



Eastern Bank Ltd.

Quarterly Financial Statements (Unaudited)

Third Quarter 2014

EASTERN BANK LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheet (Unaudited)
As at 30 September 2014

	30-09-2014	31-12-2013
	Taka	Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	1,932,719,846	1,752,685,015
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	6,698,904,928	6,428,136,805
	8,631,624,774	8,180,821,820
Balances with other Banks and Financial Institutions		
In Bangladesh	5,941,793,345	8,432,060,955
Outside Bangladesh	1,093,810,402	2,121,282,542
	7,035,603,748	10,553,343,497
Money at call and short notice	1,100,000,000	-
Investments		
Government	19,541,257,491	21,659,579,849
Others	3,307,282,360	4,358,216,416
	22,848,539,851	26,017,796,265
Loans and advances		
Loans, Cash Credits, Overdraft etc.	105,982,002,180	94,617,143,691
Bills discounted and purchased	6,525,938,367	8,713,673,891
	112,507,940,547	103,330,817,582
Fixed assets including land, building, furniture and fixtures	6,972,080,628	6,908,244,828
Other assets	3,777,566,105	2,980,600,498
Non banking assets	191,733,000	191,733,000
TOTAL ASSETS	163,065,088,653	158,163,357,490
LIABILITIES AND CAPITAL		
Liabilities		
Borrowing from other banks, financial institutions and agents	26,688,849,396	14,079,880,398
Deposits and other accounts		
Current deposits & other accounts, etc.	11,169,310,927	9,843,455,920
Savings bank deposits	21,668,617,569	16,923,994,211
Fixed deposits	73,238,782,008	89,479,847,553
Bills payable	511,966,581	789,543,484
Bearer certificates of deposits	-	-
	106,588,677,086	117,036,841,168
Other liabilities	10,323,607,528	8,487,815,290
TOTAL LIABILITIES	143,601,134,010	139,604,536,856
SHAREHOLDERS' EQUITY		
Share Capital-Paid up capital	6,111,797,850	6,111,797,850
Statutory reserve	5,362,423,625	5,362,423,625
General reserve	130,000,000	130,000,000
Dividend equalisation reserve	356,040,000	356,040,000
Excess of reserve against pre take over loss	586,531,031	581,681,032
Asset revaluation reserve	3,689,495,550	3,689,495,550
Reserve for non banking assets	178,971,165	178,971,165
Reserve for amortization of treasury securities (HTM)	827,635	827,635
Reserve for revaluation of treasury securities (HFT)	902,078,502	59,972,091
Foreign currency translation gain	332,953	103,896
Profit & loss account -retained earnings	2,145,456,333	2,087,507,790
TOTAL SHAREHOLDERS' EQUITY	19,463,954,643	18,558,820,634
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	163,065,088,653	158,163,357,490
OFF BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	27,583,683,402	26,827,594,612
Letters of guarantees	12,387,670,267	12,515,097,423
Irrevocable letters of credit	17,794,601,089	15,562,071,032
Bills for collection	4,802,246,723	5,110,318,370
Other liabilities (bad and loss)	-	-
	62,568,201,480	60,015,081,437
Other contingent liabilities		
Value of travelers' cheques on hand	-	-
Value of WEDB & FCY Bond on hand	214,319,800	-
Value of Bangladesh Sanchaya Patra on hand	975,506,100	495,586,100
	1,189,825,900	495,586,100
Other commitments		
Lease rental commitments	-	-
Documentary credits and short term trade -related transactions	-	-
Forward assets purchased and forward deposits placed	5,122,661,644	5,706,512,611
Undrawn note issuance and revolving facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Spot and forward foreign exchange rate contracts	-	-
Other capital commitments	-	-
Other exchange contracts	-	-
Claims against the Bank not acknowledged as debt	5,122,661,644	5,706,512,611
TOTAL OFF-BALANCE SHEET ITEMS	68,880,689,025	66,217,180,148

Masudul Hoque Sardar
Head of Finance
Dhaka, 27 October 2014

Ali Reza Iftekhar
Managing Director & CEO
Dhaka, 27 October 2014

EASTERN BANK LIMITED AND ITS SUBSIDIARIES

Consolidated Profit & Loss Account (Unaudited)
For the period ended 30 September 2014

