



Eastern Bank Ltd.

Quarterly Financial Statements (Unaudited) Third Quarter 2012

EASTERN BANK LIMITED AND ITS SUBSIDIARIES Consolidated Balance Sheet (Unaudited)

As at 30 September 2012

	As at 30 September 2012 Taka	As at 31 December 2011 Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	1,470,793,723	1,095,803,828
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	6,834,191,165	4,926,961,943
	<u>8,304,984,888</u>	<u>6,022,765,771</u>
Balances with other Banks and Financial Institutions		
In Bangladesh	3,521,550,372	3,580,408,080
Outside Bangladesh	2,313,451,758	101,735,964
	<u>5,835,002,130</u>	<u>3,682,144,044</u>
Money at call and short notice	910,000,000	2,650,000,000
Investments		
Government	11,298,954,447	12,841,220,762
Others	3,937,179,692	4,069,307,226
	<u>15,236,134,139</u>	<u>16,910,527,988</u>
Loans and advances		
Loans, Cash Credits, Overdraft etc.	82,143,837,805	75,177,570,742
Bills discounted and purchased	9,593,031,684	5,880,352,020
	<u>91,736,869,489</u>	<u>81,057,922,762</u>
Fixed assets including land, building, furniture and fixtures	4,674,623,036	4,465,566,722
Other assets	1,800,231,587	2,527,515,447
Non banking assets	217,733,000	247,878,000
TOTAL ASSETS	<u>128,715,578,269</u>	<u>117,564,320,734</u>
LIABILITIES AND CAPITAL		
Liabilities		
Borrowing from other banks, financial institutions and agents	21,642,450,609	21,652,484,276
Deposits and other accounts		
Current deposits & other accounts, etc.	9,968,670,713	7,365,413,484
Savings bank deposits	13,409,728,867	13,159,045,299
Fixed deposits	61,666,335,962	53,743,327,289
Bills payable	597,374,942	814,170,727
Bearer certificates of deposits	22,250,000	22,250,000
	<u>85,664,360,483</u>	<u>75,104,206,799</u>
Other liabilities	6,350,733,502	6,215,427,065
TOTAL LIABILITIES	<u>113,657,544,594</u>	<u>102,972,118,140</u>
SHAREHOLDERS' EQUITY		
Share Capital-Paid up capital	6,111,797,850	4,527,257,670
Statutory reserve	3,551,351,414	3,551,351,414
General reserve	160,000,000	160,000,000
Dividend equalisation reserve	356,040,000	356,040,000
Reserve against pre takeover loss	1,554,759,750	1,554,759,750
Pre takeover loss	(952,794,813)	(787,204,237)
Asset revaluation reserve	2,651,941,750	2,651,941,750
Reserve for amortization of treasury securities (HTM)	-	3,793
Reserve for revaluation of treasury securities (HFT)	-	409,033,635
Reserve for non banking assets	204,427,796	233,527,796
Foreign currency translation gain/(loss)	(619,239)	15,073,032
Retained earnings	1,421,129,166	1,769,737,547
Attributable to equity holders	<u>15,058,033,675</u>	<u>14,441,522,150</u>
Non controlling interest	-	150,680,444
TOTAL SHAREHOLDERS' EQUITY	<u>15,058,033,675</u>	<u>14,592,202,594</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>128,715,578,269</u>	<u>117,564,320,734</u>
OFF BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptance and endorsements	26,339,138,375	23,317,821,842
Irrevocable Letters of Credit	12,858,126,182	12,006,716,532
Letter of Guarantees	10,382,599,619	6,725,466,917
Bills for Collection	1,689,556,856	1,204,574,500
	<u>51,269,421,033</u>	<u>43,254,579,791</u>
Other memorandum items		
Value of Bangladesh Sanchaya Patra on hand	669,578,100	812,479,100
Total contingent liabilities	<u>669,578,100</u>	<u>812,479,100</u>
Other commitments		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	10,843,098,093	11,445,066,858
Undrawn note issuance and revolving facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
	<u>10,843,098,093</u>	<u>11,445,066,858</u>
Claims against the Bank not acknowledged as debt	-	-
TOTAL OFF-BALANCE SHEET ITEMS	<u>62,782,097,226</u>	<u>55,512,125,749</u>

Muhammad Maniruzzaman, FCMA
Head of Finance

Ali Reza Iftakhar
Managing Director & CEO

Dated: Dhaka, 22 October 2012

EASTERN BANK LIMITED AND ITS SUBSIDIARIES Consolidated Profit & Loss Account (Unaudited)

