734,616,898	636,928,221	703,252,397	611,395,434
			2,026,590,823	**1,857,791,671**	**1,943,783,668**	**1,799,911,899**
28.1.a	**Cards fees & charges (net off cards direct expenses)**					
	Cards fees & charges					
	Fees & charges (debit & prepaid card)		140,581,292	73,990,374	140,581,292	73,990,374
	Credit Card					
	Annual fees		137,499,323	111,126,692	137,499,323	111,126,692
	Late payment & overlimit fees		165,003,601	158,061,765	165,003,601	158,061,765
	Cash advance fees		20,928,882	19,470,327	20,928,882	19,470,327
	Interchange reimbursement (IRF) & acquiring fees		129,728,898	104,719,270	129,728,898	104,719,270
	Risk assurance premium		77,321,777	77,162,108	77,321,777	77,162,108
	Merchant service commission		47,671,154	19,713,884	47,671,154	19,713,884
	Card cheque fees (processing & issue)		55,326,058	69,976,221	55,326,058	69,976,221
	Replacement fees & others		22,665,858	10,358,939	22,665,858	10,358,939
			796,726,843	**644,579,580**	**796,726,843**	**644,579,580**
	Cards direct expenses					
	Membership & priority pass		145,868,601	87,287,920	145,868,601	87,287,920
	Acquiring & IRF charges		33,727,884	36,022,276	33,727,884	13,956,276
	Insurance expense		78,266,255	31,103,796	78,266,255	53,169,740
	Other service charges (ATM card usage, cash back etc)		44,429,459	23,810,887	44,429,459	23,810,887
			302,292,199	**178,224,879**	**302,292,199**	**178,224,823**
	Total cards fees & charges (net off cards direct expenses)		**494,434,644**	**466,354,701**	**494,434,644**	**466,354,757**
28.2	**Exchange gain (net off exchange loss)**					
	Gain on exchange trading (other than cards business)		3,359,424,166	1,419,891,780	3,348,725,028	1,384,798,090
	Less: Exchange loss		(2,393,324,902)	(791,280,104)	(2,384,329,357)	(758,386,820)
			966,099,264	**628,611,676**	**964,395,671**	**626,411,270**
	Exchange gain from cards business		171,503,926	64,237,913	171,503,926	64,237,913
	Less: Exchange loss		(30,197,447)	(19,249,268)	(30,197,447)	(19,249,268)
			141,306,479	**44,988,645**	**141,306,479**	**44,988,645**
	Total		**1,107,405,743**	**673,600,321**	**1,105,702,150**	**671,399,915**
28.3	**Brokerage commission**					
	Brokerage commission (DSE & CSE)		404,202,971	126,760,593		
	Brokerage commission (dealer)		14,474,860	5,251,658		
	Settlement fees & commission		22,572,849	9,784,901		
	Management & trustee fees		6,746,065	3,926,096		
			447,996,745	**145,723,248**		
	Less: Direct expenses					
	Laga & howla charges		35,521,394	10,921,187		
	CDBL charges		19,740,852	6,749,409		
			55,262,246	**17,670,596**		
	Total		**392,734,499**	**128,052,652**		

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
29 Other operating income					
Rebate earnings		67,539,628	57,397,169	67,539,628	57,397,169
Postage charges recovered		28,667,108	28,104,652	14,704,071	14,313,862
Swift charges recovered		56,795,749	56,253,365	56,795,749	56,253,365
Service charges (others)		7,691,878	9,887,729	7,691,878	6,990,639
Locker rent		16,957,860	14,970,400	16,957,860	14,970,400
Gain on sale of fixed assets		16,717,478	1,874,527	16,676,494	1,874,527
Other earnings		11,410,696	13,126,950	11,410,696	13,126,950
		205,780,397	**181,614,792**	**191,776,376**	**164,926,912**

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 (excluding those of MD)					
Basic salary		1,065,310,484	921,027,247	1,004,265,282	875,770,553
Other salary & allowances		1,438,988,499	1,327,624,085	1,402,014,192	1,302,040,285
Festival bonus		170,699,258	153,116,041	166,300,947	149,527,037
Performance bonus		270,278,317	245,378,221	259,000,000	239,000,000
Bank's contribution to provident fund		98,868,331	84,388,689	96,669,592	84,388,689
Contribution to gratuity fund	30.1	154,262,614	133,789,130	151,484,569	132,231,491
Contribution to superannuation fund	30.2	17,880,000	17,880,000	17,880,000	17,880,000
		3,216,287,503	**2,883,203,413**	**3,097,614,582**	**2,800,838,055**

*The number of regular employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a. or above were 1,594 at the end of December 2017 as against 1,584 at the end of December 2016.

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.

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)	151,484,569
Maintained during the year	151,484,569
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)	**-**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
31 Rent, taxes, insurance, electricity, etc.					
Rents, rates and taxes - premises & equipment		536,895,477	461,068,443	516,116,620	444,635,867
Insurance premium*		104,180,366	91,075,317	103,542,846	90,984,259
Utilities (except telecommunication)		116,006,466	112,774,820	112,099,100	109,684,039
		757,082,309	**664,918,580**	**731,758,566**	**645,304,165**

Insurance premium covers property, cash, staff HBL and customer deposits up to certain threshold. In 2017, an amount of Tk. 90.05 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.		16,236,322	32,223,765	15,080,765	31,878,675
Professional fees - loan recovery & contact point verification		42,238,996	24,045,110	42,238,996	24,045,110
Lawyers' professional fees		31,869,454	16,836,482	31,749,854	16,197,407
Other legal expenses (court expense, auction notice, etc.)		52,918,195	37,715,725	52,781,653	37,600,524
		143,262,967	**110,821,082**	**141,851,268**	**109,721,716**
33 Postage, stamp, telecommunication, etc.					
Telephone - office (including SMS service)		45,389,221	42,545,325	44,293,019	42,297,303
Network link, internet, swift and DR maintenance cost		60,173,212	61,029,696	57,639,787	58,658,590
Postage and courier charges		32,226,922	31,299,118	27,413,100	28,035,680
Stamp and court fees		643,633	9,575,398	643,633	9,561,980
		138,432,988	**144,449,537**	**129,989,539**	**138,553,553**
34 Stationery, printing, advertisements, etc.					
Printing and stationery		78,986,610	78,681,342	76,428,251	77,253,758
Advertisement		51,472,240	55,360,633	50,799,617	54,757,706
Business promotional expenses		196,894,934	168,454,423	189,369,652	167,368,683
		327,353,784	**302,496,398**	**316,597,520**	**299,380,147**
35 Managing Director's salary and allowances (Bank only)					
Basic salary		12,409,678	11,747,097	12,409,678	11,747,097
Allowances		4,800,000	4,523,387	4,800,000	4,523,387
Bonus		3,100,000	2,968,000	3,100,000	2,968,000
Bank's contribution to provident fund		1,240,968	1,174,710	1,240,968	1,174,710
		21,550,646	**20,413,194**	**21,550,646**	**20,413,194**
36 Directors' fees					
Meeting attendance fees		2,381,650	2,209,150	2,042,400	2,014,800
Other expenses (refreshment, conveyance etc.)		2,079,933	1,754,327	2,079,933	1,754,327
		4,461,583	**3,963,477**	**4,122,333**	**3,769,127**

Each director of the Bank is provided for Tk. 8,000 per board or board committee meeting attended in 2017 as per BRPD circular letter no. 11 dated 4 October 2015.

37 Auditor's fees					
Statutory audit fees for the year		1,578,617	1,465,791	800,000	700,000
VAT on audit fees @ 15%		143,413	132,783	120,000	105,000
		1,722,030	**1,598,574**	**920,000**	**805,000**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
38 Depreciation and repair of the Bank's assets					
Depreciation*					
Buildings		18,225,183	18,271,417	18,225,183	18,271,417
Machinery and equipment		76,308,888	67,160,637	75,339,145	66,293,898
Computer and network equipment		52,600,084	68,452,461	50,474,412	67,934,602
Vehicles		20,503,900	16,796,654	17,552,573	16,169,028
Furniture and fixtures & leased assets		30,386,621	35,186,648	29,229,903	33,735,089
Software		63,538,023	60,544,418	63,104,713	60,079,443
		261,562,699	**266,412,235**	**253,925,929**	**262,483,477**
Repairs, maintenance & spare parts					
Machinery & equipments		67,904,089	75,884,489	67,670,568	75,456,704
Vehicles		10,671,795	9,754,885	10,563,040	9,754,885
Furniture and fixtures		10,267,869	13,832,733	10,168,160	13,832,733
Rented premises - general		46,646,992	47,639,227	43,367,442	45,998,878
Rented premises - electricity & lighting		14,277,352	20,422,356	13,680,842	20,422,356
Software maintenance		92,529,502	69,764,055	91,763,684	69,251,587
		242,297,599	**237,297,745**	**237,213,736**	**234,717,143**
Total		**503,860,298**	**503,709,980**	**491,139,665**	**497,200,620**

*** Details of depreciation are presented in Annexure - A.**

39 Other expenses					
Business travelling & conveyance		58,670,694	51,887,756	55,711,170	50,795,594
Bank charges		81,218,791	66,428,902	80,142,276	65,793,112
Cards production cost		8,034,500	31,761,624	8,034,500	31,761,624
POS Acquiring Expenses		10,934,000	22,066,000	10,934,000	22,066,000
Donation (including CSR)		153,091,040	40,869,819	152,947,536	40,758,170
Fees and subscriptions		6,067,502	4,074,078	5,858,479	3,962,099
Recruitment and training expenses		22,419,400	19,114,240	19,694,469	17,899,658
Entertainment & recreation		45,515,013	42,217,007	40,326,269	39,449,730
Business and internal events		22,076,556	22,555,291	22,076,556	22,555,291
Office securities (cash carrying, office premises etc.)		135,236,143	121,082,779	134,573,743	120,461,779
Reward & recognition		7,610,867	6,142,414	7,610,867	6,142,414
Sales & collection commission (DST, agency, dealers)		115,201,499	107,883,012	115,201,499	107,883,012
Expense for EBL subordinated bond		3,429,643	3,629,643	3,429,643	3,629,643
Other operating expenses (uniform, freight, books, shares etc.)		12,996,129	13,746,879	12,986,939	13,729,078
Other expenses of subsidiaries	39.1	10,945,959	5,207,434	-	-
		693,447,736	**558,666,878**	**669,527,946**	**546,887,204**
39.1 Other expenses of subsidiaries					
Registration & renewal		1,283,484	2,753,366		
Guarantee premium		8,797,500	1,725,000		
Other administration expenses		864,975	729,068		
		10,945,959	**5,207,434**		

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 (released)/charged for protested bill & others	13.6	(187,380)	280,000	(187,380)	280,000
Provision for rebate to good borrowers	13.7	10,414,415	20,000,000	10,414,415	20,000,000
Provision (released) on revaluation (or sale) of quoted securities	13.8	(16,954,754)	(313,163,038)	(46,738,634)	(289,148,702)
		(6,727,719)	**(292,883,038)**	**(36,511,599)**	**(268,868,702)**
41 Provision for taxation/Income tax expenses					
Current tax expenses		2,031,873,549	1,830,849,042	1,844,979,911	1,773,164,131
Deferred tax (income)/expenses	41.1	(193,172,244)	(30,138,865)	(193,172,244)	(30,138,865)
		1,838,701,305	**1,800,710,177**	**1,651,807,667**	**1,743,025,266**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
41.1 Deferred tax income (net)					
Deferred tax income on specific provision against bad/loss loans	9.12.a	(182,025,097)	(25,793,717)	(182,025,097)	(25,793,717)
Deferred tax (income)/expense in WDV of FA	9.12.b	(11,147,147)	(4,345,148)	(11,147,147)	(4,345,148)
		(193,172,244)	**(30,138,865)**	**(193,172,244)**	**(30,138,865)**

41.a Reconciliation of effective tax rate (Bank only)

	2017		2016	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		4,056,630,962		4,399,512,092
Income tax as per applicable tax rate	40.00%	1,622,652,385	40.00%	1,759,804,837
Factors affecting the tax charge for current year				
Non deductible expenses	9.42%	382,255,707	7.67%	337,232,145
Tax exempted income	0.00%	141,640	-7.39%	(325,043,457)
Tax savings from reduced tax rates for dividend	-4.40%	(178,337,266)	-0.87%	(38,304,646)
Tax loss/(savings) from reduced tax rates for capital gain	-4.31%	(174,904,799)	1.39%	61,132,634
Prior year adjustment (for increasing excess perquisite threshold from 0.35 million to 0.45 million in 2014)	0.00%	-	-	(51,796,247)
Total income tax expenses	**40.72%**	**1,651,807,667**	**40.80%**	**1,743,025,266**

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 2017 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	702,856,752	702,856,752	702,856,752	702,856,752
Bonus shares issued in 2017	35,142,837	35,142,837	35,142,837	35,142,837
Number of ordinary shares outstanding (restated)	**737,999,589**	**737,999,589**	**737,999,589**	**737,999,589**
Net profit attributable to the shareholders of EBL	2,428,269,740	2,716,335,721	2,404,823,295	2,656,486,826
Weighted average number of shares	737,999,589	737,999,589	737,999,589	737,999,589
Earnings Per Share (EPS)	**3.29**	**3.68**	**3.26**	**3.60**

43 Changes in other assets (cash flow 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	-	-	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	776,972,929	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**	**3,355,554,438**	**3,474,780,653**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
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		-	-	17,494,671	213,833,968
Stock of stationeries		13,162,729	12,624,241	13,162,729	12,624,241
Stamps on hand		7,232,388	3,382,597	7,185,688	3,371,397
Advance to staff for expenses		754,509	1,484,658	754,509	1,484,658
Security deposits-govt. agencies		12,080,611	6,934,714	6,004,564	6,494,714
Interest and dividend receivables		711,849,403	628,557,273	1,163,352,334	776,972,930
Sundry receivables		648,239,642	480,080,667	642,686,162	443,006,103
Advance rent		324,847,799	309,150,611	323,730,799	306,458,786
Prepayments and advance to vendors		937,051,222	654,623,283	931,364,350	654,196,868
Deferred tax assets		1,130,283,018	937,110,774	1,130,283,018	937,110,773
Other assets of subsidiaries		1,079,685,432	243,633,584	-	-
		5,620,486,753	**4,032,882,402**	**4,236,018,824**	**3,355,554,438**
Adjustment for other non cash items		70,767,481	(1,226,601,905)	84,559,670	(1,223,178,258)
Net cash changes in other assets		**(1,516,836,870)**	**(1,047,202,631)**	**(795,904,716)**	**(1,103,952,043)**

44 Changes in other liabilities (cash flow item)

Opening balances					
Privileged creditors		322,742,146	343,645,207	322,741,668	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)		1,492,097,992	692,734,058	1,481,686,518	657,002,859
Provision for loans, advances and OBS exposures (excluding OBU)		5,808,671,101	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		1,476,831,794	1,444,993,448	1,294,241,389	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	79,971,183	369,119,885
Advance interest/commission received		20,653,393	22,166,111	17,831,174	18,106,801
Expenses payable		401,199,336	380,344,975	386,669,340	369,351,335
Interest payable on borrowing including OBU		365,590,572	276,326,923	365,590,572	272,294,646
Advance export proceeds		-	464,143,909	-	464,143,909
Security value adjustment for REPO		-	379,263,385	-	379,263,385
Miscellaneous payable		643,795,834	806,605,714	643,795,834	806,605,714
Other liabilities of subsidiaries		449,714,429	197,261,925	-	-
		11,970,564,023	**10,943,083,281**	**11,268,497,353**	**10,533,794,193**

Figures in Taka

	Note	Consolidated		Bank (Solo)	
		2017	2016	2017	2016
Closing balances					
Privileged creditors		422,890,252	322,742,145	422,890,252	322,741,667
Acquirer liabilities		601,799,166	500,234,880	601,799,166	500,234,880
Sundry creditors		62,107,724	61,162,902	62,107,724	61,162,902
Security deposit		52,615,151	44,290,752	52,587,551	44,290,752
Current tax liabilities/(assets)		1,467,645,142	1,490,204,266	1,421,527,646	1,479,792,791
Provision for loans, advances and OBS exposures (excluding OBU)		7,085,143,466	5,808,671,100	7,058,305,506	5,778,325,235
Provision for loans, advances and OBS exposures (OBU)		280,235,064	242,461,849	280,235,064	242,461,849
Interest suspense account		1,478,980,026	1,476,831,793	1,372,871,627	1,294,241,388
Provision for protested bill & others		10,770,000	11,046,380	10,770,000	11,046,380
Provision for non-banking assets		12,345,330	12,761,835	12,345,330	12,761,835
Provision for rebate to good borrowers		36,100,257	25,685,842	36,100,257	25,685,842
Provision for loss on revaluation of shares (net)		74,668,232	91,622,986	33,232,549	79,971,182
Advance interest/commission received		27,115,409	20,653,393	21,144,001	17,831,174
Expenses payable		499,102,150	401,199,336	458,006,884	386,669,340
Interest payable on borrowing including OBU		493,540,084	365,590,573	485,986,804	365,590,573
Miscellaneous payable		1,103,940,895	643,795,835	1,103,940,895	643,795,835
Other liabilities of subsidiaries		1,308,733,186	449,714,429	-	-
		15,017,731,534	**11,968,670,296**	**13,433,851,256**	**11,266,603,625**
Adjustment for other non cash items		(196,891,392)	(190,047,903)	(186,807,350)	(184,642,055)
Net cash changes in other liabilities		**2,850,276,119**	**835,539,111**	**1,978,546,553**	**548,167,377**

45 Events after the reporting period

The Board of Directors of Eastern Bank Limited recommended 20% cash dividend in 622 board meeting held on 24 April 2018 for the income year 2017. Eligible shareholders (who holds EBL shares on the record date i. e. 20 May 2018) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is Tk. 1,475,999,178.