Particulars	01 January 2014 to 30 September 2014	01 January 2013 to 30 September 2013	01 July 2014 to 30 September 2014	01 July 2013 to 30 September 2013
	Taka	Taka	Taka	Taka
Interest Income	9,845,276,950	11,021,485,793	3,223,617,478	3,733,038,487
Less: Interest paid on deposits and borrowings	6,788,340,911	7,360,958,345	2,219,245,220	2,547,308,246
Net Interest Income	3,056,936,039	3,660,527,448	1,004,372,258	1,185,730,241
Income from investments	2,274,258,321	1,402,273,209	816,031,131	547,095,272
Commission, exchange and brokerage	2,029,685,138	1,771,684,504	619,249,691	595,358,071
Other operating income	120,638,527	116,602,039	50,113,442	38,169,159
Total operating income	7,481,518,024	6,951,087,200	2,489,766,521	2,366,352,744
Salary & allowances	1,708,017,163	1,327,774,760	592,702,196	501,250,209
Rent, taxes, insurance, utilities etc.	399,943,423	303,409,247	145,047,694	93,907,959
Legal & professional expenses	42,417,619	38,146,357	18,191,162	16,041,339
Postage, stamp, telecommunication etc.	84,775,647	76,461,430	31,613,835	24,409,614
Stationery, printing, advertisement, etc.	172,764,842	159,920,603	65,277,267	56,205,558
Managing Director's salary and allowances	12,181,516	10,620,930	4,711,516	4,108,770
Directors' Fees & Expenses	2,577,584	2,363,825	892,262	676,699
Auditor's fees	5,029	91,347	5,029	-
Charges on loan losses	-	-	-	-
Repairs, maintenance and depreciation	300,304,531	310,946,908	106,677,351	93,347,013
Other operating expenses	389,899,951	322,264,345	155,248,127	111,201,114
Total operating expenses	3,112,887,304	2,551,999,753	1,120,366,438	901,148,276
Profit before provisions	4,368,630,720	4,399,087,447	1,369,400,083	1,465,204,468
Provision for loans and advances				
Specific provision	1,176,383,077	1,094,333,538	517,309,346	486,794,120
General provision	144,951,969	83,762,722	146,648,667	38,950,285
Other Provisions:				
For diminution of value of Shares & MFs (net)	1,590,633	264,604,828	(217,025,201)	261,651,256
For other assets	-	136,489	-	136,489
Total provisions	1,322,925,679	1,442,837,577	446,932,812	787,532,150
Profit before tax for the period	3,045,705,041	2,956,249,870	922,467,271	677,672,319
Provision for tax made for the period	1,764,436,456	1,914,938,848	588,691,289	612,061,144
Profit after tax for the period	1,281,268,586	1,041,311,022	333,775,983	65,611,175
Earnings per share (EPS)	2.10	1.70	0.55	0.11

Masudul Hoque Sardar
Head of Finance
Dhaka, 27 October 2014

Ali Reza Iftekhar
Managing Director & CEO
Dhaka, 27 October 2014

EASTERN BANK LIMITED AND ITS SUBSIDIARIES

Consolidated Cash Flows Statement (Unaudited)
For the period ended 30 September 2014