For the period ended 30 September 2012

	01 January 2012 to 30 September 2012 Taka	01 January 2011 to 30 September 2011 Taka	01 July 2012 to 30 September 2012 Taka	01 July 2011 to 30 September 2011 Taka
PARTICULARS				
Interest Income	10,091,936,052	6,895,791,486	3,466,653,553	2,612,041,457
Less: Interest paid on deposits and borrowings	6,388,303,170	4,462,100,297	2,252,287,550	1,745,675,660
Net Interest Income	3,703,632,882	2,433,691,189	1,214,366,003	866,365,797
Income from investments	951,831,723	1,341,251,703	268,721,856	449,887,419
Commission, exchange and brokerage	1,717,906,612	1,625,883,812	608,026,787	544,659,708
Other operating income	187,982,815	326,292,140	68,339,955	60,093,812
Total operating income	6,561,354,031	5,727,118,844	2,159,454,600	1,921,006,736
Salary & allowances	1,188,090,485	999,496,624	451,316,358	403,647,266
Rent, taxes, insurance, utilities etc.	262,459,638	179,909,362	111,422,835	68,198,547
Legal & professional expenses	27,666,578	31,070,956	7,493,290	8,781,047
Postage, stamp, telecommunication etc.	48,704,812	39,052,287	4,181,193	9,143,070
Stationery, printing, advertisement, etc.	143,706,172	136,693,572	47,058,023	46,625,507
Chief Executive's salary and fees	10,848,717	9,287,561	4,743,117	3,551,561
Directors' Fees & Expenses	1,887,411	1,854,210	434,385	427,501
Auditor's fees	-	-	-	-
Charges on loan losses	940	235,033	940	-
Repairs, maintenance and depreciation	287,750,569	203,216,285	89,773,332	65,867,958
Other office operating expenses	257,928,255	211,205,232	79,711,511	73,839,669
Total operating expenses	2,229,043,578	1,812,021,122	796,134,985	680,082,126
Other non operating income	103,476,010	-	103,476,010	-
Profit before provisions	4,435,786,463	3,915,097,722	1,466,795,625	1,240,924,610
Provision for loans and advances				
General provision	289,858,906	377,186,396	119,914,149	130,860,356
Specific provision	877,972,384	276,310,339	557,241,175	119,144,738
Provision against loss on revaluation of shares	280,408,120	207,297,283	(133,091,966)	65,164,163
Other provisions	8,540,000	-	8,540,000	-
Total provisions	1,456,779,410	860,794,018	552,603,358	315,169,257
Profit before tax for the period	2,979,007,053	3,054,303,704	914,192,267	925,755,353
Provision for tax made for the period	1,752,033,847	1,413,922,777	569,925,845	417,118,629
Profit after tax for the period	1,226,973,206	1,640,380,927	344,266,422	508,636,724
Earnings per share (EPS)	2.01	2.68	0.56	0.83

Muhammad Maniruzzaman, FCMA
Head of Finance

Ali Reza Iftakhar
Managing Director & CEO

Dated: Dhaka, 22 October 2012

EASTERN BANK LIMITED AND ITS SUBSIDIARIES Consolidated Cash Flow Statement (Unaudited)

