



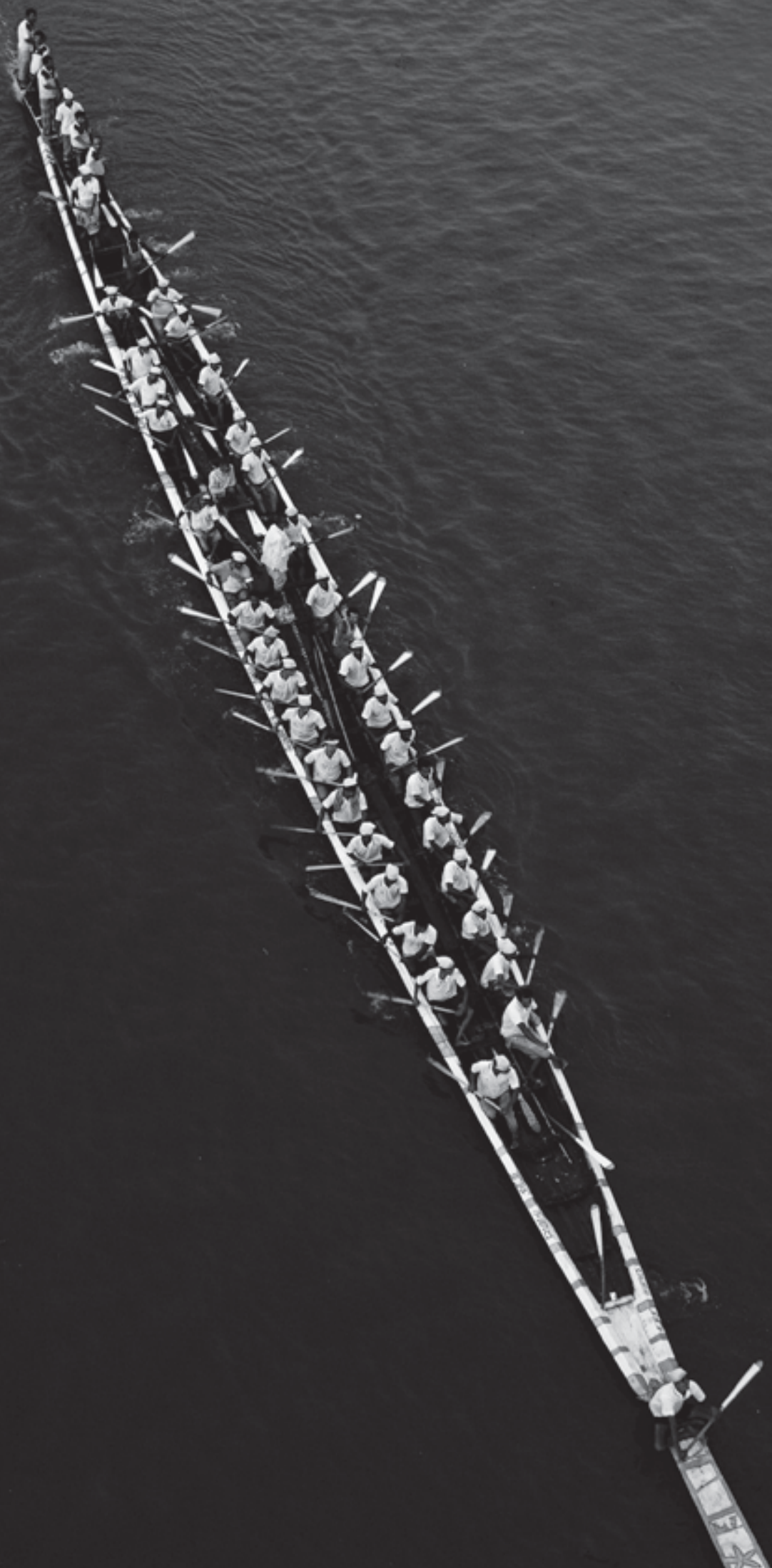
 Eastern Bank Ltd.

Annual Report 2009



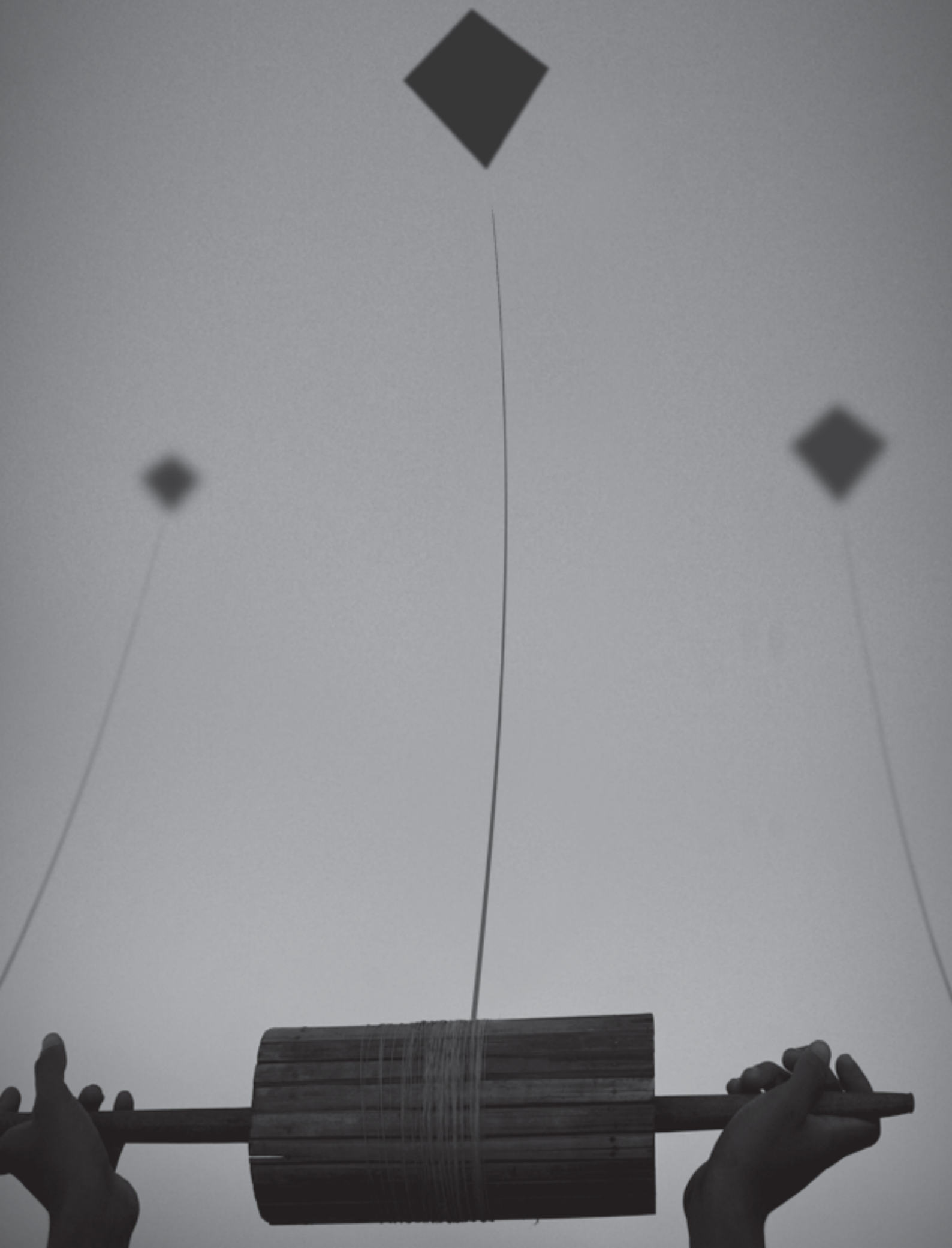


Annual Report 2009



contents

Vision	05
Mission	07
Values	09
Strategic Priority	11
Corporate Directory	13
Company Milestones	15
Board of Directors	17
Chairman's Statement	21
Management Committees	27
Message from the Managing Director and CEO	31
Five Year's Progression of EBL	37
Value Added Statements	43
Statement on Sustainability	47
Directors' Report 2009	55
Management Discussion and Analysis 2009	77
Review of Business and Operations	78
Review of Risk Management	92
Disclosures on Basel II	96
Review of Financials	103
Audited Financial Statements 2009	113
Auditors' Report to the Shareholders	115
Balance Sheet (Main Operation and Offshore Banking Unit)	116
Profit and Loss Account (Main Operation and Offshore Banking Unit)	118
Cash Flow Statement (Main Operation and Offshore Banking Unit)	119
Statement of Changes in Equity (Main Operation and Offshore Banking Unit)	120
Statement of Liquidity (Main Operation and Offshore Banking Unit)	121
Balance Sheet (Main Operation)	122
Profit and Loss Account (Main Operation)	124
Cash Flow Statement (Main Operation)	125
Statement of Liquidity (Main Operation)	126
Notes to the Financial Statements	127
Highlights on the Overall Activities	166
Auditors' Report to the Shareholders (Offshore Banking Unit)	171
Balance Sheet (Offshore Banking Unit)	172
Profit and Loss Account (Offshore Banking Unit)	174
Cash Flow Statement (Offshore Banking Unit)	175
Statement of Liquidity (Offshore Banking Unit)	176
Notes to the Financial Statements	177
Notice of the 18 th AGM	185
Proxy Form	189
EBL Branch Network	191
EBL Correspondent Banking Network	192



vision

To become the bank of choice by transforming the way we do business and developing a truly unique financial institution that delivers superior growth and financial performance and be the most recognizable brand in the financial services in Bangladesh.



mission

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

We will ensure to maximize shareholders' value.

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

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



values

SERVICE EXCELLENCE

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

OPENNESS

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

TRUST

We care for each other.
We share learning/ knowledge.
We empower our people.

COMMITMENT

We know our roadmap.
We believe in 'continuous improvement'.
We do not wait to be told.

INTEGRITY

We say what we believe in.
We respect every relationship.
We do not abuse information power.

RESPONSIBLE CORPORATE CITIZEN

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



strategic priority

- Further improvement of asset quality.
- Further change in deposit mix to increase pie of low cost deposits.
- To become cost efficient organization.
- Moderate growth in conventional products.
- Pursue inorganic growth through merger and acquisition.
- Increase off-balance sheet business through product innovation.
- Careful penetration in the capital market.
- Increase intrinsic value of the company by strengthening internal controls through installation of clearly laid down policies, procedures and processes.
- Diversify corporate business to take advantage of PPP.
- Increased and focused Corporate Social Responsibility (CSR).
- Increase shareholders' value.
- Strengthen risk management.
- Improve quality of human capital by strengthening their competencies.
- Create world class IT infrastructure to deliver superior service to our customers.



corporate directory

BOARD OF DIRECTORS

Chairman

Mir Nasir Hossain

Directors

Md. Showkat Ali Chowdhury

A. M. Shaukat Ali

Mohd. Noor Ali

Aneela Haque

Gazi Md. Shakhawat Hossain

Asif Mahmood

Meah Mohammed Abdur Rahim

Ormaan Rafay Nizam

Ali Reza Iftekhar (Ex-officio)

Company Secretary

Safiar Rahman, FCS

Head of Finance

Malick Musfique Reza

Head of Internal Control & Compliance

Sheikh Mahfuzul Hoque, FCA

Registered Office

Jiban Bima Bhaban

10, Dilkusha C/A

Dhaka-1000, Bangladesh

Tel: 880-2-9556360, Telex: 642951, 642482EBLD BJ

Fax: 880-2-9562364, 9554610

E-mail: info@ebl-bd.com

SWIFT: EBLDBDDH, Cable: EASTBANK

Web: www.ebl.com.bd

EXECUTIVE COMMITTEE

Chairman

Mohd. Noor Ali

Members

Md. Showkat Ali Chowdhury

Asif Mahmood

Ali Reza Iftekhar

Secretary

Safiar Rahman, FCS

AUDIT COMMITTEE

Chairman

A. M. Shaukat Ali

Members

Gazi Md. Shakhawat Hossain

Meah Mohammed Abdur Rahim

Secretary

Safiar Rahman, FCS

AUDITORS

Rahman Rahman Huq

Chartered Accountants

Legal Advisors

Sadat, Sarwat & Associates and

Sadia Rowshan Jahan



company milestones

August 8, 1992	: Date of incorporation.
August 16, 1992	: Date of commencement of banking operations.
March 20, 1993	: Listed with Dhaka Stock Exchange Ltd.
November 12, 1998	: First dividend declared for income year 1997.
January 19, 2002	: Centralization of Trade Services.
July 17, 2003	: First online banking operations across all the branches.
January 25, 2004	: Obtained permission from Bangladesh Bank for Offshore Banking Unit, Bangladesh.
May 19, 2004	: Commencement of operation of Offshore Banking Unit, Bangladesh.
September 11, 2004	: Listed with Chittagong Stock Exchange Ltd.
June 27, 2005	: Authorized share capital increased to BDT 3.3 billion.
November 30, 2005	: Became partner bank of IFC under Global Trade Finance Program (GTFP) to support EBL handle complex trade transactions.
March 5, 2006	: Centralization of liability product processing functions at Service Delivery.
June 6, 2006	: Launching of SME Banking Division.
November 09, 2006	: Signed agreement with ADB to become ADB's partner bank under their Trade Finance Facilitation Program (TFFP) supporting guarantee and revolving credit facility.
July 1, 2007	: Launched Own Managed Cards Software and Production System.
May 25, 2008	: First 'Right Issue' declared @ 2:1 at par.
February 13, 2009	: Commencement of Investment Banking Operations.
April 19, 2009	: Registration of EBL 1st Mutual Fund with Securities and Exchange Commission.
April 26, 2009	: Launched Priority Banking for premium customer segment.
April 2009	: Awarded 'Superbrand' by Superbrands Inc. for the period 2009-2011.
November 2009	: EBL was awarded 3 rd position for Annual Report 2008 in the 'Best Published Accounts' by ICAB and conferred a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2008' by SAFA.



board of directors



Mir Nasir Hossain
Chairman



Md. Showkat Ali Chowdhury
Director



Mohd. Noor Ali
Director



A. M. Shaukat Ali
Director



Aneela Haque
Director

board of directors



Asif Mahmood
Director



Gazi Md. Shakhawat Hossain
Director



Meah Mohammed Abdur Rahim
Independent Director/ Director from the Depositors



Ormaan Rafay Nizam
Director from the Depositors

board of directors



Ali Reza Iftekhhar
Managing Director & CEO



chairman's statement



Chairman's Statement

“The economy of our country has become somewhat recession proof showing more than expected resilience in the face of global recession as did our bank during the year 2009. Growth of export, remittance and overall GDP slightly slowed but remained close to the pre crisis level during the fiscal year 2008-2009. We remained vigilant to transform crisis into opportunities missed out by many others. We continued to do better than expected in achieving our financial and non financial targets in 2009. Earning per share (EPS) has increased by 69.50 per cent to BDT 58.53 during 2009 riding on 24.93 percent growth in operating profit (BDT 2,980.16 million vs. BDT 2,385.54 million in 2008) and an impressive 38.52 per cent decrease of loan provisions (BDT 279.46 million vs. BDT 454.54 million in 2008). Non performing loan (NPL) ratio has continued to decrease and stood at 2.46 percent at the year end 2009 (3.30 percent at year end 2008). Board recommended Stock Dividend @ 17% and Cash Dividend @ 20% for the year 2009. Credit rating of EBL has been upgraded to AA- by CRISL. Our bank has been awarded “Superbrand” for the period 2009-2011. EBL has been awarded 3rd position for Annual Report 2008 in the ‘Best Published Accounts and Reports’ by Institute of Chartered Accountants of Bangladesh (ICAB) and has been conferred a ‘Certificate of Merit’ award for ‘Best Presented Accounts and Corporate Governance Disclosures Awards 2008’ by South Asian Federation of Accountants (SAFA).”

Dear Shareholders,

It is my pleasure to welcome you all to the 18th Annual General Meeting of Eastern Bank Limited. I would like to take this opportunity to extend the warmest greetings towards all present on behalf of the Board of Directors.

As you all know, we underwent a global economic downturn over the past couple of years. What began as a housing crisis in the United States, soon turned into a global financial crisis as the dangers inherent in the interconnected nature of the global financial system were exposed. This was followed by revelations regarding excess borrowing by several key countries. As a result, the current financial structure became the subject of fierce debate as those who previously advocated the capitalist model turned to harsh critics. Many singled out the financial institutions, such as banks, investment companies and mortgage firms, as the key culprits as their tendencies towards excess lending, risky investments and paying out large bonuses came to the foreground. This resulted in most of the world's economies failing to meet their expected growth figures. In fact, the largest economies in the world shrank over the last two years, sending the global economy into recession for the first time since the 1930s. The effects of this recession included an increase in unemployment, a sharp decrease in consumer spending and an overall decrease in global trade and output. However, the last few months saw markets around the world manage small, but significant, gains. Some of the major economies saw modest growth in these few months. Although many others failed to achieve any real growth, the fact that they avoided any further contraction for several months running suggests the worst is behind us. This recovery has been led by Asian economies such as India, China and Hong Kong. These countries were amongst the first to come out of recession and achieve pre-crisis levels of growth. In fact both China and India has achieved greater than predicted growth in the year 2009, as they emerged from this crisis as key players in Global Economy.

Bangladesh has been unable to completely escape the effects of this economic downturn. Slow growth in exports and remittance adversely affected the Banking sector's profitability throughout the year.

Although earnings from trade businesses such as export, import and guarantees for most of the banks suffered setbacks, profitable capital market operations helped compensate for these shortcomings. Due to the declining investment demand, import of capital machinery and industrial raw materials has continued to fall. This has resulted in excess liquidity in the financial sector which might result in an upward inflationary trend. The accumulation of USD 10.00 billion plus foreign exchange reserve is partly due to strong growth in wage earners' remittances but is partly also a reflection of stagnation in overall investment and manufacturing activities. Some of the major factors contributing towards this entrepreneurial inactiveness are the excess production capacity resulting from export shortfall, uncertainty about the policy environment and a poor outlook towards gas supply, power supply and other such infrastructural needs. Putting a cap on lending rates and directed lending (taking exposure in a certain sector) by the central bank has also affected profitability of the banks.

Despite these setbacks, it is safe to say Bangladesh has been relatively insulated from the effects of this global financial crisis. Although a slight decrease from the 6.2% achieved the previous year, the country's GDP growth still stood at 5.9% in the 2009 fiscal year. A strong regulatory framework and prudent policies, set by the commercial banking segment, has prevented any further damage to Bangladesh's economy, as well as preventing Bangladeshi banks from making the same mistakes as those abroad. Now, as world economy rebounds, there are already positive signs for Bangladesh. The global recovery has led to increased orders for RMG products and remittance flow. How Bangladesh emerge from this downturn will depend, to a large extent, on increased integration of our economy through the trade of goods and services with the new financial super powers, alongside those of old.

In view of global events, Eastern Bank Limited revised its strategies to encourage cautious loan growth, enhance asset quality and support effective risk management, all the while fostering control and compliance. These steps helped to drastically reduce EBL's Non-performing loans (NPL) to total loans ratio from 3.30% in 2008, to 2.46% in 2009. This signified a substantial drop of 84 basis points. Under Basel I,

Eastern Bank's Capital adequacy ratio (CAR) increased from 12.71% at the end of 2008, to 16.84% by the end of 2009. Under Basel II, the bank's CAR had ranged between 10.53% and 11.34% during the year. Loan portfolio has grown by 20.19% and stood at BDT 47,667.99 million at the end of 2009. During the same period, Deposit grew by 18.32% and stood at BDT 49,189.54 million at the end of the year. As a result, our gross Credit to deposit ratio has increased to 96.91% at year end, from 95.40% in 2008.

Once again, Corporate Banking was the biggest contributor towards our success, as it accounted for about 77% of our loan portfolio. The majority of the funds towards Corporate Banking, as well as Small & Medium Enterprise (SME) have continued to come from Consumer Banking. The Consumer Banking division was further strengthened this year by the addition of 5 new branches in key strategic locations. The high priority Small & Medium Enterprise (SME) division continued to experience growth in both loan and deposit. During 2009, EBL introduced a new loan product named "EBL Factoring". This product, combined with the establishment of 7 SME centers nationwide, has enabled EBL SME Banking to significantly contribute towards the overall goals of the bank. EBL Treasury has achieved 28.32% growth in investment income during 2009, mainly due to commensurate increase of SLR, a result of increased deposit and increased participation in the lucrative secondary market for government bills and bonds.

As the banking industry has stepped into the Basel II era in 2009, in parallel reporting requirement with Basel I, we have taken appropriate measures to increase our regulatory capital, as well as to enhance people skill and IT infrastructure in order to comply with central bank directives. An amount of BDT 693.45 million from right issue and BDT 416.07 million from bonus share have been added with our paid up capital during 2009. As a result, we have already crossed BDT 4,000 million capital (Paid up capital and statutory reserve) mark and reached BDT 4,423.46 million by the end of 2009 as prescribed by the central bank, thus successfully meeting the deadline set for August 2011. We are in the final stage of appointing an international consultant to perform the "Gap Study" in order to implement Basel II, both under the standardized and advanced approach.

Corporate tax rate for banks have come down to 42.5 percent from 45 percent during 2009 which will help

increase PAT line. Being a compliant corporate entity, we have continued making a significant contribution towards the government revenue line, as direct tax, withholding tax and VAT deducted from both customers' accounts and suppliers' bills. We have made a direct contribution of BDT 1,151 million towards the government exchequer in the calendar year 2009, compared to BDT 940 million in 2008, registering a growth of 22.45%. We have also deducted and deposited an amount of BDT 594 million to the government exchequer, compared to BDT 424 million in 2008, as withholding tax, excise duty and VAT against customer accounts and various bills we paid for procuring different goods and services (including HR services) during 2009.

I am glad to report that EBL has been awarded 3rd position for Annual Report 2008 in the 'Best Published Accounts and Reports' by The Institute of Chartered Accountants of Bangladesh (ICAB) and has been presented a 'Certificate of Merit' award for 'Best Presented Accounts and Corporate Governance Disclosures Awards 2008' by The South Asian Federation of Accountants (SAFA). At the beginning of the year, EBL was recognized as a "Superbrand" by Superbrands Inc., a UK based brand rating organization that performs brand rating worldwide based on global criteria. Amongst thousands of Bangladeshi brands, EBL was selected as a Superbrand based on its market presence, brand value and customer expectations. During the year, Eastern Bank Limited was also awarded for "Best Marketing Collaboration" by Moneygram International, one of the largest global money transfer agencies.

As a successful organization, Eastern Bank Limited has never shied away from its obligations towards the community and has continued to be involved in a number of CSR activities throughout the year, including a number of donations towards charitable causes. EBL made a donation of BDT 25 lacs in aid of the bereaved family members of the Army Officers killed in the BDR carnage through the honorable Prime Minister's Relief Fund. One of the families affected by this tragic incident will be provided aid of BDT 480,000 every year for the next 10 years. EBL also donated BDT 50 lacs to Bangladesh Olympic Association (BOA) for sponsoring the South Asian Games held in Dhaka recently. Another donation was

made to the Prime Minister's Relief Fund, of BDT 10 lacs, to help the victims of cyclone AILA in the Satkhira and Khulna districts. EBL also distributed 50,000 liters of drinking water and emergency medical supplies to those affected. EBL has always recognized the importance of education and has made education a focus of the bank's CSR activities. EBL sponsored the "EBL-DUAA Inspiration" financial grant, which was awarded to 110 students from various departments of University of Dhaka. 29 of those awarded were students with various disabilities. EBL contributed to the SEID Trust, an NGO working to improve the lives of disabled children. They are a true testament to the human spirit and their determination is a source of inspiration for all of us. EBL also distributed 30 computers between the various departments of the University of Dhaka and a school in Chittagong.

EBL also remembers its obligations towards the environment and wishes to be a partner in sustainable development through green financing. You will be glad to know that EBL is the first commercial bank to sign a participation agreement with Bangladesh Bank to finance BDT 290 million under the Refinance Scheme of Bangladesh Bank to support the development of Solar Energy, Bio-gas energy and Effluent Treatment Plants in Bangladesh. Under this scheme, EBL is financing a project of Rahimafrroz Renewable Energy Ltd (RREL) as a first project to set up

a 12MW PV solar panel assembly plant. Through these initiatives, EBL hopes to aid the development of renewable energy sources. In turn, these could help improve the lives of millions of Bangladeshis who live in remote, off-grid areas of the country.

I would like to take this opportunity to express my appreciation towards all the members of the EBL family whose involvement in various aspects of this Bank's operations helped make this year, another successful addition to EBL's long legacy of prosperity. I would like to express my gratitude towards the members of the Board of Directors for their vision and continued support. I would like to thank the employees of EBL for their hard work and commitment. I want to convey my thanks and gratitude to all our valued clients, honorable shareholders, business partners, patrons and well wishers for their continued support, trust and cooperation. A special word of thanks towards the regulatory authorities, in particular Bangladesh Bank and SEC, for their guidance and cooperation all year round. I am confident that with all your support, EBL will attract new customers, expand its operations and all and all continue to be a success in the years to come.



Mir Nasir Hossain
Chairman of the Board of Directors



**management
committees**

Management Committee (MANCOM)

In group photo from left to right

Abul Moqsud

EVP & Head of Credit Risk Management

Sheikh Mahfuzul Hoque

SVP & Head of Internal Control & Compliance

Safiar Rahman

SEVP & Company Secretary

Mamoon Mahmood Shah

DMD (Consumer & SME Banking)

Mahbubul Alam Tayiab

SEVP & Head of Operations

Muklesur Rahman

DMD (Operations)

Ali Reza Iftekhar

Managing Director & CEO

Md. Fakhru Alam

DMD (Corporate, Treasury & Investment Banking)

Syed Rafiqul Haq

SEVP & Area Head, Corporate Banking, Dhaka

Malick Musfique Reza

EVP & Head of Finance

A. M. M. Moyen Uddin

EVP & Acting Head of Information Technology

Md. Sirajul Islam

EVP & Head of Human Resources



Expanded Management Team (EMT)

NAME	DESIGNATION	STATUS IN EMT
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Chairman
S M Akhtaruzzaman Chowdhury	EVP & Head of Service Delivery	Vice Chairman
Ahmed Shaheen	EVP & Head of Trade Services	Member Secretary
Akhtar Kamal Talukder	EVP & Head of Special Asset Management	Member
Sami Karim	EVP & Head of Credit Administration	Member
Abu Rakib Md. Saduzzaman	EVP & Unit Head , Corporate Banking, Dhaka	Member
Mohammad Musa	EVP & Area Head-Consumer Banking, Dhaka & Outstation Branches	Member
Md. Abdul Hakim	EVP & Unit Head, Corporate Banking, Dhaka	Member
Md. Abdul Wadud	EVP & Head of Structured Finance	Member
Ahsan Zaman Chowdhury	SVP & Unit Head-Corporate Banking, Chittagong	Member
Md. Khurshed Alam	SVP & Head of Business, SME Banking	Member
Moinul Hossain Asif	VP & Head of Investment Banking Operations	Member
Md. Kamruzzaman	VP & Head of Consumer Credit & Collection	Member
Maj. Md. Abdus Salam, psc, (Retd)	VP & Head of Administration & Security	Member
Md. Obaidul Islam	VP & Head of International Department	Member
M. Nazeem A. Choudhury	VP & Head of Cards and Acting Head of Brand & Marketing	Member
Syed Sazzad Haider Chowdhury	VP & Area Head, Trade Services, Dhaka	Member
Mohammad Saifuzzaman	SAVP & Head of Cards Operation	Member
Masudul Hoque Sardar	SAVP & Head of Financial Analysis & Reporting	Member
Md. Rezaul Islam	SAVP & Unit Head, Audit	Member
Md. Manirul Islam	SAVP & Head of SME Risk	Member
Md. Rezaul Karim	SAVP & Head of Service Management, IT	Member
Selina Rahman	FAVP & Senior Manager, Human Resources	Member





**message from the
managing director
& CEO**



Message from the Managing Director & CEO

“EBL has pledged to make sustainability the foundation for banking, customer service and social activities. Our bank is the first among the commercial banks, who has signed a participation agreement with Bangladesh Bank, to finance BDT 290 million worth projects under the Refinancing Scheme of Bangladesh Bank to support solar energy, bio-gas and ETP projects. Under this scheme, EBL is financing a project of Rahimafrooz Renewable Energy Ltd (RREL), a concern of Rahimafrooz Group, to set up a 12MW PV solar panel assembly plant. This is first of its kind loan facility in Bangladesh. Through this renewable energy financing, we will be able to positively contribute to transform the lives of 1 million people of the most remote and off-grid areas by lighting up their homes. We encourage our customers, staff, and stakeholders to factor ecological, social, and economic consequences into all of their personal and professional decisions.”

An eventful year has passed. Great recession, strong remedies, slow recovery and high uncertainty—that is how the global economy has been shaped around 2009. Despite facing abrupt changes in global demand for our exports, our economy remained one of the least affected economies in the world.

Falling global trade and employment, slower growth in our export and remittance, lukewarm pace of industrialization, plummeting profit of RMG and textile industries had their due effects on business and profitability of EBL this year. Our bank, with changed direction and cautious risk management practices, has done remarkably well in business and financial performance during the year under review.

Other than financials-up gradation of credit rating of EBL to AA- by CRISL, being awarded ‘Superbrand’ by Superbrands Inc. for the period 2009/2011, receiving ‘Best Marketing Collaboration’ award from Moneygram International and a ‘Certificate of Merit’ award for ‘Best Presented Accounts and Corporate Governance Disclosures Awards 2008’ by South Asian Federation of Accountants (SAFA) and award for securing 3rd position in the ‘Best Published Accounts and Reports’ for Annual Report 2008 by Institute of Chartered Accountants of Bangladesh (ICAB) highlight our success in 2009.

Financial performance and position of the bank has remained consistently buoyant. Earning per share (EPS) has increased by 69.50 percent to BDT 58.53 during 2009 mainly due to 24.93 percent increase in operating profit and a commendable decrease of loan provision by 38.52 percent. Cost to income ratio, during the year, remained almost static at 2008 level i.e. 35.64 percent which is one of the lowest in the industry. Cost of fund has decreased to 7.89 percent during the year compared to 9.31 percent last year. As a result of this strong financial performance, the Board of Directors of EBL has recommended 20 percent cash and 17 percent stock dividend for 2009 after a mandatory transfer of BDT 540.14 million to statutory reserve.

Our revised strategy in the changed economic and business environment produced remarkable results. Our focused and sustained efforts to enhance asset quality helped reduce ratio of non performing loans (NPL) to total loans to 2.46 percent at the year end 2009 compared to 3.30 percent at the same time in previous year. Our loans grew by 20.19 percent, slightly higher than the growth of deposits by 18.32

percent in 2009 that pushed our gross credit to deposit ratio to 96.91 percent at the year end 2009, compared to 95.40 percent at the end of 2008. Our capital (Paid up capital and statutory reserve) as prescribed by the central bank (deadline is August 2011), has already crossed BDT 4,000 million mark and reached BDT 4,423.46 million at the end of 2009.

EBL has pledged to make sustainability the foundation for banking, customer service and social activities. Our bank is the first among the commercial banks, who has signed a participation agreement with Bangladesh Bank, to finance BDT 290 million worth projects under the Refinancing Scheme of Bangladesh Bank to support solar energy, bio-gas and ETP projects. Under this scheme, EBL is financing a project of Rahimafronz Renewable Energy Ltd (RREL), a concern of Rahimafronz Group, to set up a 12MW PV solar panel assembly plant. This is first of its kind loan facility in Bangladesh. Through this renewable energy financing, we will be able to positively contribute to transform the lives of 1 million people of the most remote and off-grid areas by lighting up their homes. We encourage our customers, staff, and stakeholders to factor ecological, social, and economic consequences into all of their personal and professional decisions.

It gives me pleasure in sharing that EBL won a prestigious deal worth USD 114.8 million of syndicating Bangladesh Biman’s Boeing pre-delivery financing for purchasing 777-300ER & 787 aircrafts beating competition from local and foreign banks. The Bank will provide service to Biman Bangladesh Airlines as “Advisor, Lead Arranger & Agent”.

Basel II era has begun in 2009 and our capital adequacy position has remained well above the minimum requirement of 10 percent at every quarter of the year. We have invested considerable effort and resource to instill required set of skills in the relevant people, develop awareness among corporate and mid segment borrowers and implement advanced approach in line with Bangladesh Bank road map. EBL is at the final stage of appointing a world renowned consulting firm to do a diagnostic ‘Gap Study’ to measure the status of our readiness in comparison to the requirements outlined by central bank both under standard and advanced approaches.

Financial industry, due to its symbiotic relationship with real economy, is naturally affected due to adverse changes in economic and business climate.

A key uncertainty for the bank relates to the changes in economic policies of the government and regulators. Such changes may be wide-ranging and can influence the volatility and liquidity of financial markets. These effects may directly or indirectly impact bank's financial performance. For example, changes in money loan court act or flexible loan rescheduling criteria may affect loan repayment/recovery, putting cap on lending rates may reduce banks profitability and directed lending may lead the bank taking exposure in some sectors where bank has low appetite. Eastern Bank plays an active role in addressing such issues, through its participation in Association of Bankers in Bangladesh and other relevant forums. In line with the broader objectives of enhancing shareholders' value, we have set our priority or strategic direction for 2010 as outlined below:

- Sustained effort to improve asset quality with risk management strengthened.
- Pursue inorganic growth through merger and acquisition and moderate growth in conventional products.
- Further change in deposit mix to increase pie of low cost deposits.
- Careful penetration in the capital market.
- Increase intrinsic value of the company by strengthening internal controls through installation of clearly laid down policies, procedures and processes.
- Diversify corporate business to take advantage of PPP.
- Increased focus on Corporate Social Responsibility (CSR).
- Improve quality of human capital by strengthening people's competencies.
- Create world class IT infrastructure to deliver superior service to our customers.

To match growing expectation of our customers, we continue to extend our reach through conventional and alternative delivery channels, through innovative products and seamless services. We have introduced a new service channel namely 'Priority Banking' for the upper customer segment to attract high net worth customers who require personalized and sophisticated banking services. We have also commenced delivery of MICR encoded and personalized customer cheque books with security features as per Bangladesh Bank guidelines to all our

customers. This preparation along with technological readiness helped EBL to participate as one of the three Banks in first system integration test for Bangladesh Automated Clearing House (BACH) which is expected to be implemented very soon. We have deployed upgraded technology, built partnership, arranged attractive events and made strategic alliances with various local and multilateral institutions to provide our customers better and reliable service. We believe that the soft factors such as relationship, alliance and network are our capital in adverse times.

EBL focuses high on developing employees' core values. Keeping this in mind, EBL introduced "Code of Conduct and Ethical Guidelines for Employees" to guide them on right and wrong while facing situations involving ethical dilemmas or conflict of interests. The basic premise of this code of conduct is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interests. We expect such initiative will shape our team positively.

We are grateful to all of our customers, stakeholders and shareholders for their continued support, trust and cooperation in making the year 2009 a success. We would like to convey our gratitude to Bangladesh Bank, SEC and other regulatory authorities for their guidance and cooperation at all times. My sincere appreciation for the Board of Directors of EBL for their judicious guidance round the year and I look forward to receive the same in the days to come.

We thank you all to help us grow as the team EBL.