Particulars	01 January 2014 to 30 September 2014	01 January 2013 to 30 September 2013
	Taka	Taka
A) Cash flows from operating activities		
Interest received	8,783,230,761	10,718,551,075
Interest paid	(6,653,660,318)	(7,327,883,440)
Dividend received	75,525,036	62,887,465
Fees and commission received	2,029,685,138	1,771,684,504
Income from investment	2,198,733,285	1,339,385,744
Recovery of loans previously written off	69,730,859	82,725,201
Cash paid to employees (including directors)	(1,722,776,263)	(1,340,759,515)
Cash paid to suppliers	(699,901,530)	(714,683,226)
Income taxes paid	(595,135,644)	(749,971,321)
Received from other operating activities	120,638,527	116,602,039
Paid for other operating activities	(525,557,542)	(322,264,346)
Operating cash flow before changes in operating assets and liabilities	3,080,512,306	3,636,274,181
Increase/(decrease) in Operating Assets & Liabilities		
Changes in trading securities	1,339,687,489	(3,360,371,136)
Loans and advances to customers	(8,115,076,777)	(7,348,957,648)
Other assets	(796,965,607)	(222,910,073)
Recovery from BCCI assets	4,850,000	(28,583,064)
Deposits from Banks	(503,922,912)	3,942,962,574
Deposits from customers (other than banks)	(10,033,250,449)	8,047,737,602
Other liability/tax	(1,169,300,812)	(1,164,967,527)
Other liability/provision	(1,392,656,538)	(1,525,562,777)
Other liabilities	1,835,063,733	1,125,325,279
Net Cash used/received in/from operating activities	(15,751,059,566)	3,100,947,411
B) Cash flows from investing activities		
Changes in non-trading securities	2,673,133,836	5,631,783,579
Purchase of property, plant and equipment	(229,154,767)	(952,795,965)
Sales proceeds of fixed assets	667,000	417,329
Net cash received from investing activities	2,444,646,069	4,679,404,943
C) Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	12,563,297,684	(8,455,482,253)
Dividend paid (cash dividend)	(1,222,359,570)	(1,222,359,570)
Net cash received/used from/in financing activities	11,340,938,114	(9,677,841,923)
D) Net (decrease) / increase in cash (A+B+C)	(1,965,475,387)	(1,897,489,569)
E) Effects of exchange rate changes on cash and cash equivalents	(731,414)	(5,530,336)
F) Opening cash and cash-equivalents	18,736,894,818	19,924,110,070
G) Closing cash and cash-equivalents (D+E)*	16,770,688,022	18,021,090,165
*Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	1,932,719,846	1,174,822,326
Balances with Bangladesh Bank and its agent bank (s)	6,698,904,928	7,255,736,787
Balances with other Banks and Financial Institutions	7,035,603,748	9,297,735,352
Money at call and short notice	1,100,000,000	290,000,000
Prize bonds	3,459,500	2,795,700
	16,770,688,022	18,021,090,165

Masudul Hoque Sardar
Head of Finance
Dhaka, 27 October 2014

Ali Reza Iftekhar
Managing Director & CEO
Dhaka, 27 October 2014

EASTERN BANK LIMITED

Balance Sheet (Unaudited)
As at 30 September 2014

	30-09-2014	31-12-2013
	Taka	Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	1,932,512,033	1,752,660,726
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	6,698,904,928	6,428,136,805
	8,631,416,961	8,180,797,531
Balances with other Banks and Financial Institutions		
In Bangladesh	5,348,651,104	8,012,554,438
Outside Bangladesh	1,467,611,030	2,390,509,831
	6,816,262,134	10,403,064,269
Money at call and short notice	1,100,000,000	-
Investments		
Government	19,541,257,491	21,659,579,849
Others	3,118,359,009	4,244,004,844
	22,659,616,500	25,903,584,693
Loans and advances		
Loans, Cash Credits, Overdraft etc.	105,035,123,026	94,491,399,790
Bills discounted and purchased	6,036,210,271	8,418,279,159
	111,071,333,297	102,910,218,949
Fixed assets including land, building, furniture and fixtures	6,961,782,408	6,897,393,729
Other assets	4,401,853,164	3,394,841,686
Non banking assets	191,733,000	191,733,000
TOTAL ASSETS	161,833,997,465	157,881,633,857
LIABILITIES AND CAPITAL		
Liabilities		
Borrowing from other banks, financial institutions and agents	25,858,877,644	14,079,880,398
Deposits and other accounts		
Current deposits & other accounts, etc.	11,169,311,470	9,877,524,621
Savings bank deposits	21,668,617,569	16,923,994,211
Fixed deposits	73,305,676,607	89,510,645,864
Bills payable	511,966,581	789,543,484
Bearer certificates of deposits	-	-
	106,655,572,227	117,101,708,180
Other liabilities	9,982,255,035	8,249,547,103
TOTAL LIABILITIES	142,496,704,907	139,431,135,681
SHAREHOLDERS' EQUITY		
Share Capital-Paid up capital	6,111,797,850	6,111,797,850
Statutory reserve	5,362,423,625	5,362,423,625
General reserve	130,000,000	130,000,000
Dividend equalisation reserve	356,040,000	356,040,000
Excess of reserve against pre take over loss	586,531,031	581,681,032
Asset revaluation reserve	3,689,495,550	3,689,495,550
Reserve for non banking assets	178,971,165	178,971,165
Reserve for amortization of treasury securities (HTM)	827,635	827,635
Reserve for revaluation of treasury securities (HFT)	902,078,502	59,972,091
Foreign currency translation gain/(loss)	332,953	(545,543)
Profit & loss account -ret		



Eastern Bank Ltd.