Eastern Bank Limited

Schedule of Fixed Assets

as at 31 December

Annexure - A

2017:

Figures in Taka

Particulars	Cost					Accumulated depreciation & amortisation				Net book value at 31 December 2017
	Balance on 1 January 2017	Adjustment of revaluation reserve	Additions during the year	Disposals during the year	Balance at 31 December 2017	Balance on 1 January 2017	Charge for the year	On disposals during the year	Balance at 31 December 2017	
Tangible assets:										
Land	4,044,759,466	-	-	-	4,044,759,466	-	-	-	-	4,044,759,466
Building	730,856,590	-	-	-	730,856,590	87,234,568	18,225,183	-	105,459,751	625,396,839
Building under construction	631,520,511	-	34,824,581	-	666,345,092	-	-	-	-	666,345,092
Machinery and equipment	761,627,108	-	82,405,543	(62,001,403)	782,031,248	630,539,115	75,339,145	(58,728,442)	647,149,818	134,881,430
Computer and network equipment	521,069,734	-	49,101,507	-	570,171,241	423,811,019	50,474,412	-	474,285,431	95,885,810
Vehicles	135,690,824	-	33,399,980	(36,696,229)	132,394,575	101,454,385	17,552,573	(36,696,214)	82,310,744	50,083,831
Furniture and fixtures & leased assets under finance lease	469,521,261	-	11,401,084	-	480,922,345	343,252,377	29,229,903	-	372,482,280	108,440,065
Intangible assets:										-
Software	429,249,953	-	28,587,057	-	457,837,010	197,910,035	63,104,713	-	261,014,748	196,822,262
At 31 December 2017	**7,724,295,447**	**-**	**239,719,752**	**(98,697,632)**	**7,865,317,567**	**1,784,201,499**	**253,925,929**	**(95,424,656)**	**1,942,702,772**	**5,922,614,795**

2016:

Figures in Taka

Particulars	Cost					Accumulated depreciation & amortisation				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
Buildings on freehold land	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	97,258,715
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	**7,482,887,236**	**-**	**260,038,284**	**(18,630,073)**	**7,724,295,447**	**1,540,182,182**	**262,483,477**	**(18,464,160)**	**1,784,201,499**	**5,940,093,949**

ARMR STOCK

Eastern Bank Limited

Schedule of Fixed Assets Disposals

as at 31 December 2017

Annexure - A1

Figures are in Taka

Date	Particulars	Cost	Accumulated depreciation	Net book value	Sales value	Tax & VAT	Gain/(loss)	Mode of disposal	Buyer/highest bidder
27-Apr-17	Machinery & Equipment (ATM)	26,563,000	23,424,072	3,138,928	5,509,653	2,717,553	(346,828)	Buy Back	Zara Zaman Technology Ltd.
9-May-17	Corolla X; Vehicle no DM-GA-19-8616	1,090,000	1,089,999	1	858,918	70,920	787,997	Open Tender	Mr. Md. Shipu Newaz
29-May-17	Corolla X; Vehicle no DM-GA-19-8617	1,090,000	1,089,999	1	783,383	64,683	718,699	Open Tender	Mr. Md. Hasnat Bin Elias
30-May-17	Corolla X; Vehicle no DM-GA-17-9370	1,210,000	1,209,999	1	3,834,332	316,595	3,517,732	Open Tender	Mr. Abdul Gafur
	Corolla X; Vehicle no DM-GA-21-8328	1,371,007	1,371,006	1					
	Probox; Vehicle no DM-GA-33-2673	1,626,000	1,625,999	1					
	Probox; Vehicle no DM-GA-33-3249	1,620,000	1,619,999	1					
	Probox; Vehicle no DM-GA-31-1625	1,094,000	1,093,999	1					
5-Jun-17	Machinery & Equipment (ATM)	7,879,000	7,745,477	133,523	1,265,600	705,590	426,487	Buy Back	Zara Zaman Technology Ltd.
6-Jun-17	Noah Microbus; Vehicle CM-CHA-51-0702	1,095,962	1,095,961	1	900,885	74,385	826,499	Open Tender	Mr. Md. Hasnat Bin Elias
24-Jul-17	Nissan Sunny (DM-GA-17-3168)	1,391,500	1,391,499	1	664,900	54,900	609,999	Open Tender	Mr. Md. Belal Hossain
17-Dec-17	Machinery & Equipment	27,559,403	27,558,894	509	466,650	41,280	424,861	Open Tender	M/S A.R. Enterprise
26-Dec-17	Hyundai Tuscon (DM-GHA-13-6407)	4,624,000	4,623,999	1	1,694,950	139,950	1,554,999	Open Tender	M/S Shahtab's Trading
26-Dec-17	Hyundai Tuscon (DM-GHA-13-5371)	4,381,280	4,381,279	1	1,579,301	130,401	1,448,899	Open Tender	Mr. Saidur Rahman
26-Dec-17	Hyundai Tuscon (DM-GHA-13-6408)	4,624,000	4,623,999	1	1,711,300	141,300	1,569,999	Open Tender	Mr. Md. Anisuzzaman
26-Dec-17	Toyota Harrier Jeep (DM-GHA-13-1688)	3,620,000	3,619,999	1	2,185,450	180,450	2,004,999	Open Tender	Mr. Md. Anisuzzaman
26-Dec-17	Mitsubishi Outlander (CM-GHA-11-1044)	3,477,200	3,477,199	1	1,750,001	144,495	1,605,505	Open Tender	Mr. Lutfor Rahman
28-Dec-17	Hyundai Tuscon (DM-GHA-13-5370)	4,381,280	4,381,279	1	1,665,519	138,870	1,526,648	Open Tender	Mr. Md. Sharif Uddin
	Total	**98,697,632**	**95,424,657**	**3,272,975**	**24,870,842**	**4,921,372**	**16,676,495**		

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Eastern Bank Limited and its subsidiaries

Balance with other Banks and Financial Institutions (Consolidated)

as at 31 December

Annexure - B

Outside Bangladesh (note 4.2)

Name of banks and financial institutions	Currency Name	2017			2016		
		Amount in Foreign Currency	Conversion rate	Amount in Taka	Amount in Foreign Currency	Conversion rate	Amount in Taka
In demand deposit account (non interest bearing) with :							
AB Bank Limited, India	USD	14,866	82.70	1,229,407	228,295	78.70	17,967,351
Al-Rajhi Bank, KSA	SAR	51,847	22.05	1,143,406	15,000	20.98	314,750
Bank of Bhutan, Bhutan	USD	3,352	82.70	277,174	5,219	78.70	410,752
Bank of Nova Scotia, Canada	CAD	16,200	65.36	1,058,837	19,793	58.05	1,148,953
Bank of Tokyo-Mitshubishi UFJ, Ltd., India	USD	6,737	82.70	557,150	6,737	78.70	530,217
Bank of Tokyo-Mitshubishi UFJ, Ltd., Japan	JPY	1,696,912	0.73	1,238,237	1,807,437	0.67	1,213,332
Citibank NA, USA	USD	4,967,274	82.70	410,793,532	2,384,640	78.70	187,676,384
Commerz Bank AG, Germany	EURO	88,897	98.33	8,741,307	95,157	81.98	7,800,616
Habib American Bank, USA	USD	186,456	82.70	15,419,946	-	-	-
ICICI Bank, India	USD	774,979	82.70	64,090,777	273,534	78.70	21,527,756
ICICI Bank Limited, Hongkong	USD	737,270	82.70	60,972,234	-	-	-
ICICI Bank Limited, Hongkong	HKD	155,775	10.66	1,661,197	2,279,752	10.15	23,136,291
JP Morgan Chase Bank NA, UK	GBP	164,351	110.81	18,211,652	197,664	96.24	19,022,618
JP Morgan Chase Bank NA, USA	USD	1,271,058	82.70	105,116,535	1,040,185	78.70	81,864,884
JP Morgan Chase Bank NA, Australia	AUD	27,310	64.25	1,754,655	44,541	56.49	2,516,210
JP Morgan Chase Bank, Germany	EURO	-	-	-	68,598	81.98	5,623,409
Mashreqbank, USA	USD	919,520	82.70	76,044,322	101,753	78.70	8,008,157
National Commercial Bank, KSA	SAR	-	-	-	65,942	20.98	1,383,689
Nepal Bangladesh Bank Ltd., Nepal	USD	40,998	82.70	3,390,518	112,744	78.70	8,873,179
NIB Bank Limited, Pakistan	USD	-	-	-	507,058	78.70	39,906,619
Nordea Bank, Norway	NOK	2,766	10.00	27,660	187,464	9.03	1,692,458
Standard Chartered Bank, Sri Lanka	USD	5,113	82.70	422,907	92,878	78.70	7,309,676
Standard Chartered Bank, Germany	EURO	60,405	98.33	5,939,680	122,563	81.98	10,047,209
Standard Chartered Bank, India	USD	1,054,211	82.70	87,183,266	1,727,120	78.70	135,928,146
Standard Chartered Bank, USA	USD	7,477,380	82.71	618,468,213	1,689,715	78.70	132,984,327
Standard Chartered Bank, Singapore	SGD	288	61.74	17,759	3,912	54.28	212,326
Wells Fargo, USA	USD	2,995,312	82.70	247,712,328	1,381,567	78.70	108,732,336
Zurcher Kantonal Bank, Switzerland	CHF	19,316	83.87	1,619,925	4,849	76.54	371,146
Total				**1,733,092,624**			**826,202,789**

AMARSTOCK

Eastern Bank Limited and its subsidiaries

Borrowing from Banks and Financial Institutions (Consolidated)

as at 31 December

Annexure - B1

Outside Bangladesh (note 11.2)

Name of banks and financial institutions	Currency Name	2017			2016		
		Amount in Foreign Currency	Conversion rate	Amount in Taka	Amount in Foreign Currency	Conversion rate	Amount in Taka
Abu Dhabi Commercial Bank, UAE	USD	1,256,259	82.7000	103,892,636	-	-	-
Bank One Limited, Mauritous	USD	6,039,582	82.7000	499,473,450	-	-	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	64,000,000	82.7000	5,292,800,000	36,000,000	78.70	2,833,279,200
FMO, Netherland	USD	4,000,000	82.7000	330,800,000	8,000,000	78.70	629,617,600
Habib American Bank, USA	USD	-	-	-	128,405	78.70	10,105,727
HSBC, USA	USD	-	-	-	200	78.70	15,740
ICICI Bank Limited, UAE	USD	-	-	-	26,247,198	78.70	2,065,712,208
ICICI Bank Limited, India	USD	29,817,837	82.7000	2,465,935,122	-	-	-
ICICI Bank Limited, Hongkong	USD	1,754,186	82.7000	145,071,182	6,000,000	78.70	472,213,200
International Finance Corporation (IFC), USA	USD	7,986,538	82.7000	660,486,712	40,000,000	78.70	3,148,088,000
JP Morgan Chase Bank, USA	USD	10,457	98.3303	1,028,283	-	-	-
Mashreqbank, USA	USD	-	-	-	6,371,917	78.70	501,483,859
National Bank of Ras Al-Khaimah, UAE	USD	18,404,421	82.7000	1,522,045,618	5,915,730	78.70	465,580,971
NIB Bank Limited, Pakistan	USD	39,881	82.7000	3,298,119	-	-	-
PROPARCO, France	USD	16,363,636	82.7000	1,353,272,727	16,000,000	78.70	1,259,235,200
Standard Chartered Bank, Hongkong	USD	-	-	-	3,923,949	78.70	308,823,399
Standard Chartered Bank, Singapore	USD	89,944,503	82.7000	7,438,410,365	35,837,533	78.70	2,820,492,687
United Bank Limited, UAE	USD	18,303,786	82.7000	1,513,723,113	16,548,177	78.70	1,302,377,953
Wells Fargo, USA	USD	-	-	-	5,279,683	78.70	415,522,646
Total				**21,330,237,327**			**16,232,548,390**

AMARSTOCK

Related party disclosures

Annexure - C

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party informations are given below.

I) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/ companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
M. Ghaziul Haque	Chairman	Andes Ltd.	Chairman	14.03%
		Anglo MGH Energy (BD) Ltd.	Chairman	5.00%
		Galileo Bangladesh Ltd.	Chairman	20.00%
		MGH Global Airlines Ltd.(BD. Port management Ser. Ltd)	Chairman	1.02%
		MGH Logistics Pvt. Limited	Chairman	5.00%
		Portlink Logistics Ltd.	Chairman	0.02%
Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	Mir Akther Hossain Ltd.	MD	18.00%
		Mir Ceramic Ltd.	MD	88.00%
		Mir Telecom Ltd.	MD	32.50%
		Mir Holdings Ltd.	MD	50.00%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		Bangla Telecom Ltd.	MD	40.00%
		Coloasia Limited	MD	40.00%
		BTS Communications (BD) 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%
		Mir Denim Limited	Chairman	50.00%
		Agrani Insurance Co. Ltd.	Shareholder	3.72%
		Jupiter Technology	Proprietorship	100.00%
A. M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
		Samorita Hospital Ltd.	Director	3.10%
Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	Director	Need Fashion Wear & Textile Ltd.	Chairman	35.00%
		Chittagong Oxygen (Pvt.) Ltd.	Chairman	20.00%
		Chittagong Properties Holdings Ltd.	Chairman	50.00%
		Finlay (International) Ltd.	Chairman	81.00%
		KAPS Bangladesh Ltd.	Chairman	12.50%
		JF (Bangladesh) Ltd.	Chairman	81.00%
		Port Link Housing Ltd.	Chairman	50.00%
		Finlay Properties Ltd.	Chairman	55.00%
		Legend Property Development Ltd.	MD	50.00%
		Z.N. Enterprise Ltd.	MD	50.00%
		Z.S. Holding Ltd.	MD	50.00%
		Namreen Enterprise Ltd	MD	50.00%
		Namreen Power Ltd	MD	50.00%
		ABC Steel Enterprise Ltd.	MD	80.00%
		S.L. Steels Ltd.	MD	50.00%
		Unique Refineries Ltd.	MD	55.00%
		Port Link Logistics Centre Ltd.	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%
		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
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	95.00%
		MGH Holdings Ltd.	MD	80.00%
		MGH Global Airlines Ltd. (BD. Port management Ser. Ltd)	MD	2.00%
		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	100.00%
		Tricon Global Logistics Ltd.	MD	80.00%
		Global Freight Ltd.	MD	97.00%
		International Brands Ltd.	MD	100.00%
		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%
		DC ByPass Ltd.	MD	90.00%
		Obhai Solutions Ltd.	MD	30.00%
		Jatra. Com Ltd.	MD	30.00%
		Bangladesh Express Co. Ltd.	MD	20.00%
		MGX.Com Ltd.	MD	95.00%
Meah Mohammed Abdur Rahim (Independent Director)	Director	Ancient Steamship Company Ltd.	MD	44.36%
		Hudig Meah (BD) Ltd.	MD	51.00%
Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	Finlay Properties Ltd.	MD	15.00%
Ormaan Rafay Nizam (Independent Director)	Director	National Brokers Ltd.	Shareholder	15.40%

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
Gazi Md. Shakhawat Hossain (Representing M/s Purnima Construction Pvt. Ltd.)	Director	M/s Purnima Construction Pvt. Ltd.	MD	0.099%
		Bay Hill Hotel & Resorts Ltd.	Representative Director	40.00%
		Unique Hotel and Resorts Ltd	Representative Director	7.46%
		General Electric company (BD) Ltd.	Director	0.00%
Ali Reza Iftekhar	MD & CEO	EBL Investments Ltd.	Director	0.000033%
		EBL Securities Ltd.	Director	0.000067%
		EBL Finance (HK) Limited	Independent Director	-
		EBL Asset Management Ltd.	Director	0.00020%

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

Related party transactions

Annexure - C1

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per 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:

Figures in Taka

1.a Non-funded facilities

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 1 Jan 2017	Transactions		Outstanding as at 31 Dec 2017	Amount overdue
						Debit	Credit		
Z. N. Enterprise Ltd. Customer ID - 100397	Md. Showkat Ali Chowdhury Representing director	MD	LG - Performance Bond-SME (expired)	193,100	192,900	-	-	192,900	-
Unique Enterprise Customer ID - 100711	Mohd. Noor Ali Spouse of director		LG - Performance Bond-SME (expired)	787,360	787,360	-	-	787,360	-

1.b Funded facilities

Credit card:

Figures in Taka

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 1 Jan 2017	Outstanding as at 31 Dec 2017
A.M. Shaukat Ali	Director	500,000	-	-
Mir Nasir Hossain	Representing director	500,000	(121)	685
Md. Showkat Ali Chowdhury	Representing director	250,000	-	-
Mohd. Noor Ali	Spouse of director	500,000	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 2017	Outstanding as at 31 Dec 2017
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, Junipar product, CISCO Network Wifi Router, VmWare NSX processore, Lan equipment & Cabling for Data Center of EBL Corporate office at 100 Gulshan, Dhaka.	56,995,169	-
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.	-	5,670,000
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office at Dhanmondi, Dhaka.	3,360,000	-

Name of the company/person	RELATED DIRECTORS OF EBL	NATURE OF TRANSACTIONS	Amount of transaction made in 2017	Outstanding as at 31 Dec 2017
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL ATM at Dhanmondi, Dhaka.	-	1,417,500
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL ATM at Dhanmondi, Dhaka.	675,000	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL New Market Branch, Chittagong.	-	1,247,400
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	Advance rent for EBL office premisses (CAD & SAMD) at ZN Tower, Gulshan, Dhaka.	-	58,119,600
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL office premisses (CAD & SAMD) at ZN Tower, Gulshan, Dhaka.	42,268,800	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance rent payment for EBL premises at ZN Tower, Gulshan (1st Floor).	-	18,929,154
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL premises at ZN Tower, Gulshan (1st Floor).	10,558,821	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance rent payment for EBL premises at ZN Tower, Gulshan (Ground Floor).	-	9,207,000
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL premises at ZN Tower, Gulshan (Ground Floor).	6,138,000	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance Rent payment for EBL premises at ZN Tower, Gulshan Ground Floor-rest portion).	-	9,513,900
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL premises at ZN Tower, Gulshan Ground Floor-rest portion).	5,115,000	-

3 Intercompany balances between EBL and its subsidiaries

Figures in Taka

Name of subsidiaries	Nature of account	Balance as at 31 Dec 2017
EBL Securities Limited	In Special Notice Deposit (SND) Account	192,000,315
	Dividend Receivable	359,998,560
EBL Investments Limited	In Current Deposit (CD) Account	345
	In Special Notice Deposit (SND) Account	24,148,670
	Dividend Receivable	79,999,733
EBL Finance (HK) Limited	In Nostro Account	119,817,275
	Short Term Finance	5,879,976,790
EBL Asset Management Limited	In Special Notice Deposit (SND) Account	52,911,590

4 Compensation of key management personnel : Refer to note 35.

Annexure - D

a. Disclosure regarding outstanding REPO as on 31 December 2017

Figures in Taka

Sl	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
Nil				

There is no outstanding REPO as on 31 December 2017

Disclosure regarding outstanding Reverse REPO as on 31 December 2017

Sl	Counterparty name	Agreement date	Reversal date	Amount (1st leg cash consideration)
Nil				

There is no outstanding Reverse REPO as on 31 December 2017

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	505,220,837	820,350,616	14,002,827
Securities purchased under Reverse REPO			
With Bangladesh Bank	-	-	-
With other banks & financial institutions	39,562,781	2,326,143,297	438,795,925

Eastern Bank Limited

Details of NBA obtained u/s 33 (7) & 33(5)

as at 31 December 2017

Annexure - D1

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT Million)	Market Value (BDT Million)	Legal Status
1	Mr. Sabbir Ahmmed, Dhaka	Recognised	U/S 33(7)	5/10/2007	Land Area: 06 decimal, Mouza- Digun, Mirpur, Dhaka.	58.00	72.72	Physical possession is yet to be completed.
2	Innovative Computer, Dhaka	Recognised	U/S 33(7)	6/7/2007	Land Area: 06.20 decimal, 4. Sidderganj, Mouza- Jalkuri, Dhaka. Land Area: 09.32 decimal, 5. Sidderganj, Mouza- Jalkuri, Dhaka.	22.00	27.30	Do
3	M/s Safa Garments, Dhaka	Recognised	U/S 33(7)	1/18/2005	Land Area: 18 decimal Mouza - Vatara, Gulshan, Dhaka.	924.20	1,087.30	Do
4	Arshim & Com, Dhaka	Recognised	U/S 33(7)	3/27/2007	Land Area: 19.8 decimal Mouza- Lala Sarai, Cantonment, Dhaka.	160.00	210.00	Do
5	H.M. Younus, Dhaka	Recognised	U/S 33(7)	1/10/2008	Land Area: 184 decimal Mouza- Shibrampur, Joydebpur, Gazipur.	883.20	1,104.00	Do
6	Tri Angle Trading Associate, Dhaka	Recognised	U/S 33(7)	4/29/2007	Land Area: 33 decimal Mouza- Pathalia, Savar, Dhaka.	70.00	87.50	Do
7	Stec Fashion Ltd., Dhaka	Recognised	U/S 33(7)	1/26/2009	Land Area: 25 decimal. Mouza- Dokkhin Khan, Dhaka. (5.03 decimal land of Goran Chat bari Mouza, Mirpur , Dhaka has been sold through auction)	49.00	66.00	Do
8	North American Computing, Dhaka	Recognised	U/S 33(7)	7/22/2007	Land Area: 6.5 decimal Mouza- Uttar Sona Tang gar, Mohammadpur, Dhaka.	46.80	58.50	Do
9	M/s Unicorn Bangladesh Ltd, Dhaka	Recognised	U/S 33(7)	11/22/2007	Land Area: 16.5 decimal Mouza- Bhola Samair, Gulshan, Dhaka.	3,300.00	4,125.00	Do
10	Royel Paper Store, Dhaka	Recognised	U/S 33(7)	5/21/2009	Land Area: 106.5 decimal Mouza- Shrikhondo, Dhanmondi, Dhaka.	68.00	85.00	Do
11	M/s Computer Bazar Network, Dhaka	Recognised	U/S 33(7)	6/23/2009	Land Area: 14 decimal Mouza- Nandipara, Sabuzbag, Dhaka.	16.80	21.00	Do

FAIRSTOCK

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT Million)	Market Value (BDT Million)	Legal Status
12	M/s Eastern Industries, Sylhet	Not recognised	U/S 33(7)	6/11/2012	Land Area: 1.5 decimal Mouza- Sylhet Sadar, Sylhet.	9.60	12.00	Case is pending in the Artha Rin Adalat, Sylhet.
13	M/s Sylcar Plaza, Sylhet	Not recognised	U/S 33(7)	5/27/2012	Land Area: 21 & 14 decimal, Mouza- Sylhet Sadar, Sylhet.	212.80	266.00	Physical possession is yet to be completed.
14	Orion Fishing Limited, Dhaka	Not recognised	U/S 33(7)	5/13/2012	Land Area: 3.5 & 20.83 katha at Dhaka and Chittagong.	1,384.95	1,731.19	Do
15	M/s M.A. Rob, Khulna	Not recognised	U/S 33(7)	11/23/2011	Land Area: 200 Sq.Yds & 51 decimal, Goalpara, Khulna & Puratan Kasba, Jessore.	90.20	112.70	Writ Petition (2401/2014) is pending for hearing.
16	Maruti Enterprise, Bogra	Not recognised	U/S 33(7)	10/3/2012	Land Area: 41.5 decimal & 0.37 decimal Mouza- Betgari, Bogra sadar.	519.54	649.42	Writ Petition (8010/2016) and Civil Petition for leave to appeal are pending for hearing.
17	Al Karim Traders, Chittagong	Not recognised	U/S 33(7)	1/19/2012	Land Area: 8 decimal Dokkhin Pahartoli, Double Mooring, Chittagong.	105.60	132.00	Physical possession is yet to be completed.
18	Bhuiyan (Any & Amy) Corporation, Dhaka	Not recognised	U/S 33(7)	6/7/2007	Land Area: 3 Katha, Bhola Samair, Gulshan, Dhaka.	84.00	105.00	Do
19	Ariful Karim, Chittagong	Not recognised	U/S 33(7)	11/5/2008	Land Area: 148 decimal with 4 storied building, West Nasirabad, Chittagong.	1,258.00	1,480.00	Do
20	Miner International, Dhaka	Not recognised	U/S 33(7)	3/15/2006	Land Area: 18 decimal, Jatrabari, Demra, Dhaka.	108.00	216.00	Do
21	Calix International, Dhaka	Not recognised	U/S 33(7)	11/28/2004	Land Area: 0.0992 Ajutangso, Kotowali, Dhaka	120.00	150.00	First Appeal (116/2003) is pending for hearing.
22	Hanif Enterprise, Dhaka	Not recognised	U/S 33(5)	9/16/2008	Land Area: 1) 15.20 decimal, Mouza Tezkunipara, Tejgaon, Dhaka. 3) 20 decimal, Mouza Mirerbag, Keranigonj, Dhaka.	338.80	422.20	Writ Petition (7454/2009) is pending in high court.
23	M/s Altaf Hossain, Chittagong	Not recognised	U/S 33(5)	10/10/2011	Land Area: 23 Gonda 12 Decimal Mouza- Shitolpur, Sitakunda, Chittagong.	142.00	168.00	Physical possession is yet to be completed.
24	Al Hossain (Pvt) Ltd. Dhaka	Not recognised	U/S 33(5)	5/22/2013	Land Area: 10.33 Katha Mouza- Paikpara, Mirpur, Dhaka.	779.92	974.90	Writ Petition (5467/2014) is pending for hearing.
25	M/s Janata Treding, Chittagong	Not recognised	U/S 33(5)	11/1/2011	Land Area: 125.28 Sft Chandgao, Bakalia, Chittagong.	8.50	10.00	Physical possession is yet to be completed.
26	Friends Asociates, Chittagong	Not recognised	U/S 33(5)	1/18/2012	Land Area: 20 decimal Chandgao, Panchlish, Chittagong.	96.00	120.00	Scheduled mortgaged property has already been acquired by the Government A Criminal case (1627/2012) against the Borrower, Guarantors and Beneficiary was filed, which is pending for hearing in the court and also an execution case (24/2011) is pending in the Artha Rin Court. [the Ld. Court Convicted Judgment Debtors for a period of 2 months of imprisonment.

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT Million)	Market Value (BDT Million)	Legal Status
27	M/s Shati Traders, Chittagong	Not recognised	U/S 33(5)	2/2/2010	Land Area: 28 decimal Bakalia, Bandar, Chittagong.	35.00	35.00	Scheduled mortgaged property has already been acquired by the Government. A Criminal case (172/2012) against the Borrower, Guarantors and Beneficiary was filed which is pending for hearing in the court and also an execution case (154/2015) is pending in the Artha Rin Court.
28	B.K. Enterprise, Dhaka	Not recognised	U/S 33(5)	5/5/2013	Land Area: 252.5 sft with a flat. Mohammadpur Housing Estate 27/5, Tajmahal Road, Mohammadpur Dhaka.	27.20	33.10	Physical possession is yet to be completed.
29	M.H. Packages, B Baria	Not recognised	U/S 33(5)	2/16/2014	Land Area:13.5 decimal, Kasba, Brammonbaria.	21.90	27.37	Do
30	M/s Nurain Trade International, Gazipur	Not recognised	U/S 33(5)	8/2/2015	Land Area: 2.05 Acre Sreepur, Mouza- Dhanuya, Gazipur.	200.00	248.40	Do
31	M/s Austin & Co., Dhaka	Not recognised	U/S 33(5)	11/16/2015	A) Land Area: 1.40 acres, Mouza Kathaldia, P.S- Gulshan, Dhaka. B) Land Area: 0.99 acres, Mouza Kathaldia, P.S- Gulshan, Dhaka. C) Land Area: 0.8031 acres Mouza Haridia, P.S- Lohajang, Munshiganj.	2,383.00	2,979.00	Do
32	Latif Apparels (Pvt) Ltd, Dhaka	Not recognised	U/S 33(5)	11/17/2015	Land Area: 3.75 decimal, Mouza Uttarkhan, Uttara, Dhaka.	93.60	117.00	Do
33	Sheuly Fashion, Dhaka	Not recognised	U/S 33(5)	3/15/2016	Land Area: 0240 Ajutangsha, Mouza Lalbag, Gour sundar Roy lane, Dhaka.	117.30	146.60	Do
34	M/s Shah Amanat Iron Mart, Chittagong.	Not recognised	U/S 33(5)	8/28/2016	1) Land Area: 27 decimal, Mouza Bhatiary, Shitakund, Chittagong. 02) Land Area: 15 decimal, Mouza Bhatiary, Shitakund, Chittagong. 03) Land Area: 03 decimal, Mouza North Salimpur, Shitakund, Chittagong. 04) Land Area: 45 decimal Mouza North Salimpur, Shitakund, Chittagong. Attached Properties: 01) Land Area: 47.40 decimal (approx), Mouza Bhatiary, Sitakund, Chittagong. 02) Land Area: 6.33 decimal (approx), Mouza Bhatiary, Sitakund, Chittagong.	497.00	645.10	Do

AZFARSTOCK

Eastern Bank Limited and its subsidiaries

Business Segmental Profit and Loss Account

For the year ended 31 December 2017

Annexure - E

Figures in million Taka

Particulars	Eastern Bank Limited			Subsidiaries				Consolidated
	Main Operation	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
Interest income	13,228	1,527	14,399	202	25	231	5	14,611
Interest expense	7,856	1,155	8,654	181	-	146	-	8,732
Net Interest Income	**5,372**	**373**	**5,745**	**21**	**25**	**84**	**5**	**5,879**
Investment income	3,415	-	3,415	594	63	-	-	3,252
Fees, commission and brokerage	1,924	18	1,942	378	17	82	-	2,419
FX Income	1,106	2	1,107	-	-	-	-	1,107
Other operating income	173	19	192	-	-	14	-	206
Total operating income	**11,990**	**411**	**12,401**	**993**	**104**	**181**	**5**	**12,863**
Salary and allowances	3,098	-	3,098	76	13	30	-	3,216
Rent, taxes, insurance, utilities etc.	732	-	732	15	4	6	-	757
Legal expenses	142	-	142	1	-	-	-	143
Postage, stamp, telecommunication etc.	130	-	130	3	-	6	-	138
Stationery, printing, advertisement, etc.	317	-	317	9	1	1	-	327
Managing Director's salary and allowances	22	-	22	-	-	-	-	22
Directors' fees and expenses	4	-	4	-	-	-	-	4
Audit fees	1	-	1	-	-	1	-	2
Repairs, maintenance and depreciation	491	-	491	10	1	1	-	503
Other operating expenses	612	58	670	18	1	5	-	693
Total operating expense	**5,547**	**58**	**5,607**	**131**	**21**	**49**	**-**	**5,808**
Profit before provisions	**6,443**	**353**	**6,794**	**861**	**83**	**132**	**5**	**7,056**
Provisions:								
Provision for loans, advances & OBS exposures	2,751	25	2,775	20	-	-	-	2,795
Other provisions	(37)	-	(37)	22	8	-	-	(7)
Total provisions	**2,714**	**25**	**2,739**	**42**	**8**	**-**	**-**	**2,789**
Profit before tax	**3,728**	**328**	**4,057**	**819**	**75**	**132**	**4**	**4,267**
Tax provision	1,652	-	1,652	149	15	21	1	1,839
Profit after tax	**2,077**	**328**	**2,405**	**670**	**60**	**110**	**3**	**2,428**

ANNUAL REPORT STOCK

Eastern Bank Limited and its subsidiaries

Business Segmental Balance Sheet

as at 31 December 2017

Annexure - E1

Figures in million Taka

Particulars	Eastern Bank Limited			Subsidiaries				Consolidated
	DBU	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
Assets								
Cash in hand (including balance with Bangladesh Bank and its agent bank)	14,321	-	14,321	-	-	-	-	14,321
Balances with other banks and financial institutions	17,241	9,216	17,831	684	24	153	54	12,476
Money at call and short notice	-	-	-	-	-	-	-	-
Investments	24,361	-	24,361	1,545	200	-	-	26,106
Loans and advances	157,482	26,545	184,027	2,577	204	5,940	200	191,685
Fixed assets including land, building, furniture and fixtures	5,923	-	5,923	31	1	1	1	5,957
Other assets	6,693	89	6,768	1,307	13	2	3	5,620
Non-banking assets	134	-	134	-	-	-	-	134
Total assets	**226,155**	**35,850**	**253,365**	**6,144**	**442**	**6,096**	**258**	**256,300**
Liabilities								
Borrowing from other banks, financial institutions and agents	24,809	34,815	50,998	2,719	-	5,880	-	52,447
Deposits and other accounts	167,160	188	167,348	-	-	-	-	166,959
Provisions and other liabilities	12,938	510	13,434	1,884	131	53	3	15,018
Total liabilities	**204,906**	**35,512**	**231,780**	**4,604**	**131**	**5,933**	**3.3**	**234,424**
Total shareholders' equity	21,248	337	21,586	1,541	311	163	255	21,876
Total liabilities & shareholders' equity	**226,155**	**35,850**	**253,365**	**6,144**	**442**	**6,096**	**258**	**256,300**