Ali Reza Iftekhhar
Managing Director & CEO



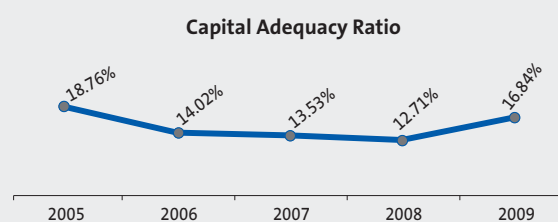
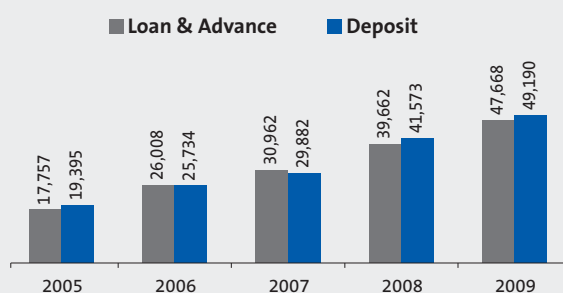
**five year's
progression of EBL**

Five year's progression of Eastern Bank Limited

(Figures are in million BDT)

Particulars	2009	2008	2007	2006	2005
BALANCE SHEET MATRIX					
Authorised capital	3,300	3,300	3,300	3,300	3,300
Paid up capital	2,496	1,387	1,035	828	828
Shareholders' equity	8,429	4,733	3,829	3,315	3,071
Deposits	49,190	41,573	29,882	25,734	19,395
Loans and advances	47,668	39,662	30,962	26,008	17,757
Credit to deposit ratio	96.91%	95.40%	103.61%	101.06%	91.55%
Investment	8,806	5,325	3,457	5,890	5,009
Fixed Assets	1,804	1,246	871	580	489
Earning assets (Interest bearing assets)	60,954	46,831	34,706	32,751	25,504
Total assets	69,871	54,598	40,204	35,971	27,400
Borrowings	8,835	4,948	3,793	4,405	3,360
INCOME STATEMENT MATRIX					
Net interest income (excluding Investment Income)	2,165	1,551	1,312	670	710
Investment Income	1,107	863	507	459	298
Non-interest income (Excluding investment income)	1,358	1,290	1,003	983	584
Net financial revenue (Total revenue less Interest Expense)	4,630	3,704	2,822	2,111	1,592
Operating profit (Profit before tax and provision)	2,980	2,386	1,870	1,358	1,056
Provision for loans, investment and other assets	279	455	585	224	88
Profit before tax	2,701	1,931	1,286	1,134	967
Profit after tax (PAT)	1,455	798	419	513	546
CAPITAL MATRIX					
Risk weighted assets (RWA)	49,374	41,315	30,687	25,721	16,901
Core capital (Tier 1)	6,441	4,271	3,395	3,068	2,837
Supplementary capital (Tier 2)	1,875	981	755	537	333
Regulatory capital (Tier 1 and 2)	8,316	5,252	4,151	3,605	3,170
Statutory capital (Paid up capital and statutory reserve)	4,423	2,774	2,070	1,656	1,656
Capital adequacy ratio (Regulatory capital/RWA)	16.84%	12.71%	13.53%	14.02%	18.76%
Core capital (Tier 1) to RWA	13.05%	10.34%	11.07%	11.93%	16.79%
RWA to total assets	70.66%	75.67%	76.33%	71.50%	61.68%

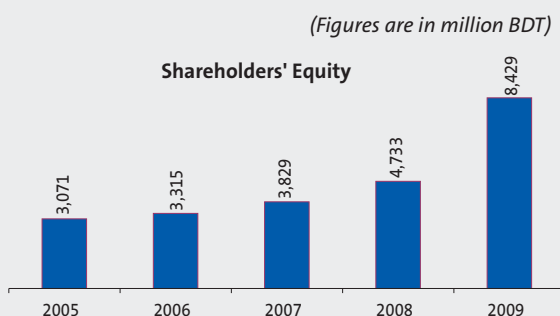
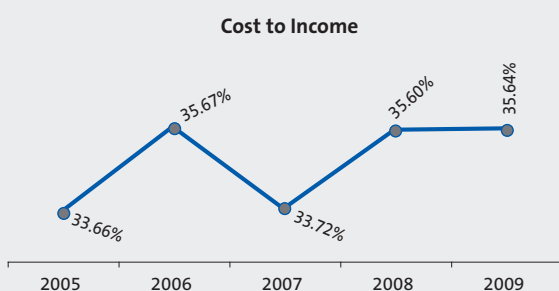
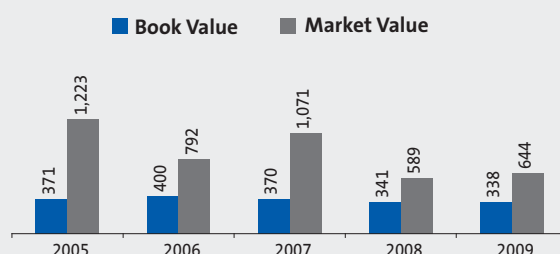
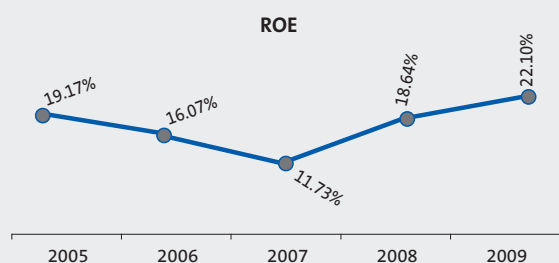
(Figures are in million BDT)



Five year's progression of Eastern Bank Limited (continued)

(Figures are in million BDT)

Particulars	2009	2008	2007	2006	2005
CREDIT QUALITY					
Non performing/classified loans (NPLs)	1,172	1,309	1,334	986	961
Specific Provision	756	692	660	394	464
General Provision	859	727	516	391	193
NPL to total loans and advance	2.46%	3.30%	4.31%	3.79%	5.41%
TRADE BUSINESS MATRIX					
Export	34,548	35,555	26,673	24,286	13,239
Import (LC)	54,370	62,203	45,298	39,347	29,692
Guarantee	1,319	2,170	1,201	651	555
EFFICIENCY/PRODUCTIVITY RATIOS					
Return on average equity (ROE)	22.10%	18.64%	11.73%	16.07%	19.17%
Return on average assets (PAT/average assets)	2.34%	1.68%	1.10%	1.62%	2.17%
Cost to income ratio (Operating expense/Total Revenue)	35.64%	35.60%	33.72%	35.67%	33.66%
Yield on advance (average)	13.69%	13.90%	13.76%	12.72%	-
Cost of deposits (average)	8.55%	8.66%	8.05%	8.49%	-
Net interest margin ratio (NII/average earning assets)	4.02%	3.80%	3.89%	2.30%	2.97%
Operating profit per employee	3.41	3.13	2.71	2.22	1.97
Operating profit per branch	76.41	70.16	66.80	54.32	48.00
SHARE-DISTRIBUTION MATRIX					
Earning per share or EPS (In BDT)	58.53	34.53	30.22	49.58	66.00
Price earning ratio (times)	11.01	17.07	26.44	15.98	18.53
Market value per share BDT (as on close of the year at DSE)	644.25	589.30	1,070.75	792.50	1,222.75
Net assets (book value) per share in BDT	337.65	341.25	369.91	400.38	370.93
Dividend:					
Cash (%)	20.00	-	-	20.00	40.00
Stock (%)	17.00	20.00	34.00	25.00	-
Market capitalization (at close of year)	16,083	8,173	11,082	6,562	10,124
Market price to net assets ratio (times)	1.91	1.73	2.89	1.98	3.30

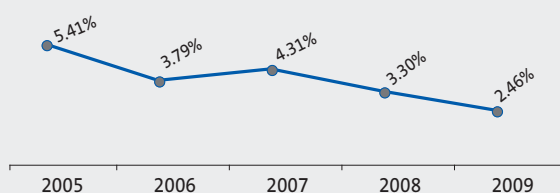


(Figures are in million BDT)

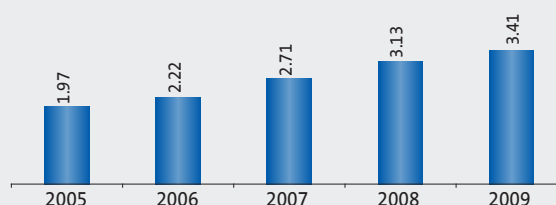
Five year's progression of Eastern Bank Limited (continued)

Particulars	2009	2008	2007	2006	2005
OTHER INFORMATION (Actual figure)					
No of branches	39	34	28	25	22
No of employees	878	763	690	612	536
No of deposit accounts	176,080	159,445	110,321	90,703	-
No of Loan Accounts	35,125	34,324	21,474	19,016	-
No of foreign correspondents	665	876	838	822	808
ATMs	55	36	19	12	8
Kiosks	5	5	5	3	3
SME Centers	23	18	16	12	-
No. of Bills pay Machine	8	5	5	3	3

Non Performing Loan Ratio



Operating Profit Per Employee (in million BDT)



Financial goals

Particulars	2010 Goals	2009	2008	2007	2006	2005
Capital adequacy ratio (Regulatory capital/RWA)-Basel-I	15% Plus	16.84%	12.71%	13.53%	14.02%	18.76%
Capital adequacy ratio (Regulatory capital/RWA)-Basel-II	11% Plus	-	-	-	-	-
NPL to total loans and advance	2.25%	2.46%	3.30%	4.31%	3.79%	5.41%
Return on average equity (ROE)	20% Plus	22.10%	18.64%	11.73%	16.07%	19.17%
Return on average assets (PAT/average assets)	2.25% Plus	2.34%	1.68%	1.10%	1.62%	2.17%
Weighted Average Credit Risk Grade (WACRG)	4.50%	4.89	4.78	-	-	-
Cost to income ratio (Operating expense/total revenue)	<35%	35.64%	35.60%	33.72%	35.67%	33.66%
Deposits (million BDT)	57,581	49,190	41,573	29,882	25,734	19,395
Loans and advances (million BDT)	55,486	47,668	39,662	30,962	26,008	17,757

Financial and Operational Highlights

ROE Increased in 2009

 **22.10%**
From 18.64% in 2008


ROA Increased in 2009

 **2.34%**
From 1.68% in 2008

NPL Ratio Decreased in 2009

 **2.46%**
From 3.30% in 2008

Capital Adequacy Ratio (Basel I)
Increased in 2009

 **16.84%**
From 12.71% in 2008

Credit Rating
Upgraded in 2009

 **AA-**
From A+ in 2008

SAFA Conferred EBL 2008 Annual Report

Certificate of Merit

Award from Moneygram International

**Best Marketing
Collaboration**

ICAB Awarded 2008 Annual Report
3rd Position in the

**Best Published
Accounts and Reports**

Awarded for the period 2009-2011

Superbrand

Signed participation agreement with
Bangladesh Bank to finance
Solar energy, bio-gas & ETP projects

BDT 290 M worth projects

Won a prestigious deal of syndicating
Bangladesh Biman's Boeing pre-delivery
financing to purchase 777-300ER & 787 Aircraft

Worth USD 114.8 M



value added statements

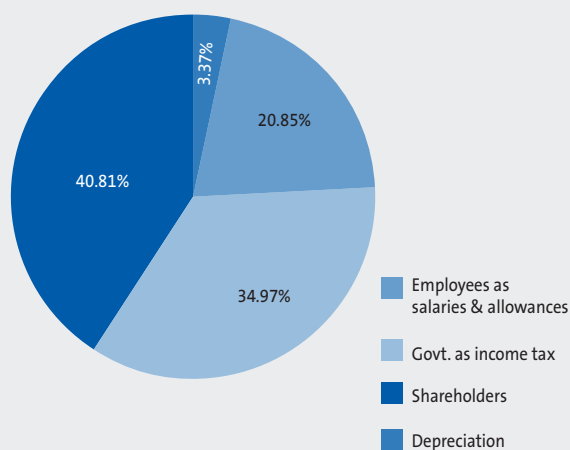
Value added, Economic value added and Market value added Statement

Value added statement shows how much quantitative value Eastern Bank Limited has added in 2009 for its employees, Government and shareholders in the form of salaries & allowances, income tax, profit after tax respectively and also indicates value of use of fixed assets through depreciation.

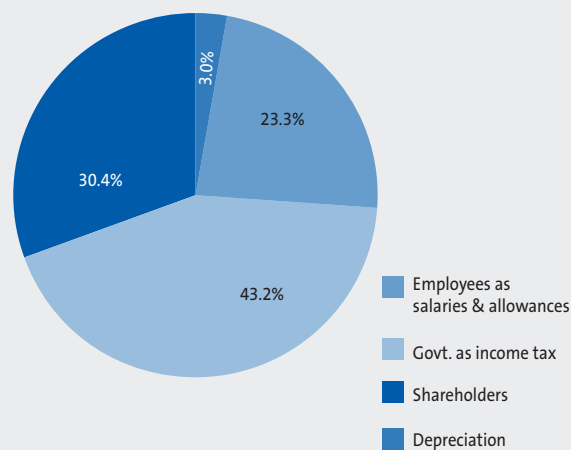
Value Added Statement for the year ended 31 December 2009

Particulars	2009 Taka		2008 Taka	
Income from Banking services	8,662,209,175		7,375,768,276	
Less: Cost of services & supplies	(4,838,170,254)		(4,311,380,614)	
Value added by the Banking services	3,824,038,921		3,064,387,662	
Non-banking income	19,249,441		10,681,618	
Loan written off & provision	(279,462,891)		(454,537,483)	
	3,563,825,471		2,620,531,798	
Distribution of added value				
Employees as salaries & allowances	743,054,277	20.85%	610,013,866	23.3%
Govt. as income tax	1,246,156,986	34.97%	1,133,227,919	43.2%
Shareholders	1,454,541,675	40.81%	797,774,068	30.4%
Depreciation	120,072,533	3.37%	79,515,944	3.0%
	3,563,825,471	100.00%	2,620,531,798	100.0%

Value Addition: 2009



Value Addition: 2008



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 is useful to shareholders in particular and other stakeholders in general.

EVA is equal to Net Profit after Tax (NPAT) plus the provision for loans and advances minus cost of equity where cost of equity is the opportunity cost that the shareholders forego. This cost of equity is calculated considering the risk free rate based on weighted average rate of 10 years treasury bond issued by Bangladesh Government plus 2% risk premium.

EVA statement for the year ended 31 December 2009

Amount in Taka

Particulars	2009	2008
Shareholders' equity	8,429,152,418	4,732,779,536
Add: Provision for loans and advances	1,632,107,852	1,422,106,903
	10,061,260,270	6,154,886,439
Average Shareholders' equity (A)	8,108,073,354	5,579,896,076
Earnings		
Profit after taxation	1,454,541,675	797,774,068
Add: Provision for loans and advances	279,462,891	454,537,483
Total Earnings (B)	1,734,004,566	1,252,311,551
Average cost of equity (Based on weighted average rate of 10 years treasury bond issued by the Bangladesh Government) Plus 2% risk factor (C)	12.05%	13.72%
Cost of Equity (D= A x C)	976,957,975	765,656,600
Economic Value Added (E= B - D)	757,046,591	486,654,951
Growth over last year	56%	29%

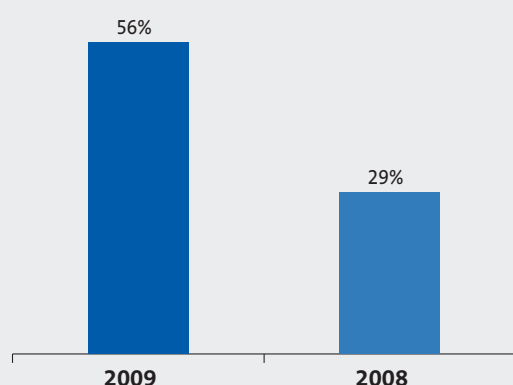
Market Value Added (MVA) is the amount derived from the difference between market capitalization and book value of the shares outstanding in the market. It's the indication of progressive market growth as well as financial strength which the company possesses.

Market Value Added Statement

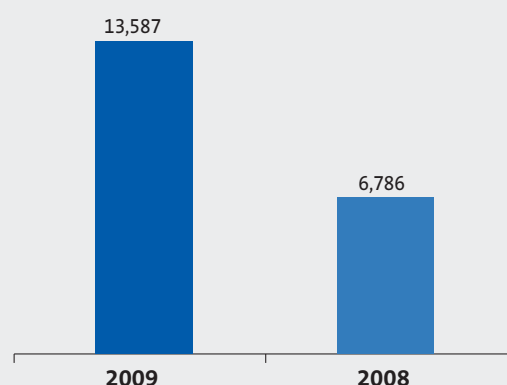
Amount in Taka

Particulars	2009	2008
Market value per share	644	589
Number of shares outstanding	24,964,200	13,869,000
Total market capitalization	16,083,185,850	8,173,001,700
Book value of shares outstanding	2,496,420,000	1,386,900,000
Market value added	13,586,765,850	6,786,101,700

Economic Value Added



Market Value Added (million BDT)





statement on sustainability

Sustainability is the capacity to endure. In ecology the word describes how biological systems remain diverse and productive over time. For humans it is the potential for long-term maintenance of wellbeing, which in turn depends on the wellbeing of the natural world and the responsible use of natural resources.

EBL believes that to be successful we must act responsibly taking into consideration the consequences. Our business operations must be conducted in a manner that is consistent with relevant best practices in relation to social responsibility and with integrity in all areas of our activities. We are proud of our organization and we want our stakeholders to be able to share in this pride.

EBL, as a part of sustainability strategy, focused on the following areas during the year like corporate social responsibility (CSR), financing renewable energy and

eco-friendly projects, caring for the employees and building sustainable customer relations.

Caring for the employees: Our people are our brand. The value system of an organization manifested through professional behavior of its people creates impression among the customers and the society at large. For a service based organization like a bank, customers' impression matters most in creating and enhancing brand value. So, it's the people of the bank who determine fate and ability to sustain in the long run.



Training and Development: A vast number of trainings (local, in-house and foreign), workshops, seminars etc on wide area of relevant topics were arranged in 2009 to refresh as well as sharpen skills and knowledge bases of the people:

Training Category	Training Programs	Participant	Man Hour	Cost (BDT)	Per Employee Cost
Local Training	62	139	3,324	377,480	2,716
In House Training	17	614	13,184	3,204,039	5,000
Foreign Training	7	11	208	1,862,255	169,296
Total	86	764	16,716	5,443,774	177,010

$$\begin{aligned}
 \text{Per Employee Participation in Training Program (\%)} &= \frac{\text{Total participants in Training Program}}{(\text{Total number of regular employees} - \text{Total number of Subordinate staffs})} \times 100 \\
 &= \frac{764}{878 - 62} \times 100 = 93.63 \text{ Percent} \\
 \\
 \text{Per Employee Training Cost} &= \frac{\text{Total cost for Training}}{(\text{Total number of regular employees} - \text{Total number of Subordinate staffs})} \\
 &= \frac{5,443,774}{878 - 62} \text{ BDT} = 6,671.29
 \end{aligned}$$



EBL Senior Management on "Leadership Journey" seen at Sylhet; the event was organized as part of Executive Development Plan.



EBL Employees at family night organized at BICC.

Employee benefits: In addition to competitive package, EBL provides various short and long term benefits to make our people wary free. The purpose of the benefits is to increase the economic security of the employees. Short term benefits include Leave Fare Assistance (LFA), Furniture and Equipment allowance (for employees from AVP to above level), hospitalization and maternity bills, performance bonuses and various soft loans like Loan Against Monthly Salary (LAMS), Car Loan and House Building Loan facility etc. EBL House Building Loan is covered by insurance (premium paid by the bank) to help the staff families in case of death or permanent disability of the staff.

Long term benefits include bank's contribution to PF, Gratuity and Super Annuation Fund. The Bank creates required provision each year to maintain these funds.

Employee Relations and Retention: Employee relation and retention is critical to the long term health and sustenance of a bank. A satisfied employee with proper orientation and organizational knowledge can ensure customer satisfaction, product sales, better workplace and sustained growth of a bank. Realizing this, HR conducts salary survey in every two year and adjusts the compensation package with market to remain competitive in the industry. It has in place a two dimensional Performance Management Program done twice in a year. We have Reward and Recognition Program, Town Hall Program, Family Night and several other business and support conferences to give employees much needed break for taking a fresh look at lives. EBL HR is here to inculcate a high performance culture where employee will work with fun and pride.



Team EBL at Support Office Conference titled "Fit for Growth" held at BRAC CDM at Rajendrapur.

Code of Conduct of EBL: During the year 2009, EBL introduced "Code of Conduct and Ethical Guidelines for Employees" to guide employees which is right or wrong while facing situations involving ethical dilemmas or conflicts of interest. These are certain core values employee must follow and nurture. The basic premise of this code of conduct is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interests. The Management relies on each of us to make a judgment of what is right and proper in any particular situation. If we are

facing difficulties in determining whether taking a certain action is appropriate or not, we should consider the following questions:

- Is the action to be taken right?
- Can this be justified in the eyes of the stakeholders?
- Can we defend the action?
- Is this complying with the Bank's policy?
- Is the action legal under the existing country law?



EBL CSR policy: Our CSR policy evolves around the following broader areas:

- We work within the standards set in our Code of Ethics to ensure that all our business practices are conducted with integrity.
- We treat our employees fairly, always complying with the norms of the Fundamental Principles and Rights at Work and, further, providing a rewarding environment in which our employees are engaged and developed.
- We respect our customers and stakeholders, anticipating and responding to their needs, aiming to treat them honestly and responsibly with consistent standards wherever we operate.
- We minimize any negative impact on the environment that might be associated with our operations or our services, searching out new ways to conserve natural resources and innovating to improve our processes.
- We are a good neighbor-not just keeping our own house in order but also reaching out to support aid and relate to those in our neighborhood. In particular we focus on providing educational and academic support and engaging in projects that will benefit our local communities.

CSR activities during 2009: Being a socially responsible corporate citizen, EBL is engaged in different CSR activities through the year round.

- EBL donated BDT 25 lacs to the honorable Prime Minister's Relief Fund (PMRF) for financial assistance to the bereaved family members of the martyred Army Officers killed in the BDR carnage in February 2009 and has been providing BDT 480,000 per year as a part of commitment to assist the family of one such martyr for ten years.
- To support country's sports activity, EBL donated BDT 50 lacs to Bangladesh Olympic Association (BOA) for sponsoring South Asian (SA) Games, Dhaka.
- Deadly tropical storm AILA swept through the northern part of Bangladesh destroying lives and damaging the economic activities. Millions of people suffered from lack of food, drinking water and shelter. EBL family came forward to support the distressed people and distributed 50,000 liters of drinking water and a large quantity of medicine for them. Members of Bangladesh Army and local residents helped us in the distribution process. EBL also donated BDT 10 lacs to Prime Minister's Relief Fund for the cyclone affected victims.



EBL donated 50,000 liters of pure drinking water amongst the AILA affected population of Satkhira.

- Under “EBL-DUAA Inspiration”, a financial grant program sponsored by EBL, 110 selected students of different departments of University of Dhaka were awarded grants. The grant is given in joint collaboration with Dhaka University Alumni Association (DUAA) annually. This year, there were 29 differently able students among this group. EBL salutes their spirit and is privileged to honor these young achievers. As a token of appreciation for their effort, EBL management has declared to increase the grant amount to Tk. 3,500 from Tk. 2,500 for any differently able student grant recipients from 2010 onwards. Education being the focus area of the bank’s CSR activities, EBL also donated a total of 30 desktop computers to different departments of University of Dhaka and a school in Chittagong.



Mamoon Mahmood Shah, Deputy Managing Director of EBL handing over a PC as token to the then Vice Chancellor of Dhaka University Professor Dr. S M A Faiz.



EBL Director Meah Mohammed Abdur Rahim handing over computers to the authorities of Khan Shaheb Abdul Hakim Meah High School, Mansurabad, Chittagong.

- EBL contributed in the charitable activities of SEID Trust in 2009. SEID Trust, a non-governmental voluntary development organization, is committed to promote the rights of the children with different abilities. EBL partnered with a vision for rehabilitating the children with different abilities, especially intellectually impaired children, in the mainstream society.



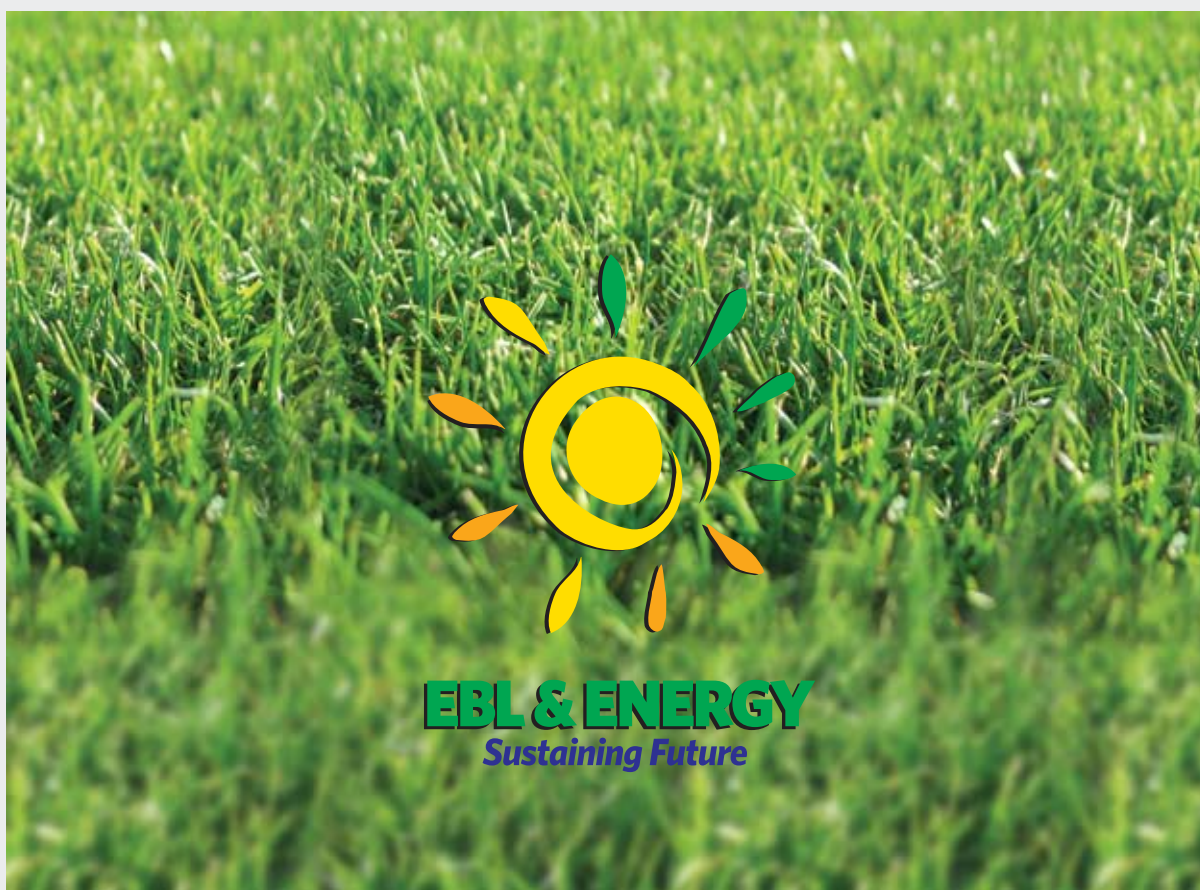
EBL officials donated and distributed winter clothes at North Bengal.

- At the end of 2009, a massive cold wave hit the country leaving millions of poor people stranded without sufficient winter clothing. EBL family members donated their personal belongings and bank contributed with blankets which were distributed at the affected areas of North Bengal-especially at Bogra, Sirajgonj, Panchagarh, and Dinajpur and in remote areas of Rajshahi Division.



EBL Director Mohd. Noor Ali and Managing Director & CEO Ali Reza Iftekhar seen at a program where Honorable Prime Minister of Government of Bangladesh Sheikh Hasina handed over financial support to the bereaved family members of the valiant Army officers killed at the BDR Carnage.

Other than these major activities, EBL CSR activities continued round the year. Arranging family reception for the freedom fighters, contributing to the societal activities of Rotary International and rallying with Bangladesh Anti Drug Movement are the few that needs to be mentioned especially.



Green financing (financing renewable energy and eco-friendly projects): EBL has pledged to make sustainability the foundation for banking, customer service and social activities. We encourage our customers, staff, and stakeholders to factor ecological, social, and economic consequences into all of their personal and professional decisions.

Our bank is the first among the commercial banks, who has signed a participation agreement with Bangladesh Bank, to finance BDT 290 million worth projects under the Refinance Scheme of Bangladesh Bank to support solar energy, bio-gas and ETP projects.



EBL signed an agreement with Bangladesh Bank for availing refinancing facilities from the latter for onward lending to its customers for setting up of solar energy projects, bio-gas and effluent treatment plants.



EBL Managing Director & CEO Ali Reza Iftakhar presenting a memento to Dr. Atiur Rahman, Governor, Bangladesh Bank at a program marking the bank's and country's first ever eco-loan in SME sector for the construction of a bio-gas plant.

EBL is financing a project of Rahimafrooz Renewable Energy Ltd (RREL), a concern of Rahimafrooz Group, to set up a 12MW PV solar panel assembly plant for the first time in Bangladesh. Through this renewable energy financing, we will be able to positively contribute to transform the lives of 1 million people of the most remote and off-grid areas by lighting up their homes. The plant will reduce CO2 emission by more than 1 million tons and is expected to generate carbon credit worth of more than USD 15 million.



EBL Managing Director & CEO Ali Reza Iftekhar and Rahimafrooz Renewable Energy Ltd. Chairman Niaz Rahim exchanging documents after signing a financing facility for setting up a 12MW solar power plant.

EBL has taken this initiative at a time when renewable energy has become the prime focus as the entire world is concerned about global warming and climate change. Bangladesh, being one of the worst victims, was demanding at least 15 percent of the Climate-change-adaptation funds at the recently concluded Copenhagen summit. Bangladesh incurs annual losses of 1.81 percent (apprx) of GDP due to extreme weather events. It is our immense pleasure to acknowledge that our government is promoting renewable energy to meet 5 percent of total power demand by 2015 and 10 percent of total power demand by 2020. Green is the future and being a socially responsible bank, EBL will continue to support and serve the cause more in future.

Not only green financing, EBL has also stepped up in creating eco-friendly consciousness among its employees as well. Awareness on less electricity consumption, avoiding the use of printing papers frequently, using day-light saving methods, converting all office vehicles into gas run engines and encourage the employees' individual effort in creating a greener society are just some of the activities we do often.

Sustainable customer relations: Relationship is a journey reinforced through mutual benefits. We are



EBL Deputy Managing Director Md. Fakhru Alam and Bangladesh Bank Executive Director Md. Abul Quasem signed Facility Access Agreement on behalf of their organizations.



EBL organized regular musical evening titled Praner Khela as part of customer engagement initiatives.

well aware that today's excellent customer service will be tomorrow's common expectation. Therefore, our journey towards better customer service through wider access, transactional ease, innovative products and services and various strategic alliances has been continuing with renewed vigor.



EBL celebrated Bangla New Year with the Customers at the branches.

Eastern Bank Limited, on periodic interval, organizes gala event for the corporate customers to formally express its appreciation for banking with EBL. All corporate banking customers, selected consumer and SME banking customers, Board of Directors and Management Committee Members, senior corporate, consumer and SME banking officials participate in that event.



EBL Management Committee members seen together at Corporate Evening-an annual reception arranged for the EBL Corporate clientele.



directors' report 2009

Directors' Report 2009

The Board of Directors of Eastern Bank Limited takes pleasure in welcoming you all to the 18th Annual General Meeting (AGM) and presenting Annual Report along with the Audited Financial Statements as on and for the year ended on 31 December 2009. Overview of financial performance, review of functions and Terms of References (TOR) of various Board and Management Committees with special focus on corporate governance among others are placed before you.

Review of Business Environment: The worst of the global recession is perhaps over but the uncertainty is not. Major economies like the US, Japan, Germany and France are showing early signs of recovery whilst China, India and Brazil are in their course for high growth. Still the fact remains that, recovery in most of the developed countries is yet to be reflected in job market, consumer spending and business confidence.

The west produces two thirds of the world GDP of USD 61 trillion (apprx.). Given the lukewarm pace of recovery in job market, business confidence and corporate earnings in the west economy, it seems reasonable to expect that the world economy will take time to go back to pre-crisis level. In the changed world economic order, the old model of flowing savings from Asia and the Middle East to west may not work this time. Rather, the recovery is going to be spearheaded by the rising Asian economies like China, India. Current world economic trends suggest that it will be an insipid recovery in the west and it is expected that the global economy will grow by 2.7 per cent in 2010, after a 1.9 per cent fall in 2009. This is a modest recovery particularly when one thinks how much has been thrown at the problem. But within this, the strongest growth rates will be seen across emerging economies, particularly Asia, Africa and the Middle East. The pace and scale of change, and the catch up potential are huge. Moreover, Western firms and savers are continuing to look to invest in these faster growing, lower cost economies. Asian growth is forecasted 7.0 percent in 2010 from 4.5 percent in 2009, with domestic demand-driven economies such as China, India and Indonesia

growing by 10.0 percent, 7.5 percent and 5.5 percent, respectively.

To act on learning from the recent eco-financial catastrophe, world leaders, central bankers and economists are desperate in finding an effective way to address this. As a result, tougher global financial regulations, various reforms and transparency to the financial markets are on the cards, to prevent such future mishap that changed the very shape of world financial and economic systems.

Bangladesh has become a common case study for the researchers by being able to withstand century's one of the worst recession with a commendable GDP growth of 5.9 percent in the Fiscal Year (FY) 2009. With 10.31 percent growth in export earnings (In FY 09), 20 percent growth in remittance (USD 10.72 billion in calendar year 2009 against USD 8.97 billion in 2008) our economy has proved its resilience once again. Timely steps taken by central bank have helped safeguarding foreign exchange reserves which exceeded USD 10 billion in November 2009. Although our financial system has escaped the primary shock due to relative insulation from world financial market, the real economy is growing slowly due to slower export growth, subdued industrial activity, chronic power and energy crisis.

Financial performance: Given the changing economic and business conditions, the financial performance of EBL in 2009 was expectedly consistent. Besides restraining aggressive lending, EBL diversified its funding source, recovered more bad loans, enhanced quality of assets and fostered control and compliance during the year. Although weighted average number of shares increased due to right issue and stock dividend, earning per share (EPS) has increased by 69.50 percent to BDT 58.53, Non-performing loans (NPL) ratio has been consistently on decreasing trend reaching only 2.46 percent on the year end 2009 against 3.30 percent on the year end 2008. Gross loans to deposit ratio has slightly increased to 96.91 percent as on year end 2009 against 95.40 percent at year end 2008.

Financial Highlights: The key features of the financial performance for the year 2009 are summarized in the following table:

(Figures are in million BDT)			
Particulars	Year 2009	Year 2008	% Change
Net interest income (NII)	2,164.91	1,551.21	39.56%
Profit before provision and tax/Operating profit	2,980.16	2,385.54	24.93%
Provision for loans and contingent assets	279.46	454.54	-38.52%
Profit before tax for the year (PBT)	2,700.70	1,931.00	39.86%
Profit after tax	1,454.54	797.77	82.33%

Appropriations: The Profit and Loss Account for the year 2009 shows Profit after tax (PAT) of BDT 1,454.54 million but the distributable profit is BDT 914.40 million after a mandatory transfer of BDT 540.14 million (20 percent of Profit Before Tax) to statutory reserve. Your Directors have recommended Cash Dividend @ 20 percent and Stock Dividend @ 17 percent (17 shares for 100 shares each held on the record date) for the year 2009:

(Figures are in million BDT)

Particulars	Year 2009	Year 2008
Profit after tax	1,455	798
Retained earnings carried forward	30	-
To be appropriated	1,485	798
Transfer to statutory reserve	540	352
Dividend for the year (recommended):		
Stock dividend (17% for 2009 vs. 20% for 2008)	424	416
Cash dividend (20% for 2009)	499	-
Retained earnings to be carried forward	22	30

Market price information: Shares of EBL have been traded regularly in both the stock exchanges i.e. DSE and CSE. Following table shows the month high, low and number of traded shares at each month in 2009:

Month	Month High (Tk)	Month Low (Tk)	No. of shares traded
January 2009	596	478	73,880
February 2009	495	432	75,440
March 2009	490	280	161,300
April 2009	450	290	293,140
May 2009	408	361	188,340
June 2009	443	376	422,240
July 2009	470	412	241,200
August 2009	430	409	190,700
September 2009	426	401	117,660
October 2009	455	411	196,360
November 2009	571	430	430,160
December 2009	659	495	1,080,320

Reached BDT 4,000 million Capital: Bangladesh Bank (BB) has mandated all the commercial banks vide BRPD circular letter no. 11, dated August 14, 2008 to raise the capital (the sum of paid up capital and statutory reserve) to BDT 4,000 million by August 11, 2011 with minimum paid up capital of BDT 2,000 million. By the same circular BB has restricted banks from paying any cash dividend until a bank fulfills the above requirements. As shown in the Balance Sheet, our capital (Paid up capital and statutory reserve) as on December 31, 2009 has already crossed that mark and stood at BDT 4,423.46 million (of which paid-up capital was BDT 2,496.42 million). An amount of BDT 693.45 million has been added with paid capital from issue of Right Shares and BDT 416.07 million from bonus shares during the year. Therefore, we do not have any restriction to pay cash dividend for the year 2009 and onwards.

Auditors: The Board of Directors of EBL in the 17th AGM held on April 28, 2009 appointed Rahman Rahman Huq, Chartered Accountants and a

member firm of KPMG International as the statutory auditors for the year 2009. M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, served last year in 2008 of their consecutive three years tenure as per the central bank circular No BCD (P) 748/2-551 dated March 31, 1991.

Independence of Statutory/External Auditors: Complying with provision 4 of SEC guidelines we declare that Rahman Rahman Huq, Chartered Accountants, involved in statutory audit, was not engaged in any of following services during 2009:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-dealer service.
- Actuarial services.
- Internal audit services.

STATEMENT OF CORPORATE GOVERNANCE

Conceptual Framework: Corporate governance (CG) is the system of principles, policies, procedures and clearly defined responsibilities and accountabilities used by stakeholders to overcome the conflicts of interest inherent in the corporate form. Corporate in today's business world is subject to a variety of conflicts of interest due to its inherent complexity in form and structures. So, two major objectives of corporate governance can be:

- To eliminate or mitigate conflicts of interest particularly those between management and shareholders.
- To ensure that the assets of the company are used efficiently and productively and in the best interests of its shareholders and other stakeholders.