For the period ended 30 September 2012

	01 January 2012 to 30 September 2012 Taka	01 January 2011 to 30 September 2011 Taka
A. Cash flows from operating activities		
Interest received	9,523,265,227	6,732,921,152
Interest paid	(5,759,352,529)	(3,540,682,824)
Dividend received	47,785,490	70,822,272
Fees and commission received	1,717,906,612	1,625,883,812
Income from investment	904,046,233	1,270,429,431
Recovery of loans previously written off	103,254,745	242,166,617
Cash paid to employees (including directors)	(1,200,826,613)	(1,010,638,395)
Cash paid to suppliers	(482,537,201)	(386,726,178)
Income taxes paid	(1,694,339,441)	(1,048,281,999)
Received from other operating activities	84,728,069	84,125,522
Paid for other operating activities	(397,116,134)	(300,137,776)
Operating cash flow before changes in operating assets and liabilities	2,846,814,457	3,739,881,634
Increase/(decrease) in Operating Assets & Liabilities		
Changes in trading securities	1,597,730,846	(2,458,038,379)
Loans and advances to other banks	40,000,000	(1,100,000,000)
Loans and advances to customers (other than banks)	(10,150,275,903)	(16,749,514,332)
Other assets	732,526,893	(342,816,045)
Recovery from BCCI assets	(165,590,574)	201,283,000
Deposits from other Banks	3,950,600	(238,880,098)
Deposits from customers (other than banks)	9,827,995,371	18,190,664,946
Other liability/tax	(57,694,407)	(365,640,778)
Other liability/provision	(1,456,779,410)	(860,794,018)
Other liabilities	338,039,520	151,573,797
Foreign currency translation difference	(15,692,270)	-
Net Cash received from operating activities	3,541,025,122	167,719,727
B. Cash flows from investing activities		
Changes in non-trading securities	(331,535,323)	(473,264,667)
Purchase of property, plant and equipment	(361,277,958)	(459,088,134)
Sales proceeds of fixed assets	3,658,013	3,954,832
Investment in Subsidiary-EBL Finance (HK) Limited	(4,198,035)	-
Non controlling Interest	(141,721,847)	-
Net cash used in investing activities	(835,075,150)	(928,397,969)
C. Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	(10,033,667)	2,458,729,940
Dividend paid (cash dividend)	-	-
Net cash received from financing activities	(10,033,667)	2,458,729,940
D. Net (decrease) / increase in cash (A+B+C)	2,695,916,305	1,698,051,698
E. Opening cash and cash-equivalents	12,357,018,214	8,371,841,291
F. Closing cash and cash-equivalents (D+E)*	15,052,934,519	10,069,892,989
*Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	1,470,793,723	867,671,122
Balances with Bangladesh Bank and its agent bank(s)	6,834,191,165	4,061,201,374
Balances with other Banks and Financial Institutions	5,835,002,130	5,118,269,092
Money at call and short notice	910,000,000	20,000,000
Prize bonds	2,947,500	2,751,400
	<u>15,052,934,519</u>	<u>10,069,892,989</u>

Muhammad Maniruzzaman, FCMA
Head of Finance

Ali Reza Iftakhar
Managing Director & CEO

Dated: Dhaka, 22 October 2012

EASTERN BANK LIMITED AND ITS SUBSIDIARIES Consolidated Statement of Changes in Equity (Unaudited)

For the period ended 30 September 2012

Particulars	Paid up capital	Statutory reserve	General reserve	Dividend equalisation reserve	Reserve against pre takeover loss	Pre take over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	Reserve for non banking assets	Foreign currency translation gain/(loss)	Retained earnings	Non controlling interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2012	4,527,257,670	3,551,351,414	160,000,000	356,040,000	1,554,759,750	(787,204,238)	2,651,941,750	3,793	409,033,635	233,527,796	15,073,031	1,769,737,547	150,680,444	14,592,202,591
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	-	-	1,226,973,206	-	1,226,973,206
Bonus share issued	1,584,540,180	-	-	-	-	-	-	-	-	-	-	(1,584,540,180)	-	-
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	-	(409,033,635)	-	-	-	-	(409,033,635)
Adjustment of HTM securities	-	-	-	-	-	-	-	(3,793)	-	-	-	-	-	(3,793)
Recovery of pre-takeover loss	-	-	-	-	-	(165,590,575)	-	-	-	-	-	-	-	(165,590,575)
Adjustment of reserve for non banking assets	-	-	-	-	-	-	-	-	-	(29,100,000)	-	-	-	(29,100,000)
Currency translation difference	-	-	-	-	-	-	-	-	-	-	(15,692,270)	-	-	(15,692,270)
Adjustment of non controlling interest	-	-	-	-	-	-	-	-	-	-	-	8,958,597	(150,680,444)	(141,721,847)
Balance as at 30 September 2012	6,111,797,850	3,551,351,414	160,000,000	356,040,000	1,554,759,750	(952,794,813)	2,651,941,750	-	-	204,427,796	(619,239)	1,421,129,166	-	15,058,033,675
Balance as at 30 September 2011	4,527,257,670	2,725,521,942	160,000,000	356,040,000	1,554,759,750	(787,855,238)	2,651,941,750	-	742,7					



Eastern Bank Ltd.