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Eastern Bank Limited

Highlights on the overall activities/performance

Annexure - F

Sl No	Particulars		2017	2016
1	Paid up capital	Taka	7,379,995,890	7,028,567,520
2	Total capital (Tier-I & Tier-II)	Taka	23,301,800,670	22,472,074,264
3	Surplus/(shortage) capital	Taka	6,758,267,762	7,590,928,970
4	Total assets	Taka	253,365,303,480	211,185,458,156
5	Total deposits	Taka	167,348,195,022	140,284,158,650
6	Total loans and advances	Taka	184,027,300,831	152,083,687,536
7	Total contingent liabilities	Taka	101,278,236,112	75,576,306,844
8	Loans to deposits ratio (total loans/total deposits)	%	109.97%	108.41%
9	% of classified loans against total loans and advances	%	2.50%	2.69%
10	Profit after tax and provisions	Taka	2,404,823,295	2,656,486,826
11	Loans classified during the year (gross)	Taka	3,251,539,622	3,022,330,871
12	Provision held against classified loans	Taka	4,379,000,007	3,474,760,744
13	Surplus of provision	Taka	-	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	4.35%	4.75%
15	Interest bearing assets	Taka	221,798,458,235	183,760,577,206
16	Non-interest bearing assets	Taka	31,566,845,245	27,424,880,950
17	Return on assets (ROA) (PAT/average assets)	%	1.04%	1.33%
18	Income from investments	Taka	3,414,685,634	3,315,432,277
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	1.67%	2.26%
20	Earnings per share (PAT/weighted average number of shares) (restated)	Taka	3.26	3.60
21	Operating profit per share (Net operating profit/ weighted average number of shares) (restated)	Taka	9.21	8.70
22	Price earning ratio (restated)	Times	15.68	8.06

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Balance sheet

as at 31 December 2017

Annexure - G1

	Note	2017		2016	
		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		38,297,100	3,167,170,132	52,046,711	4,096,190,636
Outside Bangladesh		73,140,834	6,048,746,959	47,758,989	3,758,737,512
		111,437,934	**9,215,917,091**	**99,805,700**	**7,854,928,148**
Money at call and short notice		-	-	-	-
Investment		-	-	-	-
Loans and advances	4				
Loans, cash credits, overdrafts etc.	4.1	102,699,222	8,493,225,664	120,261,482	9,464,843,231
Bills discounted and purchased	4.2	218,281,293	18,051,862,942	166,434,572	13,098,766,955
		320,980,515	**26,545,088,606**	**286,696,054**	**22,563,610,186**
Fixed assets including land, building, furniture and fixtures		-	-	-	-
Other assets	5	**1,073,124**	**88,747,390**	**1,235,884**	**97,266,694**
Non banking assets		**-**	**-**	**-**	**-**
Total assets		**433,491,573**	**5,849,753,087**	**387,737,638**	**30,515,805,028**
Liabilities and Capital					
Liabilities					
Borrowing from other banks, financial institutions and agents	6				
Bangladesh Bank		-	-	-	-
Other banks and FIs					
Demand borrowing	6.1	84,004,072	6,947,136,740	84,568,473	6,655,724,888
Term borrowing	6.2	336,969,397	27,867,369,201	289,221,677	22,762,382,200
		420,973,469	**34,814,505,941**	**373,790,150**	**29,418,107,088**
		420,973,469	**34,814,505,941**	**373,790,150**	**29,418,107,088**
Deposits and other accounts	7				
Current accounts and other accounts	7.1	2,276,746	188,286,891	4,064,678	319,899,056
Term deposits	7.2	-	-	-	-
		2,276,746	**188,286,891**	**4,064,678**	**319,899,056**
Other liabilities	8	6,161,555	509,560,573	5,260,312	413,998,085
Total liabilities		**429,411,770**	**35,512,353,405**	**383,115,140**	**30,152,004,229**
Capital/shareholders' equity					
Paid-up capital		-	-	-	-
Foreign currency translation difference	9	-	9,127,461	-	1,125,580
Surplus in profit and loss account	16	4,079,803	328,272,221	4,622,498	362,675,219
Total shareholders' equity		**4,079,803**	**337,399,682**	**4,622,498**	**363,800,799**
Total liabilities and shareholders' equity		**433,491,573**	**35,849,753,087**	**387,737,638**	**30,515,805,028**
Off-Balance Sheet Items					
Contingent liabilities					
Acceptances and endorsements		4,858,678	401,812,675	9,000,567	708,346,418
Letter of guarantees		-	-	-	-
Bills for collection		9,802,292	810,649,518	8,501,676	669,083,629
Irrevocable letters of credit		3,215,908	265,955,595	3,876,761	305,101,883
Other commitments		-	-	-	-
Total off-balance sheet items including contingent liabilities		**17,876,878**	**1,478,417,788**	**21,379,004**	**1,682,531,930**

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Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Profit and loss account

for the year ended 31 December 2017

Annexure - G2

	Note	2017		2016	
		USD	Taka	USD	Taka
Interest income	10	18,979,752	1,527,163,535	16,995,408	1,333,437,611
Interest paid on deposits and borrowings	11	(14,349,513)	(1,154,601,646)	(12,143,652)	(952,775,126)
Net interest income		**4,630,239**	**372,561,889**	**4,851,756**	**380,662,485**
Commission, exchange and brokerage	12	243,930	19,627,242	694,592	54,496,724
Other operating Income	13	232,321	18,693,208	276,431	21,688,445
		476,251	**38,320,450**	**971,023**	**76,185,169**
Total operating income		**5,106,490**	**410,882,339**	**5,822,779**	**456,847,654**
Operating expenses	14	718,864	57,841,798	684,304	53,689,583
Profit before provision		**4,387,626**	**353,040,541**	**5,138,475**	**403,158,071**
Less: Provision for unclassified loans and advances (including provision for off balance sheet items)	15	307,823	24,768,320	515,977	40,482,852
Total profit before income tax		**4,079,803**	**328,272,221**	**4,622,498**	**362,675,219**
Less: Provision for income tax		-	-	-	-
Net profit/(loss) after tax		**4,079,803**	**328,272,221**	**4,622,498**	**362,675,219**
Balance of profit brought forward from previous year		-	-	-	-
Surplus in profit and loss account carried forward	16	**4,079,803**	**328,272,221**	**4,622,498**	**362,675,219**

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Cash flow statement

for the year ended 31 December 2017

Annexure - G3

		Note	2017		2016	
			USD	Taka	USD	Taka
A)	**Cash flow from operating activities**					
	Interest received		18,821,311	1,512,071,568	16,235,600	1,273,104,785
	Interest paid		(13,775,405)	(1,098,515,679)	(11,208,626)	(878,940,670)
	Commission, exchange and brokerage	17	243,930	19,627,242	832,757	65,337,000
	Received from other operating activities	18	232,321	18,693,208	138,266	10,848,169
	Paid for operating expenses	19	(718,864)	(57,841,798)	(684,304)	(53,689,583)
	Operating profit before changes in operating assets and liabilities		**4,803,293**	**394,034,541**	**5,313,693**	**416,659,701**
	(Increase)/decrease in operating assets:		(34,284,461)	(3,981,478,420)	(59,649,376)	(4,739,790,651)
	Loan and advances to customers		321,200	23,611,263	(64,319)	(5,198,167)
	Other assets					
	Increase/(decrease) in operating liabilities:		-	-	-	-
	Foreign currency translation difference		-	-	-	-
	Deposits from banks		(2,362,041)	(187,698,133)	1,055,492	83,242,430
	Customers' deposits and other accounts		593,420	70,794,168	942,238	75,049,491
	Other liabilities		**(35,731,882)**	**(4,074,771,122)**	**(57,715,965)**	**(4,586,696,897)**
	Net cash flow from operating activities		**(30,928,589)**	**(3,680,736,581)**	**(52,402,272)**	**(4,170,037,196)**
B)	**Cash flow from investing activities**					
C)	**Cash flow from financing activities**					
	Borrowing from other banks, financial institutions and agents		47,183,321	5,396,398,849	67,407,330	5,366,956,220
	Net profit transferred to main operations	16	(4,622,498)	(362,675,219)	(3,120,078)	(243,199,132)
	Net cash from financing activities		**42,560,823**	**5,033,723,630**	**64,287,252**	**5,123,757,088**
D)	**Net (decrease)/increase in cash (A+B+C)**		**11,632,234**	**1,352,987,049**	**11,884,980**	**953,719,892**
E)	Effects of exchange rate changes on cash and cash equivalents		-	8,001,894	-	(594,752)
F)	**Opening cash and cash equivalents**		**99,805,700**	**7,854,928,148**	**87,920,720**	**6,901,803,008**
G)	**Closing cash and cash equivalent (D+E+F)**		**111,437,934**	**9,215,917,091**	**99,805,700**	**7,854,928,148**
	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	20	111,437,934	9,215,917,091	99,805,700	7,854,928,148
	Money at call and short notice		-	-	-	-
	Prize bonds		-	-	-	-
			111,437,934	**9,215,917,091**	**99,805,700**	**7,854,928,148**

Eastern Bank Limited

Offshore Banking Unit, Bangladesh
Notes to the financial statements
as at and for the year ended 31 December 2017

1 Nature of business

Offshore Banking Unit ("OBU" or "the Unit") is a separate business unit of the Bank. It operates its business through a separate counter and maintains separate books of accounts as directed by Bangladesh Bank in the letter of permission 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 & 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 Authorised Dealer (AD) in Bangladesh against usance L/Cs in accordance with BB guidelines.

The unit commenced its operations from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka.

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 2017 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 instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 12 dated 20 August 2017 and BRPD circular no. 15 dated 27 September 2017.

2.3 General

Allocation of common expenses

Operating expenses in the nature of rent, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages, stamps, telecommunication and audit fees are accounted for in account of the main operation of the Bank.

Fixed assets and depreciation

Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to profit and loss account of the main operation of the Bank.

Certain corresponding figures in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

These financial statements of the unit cover one calender year from 1 January 2017 to 31 December 2017.

	Note	2017		2016	
		USD	Taka	USD	Taka
3 Balance with other banks and financial Institutions					
Inside Bangladesh					
In interest bearing account					
Eastern Bank Limited		20,297,100	1,678,570,132	17,614,711	1,386,316,486
Islami Bank Bangladesh Limited		15,000,000	1,240,500,000	10,000,000	787,022,000
Modhumoti Bank Limited		3,000,000	248,100,000	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
		38,297,100	**3,167,170,132**	**52,046,711**	**4,096,190,636**

	Note	2017		2016	
		USD	Taka	USD	Taka
Outside Bangladesh					
In interest bearing account					
EBL Finance (HK) Limited		71,100,000	5,879,970,000	47,600,000	3,746,224,720
		71,100,000	**5,879,970,000**	**47,600,000**	**3,746,224,720**
In non-interest bearing account					
Standard Chartered Bank, New York		1,969,012	162,837,279	31,328	2,465,583
Deutsche Bank AG, Frankfurt, Germany		-	-	-	-
Standard Chartered Bank, Germany		71,822	5,939,680	127,661	10,047,209
		2,040,834	**168,776,959**	**158,989**	**12,512,792**
		73,140,834	**6,048,746,959**	**47,758,989**	**3,758,737,512**
		111,437,934	**9,215,917,091**	**99,805,700**	**7,854,928,148**
4 Loans and advances					
Loans, cash credits, overdrafts, etc.	4.1	102,699,222	8,493,225,664	120,261,482	9,464,843,231
Bills discounted and purchased	4.2	218,281,293	18,051,862,942	166,434,572	13,098,766,955
		320,980,515	**26,545,088,606**	**286,696,054**	**22,563,610,186**
4.1 Loans, cash credit, overdraft etc.					
Inside Bangladesh:					
Loans		97,640,622	8,074,879,457	115,518,908	9,091,592,205
Cash credit		-	-	-	-
Overdraft		5,058,600	418,346,207	4,742,574	373,251,026
		102,699,222	8,493,225,664	120,261,482	9,464,843,231
Outside Bangladesh:					
Loans		-	-	-	-
Cash credit		-	-	-	-
Overdraft		-	-	-	-
		-	-	-	-
		102,699,222	**8,493,225,664**	**120,261,482**	**9,464,843,231**
4.2 Bills discounted and purchased					
Inside Bangladesh :					
Bills discounted/financed		-	-	4,356,691	342,881,173
LDBP/FDBP		218,281,293	18,051,862,942	162,077,881	12,755,885,782
		218,281,293	18,051,862,942	166,434,572	13,098,766,955
Outside Bangladesh :					
Bills discounted/financed		-	-	-	-
LDBP/FDBP		-	-	-	-
		-	-	-	-
		218,281,293	**18,051,862,942**	**166,434,572**	**13,098,766,955**
5 Other assets					
Prepayments		417,208	34,503,081	738,409	58,114,341
Interest receivable on term placement		655,916	54,244,309	497,475	39,152,353
		1,073,124	**88,747,390**	**1,235,884**	**97,266,694**
6 Borrowings from other banks, financial institutions and agents					
Demand borrowings	6.1	84,004,072	6,947,136,740	84,568,473	6,655,724,888
Term borrowings	6.2	336,969,397	27,867,369,201	289,221,677	22,762,382,200
		420,973,469	**34,814,505,941**	**373,790,150**	**29,418,107,088**

	Note	2017		2016	
		USD	Taka	USD	Taka
6.1 Demand borrowings					
In interest bearing account with					
Eastern Bank Limited (DBU)		84,004,072	6,947,136,740	84,568,473	6,655,724,888
		84,004,072	**6,947,136,740**	**84,568,473**	**6,655,724,888**
6.2 Term borrowings					
Inside Bangladesh					
AB Bank Limited		-	-	3,000,000	236,106,600
Agrani Bank Limited		8,000,000	661,600,000	-	-
Bank Asia Limited		-	-	14,000,000	1,101,830,800
Brac Bank Limited		13,450,000	1,112,315,000	5,000,000	393,511,000
Commercial Bank of Ceylon plc		12,000,000	992,400,000	26,000,000	2,046,257,200
Dhaka Bank Limited		35,000,000	2,894,500,000	10,000,000	787,022,000
Dutch Bangla Bank Limited		-	-	3,000,000	236,106,600
Jamuna Bank Limited		-	-	3,000,000	236,106,600
National Bank Limited		-	-	-	-
Southeast Bank Limited		5,000,000	413,500,000	5,000,000	393,511,000
United Commercial Bank Limited		-	-	5,000,000	393,511,000
Uttara Bank Limited		1,000,000	82,700,000	4,000,000	314,808,800
Investment Promotion & Financing Facility (IPFF), Bangladesh Bank		4,648,649	384,443,272	5,097,490	401,183,677
		79,098,649	**6,541,458,272**	**83,097,490**	**6,539,955,277**
Outside Bangladesh					
Abu Dhabi Commercial Bank, Dubai		1,256,259	103,892,637	-	-
Bank One Limited, Mauritous		6,039,582	499,473,451	-	-
Deutsche Investitions-Und Entwicklungsgesellschaft Mbh				36,000,000	2,833,279,200
FMO, Netherland		64,000,000	5,292,800,000	8,000,000	629,617,600
ICICI Bank, Dubai		4,000,000	330,800,000	26,247,198	2,065,712,208
ICICI Bank, Mumbai		-	-	6,000,000	472,213,200
ICICI Bank, Shanghai		29,817,837	2,465,935,123	40,000,000	3,148,088,000
International Finance Corporation		1,754,186	145,071,182	6,371,917	501,483,859
Mashreq Bank, NewYork, USA		7,986,538	660,486,712	5,915,730	465,580,971
National Bank of Ras Al-Khaimah		-	-	16,000,000	1,259,235,200
PROPARCO		18,404,421	1,522,045,618	3,923,949	308,823,399
Standard Chartered Bank, Hongkong		16,363,636	1,353,272,727	35,837,533	2,820,492,687
Standard Chartered Bank, Singapore		-	-	-	-
United Bank Limited, Dubai		89,944,503	7,438,410,365	16,548,177	1,302,377,953
Wells Fargo, USA		18,303,786	1,513,723,114	5,279,683	415,522,646
		257,870,748	**21,325,910,929**	**206,124,187**	**16,222,426,923**
		336,969,397	**27,867,369,201**	**289,221,677**	**22,762,382,200**
6.1.a Classification based on type of security					
Secured		-	-	-	-
Unsecured		420,973,469	34,814,505,941	373,790,149	29,418,107,087
		420,973,469	**34,814,505,941**	**373,790,149**	**29,418,107,087**
7 Deposits and other accounts					
Current deposits and other accounts	7.1	2,276,746	188,286,891	4,064,678	319,899,056
Term deposits	7.2	-	-	-	-
		2,276,746	**188,286,891**	**4,064,678**	**319,899,056**

	Note	2017		2016	
		USD	Taka	USD	Taka
7.1 Current accounts and other accounts					
Current account		1,567,614	129,641,650	2,856,629	224,822,917
Other accounts	7.1.a	709,132	58,645,241	1,208,049	95,076,139
		2,276,746	**188,286,891**	**4,064,678**	**319,899,056**
7.1.a Other accounts:					
Interest payable on deposit		-	-	-	-
Margin on facility		709,132	58,645,241	1,208,049	95,076,139
		709,132	**58,645,241**	**1,208,049**	**95,076,139**
7.2 Term deposits					
Special Notice Deposit (SND)		-	-	-	-
Term deposit - Bangladesh Bank		-	-	-	-
		-	-	-	-
8 Other liabilities					
Provision for taxation	8.1	-		-	-
Provision for unclassified loans and advances (including provision for off balance sheet items)		3,388,574	280,235,064	3,080,751	242,461,849
Interest payable on borrowing		2,727,069	225,528,577	2,152,959	169,442,611
Privileged creditors		42,700	3,531,314	24,132	1,899,231
Sundry creditors		3,212	265,618	2,470	194,394
		6,161,555	**509,560,573**	**5,260,312**	**413,998,085**

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 differrence of year end standard mid rate and monthly average of standard mid rate arising from translation of functional currency to presentation currecy. Assets and liabilities of OBU have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank i.e. USD 1 = BDT 82.70 (2016: BDT 78.7022) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= BDT 80.4628).