To achieve the above objectives, the corporate should have a set of principles and procedures sufficiently comprehensive to be called a corporate governance system. No single system of effective corporate governance applies to all firms in all industries worldwide. However, following are some of the core attributes of an effective corporate governance system:

- Delineation of the rights of shareholders and other core stakeholders,
- Clearly defined management and director governance responsibilities to stakeholders,
- Identifiable and measurable accountabilities for the performance of the responsibilities,
- Fairness and equitable treatment in all dealings between management, directors and shareholders and
- Complete transparency and accuracy in disclosures regarding operations, performance, risk and financial position.

From the view point of conflicts of interest, two relationships (between management and shareholders and directors and shareholders) are the primary focus of most of the systems of corporate governance. The Monetary Authority of Singapore has the following thirteen principles to guide the banks and insurers within its regulatory authority in compliance with the corporate governance standards in its "Guidelines and Regulations on Corporate Governance". These principles are almost equally applicable for effective corporate governance practice in a financial institution in Bangladesh and therefore presented as follows:

Principle 1: Every institution should be headed by an effective Board.

Principle 2: There should be a strong and independent element on the Board which is able to exercise objective judgement on corporate affairs independently from management and substantial shareholders.

Principle 3: The Board should set and enforce clear lines of responsibility and accountability throughout the institution.

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis by the management.

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and composition of remuneration should be appropriate to attract, retain and motivate the directors to perform their roles and carry out their responsibilities.

Principle 9: The Board should establish an Audit Committee with a set of written terms of reference that clearly sets out its authority and duties.

Principle 10: The Board should ensure that there is an adequate risk management system and sound internal controls.

Principle 11: The Board should ensure that an internal audit function that is independent of the activities audited is established.

Principle 12: The Board should ensure that management formulates policies to ensure dealings with the public, the institute's policyholders and claimants, depositors and other customers are conducted fairly, responsibly and professionally.

Principle 13: The Board should ensure that related party transactions with the institution are made on an arm's length basis.

Board of Directors: Board of directors is a critical component of the check and balance system that lies at the heart of corporate governance system. Board members, both individually and as a group, have following responsibilities:

- Establish a comprehensive CG structure for the company to ensure that the business is conducted in an ethical, competent, fair and professional manner.
- Ensure that all legal and regulatory requirements are met and complied with fully and timely.
- Establish long-term strategic objectives for the company ensuring that the best interests of shareholders come first and obligation to others are met timely and completely.
- Establish clear lines of responsibility and a strong system of accountability and performance measurement in all phases of a company's operations.
- Hire the Chief Executive Officer (CEO), determine the compensation package and periodically evaluate the CEO's performance.
- Ensure that management has supplied the board with sufficient information for it to be fully informed and prepared to make decisions and to be able to adequately monitor and oversee the company's management.
- Meet frequently enough to adequately perform its duties, and meet in extra ordinary session as required by events and
- Acquire adequate training so that members are able to adequately perform their duties.

In summarizing the duties and needs of board of directors, "The Corporate Governance of Listed Companies: A Manual for Investors" by CFA Institute, USA states:

Board members owe a duty to make decisions based on what ultimately is best for the long-term interests of shareowners. In order to do this effectively, board members need a combination of three things: independence, experience and resources.

First, a board should compose of at least a majority of independent board members with the autonomy to act independently from management. Board members should bring with them a commitment to take an unbiased approach in making decisions that will benefit the company and long-term shareowners, rather than simply voting with management.

Second, board members who have appropriate experience and expertise relevant to the company's business are best able to evaluate what is in the best interests of shareowners. Depending on the nature of the business, this may require specialized expertise by at least some board members.

Third, there need to be internal mechanisms to support the independent work of the board, including the authority to hire outside consultants without management's intervention or approval.

This mechanism alone provides the board with the ability to obtain expert help in specialized areas, to circumvent potential areas of conflict with management and preserve the integrity of the board's independent oversight function.

Corporate governance at EBL: Banks are following the Corporate Governance (CG) guidelines issued by Securities and Exchange Commission (SEC) vide Notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006.

Eastern Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, procedures and practices based on the best practices of local and global banks. At EBL we attach a simple meaning to 'Corporate Governance' which is 'Due diligence' in observing responsibilities by Board as well as management to safeguard interest of key stakeholders i.e. depositors and shareholders. Two very important pillars of a good corporate governance structure are "Transparency" and "Accountability" backed by strong Internal Control and Compliance Structure and MIS capabilities.

Clear Segregation of Duties: In compliance with Bangladesh Bank BRPD Circular No. 16 dated 24 July 2003 and Clause 1.3 of SEC CG guidelines, we report that the chairman of the board is elected from among the directors and there is clear and defined roles and responsibilities of Chairman and the Chief Executive Officer. The Chairman of the Board approves the agenda for 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 risk policy, corporate governance and organization structure, human resources policy, customer and services strategies, procurement policy, etc.

On the other hand, CEO, being the head of management team of the Bank, is accountable to the Board and its Committees to run and manage the Bank in accordance with the prescribed policies and principles established by the Board, the central bank, SEC and other regulatory authorities. Management's primary responsibilities are to:

- Manage the operation of the Bank safeguarding interests 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 that the Bank's compliance with applicable legal and regulatory requirements.

To ensure proper accountability and transparency through 'due diligence', EBL has two Board committees namely Audit Committee and Executive Committee comprising Board members mainly to oversee and direct the operations, performance and strategic direction of the bank whereas different management committees are engaged to discharge their roles effectively.

Board of Directors of EBL: Eastern Bank Limited, many believe as the fastest turn around Bank in Bangladesh which started its operation in 1992 with all the businesses of a collapsed Bank (BCCI Overseas) including 85 percent non-performing loans, has been growing and evolving along with the economy and the people of Bangladesh for 17 years or so. The single most factor to the success of the Bank has always been its leadership and vision. The Bank's Board of Directors comprises prominent business leaders from diverse background with proven knowledge, experience and expertise, who are well known and respected for their leadership in the business community.

In compliance with Bangladesh Bank BRPD circular no. 12 dated April 23, 2003 & SEC CG guideline No 1.1, the Board of Directors of Eastern Bank Limited is currently constituted with 10 directors among whom 9 (nine) are Non executive directors including the Chairman and 1 (one) is Managing Director (Ex-Officio). Regarding the Independent (Non-shareholder) Directors as guided by SEC CG guidelines (No. 1.2), we report that there is one Independent Director in the present Board of Directors of EBL.

In compliance with the BRPD Circular No. BRPD (R-1) 717/2008-462 dated 22 July 2008, the Board of Directors of Eastern Bank Limited has also appointed two Directors from among the Depositors as per Rule-2008 of Bangladesh Bank who has subsequently approved the appointment vide letter no. BRPD (R-1) 651/9 (DL-1)/2008-745 dated 11 November 2008 and letter No. BRPD (R-1) 651/9 (DL-1)/2008-807 dated 15 December 2008.

Election of Directors: According to clauses 105 and 106 of the Articles of Association of Eastern Bank Limited, following 3 (three) directors retired in the 17th Annual General Meeting (AGM) held on 28 April, 2009. As the Bank Company (Amendment) Ordinance 2007 has become infructuous, all the retiring directors were eligible for re-election.

Therefore in the same AGM, they were re-elected as per Articles of Association of EBL. They are as follows:

1. Aneela Haque (Re-elected).
2. Asif Mahmood (Re-elected)
(Representing Aquamarine Distributions Ltd.)
3. Gazi Md. Shakhawat Hossain (Re-elected).
(Representing Unique Eastern Pvt. Ltd.)

This year three Directors shall retire from the office at the 18th Annual General Meeting and will be eligible for re-election.

Mir Nasir Hossain, Chairman of Eastern Bank Limited, the immediate past President of The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) joined as Director of the Bank in May 2008 and subsequently the Board unanimously elected him as the Chairman of the Board of Directors of Eastern Bank Limited in June 2008. The Board places on record appreciation for the role played by Mr. Mir Nasir Hossain during his tenor as Director of the Board and his judicious guidance and contributions as Chairman of the Board.

Board of Directors meeting: The Board of Directors holds meetings on a regular basis: usually twice a month but additional meetings are called when required. At each meeting, management provides information, references and detailed working papers for each agenda to all Directors for consideration at least two days before the meeting. At the meeting, the Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda in a prudent way and allow them to freely discuss, inquire, and express opinions on the topics of interest so that they can fulfill their duties to the best of their abilities.

During the year 2009, total 28 Board Meetings were held. The attendance record of the Directors is as follows:

Name of the Directors	Meetings Attended
Mir Nasir Hossain	26
Md. Showkat Ali Chowdhury	20
A. M. Shaukat Ali (Abul Mansur Shaukat Ali)	27
Mohd. Noor Ali	19
Aneela Haque	24
Gazi Md. Shakhawat Hossain (Representing Unique Eastern Pvt. Ltd.)	22
Asif Mahmood (Representing Aquamarine Distributions Ltd.)	21
Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	13
Ormaan Rafay Nizam (Director from the Depositors)	19
Ali Reza Iftekhar	27

The Directors who could not attend the meetings were granted leave of absence by the Board.

Directors' shareholding status: As on December 31, 2009 the Directors of Eastern Bank Limited held only 3.43% of total shares numbering 24,964,200 as portrayed below:

Major composition of shareholders		
Shareholder's Group	No. of shares	(%) of share holding
Directors	856,970	3.43%
General Public	21,424,252	85.83%
Financial Institutions	2,682,978	10.74%
Total	24,964,200	100.00%

Shareholding by individual directors is as follows:

Directors' shareholding as on December 31, 2009		
	No. of shares held	% of total shares
Mir Nasir Hossain, Chairman	284,976	1.14%
Md. Showkat Ali Chowdhury	4,641	0.02%
Mohd. Noor Ali	18,872	0.08%
A. M. Shaukat Ali	130,850	0.52%
Aneela Haque	40,580	0.16%
M/S. Unique Eastern (Pvt.) Ltd. (Represented by Gazi Md. Shakhawat Hossain)	296,434	1.19%
M/S. Aquamarine Distributions Ltd. (Represented by Asif Mahmood)	79,111	0.32%
Meah Mohammed Abdur Rahim	1,506	0.01%
Ormaan Rafay Nizam	-	-
Ali Reza Iftekhar, CEO & MD	-	-
Total	856,970	3.43%

Communication for transparency and accountability:

We sincerely believe that all stakeholders should have access to complete information regarding the business and financial performance and position of the bank to enable them in accurately assessing its future potential. EBL disseminates information on its operations and initiatives regularly through electronic, print and other media. The website of the bank (www.ebl.com.bd) serves as a key information source for business, financials and other relevant information for easy access by the stakeholders.

The Annual Report comprising audited financial statements for the year are posted to this website every year whereas audited financial statements for any particular year are published in two widely circulated Bengali and English dailies. The quarterly (January to March & July to September) financial statements, as per new directive of SEC, are published in two dailies and in the website of the bank. The half yearly (January-June) financial statements are sent to the shareholders and stock exchanges following rule 13 of the SEC Rules 1987.

At every general meeting, the Board of Directors gives shareholders the opportunity to exercise their rights to vote on the scheduled agenda, and express their valued opinions or inquire about company's affairs, business, future prospects and other matters of interest. The 17th Annual General Meeting of the Bank was held on April 28, 2009 at Bangabandhu International Conference Center (BICC) at Agargaon, Dhaka which was presided by Mr. Mir Nasir Hossain, Chairman of the Board of Directors. Six out of ten members of the Board of Directors including the Chairman and Managing Director attended the meeting.

Board and Management Committees: The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Audit Committee and Executive Committee are comprised of Board members whereas Management Committee (MANCOM), Asset Liability Committee (ALCO), Basel II Implementation Unit (BIU), Investment Committee, Bank's Operation Risk Committee (BORC) and the Expanded Management Team (EMT) are comprised of management teams to closely monitor and oversee its operations on a regular basis. These committees include:

Audit Committee of the Board: The audit committee of the board is established to provide independent oversight of the company's financial reporting, non-financial corporate disclosures and internal control systems. Ideally, the audit committee should:

- Include only independent directors, at least the majority.
- Have sufficient expertise in financial, accounting, auditing and legal matters to be able to adequately oversee and evaluate the control, risk management, compliance system and the quality of financial disclosures to shareholders and others.
- Oversee the internal audit and control function; the internal audit staff should report directly and routinely to this committee of the board and when necessary, report any concerns regarding the quality of controls or compliance issues.
- Have sufficient resources to be able to properly fulfill their responsibilities.
- Have full access to and the cooperation of management.
- Have authority to investigate fully any matters within its purview.
- Have the authority for the hiring of auditors, including the setting of contractual provisions, review of the cost-effectiveness of the audit, approving of non-audit services provided by the auditor, and assessing the auditors' independence.

Glimpses of 17th Annual General Meeting 2009



- Meet with auditors independently of management or other company interest parties periodically but at least once annually.
- Have the full authority to review the audit and financial statements, question auditors regarding audit findings, including the review of the system of internal controls and to determine the quality and transparency of financial reporting choices.

The Audit Committee of EBL: Following are the main objectives of the Audit Committee of the Board:

- 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 of internal control and approach to manage risks, the audit process, and the Bank processes for monitoring compliance with laws and regulations and its own code of business conduct.

Composition and Qualifications: In compliance with the BRPD circular no. 12 dated 23 December 2002, an Audit Committee was first constituted by the Board of Directors of Eastern Bank Limited in its 253 meeting held on 7 January, 2003 and thereafter last reconstituted in 397 Board Meeting held on 17 June, 2008 which was duly confirmed by the Board in the next meeting held on 02 July, 2008. Following is the list of members of this committee with their respective status and educational qualifications:

Sl No	Name	Status in the Bank	Status in the Committee	Educational Qualification
1	A. M. Shaukat Ali	Director	Chairman	B. Sc. Engineer
2	Gazi Md. Shakhawat Hossain	Director	Member	M.Com (Accounting)
3	Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	Director	Member	Bachelor of Commerce/A.I.C.S

The Company Secretary acts as Secretary of the Audit Committee of the Board.

Roles and Responsibilities of Audit Committee: Following are the detail roles and responsibilities of Audit Committee:

Internal Control:

- Evaluate whether management is adhering to the appropriate compliance culture by communicating the importance of internal control and risk management to ensure that all employees have clear understanding of their respective roles and responsibilities.
- Review the arrangements made by the management for developing and maintaining a suitable Management Information System (MIS).
- Consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the management.
- Review the existing risk management policy and procedures for ensuring an effective internal check and control system.
- 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 of the regulators and inform the board on a regular basis.

Financial Reporting:

- Review the Annual Financial Statements and determine whether they are complete and consistent with applicable accounting and reporting standards set by respective governing bodies and regulatory authorities.
- Meet with Management and External/Statutory Auditors to review the financial statements before their finalization.

Internal Audit:

- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made.
- Review the efficiency and effectiveness of internal audit function.
- Review that findings and recommendations made by the Internal Auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.

External Audit:

- Review the performance of auditing and their audit and management reports by the external auditors. Review that findings and recommendations made by the external auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.
- Make recommendations to the Board regarding the appointment of the external auditors.

Compliance with existing laws and regulations:

Review whether the laws and regulations framed by the regulatory authorities (Central Bank and other bodies) and internal circular/instructions/policy/regulations approved by the board have been complied with.

Meeting: The Audit Committee holds meetings at least once in every three months to scrutinize matters as assigned by the Board of Directors. The Audit Committee held 4 (Four) Meetings in 2009 as per following dates:

25th meeting held on 30 March, 2009

26th meeting held on 18 June, 2009

27th meeting held on 20 August, 2009

28th meeting held on 6 October, 2009

Reporting: The Audit Committee has the responsibility to report its performance to the Board of Directors.

The Executive Committee: In compliance with the BRPD circular no. 16 dated 24 July 2003, the Board of Directors of Eastern Bank Limited has reconstituted its Executive Committee (EC) in its 405 Board Meeting held on 9 November 2008 which was duly confirmed by the Board in the following meeting held on 03 December 2008. This Committee is comprised of 3 (Three) Non-Executive Directors and Managing Director of the Bank who are:

Sl No.	Name and Status in the Board	Status in the EC
1.	Mohd. Noor Ali, Director	Chairman
2.	Md. Showkat Ali Chowdhury, Director	Member
3.	Asif Mahmood, Director	Member
4.	Ali Reza Iftekhhar, Managing Director & CEO	Member

Functions and responsibilities: This EC is entrusted with the following broader responsibilities and functions:

- Establish and periodically review the Bank's overall credit and lending policies and procedures.
- Develop and implement uniform and minimum acceptable credit standards for the Bank.

- Approve all revision, restructure and amendments made to the credit proposals initially approved by this Committee.

One meeting of the EC was held on 15 January 2009.

The Management Committee (MANCOM):

MANCOM is considered the highest decision and policy making authority of the Bank which consists of the CEO and different business and support unit heads. Following is the major scope of work by this committee:

- Set or review vision, mission and strategies of the Bank as a whole and for business units for effective discharging 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 discuss 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.
- Market analysis and internal service quality.
- Discuss and approve Budget before forwarding to Board.
- Empowered to co-opt any other member as deemed and decided suitable by MANCOM.
- Acting Managing Director can preside over the MANCOM meeting in absence of MD.

The routine agenda of a typical MANCOM meeting includes the following:

- Monthly business and financial performance analyses.
- Monthly business review and analysis of each business units (Corporate, Consumer, SME and Treasury) performance.
- Monthly review of control and compliance (internal and regulatory) issues.
- Consider and propose innovative projects, products and services as well as management methodology and business strategies to the Board of Directors (if needed).
- Manage external communications, including management of advertising and public relations.
- Management and development of human resources.
- Exploring ways to strengthen and vitalize support functions (Operations, HRD, ITD, CRM etc.).

Current list of MANCOM members:

Name	Designation
Ali Reza Iftekhar	Managing Director & CEO
Muklesur Rahman	DMD (Operations)
Md. Fakhru Alam	DMD (Corporate, Treasury & Investment Banking)
Mamoon Mahmood Shah	DMD (Consumer & SME Banking)
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka.
Mahbubul Alam Tayiab	SEVP & Head of Operations
Safiar Rahman	SEVP & Company Secretary
Malick Musfique Reza	EVP & Head of Finance
Md. Sirajul Islam	EVP & Head of Human Resources
Abul Moqsud	EVP & Head of Credit Risk Management
A. M. M. Moyeen Uddin	EVP & Acting Head of Information Technology
Sheikh Mahfuzul Hoque	SVP & Head of Internal Control & Compliance

Meeting: Usually MANCOM sits once in every month. However, EBL MANCOM held 10 meetings during the year 2009.

Asset Liability Committee (ALCO): ALCO in EBL is primarily responsible for the following functions:

- Measuring and monitoring liquidity position and risks thereof.
- Setting guidelines for interest rate positioning through various products.
- Managing Interest rate risk.
- Desired Balance Sheet movement.

ALCO in 2009 has spent a very active year in terms of interest rate positioning and hedging of

portfolios. 2009 experienced a record downward shift in yield curve which results in upward price movement of Government securities, repricing challenge for asset and liability portfolio, designing and introduction of various liability products. Apart from that, new capital regulation under Basel II has also paved its way for optimum capital management. ALCO actively and sometimes proactively engaged in special meetings along with regular monthly meetings to face the challenges. In 2010, ALCO wishes to introduce FTP (Fund Transfer Pricing), Risk Based Pricing Model for assets and separate FTP desk in Treasury to step into a dynamic way of ALM.

Following table lists the members of ALCO including ALM Desk:

Name	Designation	Status in ALCO
Ali Reza Iftekhar	Managing Director & CEO	Chairman
Corporate Banking:		
Md. Fakhru Alam	DMD (Corporate, Treasury & Investment Banking)	Member
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	Member
Asif Fahimul Haque	SAVP & Head of Cash Management	Member
Consumer & SME Banking:		
Mamoon Mahmood Shah	DMD (Consumer & SME Banking)	Member
Treasury:		
Sidhartha Roy	SVP & Acting Head of Treasury	Member
Operations:		
Muklesur Rahman	DMD (Operations)	Member
Credit Risk Management:		
Abul Moqsud	EVP & Head of Credit Risk Management	Member
Finance:		
Malick Musfique Reza	EVP & Head of Finance	Member
ALM Desk:		
Mehdi Zaman	VP & Senior Foreign Exchange Dealer, Treasury	ALM Desk

During 2009, ALCO held 12 routine meetings and several special meetings.

Bank's Operation Risk Committee (BORC): It is a key forum of management to discharge oversight and management responsibilities related to operation risks. The role of BORC is:

- To transform a somewhat 'form filling exercise' into a proactive forum of senior management to discuss, evaluate and decide on existing and potential operation risks.
- To ensure that Managing Director & CEO is being informed timely regarding status of compliance by the respective employees.
- To ensure compliance with business/function operation risk policies and procedures across all units in the bank.
- To ensure that operation risks identified within businesses are assessed in terms of wider implications of business and strategic risks and those risks are reviewed and reported accordingly.
- To assess reputational implication of operation risks identified and ensure that MANCOM is duly updated of the same.
- To ensure that all significant issues raised through internal audit and regulatory review are resolved effectively within agreed timeline.
- To ensure implementation of the real time incident reporting process.

Committee Members: BORC comprises senior level management of the bank as noted below:

Head of Internal Control & Compliance (Convener of the Committee)

Head of Operations (Convener in absence of Head of ICC)

Head of Finance

Head of Service Delivery

Head of Credit Risk Management

Head of Credit Administration

Head of Consumer Finance Center

Head of Cards Operations

Area Head of Consumer and Corporate Banking

Head of Business, SME

Head of Application Support (IT)

Head of Administration

Head of Special Asset Management

Head of Treasury

Head of Human Resources

Meeting: This committee meets once in every month.

Basel II Implementation Unit (BIU): Bangladesh Bank has selected standardized approach for calculating risk weighted assets and capital charge thereon against credit and market risks and basic indicator approach for the operational risk. Following central bank recommendation, EBL formed a Basel II Implementation Unit (BIU) in April 2007 to act upon roadmap by central bank in implementing Basel II. This unit comprises following senior level management:

Name & Designation	Status in the BIU
Muklesur Rahman, DMD (Operations)	Chairman
Malick Musfique Reza, EVP & Head of Finance	Member Secretary
Mahbubul Alam Tayiab, SEVP & Head of Operations	Member
Sheikh Mahfuzul Hoque, SVP & Head of ICC	Member
Abul Moqsud, EVP & Head of CRM	Member
Mehdi Zaman, VP & Senior Foreign Exchange Dealer, Treasury	Member

Details discussion on the preparedness and implementation status of Basel II by the bank is presented in the Management Discussion & Analysis part of this report.

Investment Committee: This committee looks after investment in capital market and meets as and when required. They oversee and monitor to ensure that the investment decisions are carried out as per approved strategy and investment policy. This committee comprises following:

Name & Designation	Status in the Committee
Md. Fakhurul Alam, DMD (Corporate, Treasury & Investment Banking)	Chairman
Malick Musfique Reza, EVP & Head of Finance	Member
Abu Rakib Md. Saduzzaman, EVP & Unit Head, Corporate Banking Unit 04	Member
Md. Sayadur Rahman, SVP & Unit Head, Investment Banking Unit	Member

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. Chaired by Syed Rafiqul Haq, SEVP & Area Head, Corporate Banking, Dhaka, EMT comprises mid level managers (23 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. EMT sits bi monthly and in 2009 four (4) meetings were held.

During the year 2009, two of the ex EMT members have been promoted as MANCOM members to fill two vacant position of outgoing MANCOM members.

Internal Control & Compliance (ICC): Having dual reporting lines to CEO and Audit Committee of the Board, head of ICC acts as a bridge between management and board. An effective internal control system is, thus, a critical component of the bank management. It acts as a watchdog to ensure safe, sound and compliant operations of the bank. Well-devised internal control system can help to ensure that the bank is compliant with regulatory rules, procedures and laws of the land as well as internal policies, procedures, instructions to minimize risk of unexpected losses or damage to the bank's reputation. In broader sense, ICC should keep informed the management and board (where necessary) any relevant update which is not routinely covered by financial reporting and other MIS.

EBL has established a sophisticated organizational structure to establish and maintain a strong control culture by implementing and strengthening policy guidelines of internal controls. We believe, internal control & compliance is an integral part of the daily activity of a bank, which on its own merit identifies the risks associated with the process and adopts a measure to mitigate the same.

The main objectives of ICC, EBL are as follows:

- Efficiency and effectiveness of activity (Performance objectives).
- Reliability, completeness and timelines of financial and management information (Information objectives).
- Compliance with applicable laws and regulations (compliance objectives).

Structure of ICC, EBL: The Head of ICCD have a direct reporting line with Managing Director & CEO and

the Audit Committee of the Board. The department has three separate units i.e. Monitoring Unit, Compliance Unit and Audit & Inspection Unit.

Monitoring Unit: This unit is responsible to monitor the operational performance of various branches and departments. They collect relevant data and analyze those to assess the risk of individual departments/divisions/branches. In case they find major deviation, they recommend to the head of ICC for sending audit and inspection team for thorough review and investigation. Some major tools of this unit are as follows:

- Weekly irregularity report
- Prime Risk Indicator (PRI)
- Monthly/Quarterly Operation Report (MOR)
- Spot check/ Surprise Check
- Branch/Departmental Control Function Checklist (DCFCL).

Compliance Unit: This unit is entrusted to ensure that bank complies with all regulatory requirements while conducting its business. They maintain liaison with the regulators at all levels and notify the other units/departments regarding the regulatory changes. Some major tools of this unit are as follows:

- Ensure compliance of inspection report of Bangladesh Bank;
- Ensure compliance of Internal Audit Report;
- Ensure compliance of regulatory bodies like the central bank, tax authority, Ministry of Finance, Law enforcing agencies and other regulators;
- Supervise and monitor the legal issues against the bank;
- Ensure smooth resolution of various complaints of branches and departments under legal framework;
- Checking whether the appropriate policies include a. top level review, b. appropriate activity controls for different departments and divisions, c. system of approval and authorizations, d. appropriate segregation of duties and personnel are not assigned conflicting responsibilities.
- Review the Quarterly Operation Report.

Audit and Inspection Unit: This Unit prepares a Risk Based Internal Audit (RBIA) on an annual basis which is approved by the bank's senior management and by the audit committee of the Board. This risk based approach is superior to traditional audit approaches for two reasons:

First, it focuses on risks of the underlying causes of financial surprises, not just the accounting records.

Second, the Risk Based Audit shifts the focus from inspecting the quality of financial information that is recorded in the financial statements to building quality into the financial reporting process and adding value to the bank's operations.

Therefore RBIA assists the bank in the following ways:

- Risk identification and assessment thereof;
- To assign relevant risk grade and classify branch and department functions into different risk levels and also identify potential risk areas,
- Highlight and report deficiencies and greater risk areas to the top management in time;
- Improvement of risk management and control systems.

In 2009, this unit completed Risk Based Internal Audit (RBIA) for 34 branches and department audit of 16 departments.

Meeting with Audit Committee: In the year 2009, total 4 (four) Audit Committee meetings were held as per Bangladesh Bank Circular where internal audit report of branches and departments were reviewed thoroughly and necessary directives from the members of the Audit Committee of the Board of Directors have been implemented. The Audit Committee of the Board also reviewed the Inspection Report of Bangladesh Bank and External Auditors and directed to the management to adopt the recommendations as advised by them.

Directors' declaration to Shareholders: Complying with Clause 1.4 of SEC guidelines on Corporate Governance the Directors' declaration is as above:

- The financial statements prepared by the management of Eastern Bank Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- 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;
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There are no significant deviations in 2009 operating results of Eastern Bank Limited in comparison to that of 2008. However, Profit after tax (PAT) increased by 82.33 percent mainly due to a combined effect of 24.93 percent rise in operating profit but 38.52 percent decrease of loan loss provisions during 2009.

Corporate Governance Checklist: Status of Compliance with the conditions imposed by the Securities and Exchange Commission Order no. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 5.00)

Condition	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-compliance
		Complied	Not Complied	
1.00	Board of Directors (BOD):			
1.1	Board's Size (Should not be less than 5 but not more than 20)	✓		
1.2 (i)	Independent Directors (At least 1/10th i.e. minimum one)	✓		
1.2 (ii)	Appointment of Independent Director by elected Directors	✓		
1.3	Separate Chairman & CEO and their clearly defined roles and responsibilities.	✓		
1.4	Directors' Report to Shareholders:			
1.4 (a)	Fair presentation of Bank financials	✓		
1.4 (b)	Maintenance of proper books of account	✓		
1.4 (c)	Adoption of appropriate accounting policies and estimates consistently	✓		
1.4 (d)	Compliance with International Accounting Standards	✓		

Condition	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-compliance
		Complied	Not Complied	
1.4 (e)	Soundness of Internal Control System	✓		
1.4 (f)	Ability to continue as a going concern	✓		
1.4 (g)	Significant deviations in operating results from last year	✓		
1.4 (h)	Presentation of key operating and financial data of at least 3 preceding years	✓		
1.4 (i)	Declaration of Dividend	✓		
1.4 (j)	Number of Board Meetings held and attendance by each Director.	✓		
1.4 (k)	Shareholding pattern.	✓		
2.00	CFO, Head of Internal Audit (HoIA) and Company Secretary (CS):			
2.1	Appointment of CFO, HoIA and CS and their clearly defined roles and responsibilities.	✓		
2.2	Attendance of CFO & CS in the Board of Directors' Meeting.	✓		CFO attends the Board Meeting as and when required.
3.00	Audit Committee:			
3.1	Constitution of Audit Committee:			
3.1 (i)	Size of the Audit Committee (Should be at least 3 members.)	✓		
3.1 (ii)	Audit Committee comprised of Board members including independent director(s).	✓		
3.1 (iii)	Filling of casual vacancy in the Audit Committee.			No such case
3.2 (i)	Selection of Chairman of the Audit Committee.	✓		
3.2 (ii)	Professional qualification and experience of the Chairman of the Committee.	✓		
3.3.1 (i)	Reporting to BOD on the activities of the Audit Committee.	✓		
3.3.1 (ii) (a)	Reporting of conflict of interest to the BOD.	✓		
3.3.1 (ii) (b)	Reporting of any fraud or irregularity to the BOD.	✓		
3.3.1 (ii) (c)	Reporting of suspected infringement of laws to the BOD.	✓		
3.3.1 (ii) (d)	Reporting of any other matter to the BOD.	✓		
3.3.2	Reporting of anything having material financial impact to the Commission.	✓		
3.4	Reporting of activities to the shareholders and general investors.	✓		
4.00	External/Statutory Auditors: The external auditors should not be engaged in:			
4.00 (i)	Appraisal or valuation services or fairness opinions.	✓		
4.00 (ii)	Design and implementation of Financial Information System.	✓		
4.00 (iii)	Book keeping or any other related services.	✓		
4.00 (iv)	Broker or dealer services.	✓		
4.00 (v)	Actuarial services.	✓		
4.00 (vi)	Internal audit services.	✓		
4.00 (vii)	Any other services determined by the Audit Committee.	✓		

Status of compliance of Bangladesh Bank's guideline for Corporate Governance (BRPD circular no. 16 dated 24 July 2003):

SI No.	Particulars	Compliance Status
1	Responsibilities and authorities of the board of Directors: (a) Work planning and strategic management: (i) The board shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied
	(ii) The board shall have its analytical review incorporated in the Annual Report as regard the 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 the other senior executives 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-schedulement and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied
	(ii) The board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	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 qualitative standard of its loan/investment portfolio. 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 Bangladesh Bank inspection reports.	Complied
	d) Human Resources 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 board. 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 board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied
	(ii) The board shall focus its special attention to the development of skills 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 board shall get these programs incorporated in its annual work plan.	Complied
	(e) Financial Management: (i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the board. It shall 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

Sl No.	Particulars	Compliance Status
	(ii) The board shall 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 adopted with the approval of the board.	Complied
	(f) Formation of Supporting Committees: For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	Complied
	(g) Appointment of CEO: The board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.	Complied
2	Responsibilities of the Chairman of Board of Director: (a) As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policymaking 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 board. 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 board or the executive committee and if deemed necessary, with the approval of the board, 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 Bangladesh Bank through the board along with the statement of the CEO.	Complied
	(c) The chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
3	Responsibilities of Adviser: The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	No such Adviser
4	Responsibilities and authorities of CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:	
	(a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He/she 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 Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
	(c) The CEO shall report to Bangladesh Bank of issues in violation of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the board post facto.	Complied
	(d) The recruitment and promotion of all staff 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 board. The board or the chairman of any committee of the board or any director shall not get involved of interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier 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 board, he/she shall nominate officers for training etc.	Complied

Upholds interest of other stakeholders: The Bank recognizes and always upholds the rights of other group of stakeholders, and treats them fairly:

Customers: To the EBL crew, customers are the cause of existence, never just a queue in the bank counter. Recognizing ‘customer satisfaction’ as a journey not destination, EBL is determined to serve its customers’ needs by offering innovative but useful financial products and services, while maintaining good relationships with them as trusted partner. To do so, the Bank has developed working systems, applied modern technology, and made available knowledgeable and skilled people so as to ensure that customers receive the best possible service. The Bank continually expands its network of branches, ATMs, Kiosks and business centers nationwide, protects confidentiality of customer’s information, and manages and duly rectifies complaints.

Employees: Recognizing human resources as the most valuable soft factor, EBL has established a competitive and enabling working environment to help employees perform their best. To attract and retain good people, EBL follows a balanced compensation scheme meaning financial and qualitative benefits. Besides providing competitive package, the Bank provides various welfare schemes such as healthcare and contributory provident funds, house building and car loan schemes as well as gratuity and super annuation benefits to eligible employees. The Bank also arranges at least two Town Hall Meetings in a year with all its employees to freely exchange their views, ideas and evaluation of ongoing performance. Besides, a program called “EBL Family Night” is arranged once a year with all the family members of all employees. Various annual conferences and recreational events are arranged for EBL employees which add vitality and motivation towards work and organization. Employees are provided with orientation, local and foreign training and development programs. The Bank allocates a budget each year for various technical and leadership training and development programs to help improve the capabilities of its people.

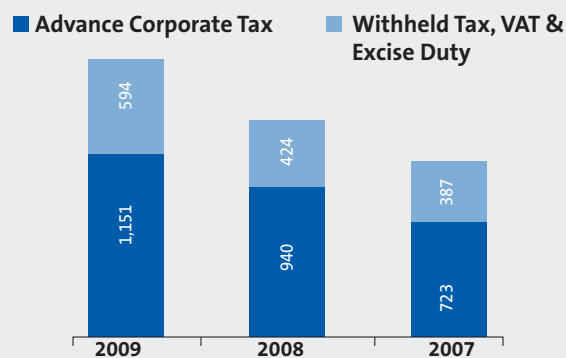
Suppliers: The Bank believes that suppliers play a significant role in supporting its business, and so honors its agreements with suppliers. The Bank duly deducts AIT and VAT from all the eligible suppliers’ bills at prescribed rate and deposits to government exchequer timely.

Creditors: The Bank recognizes its responsibility for contractual commitments and obligations. It

honors loan conditions and agreements made with creditors and depositors.

Society, Community and Environment: The Bank realizes the importance of contributing to the public, community, and society as a whole for a sustainable future. The Bank ensures that the customer having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities. Through different CSR activities, EBL always tries to maximize utility for the target group of people.

Government: Being a responsible corporate citizen, EBL regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from employee salary as well as customers and vendors. During the calendar year 2009 we paid advance corporate tax of BDT 1,150.50 million while deposited withheld tax of BDT 457.29 million, VAT of BDT 101.00 million and Excise Duty of BDT 35.26 million as shown in the following graph (Figures are in million BDT):



Conflicts of interest: A good corporate governance structure should effectively refrain directors as well as management to pursue other interests at the cost of the organization. The Bank keeps extra vigil towards actual or potential conflicts of interest, connected transactions, or related party transactions, and ensures that the directors who are related people must not be involved with the scrutiny and approval of such transactions. In addition, the Bank will not prescribe any special conditions for such transactions in favor of the directors involved.

Directors are required to report changes in their holdings of the Bank's shares thru' buy or sell to the office of the Securities and Exchange Commission before one month of such transactions. Furthermore, the Bank has set up guidelines to prevent any illegal use of inside information and has disseminated these guidelines to its staff, executives and directors for their knowledge and observance. The guidelines include the prohibition of directors, executives, auditors and personnel involved with preparation of financial statements

from buying or selling, offering to buy or sell, or advising others to buy or sell the Bank's shares during the period of completion of Bank's income year to the date of approval of Financial Statements by the Board.