Quarterly Financial Statements (Unaudited) Third Quarter 2012

EASTERN BANK LIMITED Profit & Loss Account (Unaudited)

For the period ended 30 September 2012

PARTICULARS	01 January 2012 to	01 January 2011 to	01 July 2012 to	01 July 2011 to
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	Taka	Taka	Taka	Taka
Interest Income	10,062,554,529	6,800,096,085	3,454,198,776	2,574,391,972
Less: Interest paid on deposits and borrowings	6,407,010,268	4,407,567,234	2,258,619,337	1,722,125,747
Net Interest Income	3,655,544,261	2,392,528,851	1,195,579,439	852,266,225
Income from investments	951,895,035	1,336,935,297	268,721,856	446,684,683
Commission, exchange and brokerage	1,669,492,815	1,553,351,263	594,291,182	518,180,662
Other operating income	185,881,385	325,000,140	66,333,325	60,046,412
Total operating income	6,462,813,497	5,607,815,551	2,124,925,803	1,877,177,982
Salary & allowances	1,174,399,441	988,136,001	446,082,689	399,197,976
Rent, taxes, insurance, utilities etc.	256,397,313	175,026,661	110,327,407	66,575,746
Legal & professional expenses	27,377,238	31,039,956	7,493,290	8,758,047
Postage, stamp, telecommunication etc.	47,693,257	38,931,708	3,169,638	9,105,078
Stationery, printing, advertisement, etc.	143,571,805	136,437,581	47,026,258	46,519,967
Managing Director's salary and allowances	10,848,717	9,287,561	4,743,117	3,551,561
Directors' Fees & Expenses	1,866,411	1,854,210	434,385	445,501
Auditor's fees	-	-	-	-
Charges on loan losses	940	235,033	940	-
Repairs, maintenance and depreciation	284,878,368	199,843,591	88,907,616	64,658,710
Other office operating expenses	249,961,365	198,199,590	78,096,875	71,210,704
Total operating expenses	2,196,994,856	1,778,991,892	786,282,216	670,023,290
Other non operating income	-	-	-	-
Profit before provisions	4,265,818,641	3,828,823,659	1,338,643,587	1,207,154,692
Provision for loans and advances				
General provision	289,858,906	377,186,396	119,914,149	130,860,356
Specific provision	877,972,384	276,310,339	557,241,175	119,144,738
Provision against loss on revaluation of shares	280,408,120	207,297,283	(133,091,966)	65,164,163
Other provisions	8,540,000	-	8,540,000	-
Total provisions	1,456,779,410	860,794,018	552,603,358	315,169,257
Profit before tax for the period	2,809,039,231	2,968,029,641	786,040,229	891,985,435
Provision for tax made for the period	1,728,524,159	1,384,069,521	561,041,368	403,693,087
Profit after tax for the period	1,080,515,072	1,583,960,120	224,998,861	488,292,348
Earnings per share (EPS)	1.77	2.59	0.37	0.80

Muhammad Maniruzzaman, FCMA
Head of Finance

Dated: Dhaka, 22 October 2012

Ali Reza Iftikhar
Managing Director & CEO

EASTERN BANK LIMITED Cash Flow Statement (Unaudited)

For the period ended 30 September 2012

A. Cash flows from operating activities	01 January 2012 to	01 January 2011 to
	30 September 2012	30 September 2011
	Taka	Taka
Interest received	9,493,883,705	6,637,225,751
Interest paid	(5,778,059,627)	(3,486,149,761)
Dividend received	47,785,490	70,735,272
Fees and commission received	1,669,492,815	1,553,351,263
Income from investment	904,109,545	1,266,200,025
Recovery of loans previously written off	103,254,745	242,166,617
Cash paid to employees (including directors)	(1,187,114,569)	(999,277,772)
Cash paid to suppliers	(475,039,614)	(381,435,907)
Income taxes paid	(1,665,594,194)	(1,035,459,562)
Received from other operating activities	82,626,640	82,833,522
Paid for other operating activities	(388,457,449)	(284,414,376)
Operating cash flow before changes in operating assets and liabilities	2,806,887,486	3,665,775,072
Increase/(decrease) in Operating Assets & Liabilities		
Changes in trading securities	1,597,416,046	(2,451,364,545)
Loans and advances to other banks	40,000,000	(1,100,000,000)
Loans and advances to customers (other than banks)	(10,058,974,353)	(17,478,821,210)
Other assets	1,267,481,735	25,488,778
Recovery from BCCI assets	(165,590,574)	201,283,000
Deposits from other Banks	3,950,600	(238,880,098)
Deposits from customers (other than banks)	9,838,221,482	18,193,243,395
Other liability/tax	(62,929,965)	(348,609,959)
Other liability/provision	(1,456,779,410)	(860,794,018)
Other liabilities	155,783,606	589,199,595
Foreign currency translation difference	(15,692,270)	-
Net Cash received from operating activities	3,949,774,382	196,520,010
B. Cash flows from investing activities		
Changes in non-trading securities	(331,535,323)	(473,264,667)
Purchase of property, plant and equipment	(361,148,494)	(457,873,952)
Sales proceeds of fixed assets	3,658,013	3,954,833
Investment in Subsidiary-EBL Securities Limited	(551,400,000)	-
Investment in Subsidiary-EBL Finance (HK) Limited	(4,198,035)	-
Net cash used in investing activities	(1,244,623,839)	(927,183,786)
C. Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	(10,033,667)	2,458,729,939
Received from issue of right share	-	-
Net cash received from financing activities	(10,033,667)	2,458,729,939
D. Net (decrease) / increase in cash (A+B+C)	2,695,116,875	1,728,066,163
E. Opening cash and cash-equivalents	12,206,182,906	8,238,097,105
F. Closing cash and cash-equivalents (D+E)	14,901,299,781	9,966,163,268
*Closing cash and cash-equivalents		
Cash In hand (including foreign currencies)	1,470,785,562	867,659,002
Balances with Bangladesh Bank and its agent bank (s)	6,834,191,165	4,061,201,374
Balances with other Banks and Financial Institutions	5,683,375,553	5,014,551,492
Money at call and short notice	910,000,000	20,000,000
Prize bonds	2,947,500	2,751,400
	14,901,299,781	9,966,163,268