10 Interest income

Interest on advances	15,588,584	1,254,300,699	14,564,842	1,142,738,563
Interest on money at call and short notice	-	-	-	-
Interest on placement with other banks	3,391,168	272,862,836	2,430,566	190,699,048
	18,979,752	**1,527,163,535**	**16,995,408**	**1,333,437,611**

11 Interest paid on deposits and borrowings

Interest on deposits	-	-	-	-
Interest on borrowings	14,349,513	1,154,601,646	12,143,652	952,775,126
Interest on margin	-	-	-	-
	14,349,513	**1,154,601,646**	**12,143,652**	**952,775,126**

12 Commission, exchange and brokerage

Fees & commission	214,705	17,275,733	675,019	52,961,085
Exchange gain/(loss) net off exchange gains*	29,225	2,351,509	19,573	1,535,639
Brokerage	-	-	-	-
	243,930	**19,627,242**	**694,592**	**54,496,724**

*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'.

	Note	2017		2016	
		USD	Taka	USD	Taka
13 Other operating income					
Rebate of Foreign Correspondence Charges		127,815	10,284,360	138,165	10,840,276
Swift charges recovered		30,077	2,420,079	46,225	3,626,753
Postage charges recovered		10,038	807,707	17,924	1,406,294
Service charges (others)		64,391	5,181,062	74,117	5,815,122
		232,321	**18,693,208**	**276,431**	**21,688,445**
14 Operating expenses					
Account maintenance & processing fees		715,355	57,559,468	682,842	53,574,858
Other charges		3,509	282,330	1,462	114,725
		718,864	**57,841,798**	**684,304**	**53,689,583**
15 Provision for loans and advances					
General provision		307,823	24,768,320	515,977	40,482,852
Specific provision		-	-	-	-
		307,823	**24,768,320**	**515,977**	**40,482,852**
16 Surplus in profit and loss account					
Opening balance		4,622,498	362,675,219	3,120,078	243,199,132
Add: Profit during the year		4,079,803	328,272,221	4,622,498	362,675,219
		8,702,301	690,947,440	7,742,576	605,874,351
Less: Transferred to main operation during the year		(4,622,498)	(362,675,219)	(3,120,078)	(243,199,132)
Closing balance		**4,079,803**	**328,272,221**	**4,622,498**	**362,675,219**
17 Cash received from commission, exchange and brokerage					
Commission, exchange and brokerage		243,930	19,627,242	832,757	65,337,000
		243,930	**19,627,242**	**832,757**	**65,337,000**
18 Cash received from other operating activities					
Service charges, SWIFT charges etc.		232,321	18,693,208	138,266	10,848,169
		232,321	**18,693,208**	**138,266**	**10,848,169**
19 Paid for operating expenses					
Operating expenses		(718,864)	(57,841,798)	(684,304)	(53,689,583)
		(718,864)	**(57,841,798)**	**(684,304)**	**(53,689,583)**
20 Cash and cash equivalent					
Balance with other banks & FIs		111,437,934	9,215,917,091	99,805,700	7,854,928,148
Money at call and short notice		-	-	-	-
		111,437,934	**9,215,917,091**	**99,805,700**	**7,854,928,148**

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 31 December, 2017 and the statement of Profit or Loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 2017 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 profit or loss and other comprehensive income dealt with the report are in agreement with the books of account and returns.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka: 15 February 2018

EBL Securities Limited

Statement of Financial Position

as at 31 December 2017

Amount (In Taka)

	Particulars	Note	2017	2016
	ASSETS			
A.	**Non-Current Assets:**			
	Property, Plant & Equipment	4	31,359,885	12,307,328
	TREC of DSE & CSE at Cost	5	201,506,000	201,506,000
			232,865,885	**213,813,328**
B.	**Current Assets:**			
	Advances, Deposits & Prepayments	6	11,329,451	8,658,754
	Advance Income Tax	7	123,552,780	31,424,954
	Accounts Receivable	8	1,093,916,715	250,066,125
	Loan to Customer	9	2,576,590,058	1,294,701,118
	Investments in securities	10	1,545,328,205	1,348,604,849
	Cash & Bank Balance	11	684,025,432	781,028,153
			6,034,742,642	**3,714,483,953**
	Total Assets (A+B)		**6,267,608,527**	**3,928,297,281**
	EQUITY & LIABILITIES			
C.	**Share Holders Equity:**			
	Share Capital	12	1,500,000,000	900,000,000
	Share Money Deposit	12.01	-	600,000,000
	Retained Earnings	13	40,555,295	75,335,929
			1,540,555,295	**1,575,335,929**
D.	**Non-Current Liabilities**		-	-
E.	**Current Liabilities:**			
	Accounts Payable	14	1,314,164,282	636,156,532
	Borrowings from Bank & others	15	2,719,403,939	1,363,788,202
	Liabilities for Expenses	16	26,967,401	12,864,800
	Other Liabilities	17	517,470,154	305,432,704
	Provision for Tax	18	149,047,454	34,719,114
			4,727,053,230	**2,352,961,352**
	Total Liabilities (C+D+E)		**6,267,608,527**	**3,928,297,281**
	Net Asset Value Per Share		**1,027.04**	**1,750.37**

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.

Dated: Dhaka,
15 February 2018

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Securities Limited

Statement of Profit or Loss & other Comprehensive Income

for the year ended 31 December 2017

Amount (In Taka)

	Particulars	Note	2017	2016
A.	**Revenue:**			
	Brokerage Commission	19	430,198,494	137,604,289
	Less: Direct Expenses		(53,772,032)	(17,030,063)
	Net Brokerage Commission		**376,426,462**	**120,574,226**
	Investment Income	20	593,576,869	61,735,313
	Interest Income	21	201,889,727	144,757,587
	Less: Interest Expense		(181,352,073)	(138,950,420)
	Net Interest Income		**20,537,655**	**5,807,167**
	Other Operating Income	22	1,997,806	2,826,330
	Total Income		**992,538,792**	**190,943,036**
B.	**Expenses:**			
	Office & Administrative Expenses	23	122,090,252	72,277,884
	Bank Charge and Other Expenses	24	9,203,175	1,928,963
	Total Expense		**131,293,427**	**74,206,847**
C.	**Operating Profit (A-B)**		**861,245,365**	**116,736,189**
	Provision made/ (release) on margin loan		20,000,000	4,201,011
	Provision (released)/made on revaluation of quoted securities	25	21,978,543	(19,881,549)
	Profit/Loss Before Tax		**819,266,822**	**132,416,727**
	Current Tax Expense	26	149,047,455	34,786,058
	Net Profit/Loss After Tax		**670,219,367**	**97,630,669**
	Earnings Per Share (EPS)	27	**446.81**	**108.48**

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.

Dated: Dhaka,
15 February 2018

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

AMAR STOCK

EBL Securities Limited

Changes in Shareholders Equity

for the year ended 31 December 2017

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings Taka	Total Taka
Balance as on 01 January 2017	900,000,000	600,000,000	75,335,930	1,575,335,929
Add: Net Profit for the year	-	-	670,219,367	670,219,367
Interim Dividend	-	-	(705,000,000)	(705,000,000)
Share Money Deposit transfer during the year	600,000,000	(600,000,000)	-	-
Balance as on 31 December 2017	**1,500,000,000**	**-**	**40,555,298**	**1,540,555,297**

EBL Securities LIMITED

Changes in Shareholders Equity

for the year ended 31 December 2016

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings Taka	Total Taka
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)
Add: Additional Capital raised during the year	-	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**

Managing Director

Director

Chairman

AMARSTOCK

EBL Securities Limited

Statement of Cash Flows

for the year ended 31 December 2017

Amount (In Taka)

		2017	2016
	Cash Flows from Operating Activities:		
	Net Profit/(Loss) during the year	670,219,367	97,630,669
	Depreciation	6,416,342	2,582,570
	Amortization	270,574	310,796
	Net Profit/(Loss) after Depreciation	**676,906,283**	**100,524,035**
	Changes in Working Capital:		
	Advances, Deposits & Pre-payments	(2,670,697)	2,386,633
	Advance Income Tax	(92,127,826)	(5,003,843)
	Receivable	(843,850,590)	(238,087,691)
	Investment in Securities	(196,723,356)	(935,070,571)
	Loan to Customer	(1,281,888,940)	319,361,220
	Payable	678,007,750	452,276,459
	Bank Overdraft	1,355,615,737	189,928,026
	Liabilities for Expenses	14,102,601	(3,069,203)
	Other Liabilities	212,037,450	135,870,352
	Interim Dividend	(705,000,000)	(90,000,000)
	Provision for Tax	114,328,340	(14,175,509)
		(748,169,531)	**(185,584,127)**
A	**Net Cash provided from/ (used in) Operating Activities:**	**(71,263,249)**	**(85,060,092)**
	Cash Flows from Investing Activities:		
	Sale/Disposal of assets	-	-
	Fixed Assets Purchased	(25,739,488)	(6,787,141)
B	**Net Cash provided from/ (used in) Investing Activities**	**(25,739,488)**	**(6,787,141)**
	Cash Flows from Financing Activities:		
	Share Money Deposit	-	600,000,000
	Paid-up Capital	-	-
C	**Net Cash provided from/ (used in) Financing Activities**	**-**	**600,000,000**
	Net increase/(decrease) in Cash during the Year (A+B+C)	**(97,002,737)**	**508,152,767**
	Add: Opening Cash & Bank Balance	781,028,152	272,875,386
	Closing Cash & Bank Balance	**684,025,432**	**781,028,152**
	Net Operating Cash Per Share	**(47.51)**	**(94.51)**

Managing Director

Director

Chairman

AMAR STOCK

EBL Securities Limited

Notes to the Financial Statements

for the year ended 31 December 2017

1 REPORTING ENTITY:

1.01 Legal status of the company:

EBL Securities Ltd. is one of the leading brokerage houses domiciled in Bangladesh which has been constituted by changing the name of LRK Securities Limited, limited by shares incorporated under the Companies Act 1994 incorporation no. C-32161 (1282)/97.

EBL Securities 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.

1.02 Nature of business activities:

The principal activities of the company was 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:

2.01 Statement of compliance:

The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the companies Act, 1994. the Securities and Exchange Rules, 1987, the listing Rules of Dhaka Stock Exchange, Guidelines from Bangladesh Bank, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

2.02 Regulatory compliances:

EBL Securities Ltd. is registered with the Bangladesh Securities and Exchange Commission (BSEC) to act as Stock Dealer for carrying its own investment in the capital market. It also extends margin loan to its clients against their margin for investment in the listed securities. The required margin level is monitored daily and pursuant to established guidelines, customers are required to deposit additional margin to reduce the position, where necessary.

EBL Securities Ltd. encompasses a wide range of services having registered with the Securities and Exchange Commission to act as "custody participant" of Central Depository of Bangladesh Limited (CDBL).

2.03 Basis of accounting:

The financial statements expect for cash flow information have been prepared on accrual basis of accounting.

2.04 Use of estimates and assumptions:

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the 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.

2.05 Consistency:

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, EBL Securities applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and retrospectively accordance with the requirement of BAS 8. We however, have applied the same accounting principles in financial statements for the year ended 31 December 2017 as was for in financial statements for 2016.

3 SIGNIFICANT ACCOUNTING POLICIES:

The accounting polices set out below have been applied consistently to all periods presented in these financial statements:

3.01 Property, plant & equipments 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 equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is providing at the rearranged/ re-fixed following rates on straight-line basis in accordance with BAS 16 over the periods appropriate to the estimated useful lives of the different types of assets. The new rate of depreciation considering estimated useful lives of the assets, the shortfall amount if necessary, have been charged during the quarter.

Furniture & Fixture	10.00%
Television & Multimedia	20.00%
Computer & Accessories	33.33%
Generator	20.00%
Office Equipment	20.00%
Office Decoration	10.00%
Vehicles	20.00%

3.02 Intangible assets and amortization:

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with BAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which is relates. All other expenditure is recognized as incurred.

3.03 Impairment:

Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective once that it is impaired. A financial asset is considered to be impaired if objective once indicates that one or more have occurred indicating a negative effect on the estimated future cash flows from the asset. However, no such condition that might be suggestive of a heightened risk of impairments of assets existed at the reporting date.

Non financial assets:

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.04 Cash & Bank Balance:

Considering the provisions of BAS-1 and BAS-7, cash on hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined by adjusting profit for the year under indirect method as per BAS-7 "Cash Flow Statement".

3.05 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. Receivable include the amount receivable both from DSE and CSE against daily transaction settlement and dividend income from investments etc.

3.06 Margin loan/ Loan to customer:

EBL Securities 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.

3.07 Investment in securities:

Investments in listed securities are recognized at cost. Quarterly impairment test is carried out by comparing cost with market price. In case of diminution of market value compared to cost, provision is made on portfolio basis but no unrealized gain is booked when market value exceeds cost. Provision for share against unrealised loss (gain net off) has been made as per DOS circular no.4 dated 24 November 2011 of Bangladesh Bank.

3.08 Authorized Share Capital:

Authorized capital of the company has been increased from BDT 100 crore to BDT 200 crore with the approval of shareholders in its EGM held on 28 August 2016 which was duly certified by Registrar of Joint Stock Companies (RJSC). The company converted to Public Limited Company and the related changes in the Memorandum & Articles of Association was duly certified by RJSC on 01 July 2015.

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3.09 Paid up Capital:

Paid up capital of the company has been increased from BDT 90.00 crore to 150.00 crore as per decision of the company's 92nd Board Meeting held on 04 August, 2016.

6,00,000 nos. shares @ Tk. 1,000.00 each per share allotted on 25 January 2017 in favor of Eastern Bank Ltd. after completion of necessary regulatory formalities.

Shareholder position of EBL Securities Limited as on 31 December 2017 is as follows:

Name of member Shareholders	Nos of Shares	Value per share (Tk.)	Amount (Tk.)
Eastern Bank Limited	14,99,994	1,000/=	14,99,994,000/=
Other shareholders'	06	1,000/=	6,000/=
Total	**15,00,000**		**15,00,000,000/=**

3.10 Payables:

Trade and other payables are stated at their nominal values.

3.11 Due from/to related party:

Due from/to related party is stated at their nominal values.

3.12 Accrued expenses and other liabilities:

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal values.

3.13 Provisions:

Provision is recognized in the Statement of Financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

3.14 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.

3.15 Income from margin loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective customers. Income is recognized on quarterly rest.

3.16 Income from margin loan:
Dividend income:

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the year in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

3.17 Gain/loss on sale of securities:

Capital gain/loss on disposal of securities listed in the stock exchange is recorded on realized basis i.e. only when securities are sold in the market.

3.18 Suspense interest account:

Suspense interest account is created against interest income from negative equity customers and vulnerable margin account.

3.19 Taxation:

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is calculated using the carrying amount and tax base of assets and liabilities. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount / reported amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future periods recognized in the current period. The deferred tax asset/ income or liability / expense does not create a legal recoverability / liability to and from the income tax authority. No deferred tax has been recognized as on the reporting date, as there is no temporary difference between the carrying amount of assets and liabilities as per BAS-12.