On behalf of the Board of Directors



Mir Nasir Hossain

Chairman of the Board of Directors

www.ebl.com.bd

ইবিএল
কনজুমার
ব্যাংকিং

প্রবাসী বাংলাদেশীদের জন্য অনন্য ব্যাংকিং সেবা



EBL সঞ্চয় | প্রবাসী বাংলাদেশীর জন্য বাংলাদেশী টাকায় সেভিংস্ অ্যাকাউন্ট সাথে লোকাল ডেবিট কার্ড আর প্রতিদিন ইন্টারেস্ট।

EBL পরিবার | প্রবাসী বাংলাদেশীর পরিবারের জন্য বাংলাদেশী টাকায় সেভিংস্ অ্যাকাউন্ট, কোন ট্রানজ্যাকশন লিমিট নেই, সাথে লোকাল ডেবিট কার্ড আর প্রতিদিন ইন্টারেস্ট।

EBL গ্লোবাল | প্রবাসী বাংলাদেশীর জন্য ফরেন কারেন্সীতে কারেন্ট অ্যাকাউন্ট সাথে ইন্টারন্যাশনাল ডেবিট কার্ড।

EBL NFCB | প্রবাসী বাংলাদেশীর জন্য ফরেন কারেন্সীতে টাইম ডিপোজিট অ্যাকাউন্ট।

পরিবারের সবার মুখে সচ্ছলতার হাসি ফোটাতে সুদূর প্রবাসে যাদের ঘাম ঝরে প্রতিদিন, তাদের কষ্টার্জিত অর্থের নিরাপত্তা নিশ্চিত করতে ইবিএল-এর এই প্রয়াস। প্রবাস থেকে ইবিএল-এর মাধ্যমে টাকা পাঠান নির্ভরতায়, আপন মানুষগুলোর আশা-আকাঙ্ক্ষা ছুঁয়ে থাকুন সবসময়।

বিস্তারিত জানতে, আপনার নিকটস্থ ইবিএল ব্রাঞ্চে যোগাযোগ করুন





management discussion & analysis 2009

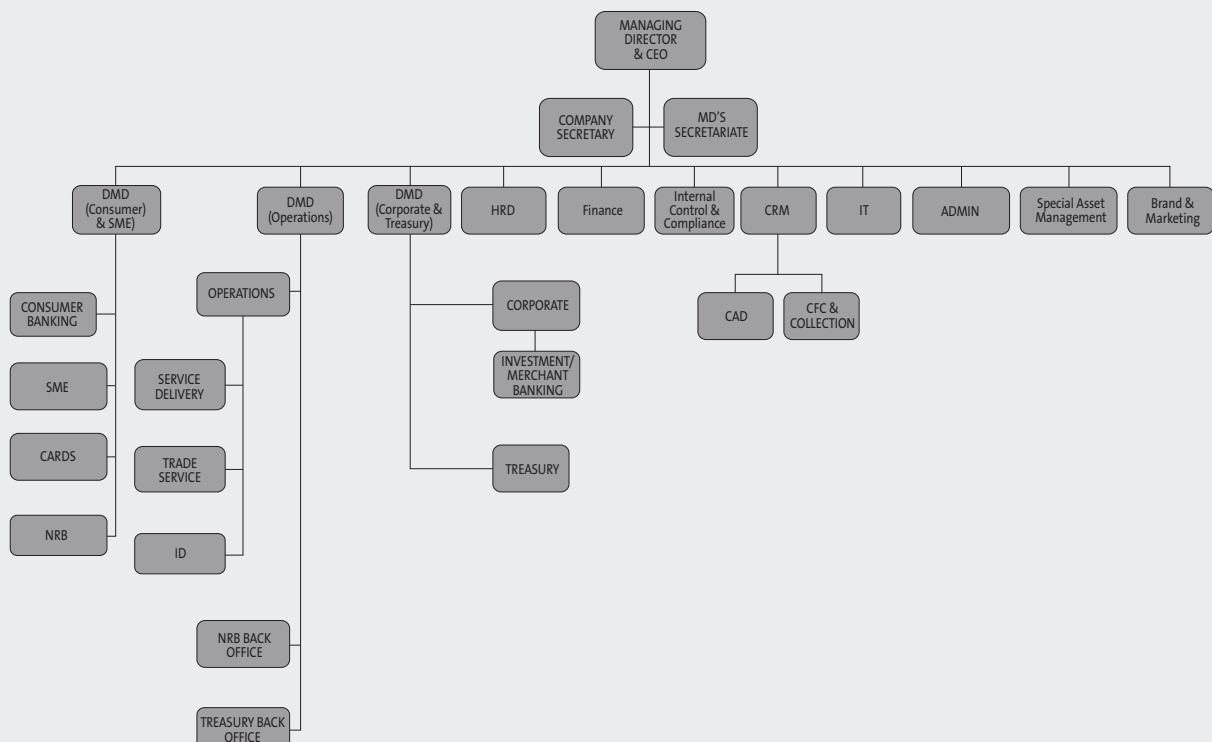
Review of Business and Operations

Review of Business: Eastern Bank Limited (EBL) is a commercial bank with 39 online branches across major cities in Bangladesh and 878 full time employees on year end 2009. It offers full range of commercial banking products and services to the corporate, mid-market and retail segment. Under the corporate banking segment, the Bank has comprehensive range of financial products including corporate deposit accounts, syndicated financing, trustee and agency services, term loan, project finance, export-import financing, working capital and other finance, bonds and guarantees, investment and business counseling, infrastructure finance, cash management services etc.

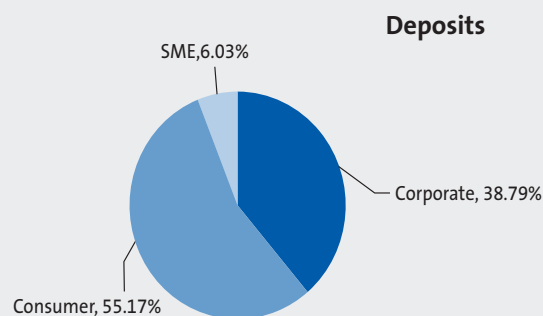
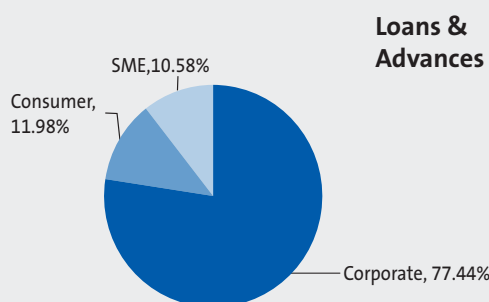
With urban banking focus, the Bank is offering various alternative distribution channels like ATMs, Bills Pay Machines, Kiosks, and Internet Banking etc. The Bank has set up a brand image attributable in part to its policy of continuous customer service excellence, innovative products and services at competitive prices and maximum technology utilization. Unlike conventional branch banking, credit proposals as well as business operations are processed centrally at EBL. Besides Main Operation, EBL has an Offshore Banking Unit (OBU) set up in 2004 which gives loans (On and Off-balance sheet exposure) and takes deposits only in freely convertible foreign currencies to and from non resident person/institutions, fully foreign owned EPZ companies etc. EBL organogram follows:

EBL follows centralized business line based matrix compared to branch based business matrix used by most of the local banks. The set up is identical to global bank's practice proven to be efficient and effective for optimal return and control. The Business Matrix of EBL consists of Corporate, Consumer and SME Banking as core business units and Treasury being the manager of funds maintains CRR, SLR with Bangladesh Bank, makes investments, placements and borrowing in money and capital markets, deals with foreign exchange etc. Also there are Project Finance Unit, Structured Finance Unit, Cash Management Unit, and newly formed Investment Banking Unit under the umbrella of corporate banking that contributes towards fee based earnings without assuming significant risk.

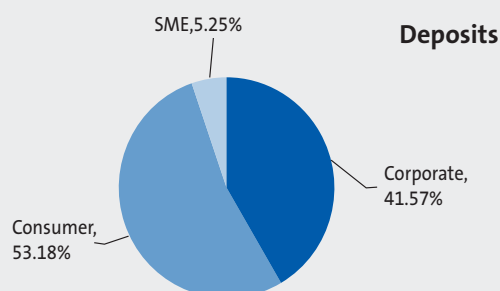
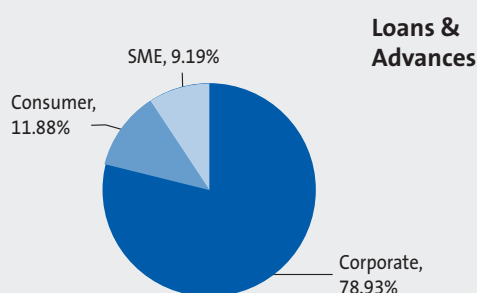
Corporate Banking: Under the umbrella of Corporate Banking, there are nine relationship units, six in Dhaka and three in Chittagong. The relationship units contribute to lion share both in Loans and Advances (measuring around 77% of total loans as of 31.12.2009) as well as fee based income by providing comprehensive financial solutions in the form of Trade Finance, Working Capital, Project finance etc. It also contributes to a considerable portion of EBL deposit book which was 39% in 2009.



Year end 2009:



Year end 2008:



There are three specialized units viz. Structured Finance Unit (SFU), Cash Management Unit & Investment Banking Unit. SFU offers structured financial solutions to EBL customers and contributes to the fee based income of Corporate Banking. Cash Management Unit is assigned to attract low cost deposit by providing transactional value to the customers. Investment Banking Unit is the newly formed unit under Corporate Banking that makes investments in the capital markets and contributes towards fee based income and capital gains by taking acceptable level of risk.

Eastern Bank Limited has applied for Merchant Banking License. After obtaining the license, the investment banking unit will be separate entity and operate independently. In addition, there is the Project Finance Unit (PFU) & Customer Support Unit. The Project Finance Unit does vetting of project risks by appraising financial feasibility and viability of the customers' project during the pre-booking stage and also monitors the progress of the project implementation during the post-booking stage. The Customer Support Unit is responsible for assisting the Relationship Units in providing transactional services to the customers and monitoring the account performance, so that the Relationship unit can focus on exploring new business opportunities.

Corporate Banking Focus: The year 2009 was very challenging for Corporate Banking as the economy was affected by the spill over effects of global recession manifested in lower domestic demand for investment, lower growth of export earnings and remittance and overall lesser GDP growth (5.9 percent in FY 09 vs. 6.2 percent FY 08). Although our economy was somewhat unaffected from the first round effects of the crisis partly due to the fact that the financial market in Bangladesh is not well connected globally, nonetheless our economy remained vulnerable to the second wave of effects as the repercussion of the financial crisis started to impact the world's real economy by reducing the volume of global trade.

Readymade garments sector contributes a major portion of our exports. Due to the global financial crisis the overall demand for apparels declined, which affected all the exporting countries. Overall investment of the country declined which affected new business opportunities. RMG and textiles comprise nearly one-fourth of Corporate Banking's asset portfolio. Major sectors financed by EBL are RMG, Textiles, Ship Breaking, Commodity, Telecommunications, and Pharmaceuticals etc.

Like the RMG sector, the spinning industry was also affected by global recession. The spinning industry

was affected as the demand for yarn declined following the onset of the crisis prevailing in the RMG sector. At the same time the availability of low priced Indian yarn reduced sales and profitability of local yarn producers. In this challenging time, the entrepreneurs emphasized on streamlining the cash flow by increasing the volume of exports and controlling costs.

Following the global financial crisis the prices of commodities fell in the international market. Ship breaking industry, which takes up a significant portion of the corporate asset portfolio, also faced obstacle due to global set back when the demand for scrap declined because of less construction activity and reduced real estate sales in Bangladesh. EBL came forth to finance the ship breaking companies to buy scrap at lower prices. In that way, the companies could reduce their overall cost of raw materials and eventually sell their product with a good margin.

The focus of EBL in the year 2009 was to diversify its asset portfolio by entering into new industries. As a part of its diversification, EBL started to enhance its footing into new sectors such as aviation, healthcare, power, glassware and agri-business (processed food, poultry etc).

Structured Finance Unit: Structured Finance Unit has come a long way since it started its journey few years ago with the goal to become the best in the market for product structuring, syndication arrangement, trustee services and agency functions. SFU is dedicated to providing best structured financial solutions meeting the needs of the clients, quality agency and trustee services, and maintaining a sustainable relationship with all the parties involved. Today, SFU is not only providing term loan involving local lenders but also arranging Preference Share subscription, USD Term Loan, IPFF Fund, Offshore Finance etc. SFU has active relationship with multilaterals like the World Bank group, ADB, DEG Germany, FMO and KfW. Following are some highlights of the success of SFU that worth mentioning:

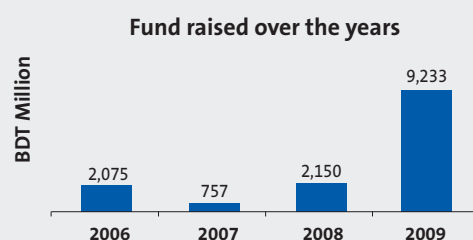
- In 2009, SFU won a bid worth USD 114.8 million of syndicating Bangladesh Biman's Boeing pre-delivery financing arrangement beating competition from local and foreign banks. EBL won the bid by offering different arrangement with competitive pricing but still keeping a good mark up for the Bank.

Biman Bangladesh Airlines Ltd., the national flag carrier of Bangladesh, is always a valued name for EBL and thus, EBL corporate banking is proud to win such a prestigious mandate for financing Pre-delivery Payment (PDP) for purchasing 777-300ER & 787 aircraft from Boeing. The Bank will provide service to Biman as "Advisor, Lead Arranger & Agent".



The new look Biman Bangladesh Airlines spreads its wings – EBL is the Advisor, Lead Arranger and Agent of Biman pre-delivery payment for purchasing new aircrafts.

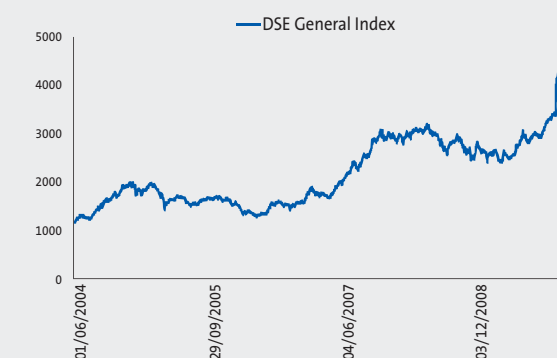
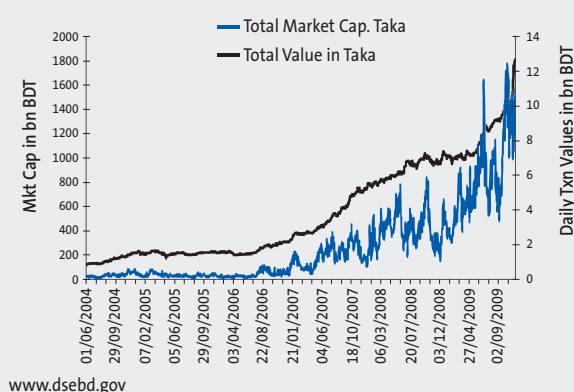
- Working as a lead arranger, SFU closed the deal of BDT 775 million Term Loan for Regent Power Limited (a concern of Habib Group) which was backed by IPFF, a World Bank funding facility for infrastructure projects. Meeting required due diligence by both Bangladesh Bank and World Bank was the biggest challenge, which SFU completed successfully.
- SFU has been working as an Agent for ADB Agribusiness Project and actively working with Asian Development Bank, Ministry of Finance and Local NGOs – ASA, BRAC and TMSS. In 2009, EBL managed to receive BDT 595.22 million from ADB under this project which was further disbursed to the local NGOs for on-lending to small entrepreneurs in agribusiness sector.
- SFU closed the deal of BDT 387.6 million as Working Capital Facility for Magnum Steel Industries Limited. Magnum availed a syndicated Term Loan financing of BDT 300 million under the lead arrangement of Eastern Bank Limited. In 2009, SFU closed an incremental financing of BDT 69.45 million term loan in addition to the previous facility.
- Over the year, the amount of fund raised by SFU in different syndication deals have increased as under:



- EBL has been mandated to work as a Trustee, Registrar & Agents to Senior Secured, Non-Convertible, and Amortizing Bond of proposed BDT 4,250 million for Orascom Telecom Bangladesh Ltd.

Investment Banking Unit: Recent global financial crisis failed to jolt the capital market of Bangladesh; rather market capitalization of DSE has gone up by more than 80% in 2009 due to the active IPO market, increased institutional investors' participation, surge of the Mutual Fund industry and sustained performance of the corporate entities in general.

Market Capitalization was around BDT 1.8 trillion in December, 2009 which was around BDT 1.05 trillion at the end of 2008. Average daily turnover was doubled in 2009 to BDT 5.9 billion from BDT 2.8 billion in 2008.



Source: Dhaka Stock Exchange

Yet market capitalization to GDP ratio in Bangladesh remains the least among the peer group at around 22%. In a country like Bangladesh, where savings rate (at 32%) exceeds the investment rate (at 24%) substantially by 8% of the GDP, demand for equity investment instruments is multiple of supply. Such demand supply gap needs to be reduced through bringing more companies

into the market and channeling more funds through professional money managers. Govt. has off-loaded its stakes in many companies and SEC has initiated several projects, such as book-building methodology for IPO pricing, to increase market capitalization. Besides private sector investors are sponsoring a good number of mutual funds to improve liquidity and market efficiency.

With the enforcement of BASEL II, banks will have to maintain risk-based capital and therefore capital requirement by banks will increase. Moreover, paid up capital of NBFIs and insurance companies have to be raised to BDT 50 crore and BDT 30 crore respectively according to recent Govt.'s directive. So, these industries have to bring in fresh capital in the market which will lessen the demand and supply gap for investment instruments.

DSE General Index crossed the 4000 benchmark for the first time due to the listing of Grameenphone Limited with largest capitalization. The valuation of the market is at its peak due to bullish expectation and sustained profit growth of corporate. Hence we can reasonably expect a vibrant capital market over the intermediate to long term with increased efficiency and liquidity besides lower volatility.

EBL's Capital Market Operation in 2009: EBL had identified the huge business potential in the capital market frontier in the late 2007 which had driven the set up of Investment Banking in early 2008. Since establishment, Investment Banking has been successfully operating to develop new business to serve the underserved market potential. Subsequently, Investment Banking has passed a very successful year of 2009 due to following developments:

Sponsoring Mutual Fund: Investment Banking developed the idea to sponsor EBL 1st Mutual Fund (MF) of BDT 100 crore, the first MF in Bangladesh sponsored by a commercial bank, which was listed in the DSE in August 2009. EBL being the sole sponsor holds 20% of the units of the fund that had NAV of BDT 11.87 as on December 31, 2009 against each unit of BDT 10.00. EBL also initiated necessary formalities to sponsor its second mutual fund namely EBL NRB Mutual Fund of BDT 150 Crore. EBL will sponsor 10% of the fund amounting to BDT 15 Crore.

Own Portfolio Performance: EBL has been actively managing an investment portfolio since February 13, 2009. Up to the end of December, the effective return from the secondary investment portfolio was 95.89% taking both realized and unrealized return into account. Over the same period, broad

market return was 64.41% as measured by the DGEN's change. Hence, EBL secondary portfolio outperformed the broad market significantly. Such performance can be attributed to superior market timing and research and analysis. EBL's secondary portfolio's risk-adjusted-return measure namely Sharpe Ratio was 359% against DGEN's 371%. It is mentionable that the secondary portfolio does not include the sponsoring investment in EBL 1st MF or private placement investment in GP's equity. Following table shows amount of unrealized gain as on 31 December 2009:

(Figures are in million BDT)

Shares	Number of shares	Cost Price	Market Value	Unrealized Gain/(Loss)
AB Bank Ltd.	10,000	8.50	11.77	3.26
Dhaka Bank Ltd.	10,400	3.52	5.03	1.51
Prime Bank Ltd.	40,000	16.96	26.12	9.16
Brac Bank Ltd.	52,400	30.77	36.03	5.25
EXIM Bank Ltd.	5,000	1.49	1.87	0.38
Mutual Trust Bank Ltd.	25,000	7.00	10.29	3.29
NCC Bank Ltd.	5,000	1.68	2.92	1.24
Shahjalal Islami Bank Ltd.	5,000	1.21	1.91	0.70
Islami Bank BD Ltd.	50,000	27.20	29.55	2.35
Standard Bank Ltd.	20,000	4.56	6.65	2.08
Power Grid Co Ltd.	38,000	25.22	27.48	2.27
Summit Power Ltd.	20,000	23.19	24.22	1.03
Titas Gas TDCL.	91,000	62.94	62.47	(0.47)
DESCO Ltd.	20,000	28.97	30.12	1.15
Atlas Bangladesh Ltd.	30,000	11.88	11.76	(0.12)
IDLC Finance Ltd.	180,000	225.50	666.54	441.04
LankaBangla Finance Ltd.	12,000	3.38	3.77	0.39
United Leasing Company Ltd.	5,000	7.46	7.59	0.12
Grameen Phone Ltd.	364,200	26.17	68.29	42.12
Square Pharmaceuticals Ltd.	25,000	61.56	71.91	10.34
BATBC Ltd.	84,250	24.35	34.49	10.14
DBH Ltd.	9,000	14.24	14.64	0.41
Square Textiles Ltd.	48,150	4.56	5.36	0.81
Heidleberg cement ind Ltd.	17,515	29.69	37.70	8.01
Fareast Life Insurance Co Ltd.	1,740	3.60	4.52	0.92
Meghna Life Insurance Co Ltd.	1,850	2.99	3.61	0.62
Popular Life Insurance Co Ltd.	1,200	2.98	3.30	0.31
Progressive Life Insurance Co Ltd.	1,850	2.54	2.95	0.41
Pragati Life Insurance Co Ltd.	2,500	5.17	5.96	0.78
Prime Life Insurance Co Ltd.	1,400	2.37	2.75	0.38
Sandhani Life Insurance Co Ltd.	700	1.23	1.43	0.20
Eastern Insurance Co Ltd.	5,000	3.48	4.07	0.59
Reliance Insurance Co Ltd.	2,050	1.80	2.70	0.90
EBL 1st Mutual Fund	20,000,000	200.00	458.00	258.00
ICB	34,264	0.86	82.21	81.35
ICB Islamic Bank Ltd.	88	0.09	0.09	0.00
Total		879.10	1,770.05	890.95

Underwriting and Placement Participation: EBL was the largest underwriter of Grameenphone Ltd's IPO. EBL underwrote BDT 63.50 Crore of Grameenphone issue. EBL also participated in the private placement offer of Grameenphone Ltd investing in 3.64 lacs share of GP at an amount of BDT 2.62 Crore.

EBL has also made arrangements to underwrite the IPO of RAK Ceramics Ltd. to the tune of BDT 5 crore. That is, its capital market activities are gradually

picking speed with a vision to be one of the leading players once regulatory requirements are met and complied with.

Recent Developments:

Merchant Banking License: To safeguard depositors' money and ensure better market risk management by commercial banks, Bangladesh Bank issued a new directive to separate each bank's merchant banking activities and to form new subsidiary for

such operations. EBL applied for merchant banking license in November 2008 which was under review of SEC (Securities and Exchange Commission). Due to the new directive, EBL has formed a 99% owned subsidiary namely “EBL Investments Limited” for its proposed merchant banking operations which is under process of approval.

Acquisition of LRK Securities: Considering the recent growth in market capitalization as well as number of investors, EBL has acquired 60 percent shares of LRK Securities, a member of DSE. We expect that the momentum gain in brokerage industry will sustain.

Future Plan: The Asset Management industry has been growing rapidly after a lengthy static-period. The need for professional fund management is felt by the institutional as well as retail investors. There are quite a number of large mutual funds waiting in the pipeline to be launched. As no regulatory barrier exists to bar a commercial bank to acquire licenses under different subsidiary, EBL can explore potential business after acquiring required license. With such business developments, EBL can devise optimum strategy to target different clientele segment in the capital market with different needs.

Cash Management Unit: Cost-conscious companies do not miss any opportunity to optimize processes and thereby reduce costs. Accordingly, EBL Cash Management Units aims at introducing efficient tools for maintaining liquidity of clients and maximizing their return. EBL has introduced a range of Cash Management solutions that has enabled businesses to manage their cash flows efficiently and effectively by optimizing liquidity, reducing default risk and lowering operating cost. At EBL, our product and services provide transactional value by automating collection and payments of the clients that creates a win-win situation.

Following are some of the mention worthy deals/initiatives made by Cash Management Unit during the year 2009:

- EBL pioneered in providing the Hajj Remittance Service to the Private Hajj Agencies through prepaid Hajj Card.
- Collection arrangement with one of the largest enterprises in the Power Sector viz. Bangladesh Power Development Board.
- Collection agreement with Meghna Petroleum Limited, one of the largest Oil Marketing Companies of Bangladesh.

- EBL has successfully initiated a depository relationship with Bangladesh Telecom Regulatory Commission (BTRC) through collection of their security deposit.
- EBL was the first local bank in Bangladesh to start a depository relationship with American Life Insurance Company (ALICO).
- Countrywide Payments & Collection solution for telecom industries, local corporate houses and other institutional clients.

Project Finance Unit: The Project Finance Unit comprises of experienced engineers who specialize in appraising the Technical and Financial feasibility of a new project during the pre-booking stage. The PFU also works with the Relationship Unit by monitoring the progress of the project during the implementation phase. The team members of PFU are highly capable and earned good reputation in the industry through technical expertise, hard work, professionalism & commitment.

Customer Support Unit: The Customer Support Unit's primary responsibility is to provide support to the Relationship Unit in executing the regular day to day transactions in the accounts of the customers. The teams' tasks include following up on completing security documentation, and overall monitoring of account performance in the form of monitoring compliance of covenants and conditions, and timely repayment of the loans. In addition to that, the unit is also responsible for maintaining the MIS of Corporate Banking Unit.

Corporate Events: There were a good number of events organized by Corporate Banking in 2009. The stand out event in 2009 was the seminar on “Public Private Partnership” jointly organized by EBL & American Chamber of Commerce & Industry on the 16th of August. Mr. Golam Mohammed Quader, Honorable Minister for Civil Aviation & Tourism was the Chief Guest & Mr. James F. Moriarty was the Special Guest for the event. The other eminent personalities present in the occasion were Mr. Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue & Dr. Mustafa K. Mujeri, Director General, Bangladesh Institute of Development Studies (BIDS). The other grand event of the year was called “Corporate Night”. The event was an annual get-together cocktail party organized for all our valued clients and other distinguished guests. The event was held on the 9th of April 2009 at Radisson Hotel.



EBL Chairman Mir Nasir Hossain speaking at the first ever business seminar in Bangladesh on Public Private Partnership (PPP), jointly organized with AmCham Bangladesh.

Consumer Banking: EBL Consumer Banking (CNB) has sustained its growth in deposit base and has attracted low cost deposit fund in 2009 despite the adverse situation due to the Global Economic Crisis. EMI Consumer Loan portfolio has also increased significantly during the year. In 2009, CNB Deposit grew by 23% while total Consumer Loan portfolio (including credit cards) increased by 21%.

Channel distribution: EBL branch network is further expanded to 39 with the introduction of 5 new branches (Satmasjid Road, Banasree, Sirajuddowla Road, Choumuhani and Savar branch). EBL own ATM network is extended to 55 with 19 new ATMs in important locations around the country.

New Products and services: Innovative products, distinct service proposition and service excellence has become the hallmark of EBL. Carrying forward the legacy, EBL introduced three different and very customer friendly products in 2009. “**EBL Travel Card**” was launched keeping in mind the growing traveling population of Bangladesh. This Visa prepaid USD card helped the travelers from the hassle of purchasing and carrying cash while on the move. Ready-to-issue for branch and lower fee structure made the product quite popular among the frequent travelers who do not have any international credit card.



EBL Chairman Mir Nasir Hossain inaugurated the 36th Branch of EBL at Sat Masjid Road, Dhaka.

EBL introduced another milestone deposit product titled “**EBL Secure DPS**”. This is a monthly deposit scheme with life insurance facility in built.



EBL Managing Director & CEO launched the Travel Card – first ever pre-paid travel quota visa card in Bangladesh.

Customers, if they decease or have permanent total disability, even after depositing a single installment, shall get back full maturity value from the bank. This product was much appreciated by the customers.

Non Resident Business has always been within EBL's focus area. Keeping in mind the regulatory requirements and the need of the remitters, EBL re-branded its non-resident business outlook and launched a set of service propositions under the brand name “**EBL Matribhumi**”. EBL Matribhumi is a service concept where the maximum financial security and convenience for banking is ensured. With increasing migrant population and remittance inflow, the launching of EBL Matribhumi was a timely initiative. In 2009, EBL received approval for a DFID grant for launching mobile phone based remittance distribution service titled “**EBL Smart Remit**”. This is a unique service proposition and expected to help to encourage the remitters using the formal channel as the distribution reach shall be throughout Bangladesh.

This year EBL introduced a new service channel for the upper customer segment. “**Priority Banking**”, launched in 2009, is a service offering for upscale retail customers, which attract high net worth customers who require very personalized and sophisticated banking services. The key features of the proposition are aligned with the following characteristics:

- **Exclusive Service Proposition:** Access to dedicated relationship manager and an exclusive lounge to conduct all banking business in comfort and privacy with relationship pricing discounts and priority turnaround time for service delivery.
- **Lifestyle Enhancement Benefits:** This includes distinctive branding/gift, rewards/discounts at key outlets which will be perceived as good value to customers and something they will aspire to.



EBL Matribhumi – a bundle of products targeting the non resident Bangladeshis was launched in 2009.

Partnership and alliances: In 2009, EBL partnered with 54 organizations for promoting its service propositions and providing benefit to its customers. This year EBL partnered with Tour Operators' Association of Bangladesh (TOAB) for promoting global tourism in Bangladesh. EBL was the first bank in Bangladesh to initiate such collaboration to promote tourism. EBL sponsored a monthly musical soiree with upcoming and notable artistes in Bangladesh jointly with Bengal foundation round the year. EBL's valuable patronization in this arena was much talked about and appreciated by all. This effort is to continue in the coming years too.



EBL Managing Director & CEO inaugurates one of the five Priority Banking centers – EBL launched premium banking service – EBL Priority Banking in April 2009.

In April 2009, EBL jointly organized a seminar on Public Private Partnership with American Chamber of Commerce in Bangladesh. This was the first of its kind seminar on the issue in Bangladesh and who's who of both the Public and Private sector leaders were present at the event. EBL also organized a workshop jointly with Thompson Reuters in Dhaka in October on Treasury related issues. This was also a unique event and gained much appreciation from the banking community.

SME Banking: Small and Medium Enterprises (SMEs) are the “engines of growth” in almost all the emerging economies in the globe. It has been playing a pivotal role in job creation and overall economic development in Bangladesh. The National Private Sector Enterprise Survey which was conducted in 2003 estimates that about 6 million micro and small and medium enterprises



EBL hosted a dinner and cultural program for the foreign delegates attending the Bangladesh Travel and Tourism Fair – the largest of its kind in Bangladesh, jointly with Tour Operators Association of Bangladesh (TOAB).

are doing business in Bangladesh and are employing more than 31 million people nationwide. Furthermore, the data reveals that micro and SME Sector has employed 25% of the total workforce. Banking to the SMEs may be termed as banking to the “unbanked”, as many are yet to receive bank finances to ensure greater business development.

EBL SME Banking began its journey in June 2006. As of now, it has 23 SME Centers located in the premier business hubs of the country. The location of these SME Centers has been selected based on transport convenience, business potential, market importance, etc. We have opened 7 (seven) new SME Centers in 2009 in Chandgoan, Khatungonj, Keranigonj, Chawk Mughultuly, Mogh Bazar, Board Bazar & Savar to further our reach in the financial world.

New Management Structure: EBL SME Banking has experienced a structural shift in 2009 by separating the SE Business and ME Businesses completely, under two business heads and thus making it more focused and accountable. This structure has enabled the department to streamline its operations in every sector, starting from business booking to overall monitoring of the assets to ensure healthy portfolio.

Business growth: In January 2009, the management has approved a new SME Definition in which the ticket size for the Medium Enterprises bookings have been increased from BDT 50 million to BDT 100 million and the maximum ticket size for the Small Segment have been increased from BDT 5.0 million to BDT 7.00 million. The ME Segment booking ticket hike enabled the department to book quality clients who fall under the emerging corporate category, which was impossible to do so before. The growth rate of the EBL SME Banking has always been on an upward trend: overall presence in the bank's balance sheet (loan portfolio) is also increasing from 7.80% in 2007, 9.25% in 2008 and about 11% at the end of 2009. The growth in this sector

emphasizes the bank's strategy to diversify its portfolio through booking smaller and quality assets through SME Banking. The total deposits grew by 36% from 2008.



EBL Deputy Managing Director Mamoon Mahmood Shah addressing a seminar organized on SME financing in Light Engineering sector.

New Products and Services: EBL SME banking has been, from the start, introducing products that would suit the need of the market. This year also, we have developed a new product “EBL Factoring” which is a mode of extending finance to organizations or suppliers against the direct assignment of their receivables to the Factor (In this case Eastern Bank Ltd).

New Collection Unit: EBL SME has launched a dedicated collection team with a centralized approach in April 2009 to combat the delinquency problem. Prior to establishment of this unit, the recovery from past due and classified accounts was handled at the Loan Officer and Relationship Manager level. The previous format of recovery lacked accountability on part of the relationship unit who by nature is accountable for new business and thus lacked efficiency. The collection unit is at the moment comprised of 11 officials.

Events: The year 2009 has been a very eventful one as well. In order to promote the brand and show our presence in the market we participated in a total of 6 SME Fairs and 1 Seminar and Workshop across the country. Some of the mentionable SME Fairs attended by us was arranged by SME Foundation, FBCCI, SEDF (Sylhet), Electric Association of Bangladesh, Light Engineering, High Commission of Pakistan, Bangladesh, Dhaka Chamber of Commerce.

Treasury: Looking back at the end of 2008 gives us a picture when we saw financial markets worldwide tumbling down, banking crisis unearthed like never before, housing prices plummeting, stock markets losing triple digit points, major economies stepped into the bleak world of recession. From the beginning of 2009 the hope was somewhat restored and financial market saw the end of free fall.

Local economy has also experienced the domino effect but not in the same degree and direction. Export growth in double digit, record breaking wage earner remittances, lower capital machinery imports and lower commodity prices were shaping the treasury activities. Overall in 2009 a downside direction in benchmark interest rate and a stable exchange rate was visible.

Money and Fixed Income Securities Market:

Benchmark interest rate for Govt. securities fell and the yield curve for various maturities has shifted downwards to the extent of 150 basis points to 600 basis points. This volatility was well addressed during the year through volume and spread. Money Market (MM) average daily turnover increased from BDT 851.91 crore to BDT 934.31 crore posting a growth of 9.67% and trading spread posted a massive growth of 145.30%. In 2009 EBL positioned itself as a major player in secondary Govt. Securities market achieving a total turnover of BDT 1,340.80 crore. This trading activity along with the shift in interest rate cycle has generated a substantial amount of revenue for the bank.

Foreign Exchange Market: All major currencies against USD lost its value and created a highly volatile cross currency market. Great Britain Pound lost 25% of its value while Euro lost 23.00%. Then global currency market in 2009 has gradually moved to some sort of consolidation and value of the lost currencies has also got some upward momentum. This change in momentum and swing has a direct impact in our economy. Export receipts invoiced in Euro & Pound has lost its value in late 2008 and earlier 2009. In foreign exchange area yearly turnover was USD 2,958.79 million in 2009 in comparison with USD 2,630.98 million in 2008 posting a growth of 12.96 % which includes a substantial amount of FX Swap and Corporate Dealing.



EBL Chairman Mir Nasir Hossain speaking at a Seminar on Forex Trading organized by EBL & Thompson Reuters in Dhaka.

Outlook; Growing in 2010: In 2010 treasury will be playing a key role in terms of volume, price and revenue for the bank. Taking business as usual into the next level treasury has a concrete plan to encounter the following activities:

- ALM (Asset Liability Management) focused FTP (Fund Transfer Pricing).
- Dedicated Cross Currency Trading Desk.
- Dedicated corporate desk for FX, interest rate and Commodities risk hedging.
- Adopting various Stress Testing methodologies for Balance Sheet movement.

Review of Operations

Trade Services (TSD):

Trade Business in 2009: EBL Trade Services has maintained its transactional growth with remarkable accuracy and without significant increase in headcount. Due to spill over effects of global recession, foreign trade business has declined. Although, Trade Services has managed to maintain an increasing trend in the number of LC, LG and Export Bills in 2009, (28,181 in 2009 vs. 27,120 in 2008) trade business volume has decreased (BDT 90,236.65 million in 2009 vs. BDT 98,258.65 million in 2008).



Trade Customer Care Desk was launched at EBL Head Office by EBL Managing Director & CEO Ali Reza Iftekhar.

New Trade Product: Import Bill Discounting from OBU (EBL Offshore Banking Unit) under Usance LCs has been introduced, creating opportunities for cost effective transactions for EBL's Trade customers. First such approach has been successful with USD 29.87 million worth of trade business. At the same time tailor made Structured Letter of Credit has been issued worth USD 26.57 Million in 2009.

Strategic Partnership: EBL had extraordinary yields in 2009 from mutually beneficial relations with IFC

under Global Trade Finance Program (GTFP) and with ADB under Trade Finance Facilitation Program (TFFP). Excellent utilization of IFC Line by EBL has contributed to the increase of the Guarantee Line from USD 10 million to USD 30 million in 2009. Similarly ADB has increased TFFP line from USD 10 million to USD 15 million upon highly satisfactory utilization by EBL.