Muhammad Maniruzzaman, FCMA
Head of Finance

Dated: Dhaka, 22 October 2012

Ali Reza Iftikhar
Managing Director & CEO

EASTERN BANK LIMITED Statement of Changes in Equity (Unaudited)

For the period ended 30 September 2012

Particulars	Paid up capital	Statutory reserve	General reserve	Dividend equalisation reserve	Reserve against pre takeover loss	Pre take over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	Reserve for non banking assets	Foreign currency translation gain/(loss)	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2012	4,527,257,670	3,551,351,414	160,000,000	356,040,000	1,554,759,750	(787,204,238)	2,651,941,750	3,793	409,033,635	233,527,796	15,073,031	1,735,266,868	14,407,051,469
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	-	-	1,080,515,072	1,080,515,072
Bonus share issued	1,584,540,180	-	-	-	-	-	-	-	-	-	-	(1,584,540,180)	-
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	(409,033,635)	-	-	-	(409,033,635)	-
Adjustment of HTM securities	-	-	-	-	-	-	-	(3,793)	-	-	-	(3,793)	-
Recovery of pre-takeover loss	-	-	-	-	-	(165,590,575)	-	-	-	-	-	(165,590,575)	-
Adjustment of reserve for non banking assets	-	-	-	-	-	-	-	-	(29,100,000)	-	-	(29,100,000)	-
Currency translation difference	-	-	-	-	-	-	-	-	-	(15,692,270)	-	(15,692,270)	-
Balance as at 30 September 2012	6,111,797,850	3,551,351,414	160,000,000	356,040,000	1,554,759,750	(952,794,813)	2,651,941,750	-	-	204,427,796	(619,239)	1,231,241,758	14,868,146,265
Balance as at 30 September 2011	4,527,257,670	2,725,521,942	160,000,000	356,040,000	1,554,759,750	(787,855,238)	2,651,941,750	-	742,775,515	233,527,796	-	1,624,352,044	13,788,321,230

Muhammad Maniruzzaman, FCMA
Head of Finance

The details of the published quarterly financial statements are available at www.ebl.com.bd

Ali Reza Iftikhar
Managing Director & CEO

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000

EASTERN BANK LIMITED AND ITS SUBSIDIARIES Selected explanatory notes

as at and for the third quarter ended 30 September 2012

1 Activities of the Bank

1.1 Incorporated in Bangladesh, Eastern Bank Limited ("the Bank") was formed as a public limited company with primary objective to carry out all kind of banking businesses inside and outside Bangladesh. The Bank took over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited (hereinafter called BCCI) with effect from 16 August 1992 as they stood after reduction or adjustments in accordance with the provisions of the Bank of Credit & Commerce International (Overseas) Limited (Reconstruction) Scheme, 1992, hereinafter called "the Scheme". The Bank commenced operations from 16 August 1992 with 4 branches and at reporting date it had 63 branches all over Bangladesh. Shares of the Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The registered office of the Bank is located at Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000.