Quarterly Financial Statements (Unaudited)

Third Quarter 2014

EASTERN BANK LIMITED Profit & Loss Account (Unaudited) For the period ended 30 September 2014

Particulars	01 January 2014 to 30 September 2014	01 January 2013 to 30 September 2013	01 July 2014 to 30 September 2014	01 July 2013 to 30 September 2013
	Taka	Taka	Taka	Taka
Interest Income	9,758,479,215	10,967,875,536	3,188,358,340	3,709,019,892
Less: Interest paid on deposits and borrowings	6,768,300,312	7,372,240,576	2,201,006,339	2,547,712,475
Net Interest Income	2,990,178,903	3,595,634,960	987,352,001	1,161,307,417
Income from investments	2,320,814,607	1,434,951,775	812,147,636	541,998,332
Commission, exchange and brokerage	1,952,487,659	1,721,557,716	597,496,566	567,550,929
Other operating income	107,536,604	113,153,040	37,011,519	35,099,225
Total operating income	7,371,017,772	6,865,297,491	2,434,007,721	2,305,955,904
Salary & allowances	1,673,669,783	1,306,778,702	578,664,784	491,261,502
Rent, taxes, insurance, utilities etc.	388,886,152	292,665,588	141,443,936	91,239,785
Legal & professional expenses	42,410,119	38,078,857	18,191,162	15,976,339
Postage, stamp, telecommunication etc.	79,513,511	75,009,269	29,467,652	23,621,553
Stationery, printing, advertisement, etc.	171,864,709	159,358,317	64,955,232	56,087,033
Managing Director's salary and allowances	12,181,516	10,620,930	4,711,516	4,108,770
Directors' Fees & Expenses	2,499,584	2,309,825	868,262	650,899
Auditor's fees	-	-	-	-
Charges on loan losses	-	-	-	-
Repairs, maintenance and depreciation	295,926,302	306,143,582	105,168,872	91,931,612
Other operating expenses	379,214,893	313,336,489	151,707,446	106,886,249
Total operating expenses	3,046,166,568	2,504,301,559	1,095,178,861	881,763,742
Profit before provisions	4,324,851,204	4,360,995,932	1,338,828,860	1,424,192,161
Provision for loans and advances				
Specific provision	1,176,383,077	1,094,333,538	517,309,346	486,794,120
General provision	144,951,969	83,762,722	146,648,667	38,950,285
Other Provisions:				
For diminution of value of Shares & MFs (net)	9,098,900	254,736,122	(207,880,550)	254,736,122
For other assets	-	136,489	-	136,489
Total provisions	1,330,433,946	1,432,968,871	456,077,463	780,617,016
Profit before tax for the period	2,994,417,258	2,928,027,061	882,751,397	643,575,145
Provision for tax made for the period	1,731,494,915	1,888,581,481	579,622,908	601,139,045
Profit after tax for the period	1,262,922,343	1,039,445,580	303,128,489	42,436,100
Earnings per share (EPS)	2.07	1.70	0.50	0.07

Masudul Hoque Sardar
Head of Finance
Dhaka, 27 October 2014

Ali Reza Iftekhar
Managing Director & CEO

EASTERN BANK LIMITED Cash Flows Statement (Unaudited) For the period ended 30 September 2014