EBL Deputy Managing Director Muklesur Rahman giving an interview to media after signing the Trade Finance Facilitation Program with ADB in Dhaka.

Process Reengineering: EBL Trade team is relentlessly working on improving its services and controls. The team not only involved in rendering quality services to its customers but also in developing policies, reengineering of processes and controls. These activities have become a routine work in Trade Services whilst customer service and internal regulatory controls are being prioritized. As a result of the efforts the followings have been achieved:

- Introduction of EBL Trade Policy.
- Introduction of Trade Customer Care Desk at EBL Head Office.
- Service Level Agreement with Internal Business Units.
- Restructure Trade Service Organogram to increase Productivity & Control.
- Revision of Process Manual.

Accuracy in transaction processing: Like year 2008, EBL Trade Services has maintained its overall SWIFT accuracy with average STP (Straight Through Processing) as 98% during 2009 through JP Morgan Chase Bank NA, New York, the largest USD clearing bank. This is an achievement far superior to any other competitors in the market.

Skill Development and Certification: EBL emphasizes not only on the trade business growth but also concentrating on the individual skill development of its officials so as to deliver International Standard Practices to its customers.

Such endeavor has been reflected in a number of achievements when 5 EBL officials have successfully passed CDCS (Certified Documentary Credit Specialist) examination in 2009, making the total as 10, the highest among all the banks in Bangladesh. In addition to that, 11 of its officials have successfully completed IFC–FIT graduation, making the total to 21.



The CDCS Certificate recipients are seen – EBL has the highest CDCS certified professionals in Bangladesh.

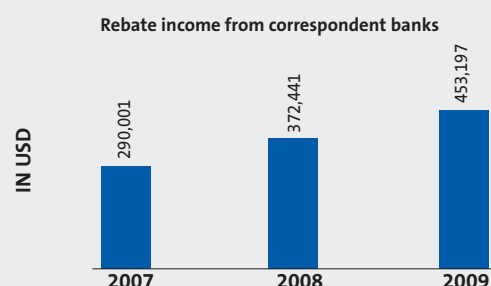
International Department: Correspondent Banking:

In order to facilitate Foreign Exchange (FX), Foreign Trade and Other Foreign Currency (FCY) business and transactions, EBL maintains Correspondent Banking relationship with number of banks at home and abroad. Standard Settlement Instructions (SSI) including Drawing and Telegraphic Transfer (TT) arrangements have been enhanced and ensured in all major currencies (USD, GBP, EURO, ACU Dollar, SGD, JPY, AUD, CAD, CHF and Saudi Arabian Riyal). SSIs have been rationalized to 26 numbers as of December 31, 2009. Business lines have been enhanced with International Finance Corporation (IFC) to USD 30.00 million and Asian Development Bank (ADB) to USD 15 million along with other Global Correspondents.

A very special arrangement has been established with Commerzbank AG, Frankfurt, Germany related to other bank charges where third bank's charges in different countries have been fixed. Swiss Frank (CHF) business arrangement has been established with Zurcher kantonalbank (ZKB), Switzerland for multi area supports including Foreign Exchange (FX), Fund Trasfer (FTT), Documentary Credit, Nostro Transactions, Trade Settlements, Confirmation, Guarantee, remittances etc. New Foreign Demand Draft (FDD) Drawing and Foreign Telegraphic Transfer (FTT) arrangements have been established with JP Morgan Chase Bank NA, London for GBP and with JP Morgan AG, Germany for Euro.

Drawing, Telegraphic Transfer (TT) and Collection arrangements have also been in place with major local banks and branches.

JP Morgan Chase Bank's Account for Bangladesh Liaison Office has been opened with Eastern Bank Ltd. USD 453,196.91 rebate income has been earned during the year from the correspondent banks.

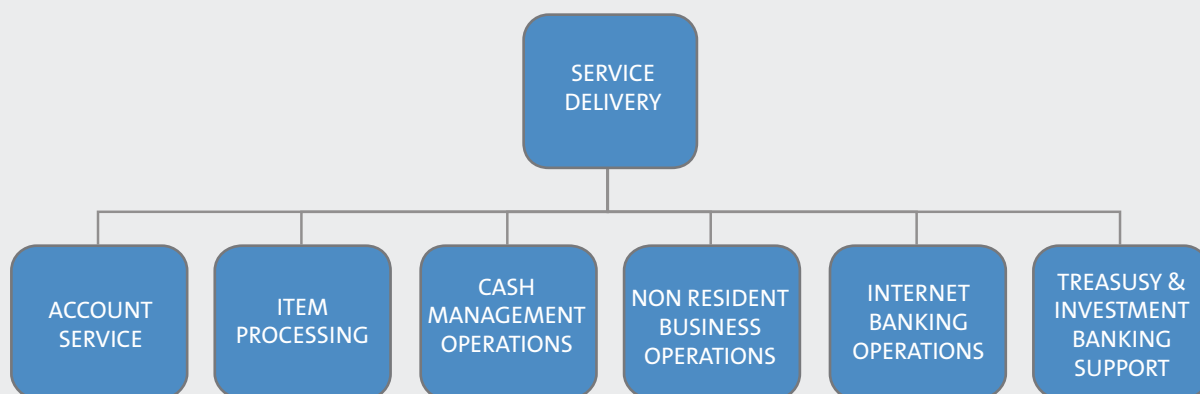


Business with New Idea established in Saudi Arabia:

With due processing with Bangladesh Bank and Saudi Arabian Monetary Agency (SAMA), unique arrangement has been established with National Commercial Bank (NCB), Saudi Arabia for Hajj Remittance, Umrah Guarantee and FX Business. Sufficient lines have been arranged; Saudi business during year 2009 has been remarkable.

Line Management: Following recession, add-confirmation requirement has increased significantly during 2009 which have been aptly managed with the correspondent banks. In setting counter-party limit for correspondent banks, we analyzed and reviewed the latest (audited and un-audited) financials, key ratios and growth trend of different Banks and Non-Bank Financial Institutions (NBFIs). Counter-Party limits have been approved by the Board and are being strictly adhered to in day to day operations by the bank.

Service Delivery (SD): Service Delivery, as a part of centralized operations, was established in 2006 at Dhaka and Chittagong with an objective to provide dedicated services to branches and business units (Consumer, SME, Corporate, Treasury and Investment banking). In 2009, with broad objectives of Business support, Risk management and Optimum utilization of Human resources, the SD has opened its Sylhet unit to ensure faster processing for Sylhet zone branches locally. So now, 'Service Delivery' is ensured through three wings at Dhaka, Chittagong and Sylhet. This unit is now grouped in six functional units to perform as a focused group to bring in specialization, service excellence, improvement in processes and compliances, and risk mitigated service deliveries. They are Account Services, Item Processing, Cash Management Operations, Non Resident Business Operations, Internet Banking Operations and Treasury & Investment Banking support unit.



The Service Delivery processes have been re-engineered and best practiced simplified processes are included in the process guidelines in 2009. Service level agreements (SLAs) have been implemented between Service delivery units and all business units as internal customer. Risk Monitoring Cell for Treasury and Investment Banking has been segregated from combined Treasury Support Unit as per Bangladesh Bank guidelines to mitigate Operational risks.

SD has also commenced delivery of MICR encoded and personalized customer cheque to all customers since April 2009 with security features as per Bangladesh Bank guidelines. This preparation along with technological readiness helped EBL to participate as one of the first three Banks in first system integration test for Bangladesh Automated clearing house (BACH) which is expected to be implemented very soon. The unit has received permission to process Hajj (pilgrim) Remittances through wire transfer, first time of such type solution to Bangladeshi Hajj agents. It processed remittances of about Saudi Riyal 27.81 million.

Electronic data archiving: Considering the risk associated with physical archiving of all documents related to customer accounts at one center, the SD in 2009 took an initiative to preserve electronic image record of all account documents and keep in a separate secured place, thus ensuring safe archiving of the bank's assets and liability related security and other records in case of any major disaster.

Mobile based payments: EBL Service Delivery in 2009 received Bangladesh Bank's permission to launch 'mobile phone' based electronic payment channel for secured and simplified NRB remittance disbursement. Thus, EBL becomes a pioneer in Bangladesh towards opening of bank led payments model which is easily available to unbanked populations of the country. This indicates

technological readiness of EBL Operations towards future e-commerce payments.



EBL Managing Director & CEO and Banglalink Managing Director & CEO Ahmed Abou Doma seen after signing an agreement on mobile phone based remittance service.

Information Technology (IT): Our challenges for effective IT management are, perhaps, like never before. While the global economy appears to be on the slow road to recovery, banks continue to face pressure to adapt to a changing business environment in which cost cutting and doing more with less are the norms. We are committed to finding new ways to innovate and add business value while keeping in mind the budget constraints.

We have initiated our Core Banking System up gradation to the latest Oracle's FLEXCUBE UBS version. This will enhance our customer service capabilities, further improve cost per transaction, and better manage risks with latest control tools. Some additional module set will allow us to introduce all latest channels for customer transactions. An upgrade of our payment card solution is also planned for eCommerce, EMV issuing and acquiring capabilities. The preparatory work towards integrated BASEL II compliance through automated tools is being done.

Technology innovation is one of the most effective ways to achieve cost savings by automating manual processes. More importantly, management of technology enables new revenue opportunities by providing better and timely information about internal processes and client data.

Finance & Accounts: This division has four units viz. Financial Operations & Control, Financial Analyses & Reporting, Financial Planning & Projects and Reconciliation & GL Control.

Financial Operations & Control: This unit is assigned with management of day to day payables, fixed assets, corporate tax, employee retirement benefit plans, etc. Except payroll, FOC processes almost all sorts of payables of the bank. After being empowered with responsibility, FOC has shown tremendous improvement in the areas of financial control, fixed asset management, auditing and completing actuarial valuation of funds, GL restructuring, payables reconciliation, etc.

Financial Analyses & Reporting: Major responsibilities of this unit include various central bank reporting, due diligence report for various partner organizations (e.g. IFC, ADB), preparation of quarterly and half-yearly financial statements including Annual Report on fixed periodic intervals. Other reports include Capital Adequacy Reports, CAMELS report etc. As a reporting unit, it has to handle various central bank audits and provide explanations to queries from internal and external group related to financial statements and reports.

Financial Planning & Projects: Major responsibilities include preparing monthly financials of the bank (Business and financial performance) for MANCOM and yearly business unit wise budget of the bank, budget variance/review forecast etc. It has also shown excellence in process improvement/reengineering by developing in-house software applications, queries and reports which helps Finance scale towards its mission-“Lesser involvement in Transaction Processing and more involvement in Consulting”.

Reconciliation and GL control: To enhance integrity of financial information, this unit drives various reconciliation initiatives regularly. A comprehensive GL Control Policy is in process that will help the bank to ensure integrity of recording transactions and thereby integrity of financial statements. Besides the team monitors risk sensitive GLs such as suspense, inter-branch, inter-system, etc. regularly to ensure internal control.

Finance Achievements in 2009: EBL has been awarded 3rd position for Annual Report 2008 in the ‘Best Published Accounts and Reports’ by Institute of Chartered Accountants of Bangladesh (ICAB) and has been conferred a ‘Certificate of Merit’ award for ‘Best Presented Accounts and Corporate Governance Disclosures Awards 2008’ by South

Asian Federation of Accountants (SAFA).



EBL Managing Director & CEO Ali Reza Iftekhhar receiving a crest from Honorable Commerce Minister of Government of Bangladesh – EBL won 3rd Prize in ICAB Awards for Best Published Accounts and Reports 2008.

Other noteworthy achievements include:

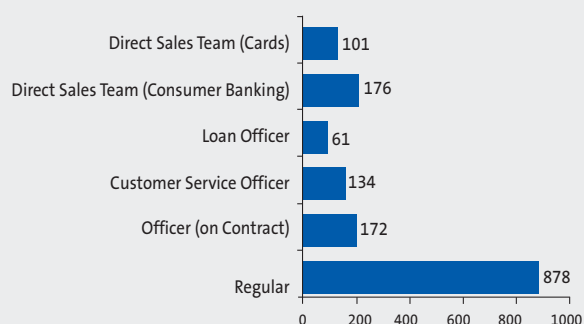
- Successfully completed corporate tax assessment for consecutive 3 years without evoking any audit.
- Introduced new GL structure for “UBS”, upgraded version of our existing core banking software “Flexcube” with proper MIS coding for booking cost center wise expenses from 2010 onwards.
- Rolled out some key policies for the bank such as Fixed Asset Policy, Branch Allocation Policy, Segment Allocation Policy, Fund Transfer Pricing Policy, Investment Banking Process Manual.
- Successfully passed tax audit on EBL’s 2007 (assessment year 2008-2009) assessment without any major observation and disallowance.
- Surfaced many inconsistencies between GL balances and Contract balances and pushed respective departments to resolve them. The outcome of which is clearly visible by the fact that inconsistencies in loan and deposit balances between GL and Contract levels are being significantly reduced.
- Completed a project on Fixed Asset tagging and physical count across EBL. Reconciliation with our records in Fixed Asset Management System (FAMS).
- Completed a project on much needed Depreciation Method Change which will help the bank to rationally depreciate its assets based on assets’ actual economic life.

Outlook 2010: In the year to come, we envisage to do the followings:

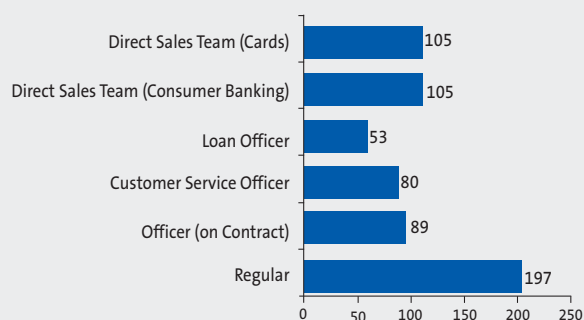
- Business unit wise financial statements to equip EBL with the best of DSS.
- Enhance integrity of financial information and GL control.
- Implement complex MIS matrixes like FTP, Branch Allocation and Segment Allocation.

Human Resources (HR): Eastern Bank Ltd has been investing generously in Human Resources since its inception. EBL HR is working as a business partner for both of its internal and external customers to help them achieving better business results. It is directly involved with the people and therefore committed to ensure staff motivation, learning and development, retention, reward and recognition to drive better business results. Creating a progressive and a possessive environment for the people to work at EBL is the undeviating objective of HR.

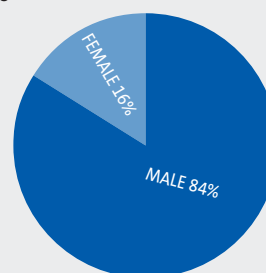
Employer of Choice: At EBL, employee performance is directly aligned with business results. Employees feel appreciated and valued for their hard work and dedications manifested in measurable performances. Eastern Bank Limited is widely recognized for its holistic work environment, corporate culture and best practices that attract and help retain top talents of the industry. Our employees are our brands. We are committed to look after their well being so that they look after EBL. Employee details as on 31 December 2009 follow:



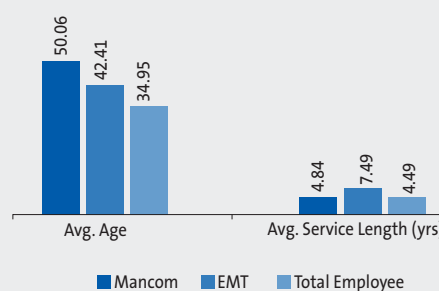
Recruitment: The communal task for the recruitment and selection team is not simply hiring the people to fill up the gap rather creating and maintaining an enabling environment putting right people in right place on right time. Other than 197 regular employees including 18 Management Trainees, 432 contractual new faces were added to the crew to do the right jobs effectively in pursuit of upholding the image of being 'The Bank of Choice'.



Gender Ratio



Ageing analysis of the employees as on 31 December 2009 follows:



Performance highlights at a glance in 2009:

- The People Management Manual has been revised with new policies and significant modification of existing policies to keep it updated with the current realities and to make it competitive with market standard.
- Implementation of restructured package for the employees.
- Implemented number based Performance Appraisal system and appraisal of Learning and development.
- Organized "EBL Road Show" presentation at East West University, North South University and BRAC University for prospective Management Trainee Recruitment.
- Placement of Management Trainee Batch 2008 was completed through proper analysis as per their competence level, individual's preference and Divisional/Departmental requirements.
- Internal talent hunt is already in place offering existing employees opportunity for job rotation to enhance their knowledge and ability as a core banker.

HR projects to head on the following areas in 2010: Implementing Succession planning, Talent Management and MBTI.

Review of Risk Management

Risk Review: 2009 was a year of full blown global recession which adversely affected country's export, domestic investment demand, commodity markets and GDP growth but Eastern Bank Limited has challenged market turbulences by bringing more discipline in risk management.

Credit environment in the year under review was mixed in the banking industry. Delayed repayments were first observed in commodity portfolio, but market leaders in this business segment have managed their risks successfully within next few months. Textile spinners faced difficulties as they lost their competitiveness to India and China. RMG industry experienced lower orders due to declining global demand. Ship breakers also faced difficulties as their value of inventory was declined by about 70%. All these issues together affected banks credit risk, and some customers were reviewed and downgraded due to delinquent repayment. As a result, bank's Weighted Average Credit Risk Grade has moved up to 4.89 from last year's 4.78. WACRG is a gross indicator of portfolio risk, and derived from individual customers' CRG. Despite slight increase in portfolio risk, corporate book has been managed remarkably well. Non performing asset of SME & consumer business has been increased in first two quarters of 2009; bank has now pulled down the leaping deterioration in SME & Retail book by strengthening collection efforts, and product approval criteria. Overall Non Performing Loan (NPL) of the bank has reduced to 2.46% as on 31 December 2009, which was 3.30% on the same day of 2008. In the year 2009, the bank did not sustain any loss due to financial institution failure in western world.

Stress Test: The bank performed an impact study in December 2008 to identify its vulnerable assets in order to be able to take proactive measures including intense monitoring. Bank also tightened underwriting standards where deemed appropriate. Periodic reviews of early alert accounts were also conducted. The most important achievement in 2009 was implementation and strengthening of policy framework across the bank. **Credit Policy Manual and Operational Risk Policy Manual are two important documents that have been rolled out during this year.**

Major risks and uncertainties: Like any other commercial bank, Eastern Bank Limited is also in the business of taking risk and seeks to contain and

mitigate those risks within bank's appetite and maximize return. However, risks are by their nature uncertain and the management of risk relies on judgments and predictions about the future. The principal risks and uncertainties faced by the bank in coming year are set out below. This should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties that the bank may experience.

Country's macroeconomic conditions: Bank's major risks may arise from slow economic growth. Personal expenditure and consumption, domestic demand, availability of credit for retail and corporate borrowers, and the availability of capital and liquidity for the bank is affected by macroeconomic conditions of the country. All these factors may impact the performance of the bank. One of the principal uncertainties is the extent to which the current economic downturn will feed through Bangladesh. Asian Development Bank forecasted 5.2% GDP growth in 2010 due to adverse climate, low price of agricultural products, and poor infrastructure. ADB projection is lower than the government projection of 6.0%. ADB also forecasts that the effects of global crisis on Bangladesh in FY 2010 are likely to be deeper than in FY 2009.

Changes in Government and Regulatory Policy: A key uncertainty for the bank relates to the changes in economic policies of the government and regulators. Such changes may be wide-ranging and can influence the volatility and liquidity of financial markets, as well as the repayment of loans. These effects may directly or indirectly impact bank's financial performance. For example, changes in money loan court act or flexible loan rescheduling criteria may affect loan repayment/recovery, putting cap on lending rates may reduce banks profitability, directed lending may ask the bank taking exposure in some sectors where bank has low appetite, etc. Eastern Bank plays an active role in addressing such issues, through its participation in Association of Bankers in Bangladesh, and other relevant forums.

Instability in the global financial service industry: Eastern Bank Limited in some cases is exposed to financial institutions at home and abroad since the bank often negotiates, discounts export bills, and extends credit facilities against commitments of those banks. Besides, repayment of domestic credit extended to exporters is largely dependent on receipts of value against documentary credit issued by banks across borders. The availability of liquidity

to these financial institutions represents a material counterparty risk. Availability of liquidity depends on the underlying strength and performance of each financial institution. Thus, bank continuously monitors the performance of local financial institutions and set a counterparty limit. On the other hand, bank's international department remains vigilant on changes in international service industry.

Liquidity Stress: Liquidity risk is the risk that the bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access funding only at excessive cost. Exceptional market events can impact the bank adversely, thereby affecting the bank's ability to fulfill its obligations as they fall due. Reasons for uncertainties over bank's liquidity position are withdrawal of deposit by customers' at a substantially faster rate than expected and/or repayments are not received on the intended maturity dates. Eastern Bank has a diversified customer deposit base both by type and maturity to address such liquidity risk, and market is expected to be reasonably liquid in 2010.

Lack of business confidence: Business confidence will be a major challenge in 2010. The import of capital machinery and industrial raw materials has continued to fall, as much as by about 20 percent, on a year on year basis. The accumulation of foreign exchange reserve is partly due to strong growth in workers' remittances, but is partly also a reflection of stagnation or contraction in investment and manufacturing activities. Major factors for entrepreneurial inactiveness may be excess production capacity resulting from export shortfall, uncertainty about the policy environment, and a poor outlook concerning availability of energy and infrastructure.

Risk management practices at EBL

Credit risk: The Bank is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to make required payments in accordance with agreed terms and conditions. Management of credit risk in the bank is governed by a Credit Policy Manual which contains the core principles for identifying, measuring, approving, and managing credit risk. These policies are established by the Board of Directors, and are designed to meet the organizational requirements that exist today, and to provide flexibility for future. These policies represent the minimum standards for credit

extension by the bank, and are not a substitute for experience and good judgment.

The policy covers corporate, small and medium enterprise, retail exposures. Policies and procedures together have structured and standardized credit risk management 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.

In general terms, the Board of Directors has the lending authority for any exposure above Tk. 100.00 million, and the Board has delegated the authority to accept exposure up to Tk. 100.00 million or below to the Managing Director & CEO of the bank, who is also authorized to sub delegate such authority.

Credit risk management: The Bank has adopted a framework for credit risk management, setting up of an independent Credit Risk Management (CRM) team to establish better control and check, and to reduce conflict of interest in the business units. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk. Policies/instructions in this respect are approved by the Board of Directors or authorities acting on their delegation. Besides, subjective appraisal of credit application, bank use a numerical grading system for quantifying the risk associated with a borrower, which is not a decision making tool but a general indicator to compare risk perception about the borrowers.

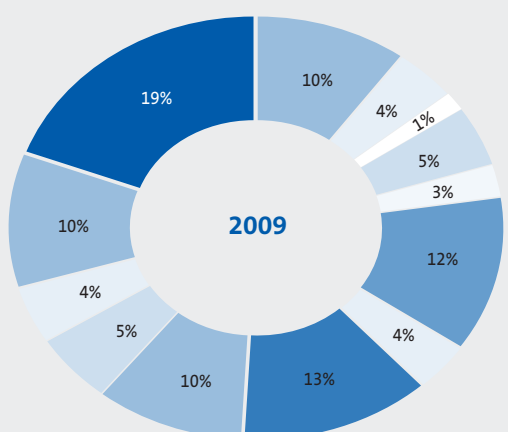
The grading is based on Credit Risk Grading Matrix (CRGM) that analyzes a borrower against a range of quantitative and qualitative measures. Retail and small loans are managed under separate Product Program Guidelines, approved by the Board of Directors.

Credit exposure of Eastern Bank is measured and monitored by quarterly MIS on portfolio, which is submitted to MD & CEO. Bank complies with related norms on exposure stipulated by Bangladesh Bank and its self-made sector wise and product wise exposure capping. Bank can automatically generate daily reports on borrower wise limits, utilizations, overdue, repayments, etc.

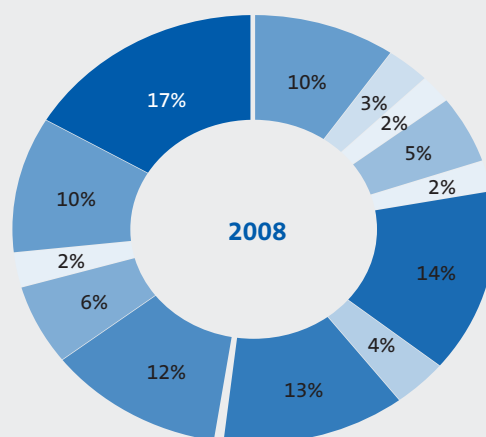
Credit diversification: In general, the loan portfolio of the bank is diversified across a wide range of products, industries, and customer segments as portrayed in the following table. There is no single exposure on industry or business segment over 20 percent. Prudent liquidity management has allowed the bank to take advantage of low inter-bank rate, as well as maintaining satisfactory advance to deposit ratio.

(Figures are in million BDT)

Industry/Sector	Year End 2009	%	Year End 2008	%
Commercial and Trading	4,765.77	10.00%	3,795.71	9.57%
Importer of Commodity	1,942.93	4.08%	1,162.43	2.93%
Construction	689.85	1.45%	879.64	2.22%
Edible Oil Refinery Industry	2,213.10	4.64%	2,021.51	5.10%
Electronics Goods	1,175.08	2.47%	841.63	2.12%
Individuals	5,705.65	11.97%	5,518.88	13.91%
Pharmaceuticals Industries	1,752.57	3.68%	1,456.90	3.67%
Readymade Garments Industry	6,002.00	12.59%	5,151.76	12.99%
Ship Breaking Industry	4,693.89	9.85%	4,751.11	11.98%
Industries for Steel products	2,540.58	5.33%	2,464.33	6.21%
Telecommunication Sector	2,068.21	4.34%	951.16	2.40%
Textile Mills	4,925.58	10.33%	4,042.23	10.19%
Others	9,192.79	19.29%	6,624.89	16.70%
Total	47,667.99	100.00%	39,662.16	100.00%



Commercial and Trading
Electronic Goods
Ship Breaking Industry
Importer of Commodity
Individuals
Industries for Steel products



Construction
Edible Oil Refinery Industry
Pharmaceuticals Industries
Telecommunication Sector
Readymade Garments Industry
Textile Mills
Others

Problem Credit Management: Eastern Bank Limited has a Special Asset Management Division (SMAD) dedicated for management of problem credits i.e. classified loans. Major responsibility of this department is to formulate strategy and action plans for minimization of risk, prevention of loss, maximization of recoveries, and restoring profits through restructuring, direct recovery, and/or legal actions.

In Eastern Bank Limited, when any borrowing relationship displays signs of weakness that account is placed on **Early Alert**. Such relationships warrant dedicated and close monitoring by the respective relationship manager and risk manager. Account

strategies are re-evaluated and remedial actions are agreed upon with counterparties and monitored accordingly. Remedial actions may include, but are not limited to, exposure reduction, security enhancement, exit of the account or restructuring.

Eastern Bank Limited strictly follows Bangladesh Bank circulars and guidelines for loan classification and provisioning. The summary of some the objective criteria for loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 05 dated June 05, 2006 are as below:

Type of Facility	Loan Classification							
	SMA		Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Demand Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Term Loan up to 5 years	90 days or more	5%	6 months or more but less than 12 months	20%	12 months or more but less than 18 months	50%	18 months or more	100%
Term Loan over 5 years	90 days or more	5%	12 months or more but less than 18 months	20%	18 months or more but less than 24 months	50%	24 months or more	100%
Short Term Agricultural & Micro Credit	90 days or more	5%	12 months or more but less than 36 months	5%	36 months or more but less than 60 months	5%	60 months or more	100%

- Provision requirement is 1% for unclassified loans other than small and consumer loans, 1% for unclassified small loans, 5% for unclassified consumer loans other than housing finance and loans to professionals, 2% for unclassified housing & loans to professionals under consumer finance.
- Provision for contingent items (non funded facilities) is 1.00%.
- Provisions for SMA portfolio is maintained netting of interest suspense; and for classified portfolio both interest suspense and 50% of eligible securities are netted off.

Status of Non Performing Loans (NPL): Against 9.21% overall NPL ratio in the banks of Bangladesh (as on 31-12-2009 as per BB data) and 3.92% NPL ratio among private commercial banks, EBL finished 2009 with only 2.46% which was 3.30% at the year end 2008. That means, our risk management practice and prudent credit policy works better even in bad days, that's where the strength of a policy or strategy lies. Following is the comparative classified loan status of EBL:

(Figures are in million BDT)

Particulars	Year 2009	Year 2008	% Change
Unclassified loans:	46,496.31	38,353.31	21.23%
Standard (Including staff loan)	44,722.15	37,925.93	17.92%
Special Mention Accounts (SMA)	1,774.16	427.38	315.13%
Classified loans:	1,171.68	1,308.85	-10.48%
Sub-standard (SS)	232.02	165.05	40.57%
Doubtful (DF)	61.65	203.37	-69.68%
Bad/loss (BL)	878.01	940.43	-6.64%
Total loans	47,667.99	39,662.16	20.19%
NPL %	2.46%	3.30%	-

Loan loss Provision: Coverage ratio (provision against classified loans/total classified loans) at the year end 2009 was 64.56 percent against 52.90 percent in 2008. Due to varying rate of required provision against classified (SS, DF and BL) loans, total required provision against classified loans was BDT 636.20 million as on year end 2009 against which provision has been kept of BDT 756.41 million meaning we have excess provision of BDT 120.21 million as on year end 2009. General provision maintained against unclassified loans and contingent assets was BDT 858.75 million (of which BDT 161.89 million was for contingent assets) on 31 December 2009 against BDT 727.19 million (of which BDT 171.49 million was for contingent assets) at the year end 2008.

Disclosures on Basel II

A brief note on Basel II: Country's banking industry has entered into the Basel II era in 2009 with the objective of aligning capital requirement of a bank with effectiveness of risk management and internal control practices. Central bank (Bangladesh Bank) has set guidelines for parallel reporting of regulatory capital (Basel I and II) in 2009 under standardized approach of Basel II and made it mandatory from 01 January 2010. Credit rating of the borrowers of the banks is to be done by the external credit assessment institutions (ECAIs) duly recognized by Bangladesh Bank. These ratings will

be the primary input for the banks in calculating risk weighted assets (RWA) against credit and market risks.

The Basel II framework comprises three pillars. **Pillar I** deal with minimum capital requirement against RWA (funded and non-funded exposures) calculated for credit, market and operational risks. **Pillar II** is the supervisory review process of the central bank to supervise consistency between capital maintenance of commercial banks against actual confronted risk of a particular commercial bank. **Pillar III** covers adequacy of a commercial bank's disclosure of information to public such as depositors and investors etc.

Implementation status of Basel II: Eastern bank limited has invested considerable effort and money so far to instill required set of skills in the relevant people, to develop awareness among corporate and mid segment borrowers and contemplated for implementation of IRB approach in line with Bangladesh Bank road map. EBL is already in the process of appointing a world renowned consulting firm to do a 'Gap Study' to gauge the status of our readiness (soft and hard factors) in comparison to the requirements by central bank both under standard and IRB approach. EBL is regularly reporting its capital adequacy to central bank under Basel II framework and maintaining required capital adequacy comfortably. Following table summarizes our capital adequacy status:

(Figures are in million BDT)

As per BB guidelines under BASEL I & II			
	December 31, 2009		December 31, 2008
	Basel I	Basel II	Basel I
Tier-1 (core) capital	6,441.15	6,441.15	4,270.71
Tier-2 (supplementary) capital	1,875.38	1,875.38	980.86
Total capital	8,316.53	8,316.53	5,251.57
Total Risk weighted assets (RWA)	49,374.90	73,319.99	41,315.29
----- Credit Risk	49,374.90	61,490.54	41,315.29
----- Market Risk	-	6,260.11	-
----- Operational Risk	-	5,569.34	-
Tier-1 capital adequacy ratio	13.04%	8.78%	10.34%
Tier-2 capital adequacy ratio	3.80%	2.56%	2.37%
Total capital adequacy ratio	16.84%	11.34%	12.71%

Quarter wise Capital Adequacy Ratio (CAR) of EBL under Basel II as reported to BB

(Figures are in million BDT)

Risk weighted assets (RWA) for	Q1, 2009	Q2, 2009	Q3, 2009	Q4, 2009
A. Credit Risk for:	53,419.83	54,493.97	57,939.96	61,490.54
On Balance Sheet exposures	49,634.14	51,061.65	53,635.19	57,347.75
Off Balance Sheet exposures	3,785.70	3,432.32	4,304.76	4,142.79
B. Market Risk (capital charge X 10) for:	1,963.11	2,909.76	5,446.80	6,260.11
a. Interest Rate Related Instruments	1,237.31	1,936.42	2,548.20	2,428.65
b. Equities	699.25	945.13	2,574.30	3,540.10
c. Foreign Exchange Position	26.56	28.20	324.30	291.37
C. Operational Risk (capital charge X 10)	4,318.78	4,318.78	4,318.78	5,569.34
Total Risk Weighted Assets (A + B + C)	59,701.72	61,722.50	67,705.53	73,319.99
D. Eligible Capital				
1. Tier-1 (Core Capital)	5,283.65	5,652.71	6,198.02	6,441.15
2. Tier-2 (Supplementary Capital)	1,002.33	1,131.01	1,465.92	1,875.38
3. Tier-3 (Eligible for market risk only)	-	-	-	-
4. Total Eligible Capital (1+2+3)	6,285.98	6,783.73	7,663.94	8,316.53
E. Total Risk Weighted Assets (RWA)	59,701.72	61,722.50	67,705.53	73,319.99
F. Capital Adequacy Ratio (CAR) (D4/E)*100	10.53%	10.99%	11.32%	11.34%
G. Core Capital to RWA (D1/E)*100	8.85%	9.16%	9.15%	8.78%
H. Supplementary Capital to RWA {(D2+D3)/E}*100	1.68%	1.83%	2.17%	2.56%
I. Minimum Capital Requirement (10% of RWA)	5,970.17	6,172.25	6,770.55	7,332.00

External Credit Rating: In determining counterparty risk weight, Basel II guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely CRISL and CRAB so far. EBL has asked its corporate and medium enterprise customers for doing credit rating for the purpose of computing risk weights as per new capital adequacy framework. Few customers who are public limited companies and enlisted in stock exchanges, has rated themselves mainly to comply with rules and regulation of Securities and Exchange Commission.

Pillar I: Minimum Capital Requirement: As per Bangladesh Bank guidelines, banks shall maintain a

minimum Capital Adequacy Ratio (CAR) of at least 10% of RWA with core capital (Tier I) not less than 5% of RWA. CAR, therefore, will be calculated as under:

$$\text{CAR} = \{\text{Eligible Regulatory Capital (Tier I \& II)} / \text{RWA}\} \times 100$$

Total RWA will be determined by multiplying capital charge for market and operational risks by a factor of 10 (reciprocal of 10% minimum capital requirement) and adding RWA for credit risks. Therefore RWA is derived as under:

$$\text{RWA} = \text{RWA for credit risk} + \{10 \times (\text{capital charge for market risk} + \text{capital charge for operational risk})\}.$$

Capital components as per Basel II	
Tier I Capital/Core capital:	Tier II Capital/Supplementary capital:
Paid up capital/capital deposited with BB (for foreign banks)	General provisions
Non-repayable share premium account	Assets revaluation reserves (50%)
Statutory reserve	All other preference shares
General Reserve	Perpetual subordinated debt
Retained earnings	Exchange equalization account
Minority interest in subsidiaries	Revaluation reserve for securities (50%)
Non-cumulative irredeemable preference shares	Tier III Capital/Additional supplementary capital:
Dividend equalization account	Short term subordinated debt

Credit Risk Mitigation: Collateral as a tool for risk mitigation is defined as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. Eastern Bank determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, present and future assets of the underlying project is generally taken. In addition, in some cases, additional security such as mortgage of other land and building, pledge of shares, cash collateral, and charge on receivables is also taken. For consumer and small enterprise products, the security has been taken as defined in the Product Program Guideline (PPG) for the respective products. Housing loans and automobile loans are secured by the property/automobile being financed. The valuation of the properties is carried out by an approved valuation agency. The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as delegated by the Board of Directors.

The bank while calculating regulatory capital under Basel II framework, credit exposure to counterparty is reduced to the extent of risk mitigation provided by the eligible collateral. The Bank adjusts the value of any collateral received to adjust for possible

future fluctuations in the value of the collateral in line with the requirements specified by Bangladesh Bank guidelines. These adjustments also referred to as 'haircuts', to produce volatility adjusted amounts for collateral. The Bank recognizes only specified types of financial collateral to be eligible for providing capital relief in line with Basel II guidelines. This includes cash or deposit with the bank, gold, approved debt securities, and equities.

Market Risk Management: Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The market risk for the Bank is managed in accordance with regulatory guidelines, governing laws and financial and economic environment.