The principal activities of Eastern Bank Limited "the Bank" are to provide a comprehensive range of financial services; personal and commercial banking; trade services; cash management; treasury, securities and custody services.

1.2 Subsidiaries of the Bank

As on the reporting date, Eastern Bank Limited had four fully owned subsidiaries among which financial statements of two of them were consolidated. These are: 'EBL Securities Ltd', a securities brokerage firm and 'EBL Investments Limited', a company established to do merchant banking operations (Required license is yet to get from SEC).

Rest two fully owned subsidiaries i.e. EBL Asset Management Company Ltd. and EBL Finance (HK) Ltd. have been incorporated but yet to commence business.

2 Significant Accounting Policies and bases of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group and the financial statements of the Bank as at and for the period ended 30 September 2012 have been prepared under the historical cost convention and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by the BRPD Circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh. In case the requirement of provisions and Circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail.

2.2 Functional and presentation currency

The financial statements of the Group and the Bank are presented in Taka which is the functional currency of the Group/Bank except Off-shore Banking Unit (OBU) where the functional currency is US Dollar (USD). All financial information presented in Taka has been rounded to the nearest integer, except when otherwise indicated.

2.3 Use of estimates and judgements

The preparation of the financial statements of the Group and the Bank requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Significant accounting policies

The accounting policies set out have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities.

Certain corresponding figures in the financial statements have been reclassified and rearranged for comparative purpose to conform to the current period's presentation.

2.4 Basis of measurement

The financial statements 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)' at present value using marking to market concept with gain charged to revaluation reserve but loss charged to Profit and Loss Account.

Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept.

Land is recognised at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 "Property Plant & Equipment."

2.5 Basis of consolidation

The financial statements of these two subsidiaries have been consolidated with those of the Bank following BAS 27 & BFRS 3. The consolidated financial statements of such subsidiaries are incorporated on a line by line basis with the Group and the investments held by the bank is eliminated against the corresponding share capital of those subsidiaries.

All intra-group transactions, balances, incomes and expenses are eliminated fully in preparing the consolidated financial statements.

2.6 Investments

All investments (other than government treasury bills and bonds) are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accreted, using the effective or historical yield method. Accounting treatment of government treasury securities (categorized as HFT or/and HTM) is made following Bangladesh Bank BRPD circular letter no 05, dated 26-05-2008 and its subsequent clarifications/amendments.

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds (HFT)	Cost	Fair value	Loss to P & L account, gain to Revaluation Reserve through P & L account.
Govt. T-bills/bonds (HTM)	Cost	Amortised cost	Increase or decrease in value to equity.
Debenture/Bond	Face value	None	None
Shares *	Cost	Lower of cost or market value	Loss (net) to P & L account but no unrealized gain booking.
Prize bond	Cost	None	None

* Provision has been made on unrealized loss (gain net off) according to DOS circular no. 4 dated 24 November 2011.

2.7 Loans and advances

Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BCD Circular no.12 dated 4 September 1995, BRPD circular no. 16 dated 6 December 1998, BRPD circular no. 9 dated 14 May 2001, BRPD circular no.02 dated 15 February 2005, BRPD circular no. 05 dated 27 April 2005 and BRPD Circular No. 32 dated 27 October 2010.

2.8 Fixed assets and depreciation

i. Fixed assets except land are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Lands are recognized at cost at the time of acquisition and subsequently measured at revalued amounts which is the fair value at the time of revaluation done by independent valuers and any surplus on revaluation is shown as equity component until the disposal of the asset.

ii. Depreciation is charged on all fixed assets using straight line method throughout the estimated useful lives as determined as per fixed asset policy of the Bank. Charges commence from the month of acquisition (for full month) and cease at the month of disposal of the same.

2.9 Revenue Recognition

The revenue during the period is recognised following all conditions of revenue recognition as prescribed by BAS - 18 "Revenue".

2.10 Earnings per share

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 30 September 2012 as per BAS-33 "Earnings Per Share". Bonus share issued during 2012 has been treated as if they had been in issue from the beginning of 2011 as per BAS-33. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.

	30 September 2012	30 September 2011
A Weighted average number of shares :		
Number of shares in 2011 before bonus share issued	-	292,081,140
Bonus share issued in 2011	-	160,644,627
Number of shares in 2012 before bonus share issued	452,725,767	-
Bonus share issued in 2012	158,454,018	158,454,018
Weighted average number of shares	611,179,785	611,179,785

	30 September 201
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