3.20 Events after the Reporting Period:

There are no such events after the reporting period existed at the end of the reporting period.

3.21 Currency:

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

3.22 General:

Previous year's figures have been re-arranged/re-classified, where consider necessary, to conform to current year's presentation.

EBL Investments Limited

Independent Auditor's Report

We have audited the accompanying Financial Statements of EBL Investments Ltd. which comprise the Statement of Financial Position as at 31 December 2017 and the statement of Profit or Loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 2017 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 Profit or Loss and other comprehensive income dealt with the report are in agreement with the books of account and returns.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka: 15 February 2018

EBL Investments Limited

Statement of Financial Position

as at 31 December 2017

Amount (In Taka)

	Particulars	Note	2017	2016
A.	**ASSETS**			
	Non-Current Assets:			
	Tangible Assets:			
	Property, Plant & Equipment	4	622,221	444,672
	Intangible Assets			
	Software	5	446,360	609,096
			1,068,580	**1,053,768**
B.	**Current Assets:**			
	Cash & Bank balance	6	24,287,808	15,064,923
	Advances, Deposit & Prepayments	7	90,265,340	150,205,573
	Margin Loan	8	118,665,672	62,873,663
	Accounts Receivable	9	7,634,825	10,007,483
	Investments	10	199,726,304	142,590,507
			440,579,949	**380,742,150**
	Total Assets (A+B)		**441,648,529**	**381,795,918**
	EQUITY & LIABILITIES			
C.	**Share Holders Equity:**			
	Paid up capital	11	300,000,000	300,000,000
	Retained earnings	12	11,020,236	30,964,178
	Total Shareholders' Equity		**311,020,236**	**330,964,178**
D.	**Current Liabilities**			
	Trade Payable	13	17,743,082	13,856,155
	Current tax liability/(assets)	14	10,634,288	3,557,759
	Provision for Diminution in value of Investments	15	19,457,140	11,651,804
	Other Liabilities	16	82,793,782	21,766,023
			130,628,293	**50,831,740**
	Total Liabilities (C+D)		**441,648,529**	**381,795,918**

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

Dated: Dhaka
15 February 2018

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

EBL Investments Limited

Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2017

Amount (In Taka)

	Particulars	Note	2017	2016
A.	**Operating Income**			
	Fees & Commission	17	16,629,376	7,097,536
	Income from Investment	18	62,875,713	25,634,398
	Interest Income	19	24,522,064	27,390,495
	Total operating income		**104,027,153**	**60,122,429**
B.	**Operating Expense**			
	Administrative Expenses	20	21,037,076	17,774,047
	Financial Expenses	21	71,979	50,289
	Total operating expense		**21,109,054**	**17,824,336**
C.	**Operating Profit before Provision(A-B)**		**82,918,099**	**42,298,093**
	Provision (Released)/Charged for diminution in value of investments	22	7,805,336	(4,132,787)
	Profit before Provision for tax		**75,112,762**	**46,430,880**
	Current tax expenses	23	15,056,704	9,346,905
	Net profit after tax		**60,056,058**	**37,083,976**
	Earning per share	24	**20.02**	**12.36**

The attached notes form an integral part of the financial statements.

Managing Director | Director | Chairman

Signed in terms of our annexed report of even date

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dated: Dhaka
15 February 2018

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EBL Investments Limited

Statement of Changes in Equity

for the year ended 31 December 2017

Particulars	Paid up Capital	Retained Earnings	Total
	Taka	Taka	Taka
Balance as on 01 January 2017	300,000,000	30,964,178	330,964,178
Add: Net Surplus/ (Deficit) for the year	-	60,056,058	60,056,058
Interim Dividend		80,000,000	80,000,000
Balance as on 31 December 2017	**300,000,000**	**11,020,236**	**311,020,236**

for the year ended 31 December 2016

Particulars	Paid up Capital	Retained Earnings	Total
	Taka	Taka	Taka
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	-	20,000,000	20,000,000
Balance as on 31 December 2016	**300,000,000**	**30,964,178**	**330,964,178**

Managing Director

Director

Chairman

EBL Investments Limited

Statement of Cash Flows

for the year ended 31 December 2017

Amount (In Taka)

	Particulars	2017	2016
A.	**Cash flows from operating activities**		
	Net Profit/(Loss) during the year	60,056,058	37,083,976
	Add: Depreciation and Amortization	366,852	294,336
	Net Profit/(Loss) after Depriciation	**60,422,910**	**37,378,312**
	Changes in other operating assets/liabilities	**(50,818,362)**	**(40,324,046)**
	Advances,Deposit & Prepayments	59,940,233	62,494,427
	Margin Loan	(55,792,009)	(21,095,562)
	Accounts receivable	2,372,658	(4,060,927)
	Advance Income Tax	1,927,891	2,440,913
	Investment	(57,135,796)	(81,698,914)
	Trade payable	3,886,927	9,436,791
	Provision for Tax	5,148,638	(849,156)
	Other liabilities	(11,166,904)	(6,991,619)
	Net cash flow from operating activities	**9,604,549**	**(2,945,734)**
B.	**Cash flows from investing activities**		
	Fixed Assets	(381,665)	(318,950)
	Net cash flow from investing activities	**(381,665)**	**(318,950)**
C.	**Cash flows from financing activities**		
	Cash Dividend	-	-
	Net cash flow from financing activities	-	-
D.	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	9,222,884	(3,264,684)
E.	**Opening cash and Bank balance**	15,064,923	18,329,607
F.	**Closing cash and Bank balance**	**24,287,808**	**15,064,923**
	Closing cash and Bank balance represents		
	Cash in hand	39,940	9,832
	Stamp in hand	46,700	11,200
	Balances with other banks and financial institutions	24,201,168	15,043,891
		24,287,808	**15,064,923**

Managing Director

Director

Chairman

AMAR STOCK

EBL Investments Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2017

1 REPORTING ENTITY:

1.01 Legal status

EBL Investments Limited (here-in-after referred to as "EBL Investments Limited (EBLIL)" or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C 81417/09 dated 30 December 2009 as a Private Limited Company under the Companies Act, 1994 and obtained required marchant banking license from BSEC in 27 January 2013. This Company is a fully owned subsidiary of Eastern Bank Limited. EBLIL is well equipped with skilled human resources and business set up to start full fledged operations from July,2013.

1.02 Nature of business :

EBLIL has started full fledge merchant banking operation from mid of 2013. The activities of the Company include services broadly classified as fees and commission based and fund based services, such as underwriting of securities, issue management, portfolio management, corporate advisory services etc.

2 BASIS OF PREPARATION:

2.01 Statement of compliance

The financial statements are prepared on the historical cost convention and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the companies Act, 1994, Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

2.02 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.03 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 accordance with the requirement of BAS 8. We however, have applied the same accounting principles in 2017 as in financial statements for 2016.

2.04 Reporting period

The financial statements of the Company covers a period from 01 January 2017 to 31 December 2017 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:

3.01 Tangible Assets

Property, Plant & Equipment and its Depreciation

Recognition and measurement

Assets are recognised initially at cost and subsequently at cost less accumulated depreciation in compliance with BAS 16, "Property Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all up gradation/ enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each components of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

Category of assets	Rate of depreciation
Furniture and fixtures	10%
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.

3.02 Intangible assets and amortization:

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with BAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization @ 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 is relates. All other expenditure is recognized as incurred.

3.03 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"

3.04 Books of accounts

The Company maintains its books of accounts in electronic form through Mbank software.

3.05 Risk and uncertainty for use of estimates (Provisions):

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by 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.

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.

3.06 Revenue Recognition

Revenue" is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably in accordance with Bangladesh Accounting Standards (BAS) 18 : Revenue Recognition.

3.07 Fees and Commission:

Fees and Commission income arises on services rendered by the company and recognized on and accrual basis.

3.08 Income from margin loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective customers.

3.09 Dividend income:

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

3.10 Taxation:

Income tax expenses comprise current and deferred tax. Current tax is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity.

3.11 Events after the Reporting Period:

There are no such events after the reporting period existed at the end of the reporting period.

3.12 Currency:

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

3.13 General:

Previous year's figures have been re-arranged/re-classified, where consider necessary, to conform to current year's presentation.

AMAR STOCK

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 2017.

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 2017 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 2017 and the financial position of the Company at that date are set out on pages 6 and 7.

An interim dividend of HK$2.29 per share amounting to HK$3,223,819 was paid during the year.

Charitable donations

Donations made by the Company during the year amounted to HK$13,000.

Directors

The directors during the year and up to the date of this report were:
Eastem 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 12 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.

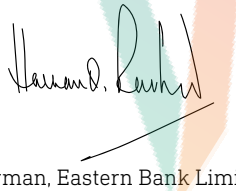
Other matters

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, 17 January 2018

EBL Finance (HK) Limited

Independent Auditor's Report

To the Members of EBL Finance (Hk) Limited
(Incorporated in Hong Kong with Limited Liability)

Opinion

We have audited the financial statements of BBL Finance (HK) Limited ("the Company") set out on pages 6 to 19, which comprise the statement of financial position as at 31 December 2017, 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 fmancial statements give a true and fair view of the financial position of the Company as at 31 December 2017, 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 ("HK.CO").

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 lnformation

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the HK.CO, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our responsibility to express an opinion on these financial statements based on our audit is solely to you, as a body, in accordance with section 405 of the HKCO, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the HKlCPA's website at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/auditre/fs_pf.pdf

This description forms part of our auditor's report



Kingston C.P.A. Limited
Certified Public Accountants, Hong Kong
Auditor LAW Hoi Kit; P.C. No. P06627
17 January 2018

EBL Finance (HK) Limited

Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 HK$	2016 HK$
Revenue	4	31,348,368	18,766,540
Cost of sales		(14,100,230)	(7,421,079)
Gross profit		**17,248,138**	**11,345,461**
Other income and net gains or (losses)	4	164,194	216,791
Operating expenses		(4,732,282)	(3,811,707)
Operating profit	5	**12,680,050**	**7,750,545**
Finance costs		-	-
Profit before taxation		**12,680,050**	**7,750,545**
Income tax Over/(under) provision in prior years		28,055	(10,407)
Provision for the year	6	(2,100,000)	(1,292,500)
		(2,071,945)	(1,302,907)
Profit for the year		10,608,105	6,447,638
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		**10,608,105**	**6,447,638**

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EBL Finance (HK) Limited

Statement of Financial Position - 31 December 2017

	Note	2017 HK$	2016 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	89,357	69,143
Current assets			
Bills financed	10	549,891,268	377,096,668
Interest receivables		7,104,857	3,776,996
Deposits and prepayments		168,660	167,460
Cash and bank balances		14,354,065	2,949,888
		571,518,850	**383,991,012**
Current liabilities			
Accruals and other payables		3,610,274	5,718,583
Temporary receipts		-	709,257
Receipt in advance		559,954	278,089
Amounts due to holding company		-	28,950
Loan from holding company	11	551,380,500	369,138,000
Provision for taxation		815,555	329,638
		556,366,283	**376,202,517**
Net current assets		**15,152,567**	**7,788,495**
Net assets		**15,241,924**	**7,857,638**
EQUITY			
Capital and reserves			
Share capital Issued and fully paid - 1,410,000 ordinary shares		1,410,000	1,410,000
Retained profits		13,831,924	6,447,638
Total equity		**15,241,924**	**7,857,638**

Approved and authorised for issue by the board of directors on 17 January 2018

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.

EBL Finance (HK) Limited

Statement of Changes In Equity

for the year ended 31 December 2017

	Share capital	Retained profits	Total
	HK.$	HK.$	HK.$
Balance at 1 January 2016	1,410,000	3,046,521	4,456,521
Net profit for the year	-	6,447,638	6,447,638
Other comprehensive income	-	-	-
Dividend (Note 8)	-	(3,046,521)	(3,046,521)
Balance at 31 December 2016	**1,410,000**	**6,447,638**	**7,857,638**
Net profit for the year	-	10,608,105	10,608,105
Other comprehensive income	-	-	-
Dividend (Note 8)	-	(3,223,819)	(3,223,819)
Balance at 31 December 2017	**1,410.000**	**13,831.924**	**15,241,924**

EBL Finance (HK) Limited

Statement of Cash Flows

for the year ended 31 December 2017

	2017 HK.$	2016 HK.$
Operating activities		
Profit before taxation	12,680,050	7,750,545
Adjustment for:		
Interest expense	14,100,230	7,421,079
Depreciation	49,613	73,011
Operating cash flows before working capital changes	26,829,893	15,244,635
Increase in bills financed	(172,794,600)	(126,578,988)
Increase in interest receivables	(3,327,861)	(1,937,271)
Increase in deposits and prepayments	(1,200)	(8,080)
(Decrease)/increase in accruals and other payables	(2,108,309)	3,975,053
(Decrease)/increase in temporary receipts	(709,257)	585,980
Decrease in amounts due to holding company	(28,950)	(418,243)
Increase/(decrease) in receipts in advance	281,865	(120,935)
Increase in loan from holding company	182,242,500	120,750,500
Cash generated from operations	30,384,081	11,492,651
Tax paid	(1,586,028)	(2,015,769)
Interest paid	(14,100,230)	(7,421,079)
Net cash generated from operating activities	**14,697,823**	**2,055,803**
Net cash used in from investing activities		
Payments to acquire property, plant and equipment	(69,827)	(45,565)
Net cash used in financing activities		
Dividend paid	(3,223,819)	(3,046,521)
Net increase/(decrease) in cash and cash equivalents	**11,404,177**	**(1,036,283)**
Cash and cash equivalents at beginning of year	2,949,888	3,986,171
Cash and cash equivalents at end of year	**14,354.065**	**2,949,888**
Analysis of cash and cash equivalents at end of year		
Cash and bank balances	**14,354,065**	**2,949.888**

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EBL Finance (HK) Limited

Notes to the Financial Statements- 31 December 2017

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 2017 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.

The Company has not early applied the following new standards, amendments or interpretations that have been issued and relevant to the Company but are not yet mandatory effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

Annual Improvements Project	Annual Improvements to HKFRSs 2014 - 2016 Cycle [1]
HKFRS9	Financial Instruments [1]
HKFRS 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) Employee retirement benefits

Costs of employee retirement benefits are recognised as an expense in the year in which they are incurred.

(l) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(m) Revenue recognition

Revenue is recognised when it is possible that the economic benefits will flow to the Company and when the revenue can be measured reliably on the following bases:-

(i) Interest income is recognised on a time proportion basis.

(ii) Fees, commission and charges on letter of credit are recognised when the services are rendered.

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:-

	2017	2016
	HK.$	HK.$
Revenue		
Interest income on bills financed	22,219,573	11,705,250
Fees, commission and charges on letter of credit	9,128,795	7,061,290
	31,348,368	18,766,540
Other income and net gains or (losses)		
Net exchange gain	164,194	216,791
Total revenues	**31,512,562**	**18,983,331**

5 Operating Profit

Operating profit is stated after charging:-

	2017	2016
	HK.$	HK.$
Revenue		
Auditor's remuneration	60,000	57,200
Depreciation	49,613	73,011
Operating lease charges	511,938	491,030
Retirement benefit costs	79,379	63,412
Salaries and allowances	2,773,022	2,368,374

6. Taxation

(a) Hong Kong Profits Tax is calculated at 16.5% (2016: 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.

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7. Directors' Emoluments

During the years ended 31 December 2017 and 2016, 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.

Save as disclosed in note 12 to the financial statements, no other significant transactions, arrangement and contracts to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Except for the aforementioned transaction, no other significant transactions, arrangement and contracts to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

8. Dividends

	2017	2016
	HK.$	HK.$
Interim dividend for 2017 declared and paid of HK$2.29 (2016: HK$2.16) per share	3,223.819	3,046,521
	3,223.819	**3,046,521**

9. Property, plant and equipment

	Machineries and equipments	Furniture and fixtures	Total
	HK.$	HK.$	HK$
Cost			
At 1 January 2016	110,685	197,259	307,944
Additions	65	45,500	45,565
At 31 December 2016	110,750	242,759	353,509
Additions	35,289	34,538	69,827
At 31 December 2017	**146,039**	**277,297**	**423,336**
Accumulated depreciation			
At 1 January 2016	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
Provided for the year	29,077	20,536	49,613
At 31 December 2017	**115,360**	**218,619**	**333,979**
Carrying amounts			
At 31 December 2017	**30,679**	**58,678**	**89,357**
At 31 December 2016	**24,467**	**44,676**	**62,143**

10. Bills financed

The following is the aging analysis of bills financed at the end of the reporting period:-

	2017	2016
	HK.$	HK.$
0-3 months	254,743,606	282,765,571
4-6 months	176,754,751	77,034,153
7-9 months	101,963,455	17,296,944
10-12 months	16,429,456	-
Over 12 months	-	-
	549,891.268	**377,096,668**

11. Loan from holding company

The amounts are unsecured, interest bearing and repayable within one year.