Capital requirements for market risk: Following table shows quarter wise required capital charge on market risk components of EBL:

Management of Interest rate risk: Structural interest rate risk arises from the re-pricing characteristics of banking assets and liabilities. Interest rate risk is the risk of potential variability in earnings and capital value resulting from changes in market interest rates. The Bank holds assets, liabilities and off balance sheet items with different maturity or re-pricing dates and are linked to different benchmark rates, thus creating exposure

(Figures are in million BDT)

Risk weighted assets (RWA) for	Q1, 2009	Q2, 2009	Q3, 2009	Q4, 2009
B. Market Risk (capital charge X 10) for:				
a. Interest Rate Related Instruments	1,237.31	1,936.42	2,548.20	2,428.65
b. Equities	699.25	945.13	2,574.30	3,540.10
c. Foreign Exchange Position	26.56	28.20	324.30	291.37
Total	1,963.11	2,909.76	5,446.80	6,260.11

to unexpected changes in the level of interest rates in such markets. Interest rate risk in the banking book refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank. Asset Liability Committee (ALCO) is mainly responsible for establishing guidelines for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. These guidelines and actions are taken in adherence to the policies issued by Bangladesh Bank from time to time.

Management of liquidity risk: Liquidity risk is defined as the risk that the bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. It is the policy of the bank to maintain adequate liquidity at all times. Liquidity risk management is governed by Asset Liability Committee (ALCO) and responsible for both statutory and prudential liquidity. Since liquidity have inverse relationship with profitability, prudential management of liquidity is important. Asset Deposit ratio of the bank as on 31 December 2009 was 96.91% and the bank maintained statutory liquidity in 2009 in all cases.

Operational Risk Management: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. Operational risk is inherent in bank's business activities. According to Basel II Bangladesh Bank guideline, the bank follows 'Basic Indicator Approach' for computation of regulatory capital against operational risks. Following table shows amount of regulatory capital required for operational risk:

Particulars	Amount (million BDT)
Average of last three year's Gross Income (GI)	3,712.89
Capital charge @ 15% on average GI	556.93

Pillar II: Supervisory Review Process (SRP): Essentially it's a review process. The key principle of the SRP of banks is that *"Banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level."* SRP will establish relationship between planning of adequate capital against all risks and the strength and effectiveness of the bank's risk management and internal control

processes. *However, maintenance of adequate capital can't be a substitute for fundamentally inadequate control or risk management process. The bottom line of SRP is to ensure better risk management and internal control process to safeguard depositors' money.*

Scope of SRP: The process will consider three main areas of risks:

- Risks covered under minimum regulatory capital.
- Other risks which are not captured by minimum regulatory capital (credit concentration risk, interest rate risk in Banking Book, strategic risk etc.).
- Risk factors external to the bank (business cycle effects etc.).

What is adequate capital: It depends on strength and effectiveness of risk management and control environment of a bank. Minimum capital can be adequate for a bank with effective risk management and control process. On the other hand, adequate (more than set minimum) capital is not enough to compensate for a bank with flawed internal control and risk management processes.

Responsibility of bank management: Bank management should develop an internal capital assessment process and set capital targets commensurate with bank's risk profile and control environment. It also encourages bank mgt to ensure that bank has adequate capital to support its risks beyond the minimum regulatory requirements. *Review body of a bank is also expected to move gradually towards more advanced approaches of calculating RWA against credit risk and capital charge against market and operational risks.*

Main features of a rigorous SRP: One of the basic requirements of SRP is to exercise "Rigorous, forward looking stress testing that identifies possible events or changes in market conditions that could adversely impact the bank". Five main features of a rigorous process are as follows:

- **Board and senior management oversight:** Assessing nature and level of risk, setting strategic planning process and setting bank's tolerance level of risks.
- **Sound capital assessment:** To ensure identification, measurement and reporting all material risks. Maintain adequate minimum capital as per level of risk.
- **Comprehensive assessment of risks:** Effective internal risk rating methodologies to monitor credit risk, VaR model and stress testing for market risk under advanced approach and a suitable framework for managing ops risk.

- **Monitoring and reporting:** Bank should establish an adequate system for monitoring and reporting risk exposures and assessing how the bank's changing risk profile affects need for capital. Bank's senior mgt and Board should receive, on a regular basis, reports from responsible unit regarding branch wise risk profile and capital needs.
- **Internal control review:** Effective control of the capital assessment process includes an independent review and, where applicable, involvement of internal or external audits. BOD has a responsibility to ensure that mgt establishes a system for assessing various risks, develops a system to relate risk to bank's capital level and establishes a method for monitoring compliance with internal policies.

Our Status: We have already formed a SRP committee (Or Review Body) comprising people with adequate knowledge of risks (credit, market and ops), measurement and monitoring of risk methodologies and our policy and strategy in

maintaining adequate capital commensurate with level of risks. Their scope of works, reporting lines and frequency are in the process of finalization.

Our SRP is critically based on the philosophy of Basel II and that is, we will ensure better risk mgt and internal control process not adequate capital for compensating weak and/or flawed risk mgt and control environment. It will be worthy to mention here that, our capital requirement will be far less than existing requirement once our "Unrated" borrowers get their actual rating from approved ECAs. So, our minimum capital requirement can be adequate given the strong risk mgt and internal control process.

Pillar III: Market Discipline: Basel II Pillar 3 disclosures shall be applied to Eastern Bank Limited as the bank has no subsidiary as on 31 December 2009. We are presenting below our market (quantitative) disclosures as on 31 December, 2009 although it will be a compulsory disclosure from 2010 onwards, as per BB guidelines:

MARKET (QUANTITATIVE) DISCLOSURES AS ON DECEMBER 31, 2009

a. Assets

(Figures are in million BDT)

SL	A. Banking Book Assets:	Amount
1	Cash in hand & Balance with BB (excluding FC)	3,379.36
2	Money at call	330.00
3	Investment (HTM):	483.64
	a. Government (T & T Bonds)	273.31
	b. Qualifying (PSEs e.g. ICB, HBFC Debentures)	93.00
	c. Others (Preferred Stock: STS, EPGCL, Unquoted Equity: CDBL & Dun & Bradstreet).	117.33
4	Loans & Advances:	47,667.99
	a. Classified:	1,171.68
	a1. Substandard (SS)	232.02
	a2. Doubtful (DF)	61.65
	a3. Bad/Loss (BL)	878.01
	b. Unclassified:	46,496.31
	b1. Standard	44,722.15
	b2. Special Mention Accounts (SMA)	1,774.16
5	Risk Weighted Assets (RWA)-Credit Risk Only:	61,490.54
	a. Below 100% RW	3,065.91
	b. 100% RW	7,674.82
	c. Above 100% RW	50,749.81
6	Rated Status (Credit Risk Only):	
	a. Rated Assets	-
	b. Unrated Assets	61,490.54
7	Other assets (Including Fixed Assets, Prize Bond, Local Nostro Balances, Term placements etc.)	8,346.44
A	Total Banking Book Assets (1+2+3+4+7)	60,207.43

MARKET (QUANTITATIVE) DISCLOSURES AS ON DECEMBER 31, 2009 *(continued)*

(Figures are in million BDT)

SL	B. Trading Book Assets:	Amount
1	FC held in hand	14.91
2	FC held in BB & Nostro Accounts	1,328.07
3	Investment (Trading):	8,320.33
	a. Govt. (part of govt. HTM if held above required SLR amount)	-
	b. HFT (Govt Treasury Bonds & Quoted Shares)	8,320.33
	c. AFS (if any)	-
B	Total Trading Book Assets (1+2+3)	9,663.32
	Total Assets (A+B)	69,870.74
	b. Credit Risk on Banking Book	
	A. Total Exposures of Credit Risk:	
1	a. Funded (Domestic)	47,667.99
	b. Funded (Overseas)	-
2	a. Non-Funded (Domestic)	3,404.92
	b. Non-Funded (Overseas)	-
3	Distribution of risk exposure by claims:	
	A. Claims on sovereigns and central banks (Including Cash in Hand)	3,655.18
	B. Claims on other official entities (ICB & HBFC Debenture)	93.00
	C. Claims on banks and securities firms	6,641.20
	D1. Claims on corporate (Excluding medium enterprises)	34,185.48
	D2. Claims on corporate (Medium enterprises only)	2,195.71
	E1. Claims included in retail portfolio & small enterprises (Excluding Consumer Loans)	2,411.77
	E2. Claims under consumer loans	4,813.00
	F. Claims secured by residential property	487.51
	G. Claims secured by commercial real estate	-
	H. Other Categories:	
	---- Past due loans/NPL (including SM)	2,839.60
	---- Past due loans/NPL including SM (Net of Provision)	2,126.86
	---- Off-Balance sheet items (Converted Balance)	3,404.92
4	Credit Risk Mitigation	
	Claims secured by financial collateral	3,673.06
	Net exposure after the application of haircuts	832.61
	Claims secured by eligible Guarantee	-
	c. Market Risk on Trading Book	
	The capital requirements for:	
	Interest Rate Risk	242.86
	Equity Position Risk	354.01
	Foreign Exchange Risk and	29.14
	Commodity Risk	-
	d. Operational Risk	
	The capital requirements for:	
	Operational Risk	556.93

MARKET (QUANTITATIVE) DISCLOSURES AS ON DECEMBER 31, 2009 *(continued)*

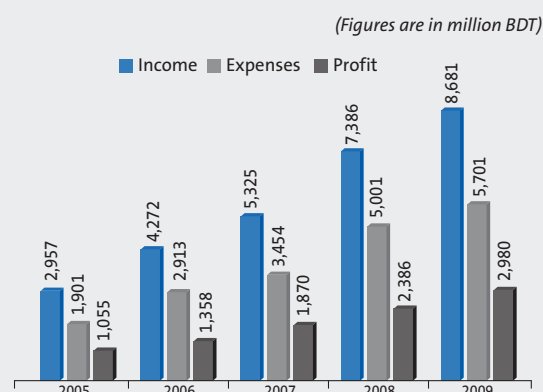
(Figures are in million BDT)

SL	e. Maintenance of Specific Provision	Amount
	A. Gross Non Performing Assets (NPAs):	
	NPAs to Outstanding Loans and Advances	2.46%
	B. Movement of Non Performing Assets (NPAs):	
	1. Opening balance (1-1-2009)	1,308.85
	2. Additions during the year	220.00
	3. Reductions during the year	357.17
	4. Closing balance	1,171.68
	C. Movement of specific provisions for NPAs:	
	1. Opening balance (1-1-2009)	692.37
	2. Provisions made during the year	130.96
	3. Write-offs	(55.00)
	4. Write-back of excess provisions	(11.93)
	5. Closing balance	756.41
	f. Maintenance of Regulatory Capital	
	A. Amount of Tier-1 Capital (component wise):	
	Paid-up Capital	2,496.42
	Statutory Reserve	1,927.04
	General Reserve	100.00
	Reserve for Building Fund	60.00
	Reserve against pre-take over loss (BCCI)	1,554.76
	Pre-take over loss (BCCI)	(997.32)
	Retained Earnings	944.21
	Dividend Equalization Reserve	356.04
	Total	6,441.15
	B. Amount deducted from Tier-1 Capital:	
	Goodwill	-
	Shortfall of provisions	-
	Others	-
	Total Tier-1 Capital	6,441.15
	C. Total amount of Tier-2 capital (net of deductions)	1,875.38
	D. Total eligible capital	8,316.53
	g. Capital Adequacy	
	A. Amount of Regulatory Capital to meet unforeseen loss:	
	Amount to meet Credit Risk	6,149.06
	Amount to meet Market Risk	626.01
	Amount to meet Operational Risk	556.93
	B. Some additional capital over MCR maintained by the banks	984.53
	Total Capital (Tier I & II)	8,316.53

Review of financials

Summary financials: Eastern Bank Limited has made 24.93 percent growth in Operating Profit (Profit before provisions and tax) during 2009 to BDT 2,980.16 million primarily due to 39.56 percent increase in Net Interest Income or NII (BDT 2,164.91 million vs. BDT 1,551.21 million in 2008) and 14.51 percent increase of other revenue (BDT 2,465.25 million compared to BDT 2,152.79 million in 2008) offset in part by 25.14 percent increase of operating expenses (BDT 1,649.99 million vs. BDT 1,318.46 million in 2008). Profit after tax increased by 82.33 percent to BDT 1,454.54 million compared to BDT 797.77 million in 2008 mainly due to decrease of loan loss provision by 38.52 percent (BDT 279.46 million vs. BDT 454.54 million in 2008). Therefore, Earning Per Share (EPS) in 2009 jumped accordingly to BDT 58.53 compared to BDT 34.53 (resated) in 2008. Loans grew by 20.19 percent in 2009 (2009 end: BDT 47,667.99 million vs. 2008 end: BDT 39,662.16 million) and Deposit increased by 18.32 percent in 2009 (2009 end: BDT 49,189.54 million vs. 2008 end: BDT 41,572.77 million).

Results of Operation: Our operating results in 2009 showed a balanced growth in every earning component. Growth of NII during the said period

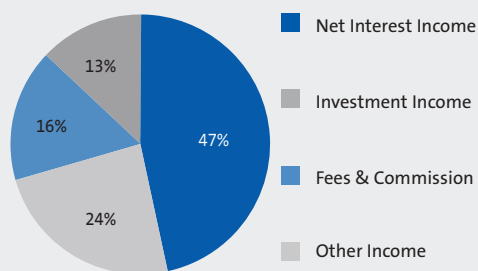


was 39.56 percent compared to 18.21 percent growth in 2008. This was largely attributable to the fact that, Cost of fund (Deposit and borrowing) has decreased by 79 basis points to 8.15 percent (calculated based on daily average balances) during 2009 whereas yield on loans and placements has decreased by only 29 basis points to 13.53 percent compared to those of 2008. Growth of other revenue by 14.51 percent (BDT 2,465.25 million in 2009 vs. BDT 2,152.79 million in 2008) has also played important role in attaining 24.93 percent growth in operating profit during 2009. Following table compares key operating financials of the period mentioned:

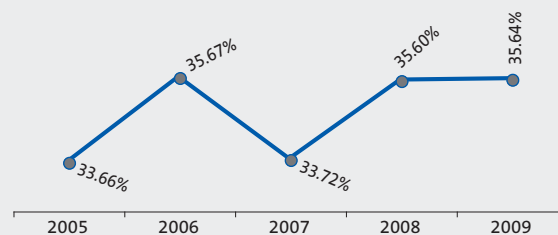
(Figures are in million BDT)

	Year 2009	Year 2008	% Change
Interest income	6,216.21	5,233.66	18.77%
Interest expense	4,051.31	3,682.45	10.02%
Net interest income (NII)	2,164.91	1,551.21	39.56%
Income from investments	1,107.30	862.90	28.32%
Commission, exchange and brokerage	748.56	770.93	-2.90%
Other operating income	609.39	518.96	17.42%
Total other revenue	2,465.25	2,152.79	14.51%
Total operating income	4,630.15	3,704.00	25.00%
Total operating expense	1,649.99	1,318.46	25.14%
Profit before provision and tax/Operating profit	2,980.16	2,385.54	24.93%
Provision for loans and contingent assets:			
Specific provision	130.96	241.42	-45.75%
General provision	148.50	213.12	-30.32%
Total provisions	279.46	454.54	-38.52%
Profit before tax for the year (PBT)	2,700.70	1,931.00	39.86%
Tax provision	1,246.16	1,133.23	9.97%
Profit after tax (PAT)	1,454.54	797.77	82.33%

Revenue Diversification



Cost to Income

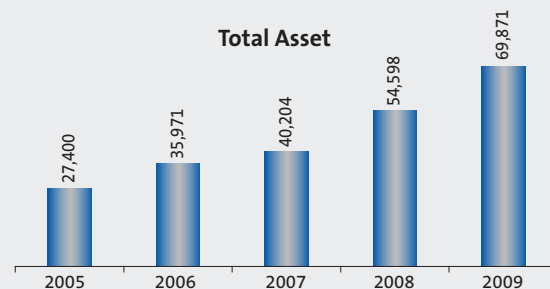


Key ratios: Since our profit after tax has increased by 82.33 percent during 2009, all the ratios (including ROE and ROA) whose numerator is the PAT have jumped. Following table summarizes some of the major financial ratios:

	Year 2009	Year 2008
Return on average equity ¹ (ROE)	22.10%	18.64%
Return on average assets ¹ (ROA)	2.34%	1.68%
Cost to income ratio ²	35.64%	35.60%
Capital adequacy ratio (Basel I)	16.84%	12.71%
NPL ratio ³	2.46%	3.30%
EPS (BDT)	58.53	34.53
Credit to deposit ratio ⁴	96.91%	95.40%
Price to book value ratio	189.95%	172.69%

1. ROE: Profit after tax/Average of the year open and end equity, ROA: Profit after tax/Average of the year open and end assets.
2. Operating expense/Total operating income.
3. NPL or classified loans at year end 2009/Total loans.
4. Gross loans without netting provision or interest suspense/Total deposit at year end 2009.

(Figures are in million BDT)



Financial standing: Loan portfolio of the Bank increased by 20.19 percent to BDT 47,667.99 million whereas Deposits grew by 18.32 percent to BDT 49,189.54 million as on December 31, 2009. In absolute numbers, Loans grew by BDT 8,005.83 million whereas Deposits grew by BDT 7,616.77 million in 2009. Borrowing increased by BDT 3,886.59 million or 78.55 percent whereas placement decreased by BDT 370 million or 52.86 percent over those of 2008.

Investment increased by 65.38 percent to BDT 8,806.31 million as on December 31, 2009. **Fixed**

Assets increased by 44.77 percent reaching BDT 1,804.05 million as on year end 2009 mainly due to purchase of land costing BDT 52.36 million and booking land revaluation gain of BDT 508.66 million. **Shareholders' Equity** increased by 78.10 percent and reached BDT 8,429.15 million as on year end 2009. Finally, the Balance Sheet size of EBL i.e. Total Assets increased significantly by 27.97 percent and reached to BDT 69,870.74 million as on December 31, 2009. Following table shows major balance sheet components presented with change percentage:

(Figures are in million BDT)

	31-12-2009	31-12-2008	% change
Cash and balance with BB & other banks, FIs	10,181.60	6,936.56	46.78%
Money at call and short notice	330.00	700.00	-52.86%
Investment in govt and other securities etc.	8,806.31	5,324.76	65.38%
Loans and advances	47,667.99	39,662.16	20.19%
Fixed assets (Including software)	1,804.05	1,246.11	44.77%
Other assets (Including Non Banking assets)	1,080.80	728.68	48.32%
Total assets	69,870.74	54,598.27	27.97%
Borrowings	8,834.59	4,948.00	78.55%
Deposits:	49,189.54	41,572.77	18.32%
----Current deposit and other accounts	4,917.16	4,402.39	11.69%
---- Savings deposits	9,797.29	7,337.77	33.52%
---- Fixed deposits	33,259.99	29,192.34	13.93%
---- Other deposits	1,215.11	640.27	89.78%
Other liabilities	3,417.46	3,344.72	2.17%
Shareholders' equity:	8,429.15	4,732.78	78.10%
----Paid up capital & Statutory reserve	4,423.46	2,773.80	59.47%
----General and other reserves	3,061.49	1,513.11	102.33%
----Retained earnings	944.21	445.87	111.77%
Total liabilities and equity	69,870.74	54,598.27	27.97%

Analysis of Net Interest Income and Spread: Following table summarizes average balance sheet during the indicated year:

(Figures are in million BDT)

	Year 2009	Year 2008	% Change
Average interest earning assets	52,502.08	44,689.09	17.48%
-- Average loans	42,205.16	35,602.01	18.55%
-- Average placement	3,446.55	2,024.90	70.21%
-- Average investment	6,850.37	7,062.17	-3.00%
Average interest bearing liabilities	46,874.45	41,132.24	13.96%
-- Average deposits	40,707.54	34,031.74	19.62%
-- Average borrowings	6,166.92	7,100.50	-13.15%
Yield (Loans & placement)	13.53%	13.82%	-
Yield (Loans, investment & placement)	13.36%	13.57%	-
Cost of fund (Deposit and borrowing)	8.15%	8.94%	-
Overall interest spread	5.21%	4.64%	-

Net interest income has increased by 39.56 percent during 2009 to BDT 2,164.91 million compared to BDT 1,551.21 million in 2008 mainly due to volume and rate effects as mentioned below:

- Average loans and placements have increased by BDT 8,024.79 million or 21.33 percent in 2009 over that of 2008 causing interest income to rise by BDT 1,067.55 million in 2009 compared to 2008.
- Yield on average loans and placement during 2009 has decreased by 29 basis points to 13.53 percent over 13.82 percent during 2008 causing interest income to fall by BDT 94.00 million.

- Average deposits and borrowings have increased by BDT 5,742.21 million or 13.96 percent in 2009 over that of 2008 causing interest expense to rise by BDT 519.35 million in 2009 compared to 2008.
- Cost of fund on average deposit and borrowing has decreased by 79 basis points to 8.15 percent over 8.94 percent during 2008 causing interest expense to fall by BDT 374.86 million.

Non-interest/operating expenses: Operating expenses have increased by 25.14 percent to BDT 1,649.99 million in 2009 compared to BDT 1,318.46 million in 2008 as sets forth in the following table:

(Figures are in million BDT)

	2009	2008	Change %
Employee expense	743.05	610.01	21.81%
Directors' fees and expenses	0.96	0.99	-3.77%
Other administrative expense	657.27	542.74	21.10%
Legal and professional expense	21.66	20.22	7.17%
Depreciation, repair and maintenance	220.70	141.84	55.59%
Audit fees	0.21	0.27	-23.84%
Charges on loan losses (write off)	6.14	2.39	157.06%
Total operating/Non interest expenses	1,649.99	1,318.46	25.14%

Employee expenses have increased by 21.81 percent in 2009 over that of 2008 mainly due to increase of headcount from 763 to 878 during the year and routine increment of salary and benefits during the year. Depreciation on fixed assets have increased by 51.00 percent to BDT 120.07 million in 2009 whereas repair and maintenance expense

have increased by 61.44 percent to BDT 100.62 million in 2009 compared to those of 2008. The increase in depreciation and maintenance expenses in 2009 was mainly due to increase of depreciation on various electronic and networking equipments and machinery and maintenance charges for newly opened branches, centers, ATMs etc.

www.ebl.com.bd

STEP INTO YOUR WORLD OF PRIVILEGES

Welcome to EBL Priority Banking - where your priority is ours. EBL Priority Banking is an exclusive banking service offered to our most valued clients like you, to help you achieve your financial aspirations. We are dedicated in providing a comprehensive range of banking services to help you enhance your wealth and enjoy a life full of privileges. Our tailor-made personalized financial services and dedicated Relationship Managers help release you from the hassles of financial management and enhance your wealth with ease.

Priority
b a n k i n g



 Eastern Bank Ltd.

Existing Products & Services offered by the Bank

Consumer Banking

Consumer Loans

জীবনধারা লোন

Any Purpose Loan

EBL Jibandhara Loan

EBL Jibandhara loan is an unsecured loan facility. Loan amount ranges from BDT 50,000 to BDT 1,000,000 at an attractive interest rate



ইচ্ছে শুনোকে বাঁড়িয়ে দিতে।

EBL Utshab Loan

Utshab Loan is a short-term festival loan facility. Loan amount ranges from BDT 50,000 to BDT 150,000 and repayable in 12-36 installments.

FastCash

Easy cash in your pocket!

A secured loan facility against security deposit. It is a revolving credit facility and interest is charged on drawn amount.

FastLoan

Meet your needs fast!

An EMI based secured loan facility for any emergency cash need. Any individual having an FD or other securities like Wage Earner's Bond, ICB unit certificate etc. can avail this short term personal loan with 12-36 months repayment period.

EXECUTIVE LOAN

Loan for Executives

EBL Executive Loan

Any purpose loan facility for salaried Executives (both private sector and government service). Loan amount ranging from minimum BDT 50,000 to maximum BDT 1,000,000 and the interest rate is highly competitive.



EBL AUTO LOAN
Drive Your Dream

EBL Auto Loan

EBL Auto loan is an EMI based loan facility for the purpose of purchasing cars. Loan amount ranges from BDT 350,000 to BDT 2,000,000.



Making Travel Simple

Available in secured and unsecured versions, EBL Travel Loan offers EMI based loan facility for meeting the travel related financial needs. Loan amount ranges from BDT 50,000 to BDT 500,000.



Home Loan

Home is where the heart is

EBL Home Loan

It is the most convenient & practical Home Loan that suits your all home financing needs. Let it be for apartment purchase, home construction, extension or renovation-EBL is here with the ultimate solution for you. With so many attractive features in it-the home you wanted to buy, or to extend the existing one or renovate the same is no longer a distant dream. Loan amount up to BDT 7,500,000 for 20 years is available.

Parséloan

Partial Secured Loan

EBL Parséloan

Partial Secured Loan facility for the individuals where one can take loan up to BDT 1,000,000 by providing 30% or 50% cash security. Loan interest rate is highly competitive and can be repayable in 12-60 months.

Education

FINANCE PACK

Loan for Education

EBL Education Finance Pack

EBL Education Finance Pack comprises of three unique products-EduLoan Secured, EduLoan Unsecured and EduLine. This is designed to meet any type of education financial need of a student. Any creditworthy person can avail the loan for his/her children or him/herself. Loan amount is maximum BDT 1,000,000 or 95% of the cash security value.

Consumer Deposits

INTERESTING

SAVINGS ACCOUNT

Daily Interest in Your Account

EBL Interesting

A savings account where interest is calculated on daily basis and credited to the account on monthly basis.

Campus

account

Banking for Students

EBL Campus Account

This is interest bearing savings account for the students.

High Performance Savings Account

You gain more, simply!

EBL High Performance Account (HPA)

Daily interest bearing product with unlimited cash withdrawal facility. Minimum balance requirement is BDT 20,000 and interest is credited to account twice a year.

Repeat

Extra Income Every Month

EBL Repeat

Monthly interest payable fixed deposit scheme with 1-3 years tenure.

Confidence

Monthly Savings Scheme

EBL Confidence

It is an annuity based deposit scheme with monthly installment not exceeding BDT 20,000 per month



EBL Just Double

Money Double Scheme-with EBL Just Double, get double of the deposited amount after a fixed time.



EBL Secure

Deposit Protection Scheme is a unique monthly savings scheme which gives the opportunity of saving money for the future as well as assures that in case of sudden demise of the depositor, his/her family gets the full maturity value. EBL Secure DPS is such a product that ensures both savings and security for a depositor.

Cards



One Life. One Card.

EBL Simple Credit Card

EBL Simple Credit Card is a complete Credit Card solution. This VISA branded card comes in gold and classic versions with both local and dual currency facility. Other than regular card features, EBL Simple Credit Card offers zero renewal fee, triple insurance benefit, free cheque book and balance transfer options.

LifeStyle Card

Reload the Fun of Life!

A VISA branded local currency prepaid card that can be used at any VISA POS or ATM countrywide. A very popular product among the student segment.

Cool Card

Live Life - Fashionably!

This is a VISA Electron Debit Card for the student banking accounts.

Hajj Card

This is a VISA Prepaid Card valid only in Saudi Arabia. This card frees one from the hassles of carrying foreign currency during Hajj.

Travel Card

No Boundaries

Visa Prepaid Travel quota USD Card through which customers can forget about carrying cash and all the hassles of it. Travel card comes along with a free back-up card and usability at over 29 million VISA outlet and ATMs worldwide.

Debit Card

Fast & Smart

Forget cheque book, forget queueing at the bank. With EBL Debit Card, your money is available to you 24 hour. Usable at any VISA POS & ATM.

NRB



EBL Matribhumi

This is a service concept where we envisage to offer product and services that will help our NRBs to build a stronger financial future as well as provide hasslefree quality banking services.

There are four deposit products under this:

EBL Shonchoy

This is a Taka deposit account for NRBs, where they can directly deposit their remittance and start building a solid financial base for future. The account is a daily interest bearing monthly payable account with a debit card.

EBL Paribar

Family maintenance account for NRBs-the beneficiary can open this account and have the facilities of debit card, unlimited chequing and reduced charges. This is also a daily interest bearing monthly payable account.

EBL Global

FCY Current Account with a global debit card facility that can be used anywhere in the world. This is a foreign currency account and the amount is freely remittable.

EBL NFCD

FCY Time Deposit account for NRBs who want to see their money grow at a faster rate. Attractive interest rates and features make the account even more customer friendly.

SME BANKING

অগ্রিম

সাময়িকের দিকে নিন, এক অগ্রিম পদক্ষেপ।

EBL Agrim

This is a short-term unsecured loan facility to meet immediate fund requirement for any business concern. Loan amount ranges from BDT 200,000 to BDT 950,000 with single shot repayment at the end of 1 to 6 months tenure.

উদ্যোগ

EBL-এর উদ্যোগ-এ ব্যবসা চলবে পুরোদমে।

EBL Uddog

EBL Uddog is intended to finance business expansion with 50% of the loan amount in the form of fixed deposit as security. Loan amount ranges from BDT 600,000 to BDT 7,000,000 with monthly installment based repayment within maximum 60 months tenure.

আশা

ব্যবসার প্রত্যাশা, পূরণ করবে আশা

EBL Asha

This loan is intended to meet immediate business fund requirement. Loan amount ranges from BDT 200,000 to BDT 950,000 and monthly installment can be payable within maximum 24 months tenure.

পুজি

ব্যবসার বৃদ্ধি, এনে দেবে পুজি

EBL Puji

It is a long term loan for capital investment under collateral security. Loan amount ranges from BDT 500,000 to BDT 5,000,000 and the loan can be repaid within 36 months.

বাণিজ্য

EBL বাণিজ্যে, সমৃদ্ধি নিবিষ্ট।

EBL Banijyo

Credit facility up to BDT 20,000,000 to any legitimate import business with Nil margin LC facility. 30%-40% of total limit in the form of FD as collateral required. Monthly installment based repayment facility available.

মুক্তি

ব্যবসায় আত্মবিশ্বাস ও সমৃদ্ধি EBL মুক্তি

EBL Mukti

This is an unsecured loan facility for the women entrepreneurs. Loan amount is maximum BDT 2,500,000 and can be repaid in 36 installments.

সুবিধা

লেনদেন প্রতিদিন, ইন্সট্যান্ট বুঝে নিন।

EBL Subidha

A daily interest bearing deposit account for SME entrepreneurs.

OTHER SERVICES

Corporate Banking

EBL Corporate Banking is the strongest unit of the bank where customized corporate banking solution is offered to the local and MNC corporates. Highly efficient corporate team backed by cutting-edge technology and determination to serve the customers is the driving force behind the success of EBL Corporate Banking division.



Internet Banking

EBL Internet banking addresses the needs of small, individual and corporate account holders of the bank. It provides a comprehensive range of banking services such as Account Operations and Inquires, Fund Transfers and payments, Utility Bill Payment, Deposits, Loans, Inquiries and other services including a Session Summary.

Student Banking

Other than education loans and student accounts-EBL offers student file services for the students who seek to study abroad through its dedicated student centers at Gulshan and Dhanmondi.

Hajj Remittance Service

EBL's Hajj Remittance Service provides convenient, secure and reliable money transfers during hajj for EBL account holders. Services include handling Foreign Demand Drafts (FDDs) and Foreign Telegraphic Transfers (FTTs) in Saudi Arabian local currency.

For Details Information

Please visit any EBL branch near you or log in to www.ebl.com.bd

We have listened to 250,000 lives
in our journey to become a

Superbrand



Superbrands is an independent international organization that recognizes top brands worldwide based on a global standard.



Eastern Bank Ltd.



audited financial statements 2009



Simple Math.
It worked for us, again.

ICAB National Awards for Best Published Accounts & Reports 2008

EBL is proud to have been adjudged by the Institute of Chartered Accountants of Bangladesh (ICAB) as the recipient of the Third Prize for the Year 2008 under Financial Sector - Banking category for Best Published Accounts & Annual Reports.

After SAFA Awards, it is another great recognition for us. We thank all our stakeholders for their continuous support towards upholding the ethos of our bank - Transparency, Accountability & Governance.



Auditors' Report to the shareholders of Eastern Bank Limited

We have audited the accompanying balance sheet of Eastern Bank Limited ("the Bank") as of 31 December 2009 and the related profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes to the financial statements. The preparation of these financial statements is the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

The financial statements of the Bank for the year ended 31 December 2008 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants who issued an unqualified opinion on 02 March 2009.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Bank's affairs as at 31 December 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws 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 Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Bank's business;
- v) the financial position of the Bank as of 31 December 2009 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- vii) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- x) the information and explanations required by us have been received and found satisfactory;
- xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4500 person hours for the audit of the books and accounts of the Bank; and
- xii) capital adequacy ratio (CAR) as required by law, has been maintained adequately during the year.