Particulars	01 January 2014 to 30 September 2014	01 January 2013 to 30 September 2013
	Taka	Taka
A) Cash flows from operating activities		
Interest received	8,699,684,268	10,678,043,206
Interest paid	(6,633,058,261)	(7,339,165,671)
Dividend received	73,017,746	62,887,465
Fees and commission received	1,952,487,659	1,721,557,716
Income from investment	2,247,796,861	1,372,064,310
Recovery of loans previously written off	69,730,859	82,725,201
Cash paid to employees (including directors)	(1,688,350,883)	(1,319,709,457)
Cash paid to suppliers	(682,674,490)	(699,864,466)
Income taxes paid	(569,584,749)	(733,360,763)
Received from other operating activities	107,536,604	113,153,040
Paid for other operating activities	(513,404,715)	(313,336,489)
Operating cash flow before changes in operating assets and liabilities	3,063,180,896	3,624,994,072
Increase/(decrease) in Operating Assets & Liabilities		
Changes in trading securities	1,393,670,768	(3,249,171,795)
Loans and advances to customers (other than banks)	(7,102,319,402)	(7,339,981,133)
Other assets	(957,011,578)	(184,551,258)
Recovery from BCCI assets	4,850,000	(28,583,064)
Deposits from Banks	(503,922,912)	3,942,962,574
Deposits from customers (other than banks)	(10,031,783,777)	7,747,562,521
Other liability/tax	(1,161,910,166)	(1,155,220,718)
Other liability/provision	(1,400,164,805)	(1,515,694,071)
Other liabilities	1,732,707,932	1,126,572,717
Net Cash used/received in/from operating activities	(14,962,703,044)	2,968,889,845
B) Cash flows from investing activities		
Changes in non-trading securities	2,693,133,836	5,631,783,579
Purchase of property, plant and equipment	(226,668,141)	(948,445,832)
Sales proceeds of fixed assets	542,982	417,329
Investment in Subsidiary-EBL Securities Limited	-	(100,000,000)
Investment in Subsidiary-EBL Hk (Finance) Limited	-	(5,511,876)
Investment in Subsidiary-EBL Asset Management Ltd.	(49,999,900)	-
Net cash received from investing activities	2,417,008,778	4,578,243,200
C) Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	11,733,325,932	(8,455,482,353)
Dividend paid (cash dividend)	(1,222,359,570)	(1,222,359,570)
Net cash received/used from/in financing activities	10,510,966,362	(9,677,841,923)
D) Net (decrease) / increase in cash (A+B+C)	(2,034,727,906)	(2,130,708,878)
E) Effects of exchange rate changes on cash and cash equivalents	(724,801)	(5,494,229)
F) Opening cash and cash-equivalents	18,586,591,300	19,887,110,087
G) Closing cash and cash-equivalents (D+E+F)	16,551,138,595	17,750,906,978
Cash in hand (including foreign currencies)	1,932,512,033	1,174,779,237
Balances with Bangladesh Bank and its agent bank (s)	6,698,904,928	7,255,736,787
Balances with other Banks and Financial Institutions	6,816,262,134	9,027,595,254
Money at call and short notice	1,100,000,000	290,000,000
Prize bonds	3,459,500	2,795,700
	16,551,138,595	17,750,906,978

Masudul Hoque Sardar
Head of Finance
Dhaka, 27 October 2014

Ali Reza Iftekhar
Managing Director & CEO

Eastern Bank Limited and its subsidiaries Selected explanatory notes as at and for the period ended 30 September 2014

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 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. The Bank commenced operations from 16 August 1992 with 4 branches which expanded to 73 branches as on the reporting date. 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 the Bank are to provide a comprehensive range of financial products (loans & deposits), personal and commercial banking, trade services, cash management, treasury, securities and custody services.

1.2 Offshore Banking Unit

Off shore Banking Unit (OBU) is a separate business unit of the Bank, governed by the Rules and Guidelines contained in the permission letter no. BRPD/P/744/(89)/2004-303 issued by Bangladesh Bank on 25 January 2004. It gives loans (on and off-balance sheet exposures) and takes deposits only in freely convertible foreign currencies to and from non-resident person/institutions, fully foreign owned EPZ companies etc. The unit commenced its operation from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10 Dilkusha C/A (1st floor), Dhaka.

1.3 Subsidiaries of the Bank

The Bank has four fully owned subsidiaries among which three of them has been in operations. These are: EBL Securities Ltd, a securities brokerage firm, 'EBL Investments Limited', a merchant bank and 'EBL Finance (HK) Limited', a foreign subsidiary for trade finance & offshore banking business in Hong Kong.

The subscription of another fully owned subsidiary i.e. EBL Asset Management Company Ltd. has been completed but full fledged operations will start after getting relevant license from BSEC.

2 Basis of Preparation and Significant Accounting Policies

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank as at and for the period ended 30 September 2014 have been prepared under the historical cost convention except land (which gets revalued fulfilling BB & BSEC requirements) and Govt treasury bills/bonds held for trading (which are measured at fair value) and in accordance with Bangladesh Financial Reporting Standards (BFRS), the "First Schedule" (section 38) of the Bank Company Act 1991 (amendment upto 2013), 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 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)' are revalued on 'mark to market' basis with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' are shown at their amortized value.
- 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 SEC/CMRRCD/2009-193/150/Admin dated 18 August 2013.
- Zero Coupon Bond is shown at the amortized value.
- Acquired assets and liabilities of subsidiary (EBL Securities Ltd.) are recognized at their acquisition-date fair value as per BFRS-3.

2.3 Use of estimates and judgements

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 judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results 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, except otherwise instructed by the Central Bank as prime regulator.

Certain comparative amounts in these financial statements have been reclassified and rearranged to conform to the current period's presentation.