12. 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	2017	2016
				HK.$	HK.$
Interest expense	Eastern Bank Limited	Holding company and director	IFTEKHAR Ali Reza Md	14,100 230	7,421 079

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13. Commitments under operating lease

At 31 December 2017, total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Land and building	
	2017	2016
	HK.$	HK.$
Within 1 year	211,650	498,000
After 1 year but within 5 years	-	211,650
Over 5 years	-	-
	211,650	**709,650**

14. Financial risk management

The Company is exposed to various kinds of risks in its operation and financial instruments. The Company's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:-

(a) Market risk

(i) Currency risk

(1) The Company receives its interest income and service fee and pays loan from holding company and interest expenses, mainly in US dollar, that exposes it to foreign currency risk arising from such purchases and sales and the resulting payables and receivables. The Company closely and continuously monitors the exposure as follows:-

Since HK dollar is pegged to US dollar, there is no significant exposure expected on US dollar transactions and balances.

(2) Sensitivity analysis

As the net exposure of the Company to foreign currency is relatively small, change in foreign currency exchange rate will have no material impact on the financial performance of the Company.

(ii) Interest rate risk

The Company's exposure to interest rate risk is mainly on its interest-bearing borrowings. In order to manage the interest rate risk, the Company will repay the corresponding borrowings when it has surplus funds.

(iii) Price risk

There is no significant price risk as the Company does not have any investment traded in an active market.

(b) Credit risk

The major exposure to credit risk of the Company's financial assets, which comprise sundry deposits, and cash and bank balances, arises from the default of the counter parties, with a maximum exposure equal to the carrying amount of these financial assets in the statement of financial position.

(c) Liquidity risk

The Company's exposure to the risk of liquidity is minimal, as the shareholders of the Company finance sufficient funds to meet the Company's continuous operation need.

The maturity profile of all financial liabilities of the Company as at the end of the reporting period, based on the contracted undiscounted payments, was as follows:-

	2017	2016
	HK.$	HK.$
Due and payable		
0-3 months	551,755,774	336,228,529
4-6 months	4,610,509	39,973,988
7-9 months	-	-
10-12 months	-	-
Over 12 months	-	-
	-	-
Total current liabilities	**556,366.283**	**376,202,517**

(d) Fair value

The Company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2017.

15. Immediate and ultimate holding company

The directors regard Eastern Bank Limited, a company incorporated in Bangladesh, as being the immediate and ultimate holding company.

EBL Asset Management Limited

Independent Auditor's Report

We have audited the accompanying Financial Statements of EBL Asset Management Ltd. which comprise the Statement of Financial Position as at 31 December 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and 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 2017 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 profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, 27 February 2018

EBL Asset Management Limited

Statement of Financial Position

as at 31 December 2017

PROPERTY AND ASSETS	Note	2017	2016
		Taka	Taka
Cash in hand	3	53,680,793	52,911,590
Loans and advances	4	203,416,667	-
Fixed Assets	5	1,099,656	-
Other assets	6	116,328	113,381
TOTAL ASSETS		**258,313,443**	**53,024,971**
EQUITY AND LIABILITIES			
Liabilities			
Accounts Payable	7	2,123,589	198,984
Provision for tax	8	1,292,005	327,574
Total liabilities		**3,415,594**	**526,558**
Shareholders' Equity			
Paid up capital	9	50,000,000	50,000,000
Share money deposit		200,000,000	-
Retained earnings	10	4,897,849	2,498,412
Total Shareholders' Equity		**254,897,849**	**52,498,412**
Total liabilities and shareholders' equity		**258,313,443**	**53,024,971**

The annexed notes form an integral part of these financial statements.

Managing Director

Director

Chairman

Signed as per our annexed report of same date.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, 27 February 2018

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EBL Asset Management Limited

Statement of Profit and Loss and Other Comprehensive Income

for the period ended 31 December 2017

Particulars	Note	2017	2016
Operating Income:			
Interest income	11	4,579,943	1,133,810
Total operating income		**4,579,943**	**1,133,810**
Operating Expense:			
Legal & Professional Expenses	12	62,417	151,734
Financial Expenses	13	26,150	16,150
Office decoration	14	718,940	-
Audit Fees	15	12,750	30,000
Depriciation of fixed assets	16	68,244	-
Total operating expense		**888,501**	**197,884**
Profit before Tax		**3,691,442**	**935,926**
Provision for tax made for the period	17	1,292,005	327,574
Profit after tax		**2,399,437**	**608,352**
Earnings per share	18	**4.80**	**1.22**

The annexed notes form an integral part of these financial statements.

Managing Director | Director | Chairman

Signed as per our annexed report of same date.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, 27 February 2018

EBL Asset Management Limited

Statement of Changes in Equity

for the period ended 31 December 2017

Particulars	Paid up capital	Share money deposit	Retained earnings	Total Equity
Balance as on 01 January 2017	50,000,000	-	2,498,413	52,498,413
Addition during the year (share money deposit)	-	200,000,000	-	200,000,000
Net profit during the year	-	-	2,399,437	2,399,437
Balance as at 31 December 2017	**50,000,000**	**200,000,000**	**4,897,850**	**254,897,850**

For the year ended 31 December 2016

Particulars	Paid up capital	Retained earnings	Total Equity
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**

Managing Director

Director

Chairman

Dhaka, 27 February 2018

AMARSTOCK

EBL Asset Management Limited

Cash Flow Statement

for the period ended 31 December 2017

		2017	2016
		Taka	Taka
A.	**Cash flows from operating activities**		
	Interest income	1,163,276	1,133,810
	Paid for operating expenses	(63,552)	(384,178)
	Withholding tax	(116,328)	(113,381)
	Income tax paid	(214,193)	(685,689)
	Net cash used in /received from operating activities	**769,203**	**(49,438)**
B.	**Cash flows from investing activities**		
	Loans and advances to EBLSL	(200,000,000)	-
	Net cash used in investing activities	**(200,000,000)**	**-**
C.	**Cash flows from financing activities**		
	Share money deposit	200,000,000	-
	Net cash received from financing activities	**200,000,000**	**-**
D.	**Net increase/(decrease) in cash and cash-equivalents (A+B+C)**	769,203	(49,438)
E.	**Opening cash and Bank Balance**	52,911,590	52,961,028
F.	**Closing cash and cash-equivalents***	**53,680,793**	**52,911,590**
	Closing cash and cash-equivalents*		
	Cash in hand	-	-
	Balances with other banks and financial institutions	53,680,793	52,911,590
		53,680,793	**52,911,590**

Managing Director | Director | Chairman

AMAR STOCK

EBL Asset Management Limited

Notes to the Financial Statements

as at and for the period ended 31 December 2017

1 Rerporting Entity:

1.1 Legal status of the Company

EBL Asset Management Limited (here-in-after referred to as 'EBLAML' or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies (RJSC) vide registration no. C - 89481/11 dated 09th January 2011 as a Private Limited Company, limited by shares under the Companies Act, 1994 and got license from Bangladesh Securities Exchange Commission (BSEC) on 25th May 2017 for full fledged asset management operation . It is a subsidiary company of Eastern Bank Limited. EBL holds all the shares of the company except 1 share which is held by one individual. The registered office of the company is situated in Bangladesh.

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 2017 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), 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 cover a period from 01 January 2017 to 31 December 2017.

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.

Corporate Governance Disclosure Checklist

Particulars		Page
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	● Recommend external auditor for appointment/ reappointment	
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line will applicable accounting standards and annual review	77-79, 53

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Branch Network

Dhaka

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Gulshan Avenue Branch
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AMARSTOCK

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Email: moulvibazar@ebl-bd.com

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Rajshahi Branch
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1020/1092, Satani Mega Centre, Sherpur Road, Bogra 5800
Tel: 051 78373, 78887, 69932
Email: bogra@ebl-bd.com

Rangpur

Rangpur Branch
House-11, Road-1, Dhap Jail Road, Rangpur
Tel: 052155289, 052155290, 052155291
Email: rangpur@ebl-bd.com

Barisal

Barisal Branch
Bishnu Priya Bhaban, Holding No- 0451-000, Road-69, Barisal Sadar Road, Barisal
Tel: 0431-2177644,0431-2177643
Email: barisal@ebl-bd.com

TALUKDERSTOCK

Correspondent Bank Network

AUSTRALIA

Sydney
JP Morgan Chase Bank N.A
HSBC Australia
The Bank of Tokyo Mitsubishi UFJ Ltd
Commonwealth Bank of Australia
Citibank N.A.

AUSTRIA

Vienna
The Bank of Tokyo Mitsubishi UFJ Ltd
Deutsche Bank Aktiengesellschaft
Raiffeisen Landesbank Neideroesterreich-Wien AG
Raiffeisen Zentralbank Oesterreich AG
ING Bank NV
BANK GUTMANN AG

Bregenz
Raiffeisen Landesbank Vorarlberg

EISENSTADT
Raiffeisen Landesbank BurgenlandRGMBH

Graz
Raiffeisenlandesbank Steiermark

Innsbruck
Raiffeisen-Landesbank Tirol Aktiengesellschaf

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
Citibank N.A.
Arab Investment Company
United Bank Ltd.
ICICI Bank Limited

BELGIUM

BRUSSELS
ABN AMRO Bank NV
The Bank of Tokyo Mitsubishi UFJ Ltd
ING Bank
Commerzbank AG
BNP Paribas S.A.
ICICI Bank UK Plc
KBC Bank NV
State Bank of India
CBC Banque
BELFIUS BANK SA/NV
Byblos Bank Europe SA

BHUTAN

PHUNTSHOLING
Bank of Bhutan

THIMPU
Bhutan National Bank Ltd.

BRAZIL

PORTO ALEGRE
Banco Do Estado Do Rio Grande Do SUL S/A

CANADA

TORONTO
Bank of Nova Scotia
ICICI Bank Canada
Bank of Montreal N.A.
HSBC BANK CANADA
SBI CANADA BANK
BNP PARIBAS, CANADA BRANCH
Toronto-Dominion Bank

CHINA

BEIJING
Bank of China
Bank of Montreal (China) Co. Ltd.
Woori Bank (China) Ltd.
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited
Commerzbank AG
Weifang Rural Commercial Bank Co Ltd.
EXPORT-IMPORT BANK OF CHINA, THE
CHINA MINSHENG BANKING CORPORATION, LIMITED
Agricultural Bank of China Ltd

GUANGZHOU
JP Morgan Chase Bank N.A (China)
BANK OF MONTREAL (CHINA) CO. LTD.
Bank of Nova Scotia

SHANGHAI
Bank of Montreal (China) Co. Ltd.
Axis Bank Ltd.
JP Morgan Chase Bank N.A.
Citibank N.A.
Commerzbank AG
Deutsche Bank (China) Co. Ltd.
HSBC Bank (China) Company Limited
The Bank of New York Melon
Jiangsu Jiangyin Rural Commercial Bank
Mizuho Corporate Bank (China) Ltd.
Standard Chartered Bank
Zhejiang Pinghu Rural Cooperative Bank Shanghai, China
RURAL COMMERCIAL BANK OF ZHANGJIAGANG
ICICI BANK LIMITED
WELLS FARGO BANK, NA, SHANGHAI BRANCH
Bank of Communications

JINING
Bank of Jining Co Ltd Jining China

ZHEJIANG
Zhejiang Shaoxing Country Rural Cooperative Bank (Currently known as Bank of Ruifeng)

JIANGSU
Jiangsu Jiangnan Rural Commercial Bank Co Ltd.

SHENZEN
CHINA MERCHANTS BANK

HUZHOU
NANXUN BANK

GUANGDONG
GUANGDONG NANHAI RURAL COMMERCIAL BANK COMPANY LIMITED

TIANJIN CHINA
SUMITOMO MITSUI BANKING CORPORATION (CHINA) LIMITED TIANJIN BRANCH

PUDONG
DBS Bank (China) Limited

CAYMAN ISLANDS

CAYMAN ISLANDS
Commerzbank AG

CZECH REPUBLIC

PRAGUE
Ceskoslovenskaobchodni Banka AS
Unicredit Bank

COTE D'IVOIRE

COTE D'IVOIRE
Citibank N.A.

DENMARK

COPENHAGEN
Dankse Bank AS
Nordea Bank
CITIBANK EUROPE PLC DENMARK BRANCH

EGYPT

CAIRO
Citibank Cairo
Housing and Development Bank
EMIRATES NATIONAL BANK OF DUBAI SAE (FORMERLY BNP PARIBAS SAE,EGYPT)
Mashreqbank

FINLAND

HELSINKI
Nordea Bank Plc
Svenskahandelsbanken
OP CORPORATE BANK PLC
DANSKE BANK A/S, FINLAND BRANCH
Skandinaviskaenskildabanken

FRANCE

PARIS
Attijariwafa Bank Europe
BNP Paribas S.A.
Credit Mutuel (Holding BFCM)
Commerzbank AG
National Bank of Pakistan
CREDIT MUTUEL - CIC BANQUES
HSBC FRANCE (FORMERLY HSBC CCF)
CM - CIC BANQUES
Union De Banques Arabes ET Francaises
Societe Generale
Banque Palatine

GERMANY

FRANKFURT AM MAIN
Raiffeisenlandesbank Oberosterreich Akteiengesellschat
JP Morgan AG
Citigroup Global Markets Deutschland AG
Commerzbank AG
Deutsche Bank AG
SEB AG
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE
Standard Chartered Bank

MUENCHEN
UNICREDIT BANK AG (HYPOVEREINSBANK)
Deutsche Bank AG

MAINZ
Deutsche Bank AG

BERLIN
Commerzbank AG

CHEMNITZ
Deutsche Bank AG

DUESSLDORF
HSBC
DZ Bank AG
Deutsche Bank AG
Commerzbank AG

HUMBURG
Commerzbank AG
Deutsche Bank AG
HSH Nordbank AG

HANNOVER
Deutsche Bank AG

STUTTGART
Landesbank Baden-Wuerttemberg

GREECE

ATHENS
Citibank International PLC

HONG KONG

HONG KONG
Banca Intesa S.P.A
Bank of America N.A.
Bank of Tokyo-Mitsubishi UFJ, Ltd
ABN AMRO BANK N.V. HONG KONG BRANCH
AB INTERNATIONAL FINANCE LTD
JP Morgan Chase Bank N.A.
Citibank (Hong Kong) Ltd.
Commerzbank AG
CITIBANK N.A.
Svenska Handelsbanken AB
HBZ Finance Limited
Hong Kong and Shanghai Banking Corporation Limited
ICICI Bank Limited
BNP PARIBAS
Bank of New York
Mizuho Corporate Bank Ltd.
Mashreqbank psc
Bank of Nova Scotia
Wells Fargo Bank N.A.
Standard Chartered Bank
Wing Hang Bank Ltd
Axis Bank Ltd.
Sumitomo Mitsui Banking Corporation
Deutsche Bank AG
Toronto Dominion Hong Kong
Habib Finance International Limited
Unicredit Bank AG
EBL Finance HK Limited
NATIONAL BANK OF PAKISTAN HONG KONG
SKANDINAVISKA ENSKILDA BANKEN AB
DBS (Hong Kong) Limited
ING Bank NV

HUNGARY

BUDAPEST
CIB Bank Ltd.
Citibank Europe Plc

FAIR STOCK

INDIA

MUMBAI
Axis Bank Ltd.
Bank of America N.A.
Citibank N.A.
Deutsche Bank AG
Hong Kong and Shanghai Banking Corporation Limited
ICICI Bank Limited
Mashreqbank
Punjab National Bank
Standard Chartered Bank
Syndicate Bank
Tamilnad Mercantile Bank Ltd.
Union Bank of India
United Bank of India
JP Morgan Chanse Bank N.A.
HDFC Bank Limited
IndusInd Bank Ltd.
Yes Bank Ltd.
IDBI Bank Ltd.
Kotak Mahindra Bank Limited
DBS Bank Ltd.
AB BANK LIMITED
BANK OF BARODA
BNP PARIBAS INDIA
BANK OF NOVA SCOTIA, THE
ORIENTAL BANK OF COMMERCE
CORPORATION BANK
STATE BANK OF INDIA
FEDERAL BANK LIMITED, THE
Export-Import bank of India
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE

CALCUTTA
Sonali Bank
Standard Chartered Bank

INDONESIA

JAKARTA
Bank Mandiri (Persero), PT.
Bank Central Asia
Citibank N.A.
Hong Kong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Bank Negara Indonesia-PT
JP Morgan Chase Bank N.A.
Bank Mega PT
Bank of Tokyo-Mitsubishi Ltd.