Rahman Rahman Huq
Chartered Accountants

Dhaka, 17 February 2010

Eastern Bank Limited

Balance Sheet

(Main Operation and Offshore Banking Unit)
as at 31 December 2009

	Note	2009 Taka	2008 Taka		
		Main Operation	Offshore	Total	
PROPERTY AND ASSETS					
Cash					
Cash in hand (including foreign currencies)	3	481,498,299	-	481,498,299	426,684,325
Balances with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4	2,920,942,423	-	2,920,942,423	3,091,861,836
		3,402,440,722	-	3,402,440,722	3,518,546,161
Balances with other Banks and Financial Institutions	5				
In Bangladesh	5.1	5,459,255,745	-	5,459,255,745	2,948,217,394
Outside Bangladesh	5.2	1,317,960,808	1,940,381	1,319,901,189	469,799,697
		6,777,216,553	1,940,381	6,779,156,934	3,418,017,092
Money at call and short notice	6	330,000,000	-	330,000,000	700,000,000
Investments					
Government	7				
		7,716,875,500	-	7,716,875,500	4,923,272,085
Others		1,089,429,806	-	1,089,429,806	401,486,455
		8,806,305,306	-	8,806,305,306	5,324,758,540
Loans and advances					
Loans, cash credits, overdrafts, etc.	8(a)	45,277,521,185	366,466,917	45,643,988,102	38,866,862,222
Bills purchased and discounted	8.1	852,000,898	1,171,998,118	2,023,999,016	795,300,591
		46,129,522,083	1,538,465,035	47,667,987,118	39,662,162,813
Fixed assets including land, building, furniture and fixtures	9	1,804,049,534	-	1,804,049,534	1,246,107,178
Other assets	10	832,920,905	-	832,920,905	728,676,288
Non-banking assets	11	247,878,000	-	247,878,000	-
TOTAL ASSETS		68,330,333,103	1,540,405,416	69,870,738,519	54,598,268,072
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	12	7,339,797,296	1,494,788,962	8,834,586,258	4,947,999,971
Deposits and other accounts	13				
Current deposits and other accounts, etc.	13.2(a)	4,887,995,996	29,159,908	4,917,155,904	4,402,386,985
Bills payable	13.3	1,192,855,487	-	1,192,855,487	618,020,525
Savings bank deposits	13.4	9,797,294,072	-	9,797,294,072	7,337,769,077
Fixed deposits	13.5	33,259,986,755	-	33,259,986,755	29,192,341,198
Bearer certificates of deposits		22,250,000	-	22,250,000	22,250,000
		49,160,382,310	29,159,908	49,189,542,218	41,572,767,785
Other liabilities	14	3,395,971,692	21,485,933	3,417,457,625	3,344,720,778
TOTAL LIABILITIES		59,896,151,298	1,545,434,803	61,441,586,101	49,865,488,535
Shareholders' Equity					
Share Capital-Paid up capital	15.2	2,496,420,000	-	2,496,420,000	1,386,900,000
Statutory reserve	16	1,927,039,732	-	1,927,039,732	1,386,900,000
Dividend equalisation reserve	17	356,040,000	-	356,040,000	356,040,000
Reserve against pre-take over loss	18	1,554,759,750	-	1,554,759,750	1,554,759,750
Pre-take over loss	19	(997,316,025)	-	(997,316,025)	(1,019,763,617)
Assets revaluation reserve	20	913,678,854	-	913,678,854	405,015,050
Reserve for amortization of treasury securities (HTM)	21	22,956,196	-	22,956,196	26,212,662
Reserve for revaluation of treasury securities (HFT)		817,840,106	-	817,840,106	30,841,625
Reserve for building fund	22	60,000,000	-	60,000,000	60,000,000
General reserve	23	100,000,000	-	100,000,000	100,000,000
Profit and loss account-retained earnings	24	949,235,396	(5,029,387)	944,206,009	445,874,068
Reserve against non banking assets	11	233,527,796	-	233,527,796	-
TOTAL SHAREHOLDERS' EQUITY		8,434,181,805	(5,029,387)	8,429,152,418	4,732,779,537
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		68,330,333,103	1,540,405,416	69,870,738,519	54,598,268,072

Eastern Bank Limited

Balance Sheet

(Main Operation and Offshore Banking Unit)
as at 31 December 2009

	Note		2009 Taka		2008 Taka
		Main Operation	Offshore	Total	
OFF BALANCE SHEET ITEMS					
Contingent liabilities	25				
Acceptances and endorsements (net)	25.1	7,360,398,666	-	7,360,398,666	8,943,734,693
Letters of guarantee	25.2	2,297,184,757	-	2,297,184,757	2,342,277,290
Irrevocable letters of credit (net)	25.3	6,513,676,979	17,229,918	6,530,906,897	5,863,420,071
Bills for collection	25.4	495,419,992	-	495,419,992	847,371,198
Other liabilities (bad and loss)		-	-	-	-
		16,666,680,394	17,229,918	16,683,910,312	17,996,803,251
Other contingent liabilities					
Value of Bangladesh Sanchaya Patra on hand		334,609,100	-	334,609,100	346,204,100
Value of travelers' cheques on hand		204,622,274	-	204,622,274	204,567,968
		539,231,374	-	539,231,374	550,772,068
Total contingent liabilities		17,205,911,768	17,229,918	17,223,141,686	18,547,575,320
Other commitments					
Lease rental commitments		-	-	-	-
Documentary credits and short term trade-related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		634,555,930	-	634,555,930	2,082,685,682
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		-	-	-	-
		634,555,930	-	634,555,930	2,082,685,682
Claims against the Bank not acknowledged as debt		-	-	-	-
		634,555,930	-	634,555,930	2,082,685,682
Total contingent liabilities and commitments		17,840,467,698	17,229,918	17,857,697,617	20,630,261,002

The annexed notes 1 to 45 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

As per our report same date


Auditors
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited

Profit and Loss Account


(Main Operation and Offshore Banking Unit)
for the year ended 31 December 2009

	Note		2009 Taka		2008 Taka
		Main Operation	Offshore	Total	
Interest income	26	6,186,163,190	30,049,086	6,216,212,276	5,233,658,855
Less: Interest paid on deposits and borrowings	27	4,032,711,612	18,595,029	4,051,306,641	3,682,446,554
Net interest income		2,153,451,578	11,454,057	2,164,905,635	1,551,212,301
Income from investments	28	1,107,303,239		1,107,303,239	862,903,795
Commission, exchange and brokerage	29	747,999,037	557,678	748,556,715	770,929,249
Other operating income	30	608,879,284	507,102	609,386,386	518,957,996
Total operating income		4,617,633,138	12,518,836	4,630,151,975	3,704,003,340
Salary and allowances	31	732,479,992	-	732,479,992	600,073,608
Rent, taxes, insurance, electricity etc.	32	148,316,341	-	148,316,341	108,926,781
Legal and professional expenses	33	21,664,793	-	21,664,793	20,215,333
Postage, stamp, telecommunication etc.	34	52,353,711	-	52,353,711	48,670,601
Stationery, printing, advertisement, etc.	35	171,075,567	-	171,075,567	139,733,665
Managing Director's salary and allowances	36	10,574,284	-	10,574,284	9,940,258
Directors' fees and expenses	37	955,950	-	955,950	993,393
Audit fees	38	209,000	-	209,000	274,424
Charges on loan losses		6,138,198	-	6,138,198	2,387,822
Repairs, maintenance and depreciation	39	220,695,388	-	220,695,388	141,842,352
Other expenses	40	285,509,674	17,524	285,527,198	245,405,632
Total operating expenses		1,649,972,898	17,524	1,649,990,422	1,318,463,870
Profit before provisions		2,967,660,240	12,501,312	2,980,161,553	2,385,539,471
Provision for loans and advances					
Specific provision	14.4	130,958,500	-	130,958,500	241,420,278
General provision	14.4(a)	131,552,822	16,951,569	148,504,391	213,117,205
(including provision for contingent assets)		262,511,322	16,951,569	279,462,891	454,537,483
Other provision		-	-	-	-
Total provisions		262,511,322	16,951,569	279,462,891	454,537,483
Profit before tax for the year		2,705,148,918	(4,450,257)	2,700,698,662	1,931,001,988
Provision for tax made during the year	14.1.1	(1,251,702,859)	-	(1,251,702,859)	(1,137,164,169)
Deferred tax (expenses)/income		5,545,873	-	5,545,873	3,936,250
		(1,246,156,986)	-	(1,246,156,986)	(1,133,227,919)
Net profit after tax for the year		1,458,991,932	(4,450,257)	1,454,541,675	797,774,068
Appropriations					
Statutory reserve	16	(540,139,732)		(540,139,732)	(351,900,000)
General reserve		-	-	-	-
		(540,139,732)	-	(540,139,732)	(351,900,000)
Retained earnings carried forward	24.1	918,852,200	(4,450,257)	914,401,943	445,874,068
Weighted average number of shares	41			24,852,093	23,104,254
Earning Per Share (EPS)	41			58.53	34.53

The annexed notes 1 to 45 form an integral part of these financial statements



Chairman



Director



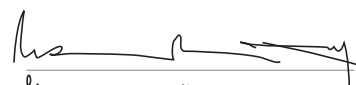
Director



Managing Director

Dhaka, 17 February 2010

As per our report same date



Auditors
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited

Cash Flow Statement

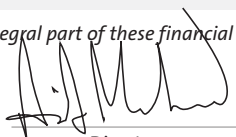
(Main Operation and Offshore Banking Unit)
for the year ended 31 December 2009

	Note	2009 Taka	2008 Taka
A) Cash flows from operating activities			
Interest received		5,711,783,352	5,233,658,855
Interest paid		(3,013,086,851)	(3,682,446,554)
Dividend received		19,249,441	10,681,618
Fees and commission received		748,556,714	770,793,298
Income from investment		1,088,053,798	852,222,177
Recovery of loans previously written off		59,286,679	56,040,474
Cash paid to employees (including directors)		(743,054,276)	(553,507,259)
Cash paid to suppliers		(393,410,411)	(401,111,492)
Income taxes paid	14.3	(1,151,867,359)	(939,912,429)
Received from other operating activities	42	550,099,707	463,053,472
Paid for other operating activities		(513,525,735)	(245,405,632)
<i>Operating cash flow before changes in operating assets and liabilities</i>		2,362,085,059	1,564,066,527
<i>Increase/(decrease) in Operating Assets & Liabilities</i>			
Changes in trading securities		(2,800,881,677)	(3,008,894,314)
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(7,444,910,884)	(8,899,959,656)
Other assets	43	(104,244,617)	(79,631,422)
Deposits from other Banks		120,479,253	86,980
Deposits from customers (other than banks)		6,458,075,390	11,690,556,302
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities	44	(335,052,575)	132,193,109
Net Cash from operating activities		(1,744,450,052)	1,398,417,526
B) Cash flows from investing activities			
Changes in non-trading securities		(47,982,673)	-
Net proceeds /(payments) for sale/ purchase of securities		150,000,000	1,170,000,000
Purchase of property, plant and equipment		(63,628,757)	(456,241,293)
Sales proceeds of fixed assets		-	1,858,024
Purchase/sale of subsidiary		-	-
Net cash used in investing activities		38,388,570	715,616,731
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		3,886,586,287	1,153,298,936
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)		-	-
Received from issue of right share		693,450,000	-
Net cash from financing activities		4,580,036,287	1,153,298,936
D) Net increase in cash and cash equivalents (A+B+C)		2,873,974,804	3,267,333,192
E) Opening cash and cash equivalents		7,639,958,252	4,372,625,060
F) Closing cash and cash equivalents (D+E)*		10,513,933,056	7,639,958,252
*Closing cash and cash equivalents			
Cash In hand (including foreign currencies)		481,498,299	426,684,325
Balances with Bangladesh Bank and its agent bank (s)		2,920,942,423	3,091,861,836
Balances with other Banks and Financial Institutions		6,779,156,934	3,418,017,091
Money at call and short notice		330,000,000	700,000,000
Prize bonds		2,335,400	3,395,000
		10,513,933,056	7,639,958,252

The annexed notes 1 to 45 form an integral part of these financial statements



Chairman



Director



Director



Managing Director

Dhaka, 17 February 2010

Eastern Bank Limited

Statement of Changes in Equity

(Main Operation and Offshore Banking Unit)
for the year ended 31 December 2009

Particulars	Paid up capital	Statutory reserve	Dividend equalization reserve	General reserve and reserve for building fund	Reserve against pre-take over loss	Pre-takeover loss	Reserve against non banking assets	Asset revaluation reserve	Treasury security amortization reserve (HTM)	Treasury security revaluation reserve (HFT)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance on 1st January 2009	1,386,900,000	1,386,900,000	356,040,000	160,000,000	1,554,759,750	(1,019,763,617)	-	405,015,050	26,212,662	30,841,625	445,874,068	4,732,779,536
Net profit for the year 2009	-	-	-	-	-	-	-	-	-	-	1,454,541,675	1,454,541,675
Addition during the year 2009	-	-	-	-	-	-	-	-	-	-	1,525,933,615	1,525,933,615
Right share issued	693,450,000	-	-	-	-	-	233,527,796	508,663,804	(3,256,466)	786,998,481	-	693,450,000
Bonus share issued	416,070,000	-	-	-	-	-	-	-	-	-	(416,070,000)	-
Transfer to statutory reserve	-	540,139,732	-	-	-	-	-	-	-	-	(540,139,732)	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Recovery from pre-take over Loss	-	-	-	-	-	22,447,592	-	-	-	-	-	22,447,592
Balance at 31st December 2009	2,496,420,000	1,927,039,732	356,040,000	160,000,000	1,554,759,750	(997,316,025)	233,527,796	913,678,854	22,956,196	817,840,106	944,206,011	8,429,152,418

The annexed notes 1 to 45 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

for the year ended 31 December 2008

Particulars	Paid up capital	Statutory reserve	Dividend equalization reserve	General reserve and reserve for building fund	Reserve against pre-take over loss	Pre-takeover loss	Asset revaluation reserve	Treasury security amortization reserve (HTM)	Treasury security revaluation reserve (HFT)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance on 1st January 2008	1,035,000,000	1,035,000,000	356,040,000	160,000,000	1,554,759,750	(1,097,292,525)	405,015,050	28,180,168	-	351,900,000	3,828,602,443
Net profit for the year 2008	-	-	-	-	-	-	-	-	-	797,774,068	797,774,068
Addition during the year 2008	-	-	-	-	-	-	-	(1,967,506)	30,841,625	-	28,874,119
Bonus share issued	351,900,000	-	-	-	-	-	-	-	-	(351,900,000)	-
Transfer to statutory reserve	-	351,900,000	-	-	-	-	-	-	-	(351,900,000)	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Recovery from pre-take over Loss	-	-	-	-	-	77,528,908	-	-	-	-	77,528,908
Balance at 31st December 2008	1,386,900,000	1,386,900,000	356,040,000	160,000,000	1,554,759,750	(1,019,763,617)	405,015,050	26,212,662	30,841,625	445,874,068	4,732,779,536


Chairman

Dhaka, 17 February 2010


Director


Director


Managing Director

Eastern Bank Limited

Liquidity Statement

(Main and Offshore Banking Unit)
(Asset and Liability Maturity Analysis)
as at 31 December 2009

Figures in Taka

Particulars	Not more than 1 month term	1-3 month term	3-12 month term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and Sonali Bank)	3,402,440,722	-	-	-	-	3,402,440,722
Balances with other banks and financial institutions	2,602,804,660	3,246,352,274	930,000,000	-	-	6,779,156,934
Money at call and short notice	330,000,000	-	-	-	-	330,000,000
Investments	888,765,206	-	278,305,723	133,000,000	7,506,234,376	8,806,305,305
Loans and advances	7,325,543,887	11,324,784,375	14,101,395,337	13,830,682,892	1,085,580,627	47,667,987,118
Fixed assets including land, building, furniture and fixtures	6,891,052	13,782,103	62,019,465	82,692,620	1,638,664,294	1,804,049,534
Other assets	234,783,335	243,013,097	191,446,932	163,677,541	-	832,920,905
Non-banking assets	-	-	-	-	247,878,000	247,878,000
Total Assets	14,791,228,862	14,827,931,849	15,563,167,457	14,210,053,053	10,478,357,297	69,870,738,518
Liabilities						
Borrowing from other banks, financial institutions and agents	3,090,000,000	1,192,667,000	1,663,270,081	2,133,599,191	755,049,986	8,834,586,258
Deposits and other accounts	7,412,784,920	18,373,255,670	20,349,614,305	2,481,671,067	572,216,256	49,189,542,218
Provision and other liabilities	233,619,058	379,726,404	1,156,162,596	1,625,320,578	22,628,988	3,417,457,624
Total Liabilities	10,736,403,978	19,945,649,074	23,169,046,982	6,240,590,836	1,349,895,230	61,441,586,100
Net Liquidity Gap	4,054,824,884	(5,117,717,225)	(7,605,879,525)	7,969,462,217	9,128,462,067	8,429,152,418
Cumulative net liquidity gap	4,054,824,884	(1,062,892,341)	(8,668,771,866)	(699,309,649)	8,429,152,418	-


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

Eastern Bank Limited

Balance Sheet (main operation)

as at 31 December 2009

	Note	2009 Taka	2008 Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (including foreign currencies)	3	481,498,299	426,684,325
Balances with Bangladesh Bank and its agent bank (s) (including foreign currencies)	4	2,920,942,423	3,091,861,836
		3,402,440,722	3,518,546,161
Balances with other banks and financial institutions			
In Bangladesh	5	5,459,255,745	2,948,217,394
Outside Bangladesh		1,317,960,808	458,106,531
		6,777,216,553	3,406,323,925
Money at call and short notice	6	330,000,000	700,000,000
Investments			
Government	7	7,716,875,500	4,923,272,085
Others		1,089,429,806	401,486,455
		8,806,305,306	5,324,758,540
Loans and advances			
Loans, cash credits, overdrafts, etc.	8(a)	45,277,521,185	38,632,083,300
Bills purchased and discounted		852,000,898	795,300,591
		46,129,522,083	39,427,383,891
Fixed assets including land, building, furniture and fixtures	9	1,804,049,534	1,246,107,178
Other assets	10	832,920,905	728,676,288
Non-banking assets	11	247,878,000	-
TOTAL ASSETS		68,330,333,103	54,351,795,983
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12(a)	7,339,797,296	4,714,170,952
Deposits and other accounts			
Current deposits and other accounts, etc.	13(a)		
Bills payable	13.2	4,887,995,996	4,393,679,353
Savings bank deposits	13.3	1,192,855,487	618,020,525
Fixed deposits	13.4	9,797,294,072	7,337,769,077
Bearer certificates of deposits	13.5	33,259,986,755	29,192,341,198
		22,250,000	22,250,000
		49,160,382,310	41,564,060,153
Other liabilities	14 (a)	3,395,971,692	3,340,206,211
TOTAL LIABILITIES		59,826,151,298	49,618,437,316
Shareholders' equity			
Share capital-Paid up capital	15(2)	2,496,420,000	1,386,900,000
Statutory reserve	16	1,927,039,732	1,386,900,000
Dividend equalization reserve	17	356,040,000	356,040,000
Reserve against pre-take over loss	18	1,554,759,750	1,554,759,750
Pre-take over loss	19	(997,316,025)	(1,019,763,617)
Assets revaluation reserve	20	913,678,854	405,015,050
Reserve for amortization of treasury securities (HTM)	21	22,956,196	26,212,662
Reserve for revaluation of treasury securities (HFT)		817,840,106	30,841,625
Reserve for building fund	22	60,000,000	60,000,000
General reserve	23	100,000,000	100,000,000
Profit and loss account-retained earnings	24(a)	949,235,396	446,453,197
Reserve against non banking assets	11	233,527,796	-
TOTAL SHAREHOLDERS' EQUITY		8,434,181,804	4,733,358,666
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		68,330,333,103	54,351,795,983

Eastern Bank Limited


Balance Sheet (main operation)

as at 31 December 2009

	Note	2009 Taka	2008 Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	25		
Acceptances and endorsements (net)	25.1	7,360,398,666	8,943,734,693
Letters of guarantees	25.2	2,297,184,757	2,342,277,290
Irrevocable letters of credit (net)	25.3	6,513,676,978	5,844,572,988
Bills for collection	25.4	495,419,992	847,371,197
Other liabilities (bad and loss)		-	-
		16,666,680,393	17,977,956,168
Other contingent liabilities			
Value of Bangladesh sanchaya patra on hand		334,609,100	346,204,100
Value of travelers' cheques on hand		204,622,274	204,567,968
		539,231,374	550,772,068
Total contingent liabilities		17,205,911,767	18,528,728,237
Other commitments			
Lease rental commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		634,555,930	2,082,685,682
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		-	-
		634,555,930	2,082,685,682
Claims against the Bank not acknowledged as debt		-	-
		634,555,930	2,082,685,682
Total contingent liabilities and commitments		17,840,467,697	20,611,413,919

The annexed notes 1 to 45 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

As per our report same date


Auditors
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited
Profit and Loss Account
(main operation)
for the year ended 31 December 2009

	Note	2009 Taka	2008 Taka
Interest income	26(a)	6,186,163,190	5,224,413,145
Less: Interest paid on deposits and borrowings	27(a)	4,032,711,612	3,675,380,751
Net interest income		2,153,451,578	1,549,032,394
Income from investments	28	1,107,303,239	862,903,795
Commission, exchange and brokerage	29(a)	747,999,037	770,793,298
Other operating income	30(a)	608,879,284	518,903,343
Total operating income		4,617,633,138	3,701,632,829
Salary and allowances	31	732,479,992	600,073,608
Rent, taxes, insurance, electricity etc.	32	148,316,341	108,926,781
Legal and professional expenses	33	21,664,793	20,215,333
Postage, stamp, telecommunication etc.	34	52,353,711	48,670,601
Stationery, printing, advertisement, etc.	35	171,075,567	139,733,665
Managing Director's salary and allowances	36	10,574,284	9,940,258
Directors' fees and expenses	37	955,950	993,393
Audit fees	38	209,000	274,424
Charges on loan losses		6,138,198	2,387,822
Repairs, maintenance and depreciation	39	220,695,388	141,842,352
Other expenses	40(a)	285,509,674	245,348,359
Total operating expense		1,649,972,897	1,318,406,597
Profit before provisions		2,967,660,241	2,383,226,232
Provision for loans and advances	14.4		
Specific provision		130,958,500	241,420,278
General provision (loans and contingent assets)		131,552,822	211,265,795
		262,511,322	452,686,073
Other provision		-	-
Total provisions		262,511,322	452,686,073
Profit before tax for the year		2,705,148,918	1,930,540,159
Provision for tax during the year	14.1.1	(1,251,702,859)	(1,136,123,212)
Deferred tax (expenses)/income		5,545,873	3,936,250
		(1,246,156,986)	(1,132,186,962)
Net Profit after tax for the year		1,458,991,932	798,353,197
Appropriations			
Statutory reserve	16	(540,139,732)	(351,900,000)
General reserve		-	-
		(540,139,732)	(351,900,000)
Retained earnings carried forward	24.2	918,852,200	446,453,197

The annexed notes 1 to 45 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

As per our report same date


Auditors
Rahman Rahman Huq
Chartered Accountants

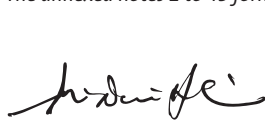
Eastern Bank Limited

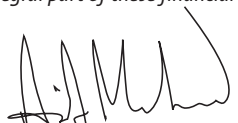
Cash Flow Statement (main operation)

for the year ended 31 December 2009

	Note	2009 Taka	2008 Taka
A) Cash flows from operating activities			
Interest received		5,681,734,266	5,224,413,145
Interest paid		(2,994,491,821)	(3,675,380,751)
Dividend received		19,249,441	10,681,618
Fees and commission received		747,999,037	770,793,298
Income from investment		1,088,053,798	852,222,177
Recovery of loans previously written off		59,286,679	56,040,474
Cash paid to employees (including directors)		(743,054,276)	(553,507,259)
Cash paid to suppliers		(393,410,411)	(401,111,492)
Income taxes paid	14.3	(1,151,867,359)	(939,912,429)
Received from other operating activities	42(a)	549,592,605	462,862,868
Paid for other operating activities		(513,508,210)	(245,348,359)
Operating cash flow before changes in operating assets and liabilities		2,349,583,748	1,561,753,289
Increase/(decrease) in Operating Assets & Liabilities			
Changes in trading securities		(2,800,881,677)	(3,008,894,314)
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(6,141,224,771)	(8,731,611,931)
Other assets	43	(104,244,617)	(79,631,422)
Deposits from other Banks		120,479,253	86,980
Deposits from customers (other than banks)		6,437,623,114	11,685,471,503
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities	44(a)	(335,072,373)	132,193,109
Net Cash from operating activities		(473,737,325)	1,559,367,214
B) Cash flows from investing activities			
Changes in non-trading securities		(47,982,673)	-
Net proceeds /(payments) for sale/ purchase of securities		150,000,000	1,170,000,000
Purchase of property, plant and equipment		(63,628,757)	(456,241,293)
Sales proceeds of fixed assets		-	1,858,024
Purchase/sale of subsidiary		-	-
Net cash used in investing activities		38,388,570	715,616,731
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		2,625,626,344	987,052,121
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)		-	-
Received from issue of right share		693,450,000	-
Net cash from financing activities		3,319,076,344	987,052,121
D) Net increase in cash and cash equivalents (A+B+C)		2,883,727,589	3,262,036,066
E) Opening cash and cash equivalents		7,628,265,086	4,366,229,021
F) Closing cash and cash equivalents (D+E)*		10,511,992,675	7,628,265,086
*Closing cash and cash equivalents			
Cash In hand (including foreign currencies)		481,498,299	426,684,325
Balances with Bangladesh Bank and its agent bank (s) (including foreign currency)		2,920,942,423	3,091,861,836
Balances with other Banks and Financial Institutions		6,777,216,553	3,406,323,925
Money at call and short notice		330,000,000	700,000,000
Prize bonds	7	2,335,400	3,395,000
		10,511,992,675	7,628,265,086

The annexed notes 1 to 45 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

Eastern Bank Limited

Liquidity Statement

(main operation)

(Asset and Liability Maturity Analysis)

as at 31 December 2009

Figures in Taka

Particulars	Not more than 1 month term	1-3 month term	3-12 month term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and Sonali Bank)	3,402,440,722	-	-	-	-	3,402,440,722
Balances with other banks and financial institutions	2,600,864,280	3,246,352,274	930,000,000	-	-	6,777,216,553
Money at call and short notice	330,000,000	-	-	-	-	330,000,000
Investments	888,765,206	-	278,305,723	133,000,000	7,506,234,376	8,806,305,306
Loans and advances	7,065,205,845	10,960,205,127	13,195,195,707	13,823,334,776	1,085,580,627	46,129,522,083
Fixed assets including land, building, furniture and fixtures	6,891,052	13,782,103	62,019,465	82,692,620	1,638,664,294	1,804,049,534
Other assets	234,783,335	243,013,097	191,446,932	163,677,541	-	832,920,905
Non-banking assets	-	-	-	-	247,878,000	247,878,000
Total Assets	14,528,950,440	14,463,352,601	14,656,967,828	14,202,704,938	10,478,357,298	68,330,333,104
Liabilities						
Borrowing from other banks, financial institutions and agents	3,090,000,000	1,192,667,000	168,481,119	2,133,599,191	755,049,986	7,339,797,296
Deposits and other accounts	7,383,625,012	18,373,255,670	20,349,614,306	2,481,671,067	572,216,256	49,160,382,310
Provisions and other liabilities	233,619,058	379,726,404	1,156,162,596	1,603,834,646	22,628,988	3,395,971,692
Total Liabilities	10,707,244,070	19,945,649,074	21,674,258,021	6,219,104,904	1,349,895,230	59,896,151,298
Net Liquidity Gap	3,821,706,370	(5,482,296,473)	(7,017,290,193)	7,983,600,034	9,128,462,068	8,434,181,806
Cumulative net liquidity gap	3,821,706,370	(1,660,590,103)	(8,677,880,296)	(694,280,262)	8,434,181,806	-



Chairman



Director



Managing Director

Dhaka, 17 February 2010

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

1 The Bank and Its Activities

1.1 Eastern Bank Limited ("the Bank") was formed as a public limited company incorporated in Bangladesh with primary objective to carry out all kinds of banking businesses in and outside Bangladesh. Eastern Bank Limited 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 its business with four branches from 16 August 1992 and at present it has 39 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 are to provide a comprehensive range of financial services, personal and commercial banking, trade services, cash management, treasury, securities and custody services.

1.2 Offshore Banking Unit

Offshore Banking Unit (OBU) is a separate business unit of Eastern Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide Bangladesh Bank's letter no. BRPD(P)744/(89)/2004-303 dated 25 January 2004. The Bank commenced operation of this Unit from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10, Dilkusha C/A (2nd floor), Dhaka-1000.

2 Significant Accounting Policies and bases of preparation

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2009 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, relevant Bangladesh Bank circulars, Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchanges' listing regulations and other laws and rules applicable in Bangladesh.

2.2 Consolidation

The core banking software "Flexcube" of the Bank produces branch wise as well as consolidated trial balance every day which is preserved at head office and made available to branches. These financial statements have been prepared based on this consolidated Trial Balance.

2.3 Functional and presentation currency

These financial statements are presented in Taka which is the Bank's functional currency except OBU where functional currency is US Dollar (USD).

2.4 Use of estimates and judgements

The preparation of the financial statements 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.

2.5 Investments

All investments (other than government treasury securities 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 and bonds (categorized as HFT or/and HTM) is made following Bangladesh Bank BRPD circular letter no 05, dated 26 May 2008.

Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments is booked to equity.

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

Held for Trading (HFT)

Investment primarily held for selling or trading is classified in this category. 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.

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, gain to Revaluation Reserve through P & L.
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 to P & L but no unrealized gain booking.
Prize bond	Cost	None	None

2.6 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.

Heads	Rates
General provision on:	
unclassified general loans and advances	1%
unclassified small enterprise finance	2%
unclassified loans for housing finance and on loans for professionals	2%
unclassified consumer financing other than housing financing and loans for professionals	5%
special mention account	5%
contingent assets	1%
Specific provision on:	
substandard loans and advances	20%
doubtful loans and advances	50%
bad/loss loans and advances	100%

2.7 Fixed assets and depreciation

- Fixed assets 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.
- Depreciation is charged at the following rates on all fixed assets on the basis of estimated useful lives as determined by fixed asset policy of the Bank. 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.
- Depreciation rates used for each type of fixed assets are as follows:

Particulars of Fixed Assets	Rate of Depreciation p. a.	Estimated useful lives (Years)
Building	2.50%	40
Furniture and fixtures	10.00%	10
Machineries and equipments	20.00%	5
Software	20.00%	5
Computer	33.33%	3
Stabilizer	33.33%	3
UPS	33.33%	3
Vehicle	20.00%	5

- Repairs and maintenance are charged to income as and when incurred.

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

2.7.1 Change of depreciation method and estimated useful lives of fixed assets

Eastern Bank Limited was using reducing balance method of depreciation for all depreciable fixed assets except vehicle for which straight line method was followed. This method of depreciation enhances the life of the assets to impractical tenure and did not reflect the pattern in which the assets future economic benefits are expected to be consumed.

As a result the management of the Bank changed the depreciation method of all its fixed assets to straight line method revising its estimated useful life.

As per paragraph 61 of **Bangladesh Accounting Standard (BAS) 16-“Property, Plant and Equipment”** and paragraph 32 of BAS 8-“Accounting Policies, Change in Accounting Estimates and Errors” both the change in estimated useful lives and depreciation method of fixed assets are a change in accounting estimates and as per paragraph 38 of BAS 8 effect of this change shall be recognized prospectively.

Effect of this changes in both depreciation method and useful lives of all fixed assets, additional depreciation has been charged Tk 34.36 million (approx.) in 2009 and 2010 onwards it will be Tk. 2.91 million (approx).

2.8 Revenue Recognition

The revenue during the year has been recognised following all conditions of revenue recognition as prescribed by **BAS - 18 "Revenue"**.

2.8.1 Interest income

Interest on unclassified [excluding Special Mentioned Account or (SMA)] loans and advances have been accounted for as income on accrual basis, interest on classified loans and advances (including SMA) is credited to interest suspense account and actual receipt of interest therefrom is credited to income as and when received as per instruction of Bangladesh Bank.

2.8.2 Fees and commission income

Fees and commission income arises on services provided by the Bank and recognized on a cash basis. Commission charged to customers on letter of credit and letter of guarantee are credited to income at the time of effecting the transactions.

2.8.3 Dividend Income

Dividend income from shares is recognized at the time when it is declared and ascertained.

2.8.4 Interest paid on borrowings and deposits

Interest paid on Borrowings and Deposits are calculated on 360 day basis and recognized on accrual basis.

2.8.5 Interest income from investments

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis.

2.8.6 Management and other expenses

Expenses incurred by the Bank are recognised on actual and accrual basis.

2.8.7 Provision for loans and advances

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 and BRPD circular no. 05 dated 27 April 2005. The classification rates as per Bangladesh Bank circulars used for provision are as follows:

Business Unit		Rate of provision				
		UC	SMA	SS	DF	BL
Consumer	House Building and Professional	2%	5%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%
Small and Medium Enterprise		2%	5%	20%	50%	100%
Short term Agri. Credit and Micro Credit		5%	-	5%	5%	100%
All others		1%	5%	20%	50%	100%

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

2.8.8 Provision for taxation

a. Current tax

Provision for current income tax has been made @ 42.5% as prescribed in the Finance Act, 2009 of the profit made by the Bank considering major taxable allowances and disallowances.

b. Deferred tax

Deferred Tax is calculated on the taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by **Bangladesh Accounting Standard (BAS)-12 "Income Taxes"**.

2.8.9 Retirement benefits

The retirement benefits accrued for the employees of the Bank during reporting period have been accounted for in accordance with the provisions of **BAS-19, "Employee Benefit"**. Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Gratuity

- i) The Bank operates a funded gratuity scheme approved by the National Board of Revenue with effect from 01 January 1997. The Gratuity Fund has been managed separately from those of EBL by "EBL Employees Gratuity Fund Trust" and any investment decision out of this gratuity fund is also made by this trust. The benefit is paid to those employees who have completed minimum 7 (seven) years of continuous service at the time of separation from the Bank. As per Human Resources Policy employees who have completed seven years of continuous service at the time of separation from the Bank will be given benefit equal to one latest basic salary multiplied by number of years completed and in case of ten or more years benefit will be equal to one and half of latest basic salary multiplied by number of years completed.
- ii) Provision for gratuity is made in the books monthly on the basis of actuarial valuation made once in three years. Last actuarial valuation was done based on information of June 2008. As per this valuation, BDT 15 million per year for past deficits and 5.3% of basic salary for future service have been transferred to Gratuity Fund.

b) Provident fund

The Bank operates a contributory provident fund for its permanent employees funded by both the employees and the Bank at a pre-determined rate. This fund is managed by a separate trustee board of "EBL Employees Provident Fund Trust" and any investment decision out of this fund is made separately from that of the company's funds. This fund got approval from the National Board of Revenue on 31 July 1997.

c) Superannuation fund

The Bank operates a superannuation fund approved by the National Board of Revenue with effect from 20 November 1999 and governed by the trust deed of "EBL Employees Superannuation Fund Trust". As per the trust deed, benefit is payable to the employees of the Bank as per their ranks, grades and length of service with the Bank. The Bank conducted an actuarial valuation of the fund in 2009. The actuary recommended the payment of Tk. 30,856,000 to the fund to offset the past service liability.

2.8.10 Exchange rate

Foreign currencies are translated into Taka currency at the following rates:

- a) Assets and Liabilities existing at the takeover date, at the rate prevailing on 6 July 1991.
- b) Assets relating to customers' foreign currency deposit account at standard mid rates of USD 1= Tk.69.2667 and GBP 1= Tk.110.1202 and EURO 1= Tk.99.3769 as on 31 December 2009.
- c) Other foreign currency related transactions have been converted by using the rate of exchange prevailing on the dates of such transactions.

2.8.11 Earning per share

Earning 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 2009 as per **BAS- 33 "Earning Per Share"**. Diluted earning per share was not required to be calculated as there were no dilution possibilities during the year.

2.8.12 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 a regular interval to keep the unreconciled balances within non material level.

2.9 Cash Flow Statement

Cash Flow Statement has been 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 financial year.

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

2.10 Statement of Changes in Equity

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

2.11 Liquidity Statement

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases.

- a) Balance with other banks and financial institutions, money at call and on short notice etc. on the basis of their maturity term.
- b) Investments on the basis of their residual maturity term.
- c) Loans and advances on the basis of their repayment/maturity schedule.
- d) Fixed assets on the basis of their useful lives.
- e) Other assets on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities on the basis of their settlement.

2A

i) Credit Rating of the Bank

As per the 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 Financial Statements dated 31 December 2008. The following rating has been awarded:

	Bases of information (as on or period)	Date of Rating	Long term	Short term
Entity Rating	Jan to Dec 2008	24/05/2009	AA-	ST-2
Entity Rating	Jan to Dec 2007	15/06/2008	A+	ST-3
Entity Rating	Jan to Dec 2006	27/06/2007	A	ST-3

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

II) Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name of BAS & BFRS	BAS/BFRS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Disclosures in Financial Statements of Banks and Similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	N/A
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	N/A
Investment Property	40	N/A
Agriculture	41	N/A
First-time Adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Base Payments	2	N/A
Business Combinations	3	N/A
Insurance contract	4	N/A
Non- Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments	7	N/A
Operating Segments	8	N/A

III) Risk Management

The Bank has established effective risk management for steady and stable growth of the Bank in accordance with the guidelines of Bangladesh Bank. The Risk Management of the Bank covers following five core risk areas of banking sector:

- i) Credit Risk
- ii) Foreign Exchange Risk
- iii) Assets- Liability Management
- iv) Prevention of Money Laundering
- v) Internal Control and Compliance

The prime objective of the risk management is that the Bank takes credit and business risk into consideration while safeguarding the Bank's interest from the possibility of losses, financial or otherwise.

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

iv) General

- a) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- b) Previous year's figures have been rearranged, where necessary, in order to conform to current year's presentation.

v) Audit Committee Disclosures

In compliance with the BRPD Circular No. 12 dated 23 December 2002 of Bangladesh Bank, an audit committee of EBL Board was first constituted by the Board of Directors of Eastern Bank Limited (EBL) in its 253rd meeting held on 7th January 2003 and thereafter last reconstituted in the 397 Board Meeting held on 17 June 2008 which was duly confirmed by the Board in the next 398 Board Meeting held on 02 July 2008.

Sl No.	Name	Status with EBL	Status with the Committee	Educational Qualification
i)	A. M. Shaukat Ali	Director	Chairman	B. Sc. Engineer
ii)	Gazi Md. Shakhawat Hossain	Director	Member	M. com (Accounting)
iii)	Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	Director	Member	Bachelor of Commerce/A.I.C.S

The company secretary acts as Secretary of the Audit Committee of the Board.

During the Year 2009, the Audit Committee of the Board conducted 4 (four) meetings in which among other things, the following issues were reviewed/discussed:

- * Terms of Reference of the Audit Committee as stated in the BRPD Circular No. 12 dated 23/12/2002.
- * Reviewing and approving the "Annual Audit Plan 2009".
- * Recommendation to the Board for the appointment off the External Auditors for the year 2009 by the shareholders in the 17th Annual General Meeting (AGM).
- * The committee places its report regularly to the Board of Directors of the Bank for review and monitoring the activities with recommendations on internal control system, compliances of rules and regulations of the Regulatory bodies.
- * Reviewing of Bangladesh Bank Comprehensive Inspection Report of Eastern Bank Limited as on 30 September 2008.
- * Reviewing the Management report for the year ended 31 December 2008 on EBL as submitted by the External Auditors, Hoda Vasi Chowdhury and Co, Chartered Accountants and its subsequent compliance thereof.
- * Reviewing of the EBL-Operational Risk Policy duly approved by the Management effective from 1st July 2009.
- * Reviewing the process of strengthening the internal control system and procedures and also the Internal Audit Team of the Bank.
- * Reviewing the Internal Audit Reports along with the Executive summary of the different EBL branches/departmetns conducted by the Internal Audit Team of the Bank from time to time and also the status of compliance therof together with the Executive Summary theron.