2.4 Basis of consolidation

Subsidiaries (investees) are entities controlled by the parent (investor). Control exists when the investor has the power over the investee that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with this investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

The consolidated financial statements incorporate the financial statements of the Bank and those of its subsidiaries 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 bank are eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.

Intra-group balances and transactions, and any incomes and expenses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

2.5 Functional and presentation currency

These consolidated financial statements of the Group and the separate financial statements of the Bank are presented in BDT which is the Group's and the Bank's functional currency except OBU & EBL Finance (HK) Ltd. where functional currency is US Dollar (USD) & Hong Kong Dollar (HKD) respectively. All financial information presented in BDT has been rounded to the nearest integer, except when otherwise indicated.

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 accredited, using

the effective or historical yield method. Accounting treatment of government treasury securities (categorized as HFT and/or HTM) is made following Bangladesh Bank DOS circular letter no 05, dated 26-05-2008 and its subsequent clarifications.

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 Profit & Loss Account, gain to Revaluation Reserve through Profit & Loss Account.
Govt. T-bills/bonds (HTM)	Cost	Amortised cost	Increase or decrease in value to equity.
Debenture/Bond	Face value	None	None
Shares (Quoted) *	Cost	Lower of cost or market value	Loss (net) to Profit & Loss Account but no unrealized gain booking.
Shares (Unquoted) *	Cost	Lower of cost or Net Asset Value (NAV)	Loss (net) to Profit & Loss 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.

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'.

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 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 instructions contained in BRPD Circular no. 14, dated 23 September 2012 and BRPD Circular no. 19, dated 27 December 2012.

2.8 Fixed assets and depreciation

- 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.
- Depreciation is charged on all fixed assets (except land) on the basis of estimated useful lives as determined by the management. In all cases depreciation is calculated on the straight line method. Depreciation of the assets is charged from the month of acquisition (for full month) and no depreciation is charged for the month when the assets are disposed off.
- 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 under Fixed Assets as per BAS 16- 'Property, Plant & Equipment' as Capital work in-progress until the construction work is completed and the asset is ready for intended use. Depreciation of the asset will be charged from the date of its intended use.

2.9 Deposits, borrowings and other accounts

Deposits and other accounts which are initially recognised at the consideration received, are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties. Borrowings from other Banks, Fis and agents are stated in the financial statements at principal amount of the outstanding balance where interest payables are reported under other liabilities.

2.10 Revenue Recognition

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

2.11 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 2014 as per BAS- 33 'Earnings Per Share'. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the period.

	30-Sep-14	30-Sep-13
Profit after tax for the period (Bank)	1,262,922,343	1,039,445,580
Profit after tax for the period (Consolidated)	1,281,268,586	1,041,311,022
Weighted average number of shares	611,179,785	611,179,785
Earnings per share (EPS) - (Bank)	2.07	1.70
Earnings per share (EPS) - (Consolidated)	2.10	1.70

2.12 Cash Flow Statement

Cash Flow Statement is prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Cash Flow Statement" and under the guideline of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003. The Statement shows the Structure of Changes in cash and cash equivalents during the period.

2.13 Statement of Changes in Equity

Statement of changes in Equity is prepared in accordance with Bangladesh Accounting Standard (BAS) 1 "Presentation of Financial Statements" and relevant guidelines of Bangladesh Bank.

2.14 General

Reporting Period

The reporting period of these financial statements of the Group and the bank cover from 1 January 2014 to 30 September 2014.

Review of the Financial Statements

These financial statements were reviewed by the Audit Committee of the Board of EBL in its 65 meeting held on 29 October 2014 and was subsequently approved by the Board in its 542 meeting held on the same date.

EASTERN BANK LIMITED Statement of Changes in Equity (Unaudited) For the period ended 30 September 2014

Particulars	Paid up capital	Statutory reserve	General reserve	Dividend equalisation reserve	Excess of reserve against pre takeover loss	Asset revaluation reserve	Reserve for non banking assets	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	Foreign currency translation gain / (loss)	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 1 January 2014	6,111,797,850	5,362,423,625	130,000,000	356,040,000	581,681,032	3,689,495,550	178,971,165	827,635	59,972,091	(781,214)	1,980,070,442	18,450,498,176
Foreign currency transaction adjustment for RE	-	-	-	-	-	-	-	-	-	-	(960,471)	(960,471)
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	-	1,262,922,343	1,262,922,343
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Recovery of pre-takeover loss	-	-	-	-	4,850,000	-						