IRAN

TEHRAN
BANK MELLAT

IRELAND

DUBLIN
Citibank N.A.
Bank of America N.A.
DANSKE BANK A/S
WELLS FARGO BANK INTERNATIONAL UNLIMITED COMPANY
Bank of Ireland

ITALY

MILAN
Banca Intesa SPA
Banca Popolare Di Milano S.C.A.R.L.
Commerzbank AG
Unicredito Italiano SPA
Credito Emiliano S.P.A. Reggio Nell Emilla
Banca Popolare Di Sondrio
UBI Banca
Deutsche Bank S.P.A
Cassa Di Risparmio Di Ravenna S.P.A.
Banca Monte Dei Paschi Di Siena SPA,
Credito Valtenllinese SOC COOP.
BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE
CREDIT AGRICOLE FRIULADRIA SPA
Banca Passadore
BANCA NUOVA SPA (INTESA SANPAOLO GROUP)
CREDIT AGRICOLE CARISPEZIA SPA
CREDIT AGRICOLE CARIPARMA SPA
BANCA CARIM-CASSA DI RISPARMIO DI RIMINI SPA
ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO COOPERATIVO
UBI BANCA S.P.A. (FORMERLY BANCA ADRIATICA S.P.A.)
BANCO BPM SPA

ROME
Banca Nazionale Del Lavoro S.P.A.
Banca UBAE SPA

JAPAN

TOKYO
The Bank of Tokyo Mitsubishi UFJ Ltd
Chiba Kogyo Bank Ltd.
Citibank N.A.
Commerzbank AG
Mizuho Corporate Bank Ltd.
Wells Fargo Bank N.A.
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
UBAF-Union De Banques Arabes Et Francaises
STATE BANK OF INDIA
UNICREDIT BANK AG TOKYO BRANCH (HYPOVEREINSBANK TOKYO BRANCH)
Deutsche Bank AG

SOUTH KOREA

SEOUL
JP Morgan Chase Bank N.A.
Kookmin BANK
Hong Kong and Shanghai Banking Corporation Limited
Woori Bank Ltd.
Industrial Bank of Korea
Bank of New York
Korea Exchange Bank
Wells Fargo Bank N.A.
Standard Chartered Bank
SHINHAN BANK
UBAF-Union De Banques Arabes Et Francaises
Deutsche Bank AG

BUSAN
BUSAN BANK

KUWAIT

KUWAIT CITY
Commercial Bank of Kuwait
OMAN EXCHANGE CO. WLL

LEBANON

BEIRUT
Citibank N.A.; Beirut

LATVIA

LATVIA
LUMINOR BANK AS LATVIA (FORMER NORDEA BANK AB LATVIA)

MACAU

MACAU
Hong Kong and Shanghai Banking Corporation Limited

MALAYSIA

KUALA LAMPUR
JP Morgan Chase Bank Berhad
ABN AMRO Bank Berhad
CIMB Bank Berhad
Citibank NA Kualalumpur, Malysaia
Deutsche Bank (Malaysia) Berhad
HSBC
Standard Chartered Bank
The Bank of Tokyo Mitsubishi UFJ LTD
Malayan Banking Berhad (May Bank)
SUMITOMO MITSUI BANKING CORPORATION
Sumitomo Mitsui Banking Corp. Malaysia Berhad

MALTA

ST. JULIAN'S
Fimbank PLC

MAURITIUS

PORT LOUIS
Mauritius Commercial Bank Ltd.
Bank One Limited

MEXICO

MEXICO
SCOTIABANK INVERLAT, S.A.

MOZAMBIQUE

MOZAMBIQUE
BANCO COMERCIAL E DE INVESTIMENTOS SARL

MYANMAR

MYANMAR
KBZ Bank
Co-Operative Bank Ltd.
Yoma Bank
Ayeyarwady Bank Limited (AYA Bank)

NEPAL

KATHMANDU
Nepal Bangaldesh Bank Limited
Standard Chartered Bank

NETHERLANDS

AMSTERDAM
ING Bank NV
ABN Amro Bank NV
Commerzbank AG
The Bank of Tokyo Mitsubishi UFJ Ltd
Deutsche Bank AG

ROTTERDAM
ABN Amro Bank NV

UTRECHT
Rabo Bank

NEW ZEALAND

AUCKLAND
Citibank N.A.
ASB Bank

NIGERIA

LAGOS
Citibank NA

NORWAY

OSLO
Swed Bank, Norway
Nordea Bank Norgeasa
Skandinaviska Enskilda Banken
Handelsbanken
DNB Nor Bank ASA

OMAN

MUSCAT
Bank Muscat

PAKISTAN

KARACHI
MCB Bank Ltd
Standard Chartered Bank
Habib Metropolitan Bank Limited
United Bank Ltd
Bank Alfalah Limited
SUMMIT BANK LTD
Habib Bank Ltd
Bank Al Habib Ltd
Meezan Bank Limited
Bankislami Pakistan Limited

POLAND

WARSZAWA
Raiffeisen Bank Polska S.A.

PORTUGAL

LISBON
Banco BPI SA
NOVO BANCO, SA

QATAR

DOHA
Mashreqbank psc
United Bank Limited
AHLI BANK QSC
QATAR NATIONAL BANK
Doha Bank

ROMANIA

BUCHAREST
Citibank Europe PLC

RUSSIA

MOSCOW
Gazprombank
VTB Bank

SAN MARINO

SAN MARINO
BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.P.A.

SAUDI ARABIA

JEDDAH
National Commercial Bank
State Bank of India

RIYADH
Bank Muscat
Deutsche Bank AG

TADAWUL STOCK

National Bank of Pakistan
ALAWWAL BANK
Al-Rajhi Bank
Emirates NBD PJSC

SINGAPORE

SINGAPORE CITY
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
JP Morgan Chase Bank N.A.
Citibank N.A.
Commerzbank AG
Deutsche Bank AG
DNB Nor Bank ASA
Skandinaviska Enskilda Banken AB
Svenska Handelsbanken
HSBC.
ICICI Bank Limited
Malayan Banking Berhad
Mizuho Corporate Bank Limited
Nordea Bank Finland Plc
Rabo Bank
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
UBAF-Union De Banques Arabes Et Francaises
Axis Bank Ltd.
State Bank of India
ABN Amro Bank N.V.
Overseas-Chinese Banking Corporation Ltd.
United Overseas Bank Limited
Habib Bank Limited
Emirates NBD PJSC
DBS Bank Ltd.
First Gulf Bank Ltd.
Intesa Sanpaolo S.P.A
Societe Generale
UniCredit Bank AG
FIRST ABU DHABI BANK PJSC (FORMERLY NATIONAL BANK OF ABU DHABI)
WELLS FARGO BANK, NA
STANDARD CHARTERED BANK (SINGAPORE) LIMITED
Bank of Montreal

SPAIN

MADRID
The Bank of Tokyo Mitsubishi UFJ LTD
Banco De Sabadell S.A.
Citibank International Plc
Caja Laboral Popular, Coop. De Credito
Commerzbank AG
CAIXABANK, S.A.
CAJAMAR CAJA RURAL, SOCIEDAD COOPERATIVA DE CREDITO
DEUTSCHE BANK SOCIEDAD ANONIMA ESPANOLA
UNICAJA BANCO, S.A.

SRI LANKA

COLOMBO
Standard Chartered Bank
Commercial Bank of Ceylon Plc
People's Bank, Sri Lanka
BANK OF CEYLON
SEYLAN BANK PLC
Axis Bank Ltd.

SWEDEN

STOCKHOLM
Citibank International Plc
Skandinaviska Enskilda Banken
Nordea Bank Sweden AB
SWED Bank
DANSKE BANK

MALMO
Skandinaviska Enskilda Banken

GOTEBORG
Skandinaviska Enskilda Banken
Nordea Bank AB

GENEVA
ING Bank (Switzerland) Ltd.
Banque Cantonale De Geneve
Banque De Commerce Et De Placements S.A.

ZURICH
Credit Suisse
Habib Bank AG Zurich
Zuercher Kantonakbank
United Bank AG
HSBC Bank Plc
Arab Bank (Switzerland) Ltd.

LAUSANNE
Banque Cantonale Vaudoise

LUGANO
EFG BANK SA, LUGANO BRANCH

TAIWAN

TAIPEI
Bank of America N.A.
JP Morgan Chase Bank N.A.
Citibank N.A.
Far Eastern International Bank
Hong Kong and Shanghai Banking Corporation Limited
Bank of New York
Wells Fargo Bank N.A.
Standard Chartered Bank
CTBC BANK CO., LTD
STANDARD CHARTERED BANK (TAIWAN) LIMITED
Taichung Commercial Bank Limited, Taiwan

THAILAND

BANGKOK
Bank of Ayudhya Public Company Limited
Bharat Overseas Bank Ltd
Bangkok Bank Public Company Ltd
Citibank NA
Export Import Bank of Thailand
Kasikornbank Public Company Limited
Mizuho Corporate Bank Ltd
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
BANK OF AYUDHYA PUBLIC COMPANY LIMITED,
BANGKOK SATHORN BRANCH (EX -THE BANK OF TOKYO-MITSUBISHI UFJ LTD)
CIMB THAI BANK PUBLIC COMPANY LIMITED
(FORMERLY BANKTHAI PUBLIC COMPANY LIMITED)

TURKEY

ISTANBUL
Albaraka Turk Participation Bank
HSBC Bank A.S.
Turkiye Garanti Bankasi AS
ING Bank A.S.
AK Bank TAS
Kuveyt Turk Katilim Bankasi A.S.
Aktif Yatirim Bankasi A.S.
Denizbank A.S.
Sekerbank TURK A.S
Finansbank AS
CITIBANK A.S.

U.A.E

DUBAI
Abu Dhabi Commercial Bank
Mashreq Bank PSC
Citibank NA
Emirates Bank International PJSC
Habib Bank AG
Emirates Islamic Bank
Standard Chartered Bank
Dubai Islamic Bank,
Habib Bank Limited
Axis Bank Ltd
United Bank Limited
ICICI Bank Limited
The National Bank of Ras Al-Khaimah

ABU DHABI
Noor Islami Bank (Noor Bank) UAE
First Gulf Bank

FUJAIRAH
National Bank of Fujairah

UKRAINE

KIEV
Credit Dnepr Bank

U.K

LONDON
Banca Intesa S.P.A
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
Sonali Bank (UK)
JP Morgan Chase Bank N.A.
Citibank N.A.
Commerzbank AG
Deutsche Bank AG
Habib Bank AG
ICICI Bank UK Limited
Mashreq Bank PSC
Nedbank LTD
Wells Fargo Bank N.A.
Standard Chartered Bank
HSBC Bank PLC
HSBC BANK PLC (RFB)
NORTHERN BANK LIMITED (TRADING AS DANSKE BANK)
Bank Of Beirut (UK) Limited,
Intesa Sanpaolo SPA,
Crown Agents Bank Limited
Habib-UK PLC

URUGUAY

MONTEVIDEO
BANCO ITAU

U.S.A

NEW YORK, NY
Deutsche Bank Trust Company Americas
Bank of America N.A.
The Bank of Tokyo Mitsubishi UFJ LTD
JP Morgan Chase Bank N.A.
Citibank NA
Commerzbank AG
Habib American Bank
Woori Bank
Bank of New York
Bank Leumi USA
Mizuho Corporate Bank Ltd.
HSBC Bank USA
Mashreq Bank PSC
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
Wells Fargo Bank N.A
ICICI Bank Limited
National Bank of Pakistan, NY, U.S.A
United Bank Limited
Keybank National Association
CAPITAL ONE, N.A.
Banco De Sabadell
U.S. Bank
Bank of The West
WELLS FARGO BANK, N.A.; NEW YORK
SANTANDER BANK, N.A.
BNP PARIBAS U.S.A - NEW YORK BRANCH
ABN AMRO CAPITAL USA LLC
PNC BANK, N.A.
People's United Bank National Association

LOS ANGELES, CA
Cathay Bank
Wells Fargo Bank N.A.

MIAMI, FLORIDA
WELLS FARGO BANK, N.A.

TULSA, OK
Bank of Oklahoma NA

SAN FRANCISCO
Bank of America N.A.
Wells Fargo Bank N.A.

WASHINGTON
International Bank for Reconstruction & Development (IBRD)
International Finance Corporation

HOUSTON, TEXAS
CAPITAL ONE, N.A.

BIRMINGHAM, ALABAMA
REGIONS BANK

CHARLOTTE, NC
Wells Fargo Bank N.A.

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
Asia Commercial Bank
Joint Stock Commercial Bank for Investment & Development
Vietnam Joint Stock Commercial Bank for Industry and Trade
STANDARD CHARTERED BANK (VIETNAM) LIMITED
Vietnam International Commercial Joint Stock Bank

HO CHI MINH CITY
WOORIBANK HOCHIMINH

Abbreviations

ABB	Association of Bankers, Bangladesh
AC	Audit Committee
AD Ratio	Advance to Deposit Ratio
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)
CMU	Cash Management Unit
CP	Commercial Paper
CRAR	Capital to Risk-weighted Assets Ratio
CSU	Customer Support Unit
CRR	Cash Reserve Ratio
CRGM	Credit Risk Grading Matrix
CSR	Corporate Social Responsibility
CDBL	Central Depository Bangladesh Limited
CDCS	Certified Documentary Credit Specialist
CRISL	Credit Rating Information and Services Ltd.
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
LCR	Liquidity Coverage Ratio
MANCOM	Management Committee
MCO	Maximum Cumulative Outflow
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
NSFR	Net Stable Funding Ratio
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PCBs	Private Commercial Banks
PC	Purchase Committee
PD	Probability of Default
POS	Point of Sale
PPG	Product Program Guidelines
PRI	Prime Risk Indicator
QMS	Quality Management System
RBCA	Risk Based Capital Adequacy
RBIA	Risk Based Internal Audit
RFCD	Resident Foreign Currency Deposit
RWA	Risk Weighted Assets
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
SAMD	Special Asset Management Division
SFU	Structured Finance Unit
SAFA	South Asian Federation of Accountants
SME	Small and Medium Enterprise
SLR	Statutory Liquidity Ratio
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

Media Coverage







































EASTERN BANK LIMITED

HEAD OFFICE
JIBAN BIMA BHABAN
10, DILKUSHA COMMERCIAL AREA
DHAKA-1000.

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 26th Annual General Meeting (AGM) of the Company (EBL) will be held on Tuesday 5 June 2018 at 11.00 AM at Police Convention Hall, Eskaton Garden Road, Ramna, Dhaka-1000, to transact the following Agenda:

AGENDA

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31 December, 2017 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, 2017 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

26 April 2018

Safiar Rahman, FCS
DMD & Company Secretary

NOTES:

- The Board of Directors recommended for payment of **20% (Twenty Percent) Cash Dividend** on the profit of the Bank as at the close of business on 31 December 2017.
- The **'Record Date'** in lieu of Book Closure will be on **Sunday, 20 May 2018.** The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the **'Record Date'** (20 May 2018) will be eligible to attend the 26th AGM and entitled to the Dividend as mentioned above.
- A Member eligible to attend the Annual General Meeting (AGM) is entitled to appoint a Proxy to attend and vote on his/her behalf. The Proxy may not be a Member of the Company. Forms of Proxy, duly stamped, must be deposited at the 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 17 May 2018. As per Sec 54 of Income Tax Ordinance 1984, without having e-TIN, Income Tax will be deducted @ 15% (Fifteen Percent) instead of @ 10% (Ten Percent) from payable Cash Dividend.**
- **Hon'ble Members are also requested to update their Bank Accounts Number, Address, Contact Number and E-mail Address through Depository Participant (DP) latest by 17 May 2018.**
- **No Gift/Gift Coupon/Food Box etc. to be distributed at the 26th 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----------

ইস্টার্ণ ব্যাংক লিমিটেড এর শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব/বেগম ----------কে

ঠিকানা----------অথবা

তাঁর অপারগতায় জনাব/বেগম ---------- কে

ঠিকানা----------প্রক্সি হিসাবে

আমার/আমাদের পক্ষে ২০১৮ ইং সালের ৫ জুন, রোজ মঙ্গলবার, পুলিশ কনভেনশন হল, ইস্কাটন গার্ডেন রোড, রমনা, ঢাকা-১০০০, ঢাকায় অনুষ্ঠিতব্য কোম্পানীর ২৬তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

রাজস্ব টিকেট
বিশ টাকা

অদ্য ২০১৮ ইং সালের --------- মাসের --------তারিখে আমার/আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

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 বিবেচিত হবেন না।

ইস্টার্ণ ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০, দিলকুশা বাণিজ্যিক এলাকা
ঢাকা-১০০০

শেয়ারহোল্ডার / প্রক্সির হাজিরা পত্র

আমি/আমরা ৫ জুন ২০১৮, রোজ মঙ্গলবার বেলা ১১.০০ ঘটিকায় পুলিশ কনভেনশন হল, ইস্কাটন গার্ডেন রোড, রমনা, ঢাকা-১০০০ ঢাকায় অনুষ্ঠিতব্য ইস্টার্ণ ব্যাংক লিমিটেড এর ২৬তম 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 উপস্থিতি থাকতে চান, সভাস্থলে প্রবেশের পূর্বে এই হাজিরা পত্র যথাযথভাবে পূরন করে নির্ধারিত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রক্ষিত স্বাক্ষরের অনুরূপ হতে হবে।

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