The Audit Committee meetings were held on the following dates:

25th meeting held on 30 March 2009

26th meeting held on 18 June 2009

27th meeting held on 20 August 2009

28th meeting held on 6 October 2009

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

2B Related party disclosures

i) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ Interest in the concern
Mir Nasir Hossain	Chairman	Mir Akhter Hossain Ltd. Mir Ceramic Ltd. Mir Holdings Ltd. Agrani Insurance Co. Ltd. Mir Pharmaceuticals Ltd. Mir Telecom Ltd. Fair Trading	MD MD MD Director MD MD Proprietor	40.00% 99.78% 50.00% 3.72% 50.00% 20.00% 100.00%
Md. Showkat Ali Chowdhury	Director	Need Apparels (pvt) Ltd. Need Tex Chittagong Ltd. Need Fashion Ware & Textile Ltd. Need Dresses (pvt) Ltd. Chittagong Oxygen (pvt) Ltd. Finlay (International) Ltd. (Ex J.F. Engineering Services Ltd.) KAPS Bangladesh Limited. Z. N. Enterprise Ltd. Namreen Enterprise Ltd. A. B. C Steel Enterprise Ltd. M.M. Khan & Company Ltd. S. L Steels Ltd. Port Link Logistics Centre Ltd. South Asia Securities Ltd. Peninsular Housing & Development Ltd. Legend Properties Development Ltd. Consolidated Tea & Plantation Ltd. Consolidated Tea & Lands Co. (BD) Ltd. Baraora (Sylhet) Tea Co. (BD) Ltd.	Chairman Chairman Chairman Chairman Chairman Chairman Chairman MD MD MD MD MD MD MD Director Director Director Director Director Director Director	35.00% 17.50% 35.00% 17.50% 20.00% 81.00% 12.50% 50.00% 50.00% 60.00% 52.00% 50.00% 25.00% 4.40% 36.00% 50.00% 5.00% 25.00% 25.00%
Mohd. Noor Ali	Director	Unique Hotel and Resorts Ltd. Borak Real Estate (Pvt.) Ltd. Unique Vocational Training Centre Borak Travel Ltd. Unique Ceramic Industries (Pvt) Ltd. Guanchong Unique Vocational Testing Institute Unique Eastern (Pvt.) Ltd. Unique Enterprise	MD MD Proprietor MD MD MD MD MD MD Proprietor	7.00% 20.00% 100.00% 50.00% 8.00% 10.00% 47.00% 100.00%
A. M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
Aneela Haque	Director	Andes Ltd. Presence Ltd. Andes Publications	MD MD Proprietor	80.00% 80.00% 100.00%
Aquamarine Distributions Ltd. Represented by Asif Mahmood	Director	Advance Technology Computers Ltd. Advanced Data Networks System Ltd. Tech Valley Computers Ltd. Tech Valley Networks Ltd. A D N Technologies Ltd. Valley Power Solutions Ltd. Bangladesh News 24 Hours Ltd. Emirates Shipping Lines Bangladesh Ltd. InGen Technology Ltd. InGen Industries Ltd.	Chairman Chairman Director Chairman Chairman Director Chairman Chairman Director Chairman	33.33% 30.00% 33.33% 51.00% 51.00% 33.33% 90.00% 50.00% 51.00% 51.00%
M/s Unique Eastern (Pvt) Ltd. Represented by Gazi Md. Shakhawat Hossain	Director	Purnima Construction (Pvt) Ltd. Unique Hotel and Resorts Ltd.	MD Representative Director	15.00% 15.00%
Meah Mohammed Abdur Rahim	Director	Ancient Steamship Company Ltd. Hudig and Meah (BD) Ltd.	MD MD	78.00% 51.00%
Ormaan Rafay Nizam (Director from the depositors)	Director	National Brokers Ltd.	Director	0.80%
Ali Reza Iftekhar	CEO & MD	Nil	Nil	Nil

ii) Significant contracts where 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 -C

v) Lending Policies to Related Parties:

Related parties are allowed Loans and Advances as per General Loan 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 Companies Act 1991: Nil

vii) Investments in the Securities of Directors and their related concern: Ni

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
3 Cash in hand (Including foreign currencies)	466,584,143	413,914,006
Local currency	14,914,156	12,770,319
Foreign currencies	481,498,299	426,684,325
4 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)		
Bangladesh Bank		
Local currency	2,732,760,766	2,145,074,474
Foreign currencies	8,166,762	827,881,465
	2,740,927,528	2,972,955,939
Sonali Bank (as an agent of Bangladesh Bank)-local currency	180,014,895	118,905,897
	2,920,942,423	3,091,861,836
4.1 Cash Reserve Ratio (CRR): 5% of average demand and time liabilities		
Average time and demand liabilities of October 2009 (excluding inter-bank deposit)	47,434,577,000	39,060,695,000
Required reserve (5 % of average time and demand liabilities)	2,371,728,850	1,953,034,750
Actual reserve held with Bangladesh Bank (In local currency)*	2,615,935,494	2,153,356,000
Surplus / (shortage)	244,206,644	200,321,250
*As per Bangladesh Bank statement		
4.2 Statutory Liquidity Ratio (SLR): 18% of average demand and time liabilities		
Average time and demand liabilities of October 2009 (excluding inter-bank deposit)	47,434,577,000	39,060,695,000
Required reserve (18 % of total time and demand liabilities)	8,538,223,860	7,030,925,100
Actual reserve held (Note 4.2.1)	10,991,988,788	7,733,823,222
Surplus/(shortage)	2,453,764,928	702,898,122
4.2.1 Actual reserve held		
Cash held	481,498,299	426,684,325
Balance with Bangladesh Bank	2,615,935,494	2,153,356,000
Balance with Sonali Bank	180,014,895	118,905,897
Unencumbered approved securities (HFT)	7,354,075,300	4,371,042,000
Unencumbered approved securities (HTM)	360,464,800	663,835,000
	10,991,988,788	7,733,823,222
5 Balances with other banks and financial institutions		
Balances with other banks and financial institutions-Main operation [note-5(a)]	6,777,216,553	3,406,323,925
Balances with other banks and financial institutions- Offshore Banking Unit	1,940,381	11,693,166
	6,779,156,934	3,418,017,092
5(a) Balances with other banks and financial institutions-Main operation		
In Bangladesh (note 5.1)	5,459,255,745	2,948,217,394
Out side Bangladesh (note 5.2)	1,317,960,808	458,106,531
	6,777,216,553	3,406,323,925
5.1 Inside Bangladesh		
<i>In Current Accounts with</i>		
Agrani Bank Limited	13,575,758	48,615,876
Janata Bank Limited	41,053,944	26,956,521
Bangladesh Krishi Bank	8,448,818	6,782,752
The Trust Bank Limited	(15,953,351)	317,400,158
Standard Chartered Bank	(24,283,493)	-
Sonali Bank Limited	42,033,390	42,524,123
The City Bank Limited	7,313,505	5,286,422
National Bank Limited	21,686,367	18,906,468
NCC Bank Limited	9,115,614	(7,323,018)
Rupali Bank Limited	10,332,498	16,153,229
Islami Bank Bangladesh Limited	70,644	70,644
AB Bank Limited	10,150,872	6,922,087
Pubali Bank Limited	3,321,243	7,158,088
Prime Bank Limited	4,796	-
United Commercial Bank Limited	11,192,246	6,214,601
	138,062,851	495,667,952

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
<i>In Short Term Deposit Accounts with</i>		
Sonali Bank Limited	127,457,443	11,800,770
Prime Bank Limited	-	5,136
Janata Bank Limited	5,098	4,866
Agrani Bank Limited	365,566	354,932
Bank Asia Limited	64,436	62,113
BASIC Bank Limited	44,785	43,143
Bangladesh Krishi Bank	1,056,865	118,411
Dhaka Bank Limited	81,840	80,571
The City Bank Limited	586,614	415,593
ICB Islamic Bank Ltd.	288,075	489,946
NCC Bank Limited	796,094	758,367
National Bank Limited	427,055	411,139
Standard Chartered Bank	-	7,985,890
EXIM Bank Limited	19,024	18,565
	131,192,894	22,549,442
<i>In Fixed Deposit Accounts with banks and NBFIs</i>		
Bank Asia Limited	1,000,000,000	-
Dhaka Bank Limited	-	100,000,000
AB Bank Limited	-	650,000,000
First Security Bank Limited	110,000,000	80,000,000
National Bank of Pakistan	500,000,000	200,000,000
Uttara Finance and Investment Company Limited	-	140,000,000
Premier Leasing International Limited	120,000,000	50,000,000
Peoples Leasing and Financial Services Limited	250,000,000	100,000,000
Phoenix Finance and Investment Limited	100,000,000	150,000,000
IPDC of Bangladesh Limited	-	200,000,000
Bangladesh Industrial Finance Company Limited	130,000,000	100,000,000
Far East Finance and Investment Limited	50,000,000	50,000,000
Union Capital Limited	120,000,000	120,000,000
National Housing and Finance Limited	200,000,000	70,000,000
Industrial and Infrastructural Development Finance Company Limited	100,000,000	120,000,000
International Leasing and Financial Services Limited	250,000,000	150,000,000
Bay Leasing Company Limited	100,000,000	-
Bangladesh Commerce Bank Limited	70,000,000	-
BRAC Bank Limited	350,000,000	-
GSP Finance Limited	80,000,000	-
Jamua Bank Limited	300,000,000	-
MIDAS Financing Limited	130,000,000	-
National Credit and Commerce Bank Limited	100,000,000	-
Oman Bangladesh Leasing Company Limited	60,000,000	-
One Bank Limited	300,000,000	-
Pubali Bank Limited	300,000,000	-
South East Bank Limited	300,000,000	-
LankaBangla Finance Limited	170,000,000	150,000,000
	5,190,000,000	2,430,000,000
	5,459,255,745	2,948,217,394

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
5.2 Out side Bangladesh		
<i>In Deposit Account (non-interest bearing) with</i>		
The Bank of Tokyo Mitshubishi, Tokyo	723,154	308,407
The Bank of Tokyo Mitshubishi, Kolkata*	3,463,335	3,446,000
The Bank of Tokyo Mitshubishi, London	42,857,032	2,250,959
Standard Chartered Bank, Kolkata	(2,469,971)	(83,531,425)
Standard Chartered Bank, Colombo	2,303,244	(2,939,020)
Standard Chartered Bank, London	25,663,906	(5,689,137)
Standard Chartered Bank, Singapore	317,854	413,371
Standard Chartered Bank, New York	73,452,979	430,051,171
Citibank N A, New York	(76,115,737)	25,181,953
Citibank NA, Mumbai	767,981	74,937
Nepal Bngladesh Bank Limited	596,557	634,256
AB Bank Limited, Mumbai	6,468,760	(29,339,711)
Bank of Bhutan	275,409	235,338
Mashreqbank, New York	(35,579,288)	(37,249,651)
JP Morgan Chase Bank, New York	9,647,880	(19,498,299)
The Bank of Nova Scotia, Toronto	(441,559)	57,330
JP Morgan Chase Bank NA, Sydney	(3,354,885)	(114,945)
JP Morgan Chase Bank NA, London	(46,959,919)	-
JP Morgan Chase Bank FR, Germany	(444,542)	-
American Express Bank, New York	-	4,383,071
Zurcher Kantonal Bank, Zurich	480,539	534,113
National Commercial Bank, KSA	5,232,109	2,653,233
Wachovia Bank NA New York	8,546,944	(22,090,031)
ICICI Bank	18,766,145	(21,224,483)
NDLC-IFIC Bank (NIB) Pakistan	1,264,236	(2,112,777)
HSBC, New York	(199,266,990)	(12,050,956)
Commerz Bank AG, Frankfurt, Germany	(13,023,327)	(10,106,194)
Placement to off shore banking unit	1,494,788,962	233,829,019
	1,317,960,808	458,106,531
(For details of Foreign currency amounts and rates thereof please see "Annexure-B")		
* An amount of USD 50,000 has been blocked by the Court Injunction due to disputes in two LCs amounting to USD 47,232 opened at our Bogra and Khantunganj Branches. Both the cases are pending in Kolkata High Court and our lawyers are attending these cases. However the Bank management feels that the outcome of the case will be in favor of the Bank.		
5.3 Balance with other banks and financial institutions (according to remaining maturity grouping) -main operation		
<i>Receivable</i>		
On demand	138,062,851	719,945,464
In not more than one month	2,462,801,428	762,549,442
In more than one month but not more than three months	3,246,352,274	1,340,148,706
In more than three months but not more than one year	930,000,000	583,680,313
In more than one year but not more than five years	-	-
In more than five years	-	-
	6,777,216,553	3,406,323,925
5.3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)-main operation and OBU		
<i>Receivable</i>		
On demand	138,062,851	731,638,631
In not more than one month	2,464,741,809	762,549,442
In more than one month but not more than three months	3,246,352,274	1,340,148,706
In more than three months but not more than one year	930,000,000	583,680,313
In more than one year but not more than five years	-	-
In more than five years	-	-
	6,779,156,934	3,418,017,092

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
6 Money at call and short notice		
With Banking Companies		
Citibank N.A.	280,000,000	-
Dhaka Bank Limited	-	400,000,000
	280,000,000	400,000,000
With Non Banking Financial Institutions		
Industrial and Infrastructure Development Finance Company (IIDFCL)	-	70,000,000
Peoples Leasing & Financial Services Limited	-	100,000,000
International Leasing & Financial Services Limited	-	100,000,000
GSP Finance Limited	-	30,000,000
LankaBangla Finance Limited	50,000,000	-
	50,000,000	300,000,000
	330,000,000	700,000,000
6.1 Maturity Grouping of Money at Call and short notice		
<i>Receivable</i>		
On demand	330,000,000	700,000,000
In not more than one month	-	-
In more than one month but not more than three months	-	-
In more than three months but not more than one year	-	-
In more than one year but not more than five years	-	-
In more than five years	-	-
	330,000,000	700,000,000
7 Investments		
<i>In Government securities</i>		
Treasury bills (Note: 7.1)	-	-
Bonds (Note: 7.3)	7,714,540,100	4,919,877,085
Prize Bonds	2,335,400	3,395,000
	7,716,875,500	4,923,272,085
<i>Other Investments</i>		
Debentures (Note: 7.2)	93,000,000	115,000,000
Bonds (GP Bond) (Note: 7.3)	-	150,000,000
Zero Coupon Bond (ULC)	-	141,055
Ordinary Shares (Quoted and Unquoted) (Note: 7.4)	886,429,806	26,345,400
Preference Shares (Note 7.5)	110,000,000	110,000,000
	1,089,429,806	401,486,455
	8,806,305,306	5,324,758,540
Value of Securities against REPO	835,818,816	1,907,773,502
7.1 Treasury bills		
28- day Treasury bills	-	-
364 -day Treasury bills	-	-
5- year Treasury bills	-	-
Total Treasury Bills	-	-
7.2 Debentures		
Investment Corporation of Bangladesh	28,000,000	40,000,000
House Building Finance Corporation	65,000,000	75,000,000
	93,000,000	115,000,000
7.3 Bonds		
10 Year Treasury bonds	4,789,814,237	2,277,761,896
5- year Treasury bonds	2,651,420,140	2,093,280,128
	7,441,234,376	4,371,042,024
3 Year T & T Bonds	273,305,723	548,835,062
	7,714,540,100	4,919,877,085
Grameenphone Bond	-	150,000,000
	7,714,540,100	5,069,877,085

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
7.4 Ordinary Shares (Quoted and Unquoted)			
Quoted (Note 7.4.1)			
Investment Corporation of Bangladesh (ICB)		856,600	856,600
ICB Islamic Bank Limited		88,000	88,000
AB Bank Limited		8,504,117	-
Dhaka Bank Limited		3,521,667	-
Prime Bank Limited		16,957,940	-
BRAC Bank Limited		30,770,607	-
EXIM Bank Limited		1,489,974	-
Mutual Trust Bank Limited		6,999,471	-
National Credit and Commerce Bank Limited		1,678,350	-
Shahjalal Islami Bank Limited		1,209,815	-
Islami Bank Bangladesh Limited		27,200,198	-
Standard Bank Limited		4,560,102	-
Power Grid Company Limited		25,217,817	-
Summit Power Limited		23,187,605	-
Titas Gas TDCL		62,937,597	-
DESCO Limited		28,967,107	-
Atlas Bangladesh Limited		11,882,087	-
IDLC Finance Limited		225,500,000	-
LankaBangla Finance Limited		3,375,788	-
United Leasing Company Limited		7,460,927	-
Grameen Phone Limited		26,166,400	-
Square Pharmaceuticals Limited		61,562,013	-
British American Tobacco BD Co. Ltd.		24,352,217	-
Delta Brac Housing Company Limited		14,235,063	-
Square Textile Limited		4,558,054	-
Heidelberg Cement Industries Limited		29,686,885	-
Fareast Life Insurance Company Limited		3,603,292	-
Meghna Life Insurance Company Limited		2,991,221	-
Popular Life Insurance Company Limited		2,984,106	-
Progrressive Life Insurance Company Limited		2,536,112	-
Pragati Life Insurance Company Limited		5,174,829	-
Prime Life Insurance Company Limited		2,370,732	-
Shandhani Life Insurance Company Limited		1,227,701	-
Eastern Insurance Company Limited		3,484,515	-
Reliance Insurance Company Limited		1,798,199	-
EBL First Mutual Fund		200,000,000	-
		879,097,106	944,600
Un- quoted	No of shares		
Central Depository (Bangladesh) Limited	4	4,000,000	4,000,000
Grameenphone Limited	-	-	21,400,800
D&B Rating Agency (BD) Ltd.	33,327	3,332,700	-
		7,332,700	25,400,800
		886,429,806	26,345,400

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

7.4.1 Valuation of shares					
Shares (Quoted as on 31-12-2009)					
	Face value Per share	No of shares	Market price Per share (2009)	2009 Market value	2008 Market value
	Taka		Taka	Taka	Taka
Investment Corporation of Bangladesh (ICB)	100	34,264	2,399	82,207,902	16,472,418
ICB Islamic Bank Limited	1000	88	1,002	88,198	107,272
AB Bank Limited	100	10,000	1,177	11,765,000	-
Dhaka Bank Limited	100	10,400	484	5,028,400	-
Prime Bank Limited	100	40,000	653	26,120,000	-
BRAC Bank Limited	100	52,400	688	36,025,000	-
EXIM Bank Limited	100	5,000	374	1,868,750	-
Mutual Trust Bank Limited	100	25,000	412	10,293,750	-
National Credit and Commerce Bank Limited	100	5,000	583	2,915,000	-
Sahjalal Islami bank Limited	100	5,000	383	1,912,500	-
Islami Bank Bangladesh Limited	100	50,000	591	29,550,000	-
Standard Bank Limited	100	20,000	332	6,645,000	-
Power Grid Company Limited	100	38,000	723	27,483,500	-
Summit Power Limited	100	20,000	1,211	24,220,000	-
Titas Gas TDCL	100	91,000	687	62,471,500	-
DESCO Limited	100	20,000	1,506	30,115,000	-
Atlas Bangladesh Limited	10	30,000	392	11,760,000	-
IDLC Finance Limited*	100	180,000	3,703	666,540,000	-
Lanka-Bangla Finance Limited	10	12,000	314	3,765,600	-
United Leasing Company Limited	100	5,000	1,517	7,585,000	-
Grameen Phone Limited*	100	364,200	188	68,287,500	-
SQUARE Pharmaceuticals Limited	100	25,000	2,876	71,906,250	-
British American Tobacco BD Co. Ltd.	10	84,250	409	34,491,950	-
Delta Brac Housing Limited	100	9,000	1,627	14,643,000	-
Square Textile Limited	10	48,150	111	5,363,910	-
Heidelberg Cement Industries Limited	100	17,515	2,153	37,701,038	-
Fareast Life Insurance Company Limited	100	1,740	2,600	4,523,130	-
Meghna Life Insurance Company Limited	100	1,850	1,954	3,614,438	-
Popular Life Insurance Company Limited	100	1,200	2,748	3,297,300	-
Progressive Life Insurance Company Limited	100	1,850	1,595	2,950,750	-
Pragati Life Insurance Company Limited	100	2,500	2,383	5,957,500	-
Prime Life Insurance Company Limited	100	1,400	1,967	2,753,100	-
Shandhani Life Insurance Company Limited	100	700	2,037	1,425,725	-
Eastern Insurance Company Limited	100	5,000	814	4,071,250	-
Reliance Insurance Company Limited	100	2,050	1,318	2,700,875	-
EBL First Mutual Fund*	10	20,000,000	23	458,000,000	-
		21,219,557		1,770,047,815	16,579,690
*2,000,000 shares of EBL First Mutual Fund is locked in for 10 years and remaining 18,000,000 shares are locked in upto 25 May 2010 and 150,000 shares of IDLC Finance Limited are locked in upto 7 May 2010 and 364,200 shares of GrameenPhone Limited are locked in upto 25 August 2010.					
7.5 Preference Shares					
STS Holdings Limited				50,000,000	50,000,000
Everest Power Generation Company Limited				60,000,000	60,000,000
				110,000,000	110,000,000
7.6 Remaining maturity grouping of investments					
On demand				881,432,554	29,740,400
In not more than one month				-	-
In more than one month but not more than three months				-	141,055
In more than three months but not more than one year				278,305,675	439,938,465
In more than one year but not more than five years				2,791,752,840	2,442,176,725
In more than five years				4,854,814,237	2,412,761,896
				8,806,305,306	5,324,758,540

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
8 Loans and Advances		
Loans and Advances-main operation, [note-8(a)]	46,129,522,083	39,427,383,891
Loans and Advances-offshore banking unit	1,538,465,035	234,778,922
	47,667,987,118	39,662,162,813
8(a) Loans and Advances-main operation		
Loans, cash credits, overdrafts etc.		
<i>Inside Bangladesh</i>		
Loans - general	39,506,743,657	33,596,599,654
Cash credit	491,267,053	819,568,099
Overdraft	5,279,510,475	4,215,915,547
<i>Outside Bangladesh</i>	-	-
	45,277,521,185	38,632,083,300
Bills purchased and discounted (note 8.1)		
<i>Inside Bangladesh</i>		
Local bills	728,052,463	751,134,169
Foreign bills/documents	123,948,435	44,166,422
	852,000,898	795,300,591
<i>Outside Bangladesh</i>	-	-
	852,000,898	795,300,591
	46,129,522,083	39,427,383,891
8.1 Bills purchased and discounted (on the basis of the residual maturity grouping)		
Receivable		
Within one month	380,291,825	370,295,816
In more than one month but less than three months	403,606,792	357,121,718
In more than three months but less than six months	68,102,282	67,883,057
Above six months	-	-
	852,000,898	795,300,591
8.2 Residual maturity grouping of loans and advances including bills purchased and discounted		
Receivable		
On demand	4,208,199,390	9,847,759,271
In more than one month but not more than three months	13,817,211,582	8,174,805,414
In more than three months but not more than one year	13,195,195,707	8,974,530,379
In more than one year but not more than five years	13,992,328,199	11,183,322,363
In more than five years	916,587,205	1,246,966,465
	46,129,522,083	39,427,383,891

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
8.3 Loans and advances on the basis of significant concentration		
8.3.1 Loans and advances to Directors, executives and others		
Advance to Directors and their allied concerns (including Ex-Directors)	15,932,375	62,761,485
Advances to CEO & Managing Director	3,278,524	3,797,970
Advances to Other executives and staffs	379,070,990	348,720,717
Advances to Customers (Group wise)	36,067,232,426	31,112,221,245
Industrial Advances	9,664,007,768	7,899,882,475
	46,129,522,083	39,427,383,891
Large Loan details (Loans and Advances allowed to each customer exceeding 10% of Bank's total capital):		
Total Loans and Advances (amount in crore)*	821.39	2,602.22
No. of Customers	35	83
Classified amount thereon	-	14.62
*The amount represents total loans and advances (funded and 50% of non funded) to each customer exceeding Tk 83.16 crore which is computed as 10% of total capital of the bank (i.e. Tk 831.65 crore) as at 31 December 2009.		
8.3.2 Industry-wise concentration of loans and advances including bills purchased and discounted		
Commercial and Trading	4,765,767,280	3,795,706,475
Importer of Commodity	1,942,927,247	1,162,428,943
Construction	689,850,254	879,639,505
Edible Oil Refinery Industry	2,213,095,100	2,021,506,412
Electronics Goods	1,175,080,834	841,627,754
Individuals	5,705,650,553	5,518,881,338
Pharmaceuticals Industries	1,752,571,705	1,456,904,414
Readymade Garments Industry	5,638,377,422	4,916,977,979
Ship Breaking Industry	4,693,889,083	4,751,110,999
Industries for Steel products	2,540,581,512	2,464,328,935
Telecommunication Sector	1,472,242,982	951,155,279
Textile Mills	4,394,756,910	4,042,226,611
Others	9,144,731,201	6,624,889,247
	46,129,522,083	39,427,383,891
8.3.3 Geographical location-wise concentration of loans and advances including bills purchased and discounted		
<i>Inside Bangladesh</i>		
Dhaka Division	27,450,996,207	22,872,402,137
Chittagong Division	17,306,150,660	15,439,948,910
Sylhet Division	270,862,442	316,686,393
Rajshahi Division	721,617,490	466,282,247
Khulna Division	379,895,283	332,064,204
	46,129,522,083	39,427,383,891
<i>Outside Bangladesh</i>	-	-
	46,129,522,083	39,427,383,891
8.4 Classified, unclassified, doubtful and bad loans & advances		
Unclassified		
Standard (Including Staff Loan)	43,289,917,528	37,691,151,477
Special Mention Accounts (SMA)	1,667,928,440	427,380,247
	44,957,845,968	38,118,531,724
Sub-standard	232,015,847	165,051,388
Doubtful	61,652,676	203,369,947
Bad/Loss	878,007,592	940,430,832
Classified	1,171,676,115	1,308,852,167
	46,129,522,083	39,427,383,891
<i>Measures taken for recovery of classified loans:</i>		
Bank as a whole takes following steps to recover its classified Loans and Advances		
i) Sending letters and reminders to customers		
ii) Transfer to special assets management department, responsible for holding discussion with the clients to recover the loans		
iii) disposal of security through auction		
iv) Legal proceedings and settlement		
v) Negotiation with and approval from Head office/Board		

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
8.5 Particulars of loans and advances		
i) Debts considered good in respect of which the bank is fully secured.	40,715,254,006	34,895,315,981
ii) Debts considered good for which the bank holds no other security than the debtor's personal security.	5,414,268,077	4,532,067,910
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	-	-
iv) Debts adversely classified; for which no provision is created.	-	-
	46,129,522,083	39,427,383,891
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	398,281,888	415,280,172
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.	398,281,888	415,280,172
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	1,171,676,115	1,308,852,167
(i) (Decrease)/Increase of provision (specific)	-	-
(ii) Amount of written off debt against fully provided debts	94,849,028	199,934,334
(iii) Amount of debt recovered against the debt which was previously written off	59,286,679	56,040,474
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date.	697,444,611	593,763,248
c) Amount of interest creditable to the interest suspense account	353,074,264	259,476,684
xi) Cumulative amount of written off loans		
Opening Balance	802,787,817	658,893,957
Amount written off during the year	94,849,028	199,934,334
Amount recovered during the year	(59,286,679)	(56,040,474)
Balance of written off loans and advances yet to be recovered	838,350,166	802,787,817
8.6 Cumulative amount of written off loans for which law suits have been filed (note 8.6.1)	1,339,020,756	1,244,171,728
8.6.1 Details of cumulative amount of written off loans for which law suits have been filed.		
Opening balance	1,244,171,728	1,216,998,690
During the year	94,849,028	27,173,038
	1,339,020,756	1,244,171,728

Bangladesh Bank issued a circular no. 02 dated 13 January 2003 instructing all the banks in the country to write off bad & loss loans which have passed five years after its classification and legal actions have been taken against all those default borrowers with an immediate effect. In compliance with the circular, the Bank formed a Special Assets Department in its Head Office from where monitoring has been made accordingly. During the year, the Bank allowed write off loans (Principal) amounting to Tk 94,849,028. Legal actions have been lying with the money suit court against Tk 1,339,020,756. In this connection, Special Assets Department has been maintaining separate ledger for all individual cases and liaison with Bank's legal counsel constantly for those cases lying in the honorable court to recover the debts. The Special Assets Department follows up the realization progress of such debts. During the year total amount recovered from written off loans by this department is Tk 59,286,679.

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
9 Fixed assets including land, building, furniture and fixture		
Cost		
Freehold Land and Land Development	1,402,930,454	841,906,650
Buildings on Freehold land	22,192,280	22,192,280
Machinery and Equipment	406,143,944	343,820,880
Furniture and fixtures	203,523,981	182,168,599
Vehicles	63,370,336	55,269,649
Leased Assets (Finance Lease)	91,591,169	91,591,169
Software	16,049,764	16,049,764
Total Cost	2,205,801,928	1,552,998,992
Accumulated depreciation	(401,752,394)	(306,891,814)
Written Down Value at 31 December	1,804,049,534	1,246,107,178
(Annexure-A enclosed for details)		
10 Other assets		
Income generating	-	-
Non-Income generating		
Stock of stationery	8,514,538	9,284,289
Stamps on hand	862,919	638,919
Sundry debtors	261,815	31,495
Suspense account (note 10.1)	5,676,338	-
Advance paid for development of land and building	28,961,032	28,961,032
Security deposits	1,921,825	1,927,025
Interest and other receivables	497,103,262	420,068,568
Advance rent and advertisement	165,993,355	147,913,293
Prepaid expenses and other prepayments	99,153,840	113,094,912
Deferred tax assets/(liability) (note-10.2)	846,841	-
Bangladesh Bank clearing account	23,625,140	6,756,755
	832,920,905	728,676,288
10.1 This includes the system related automatic suspenses and temporary parking accounts shown as net of debit and credit balance. Net credit balance is shown under other liabilities whereas net debit balance is shown under other assets. These balances are in the process of regular monitoring so that it remains within a non material level.		
10.2 Deferred tax (assets)/liability		
<i>Deferred tax assets</i>		
Opening Balance	-	1,727,113
Addition during the year	846,841	(1,727,113)
	846,841	-
Adjustment made during the year	-	-
Closing balance	846,841	-
<i>Deferred Tax Liability</i>		
Opening Balance	4,699,032	10,362,395
Addition during the year	-	(5,663,363)
	4,699,032	4,699,032
Adjustment made during the year	4,699,032	-
Closing balance	-	4,699,032
Net Deferred Tax (Assets) /Liability	(846,841)	4,699,032
11 Non-banking assets		
Eastern Bank Limited has been awarded absolute ownership on few mortgaged property through the verdict of honorable court under section 33 (7) of the Artharin Adalat Act 2003. These have recorded at Tk. 247,878,000 as non banking assets. Value of the assets received in addition to the loan outstanding has been kept as reserve against non banking assets.		
12 Borrowings from other banks, financial institutions and agents		
Borrowings from other banks, financial institutions and agents-main operation, [note 12(a)]	7,339,797,296	4,714,170,952
Borrowings from other banks, financial institutions and agents-offshore banking unit	1,494,788,962	233,829,019
	8,834,586,258	4,947,999,971

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
12(a) Borrowings from other banks, financial institutions and agents-main operation		
<i>In side Bangladesh</i>		
<i>Payable on demand</i>		
Pubali Bank Limited	300,000,000	-
State Bank of India	70,000,000	-
Bank Al-Falah Limited	120,000,000	-
Janata Bank Limited	-	500,000,000
Dutch-Bangla Bank Limited	-	10,000,000
Rupali Bank	500,000,000	-
National Bank Limited	-	500,000,000
The Hongkong & Shanghai Banking Corporation	50,000,000	50,000,000
Citibank NA	-	550,000,000
Standard Chartered Bank	-	50,000,000
Sonali Bank Limited	1,400,000,000	-
Commercial Bank of Ceylon Limited	-	130,000,000
BASIC Bank Limited	-	200,000,000
BRAC Bank Limited	250,000,000	-
	2,690,000,000	1,990,000,000
<i>Term Borrowings</i>		
BASIC Bank Limited	-	400,000,000
ICB Islamic Bank Limited	500,000,000	500,000,000
Mutual Trust Bank Limited	200,000,000	-
Bangladesh Krishi Bank	200,000,000	-
United Commercial Bank Limited	-	200,000,000
	900,000,000	1,100,000,000
ADB Financing for Agri Business Loan to NGOs	-	498,847,752
Refinancing for Agrobased Industries from Bangladesh Bank	1,510,928,984	1,125,323,200
Borrowing from Bangladesh Bank under IPFF	408,000,000	-
Borrowing from offshore banking unit	692,667,000	-
EBL Revolving A/C Loan to ASA	969,720,193	-
EDF-Borrowing from BB	168,481,119	-
	-	-
Out Side Bangladesh	7,339,797,296	4,714,170,952
	-	-
12(a).1 Remaining maturity grouping of Borrowings-main operation		
<i>Payable</i>		
On demand	2,690,000,000	1,990,000,000
In not more than one month	400,000,000	615,531,000
In more than one month but not more than three months	1,192,667,000	558,365,000
In more than three months but not more than one year	168,481,119	1,051,427,200
In more than one year but not more than five years	2,133,599,191	316,322,800
In more than five years	755,049,986	182,524,952
	7,339,797,296	4,714,170,952
12.1 Remaining maturity grouping of Borrowings-main operation and OBU		
<i>Payable</i>		
On demand	2,690,000,000	1,990,000,000
In not more than one month	400,000,000	615,531,000
In more than one month but not more than three months	1,192,667,000	558,365,000
In more than three months but not more than one year	1,663,270,081	1,285,256,219
In more than one year but not more than five years	2,133,599,191	316,322,800
In more than five years	755,049,986	182,524,952
	8,834,586,258	4,947,999,971
13 Deposits and other accounts		
Deposits and other accounts-main operation, [note 13(a)]	49,160,382,310	41,564,060,153
Deposits and other accounts-offshore banking unit	29,159,908	8,707,632
	49,189,542,218	41,572,767,785

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
	Note		
13(a) Deposits and other accounts-main operation			
Current deposits and other accounts	13.2	4,887,995,996	4,393,679,353
Bills payable	13.3	1,192,855,487	618,020,525
Savings Bank Deposits	13.4	9,797,294,072	7,337,769,077
Fixed Deposits	13.5	33,259,986,755	29,192,341,198
Bearer Certificate of Deposits*		22,250,000	22,250,000
		49,160,382,310	41,564,060,153
<i>*Issuance of Bearer Certificate of Deposits has been stopped as per BRPD circular No. 09 dated 20 October 2002.</i>			
13.1 Deposits from banks-Inside Bangladesh	13.6	120,479,253	1,893,394
Other than banks		49,039,903,057	41,562,166,759
		49,160,382,310	41,564,060,153
13.2 Current deposits and other accounts			
Current deposits	13.2.1	1,891,180,194	1,634,766,477
Sundry Deposits (Margin on LC, LG, Acceptance etc.)		1,938,370,641	1,374,192,866
Matured Deposits		20,225,371	29,346,694
Interest Accrued on Deposits		1,038,219,791	1,355,373,317
		4,887,995,996	4,393,679,353
13.2.1 Current Deposits			
Local Currency		1,647,741,965	1,327,327,779
Foreign Currency		243,438,228	307,438,697
		1,891,180,194	1,634,766,477
13.2(a) Current deposits and other accounts			
Main operation		4,887,995,996	4,393,679,353
Offshore Banking Unit		29,159,908	8,707,632
		4,917,155,904	4,402,386,985
13.3 Bills payable			
Local currency		1,190,472,509	563,193,263
Foreign currency		2,382,978	54,827,263
		1,192,855,487	618,020,525
13.4 Savings bank deposits			
Saving deposits		3,680,142,391	2,894,456,529
EBL SB insurance account		9,150	22,191
High performance deposit-retail		4,225,842,377	3,132,579,066
EBL campus account		6,863,651	6,470,478
EBL interesting account		931,186,811	618,550,059
EBL confidence		487,577,151	231,736,930
Salary account deposits		91,065,970	54,261,457
Monthly deposit plan (MDP)		339,745,481	399,692,366
EBL Sonchoy		7,864,402	-
EBL Paribar		384,827	-
EBL Secure DPS		26,611,860	-
		9,797,294,072	7,337,769,077
13.5 Fixed deposits			
Short term deposits		8,617,189,386	5,743,958,174
Term deposits		24,557,028,401	23,360,825,143
Non resident foreign currency deposits		85,768,968	87,557,881
		33,259,986,755	29,192,341,198

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
13.6 Deposits from banks		
<i>In short term deposits accounts with</i>		
Janata Bank Limited	40,085	39,740
National Bank Limited	128,416	124,721
ONE Bank Limited	3,016,902	1,699,551
Southeast Bank Limited	194,383	29,382
IFIC Bank Limited	113,935,461	-
Mercantile Bank Limited	22,062	-
Dhaka Bank Limited	87,338	-
Standard Bank Limited	3,054,605	-
Total bank deposits-inside Bangladesh	120,479,253	1,893,394
13.7 Residual maturity grouping of Deposits-main and Offshore banking unit		
From banks		
<i>Payable:</i>		
On demand	-	-
Within one month	120,479,253	1,893,394
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	-	-
	120,479,253	1,893,394
From other than banks		
<i>Payable:</i>		
On demand	1,891,180,194	1,636,147,588
Within one month	5,371,965,566	4,163,833,719
In more than one month but less than six months	18,373,255,670	19,973,071,464
In more than six months but less than one year	20,378,774,214	14,454,319,109
In more than one year but within five years	2,481,671,067	1,135,390,615
In more than five years but within ten years	572,216,256	208,111,896
	49,069,062,965	41,570,874,391
	49,189,542,218	41,572,767,785
Unclaimed deposit aging 10 years or more	-	-
13.7(a) Residual maturity grouping of Deposits-main operation		
From banks		
<i>Payable:</i>		
On demand	-	-
Within one month	120,479,253	1,893,394
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	-	-
	120,479,253	1,893,394
From other than banks		
<i>Payable:</i>		
On demand	1,891,180,194	1,636,147,588
Within one month	5,371,965,566	4,163,833,719
In more than one month but less than six months	18,373,255,670	19,973,071,464
In more than six months but less than one year	20,349,614,306	14,445,611,477
In more than one year but within five years	2,481,671,067	1,135,390,615
In more than five years but within ten years	572,216,256	208,111,896
	49,039,903,057	41,562,166,759
	49,160,382,310	41,564,060,153

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
14 Other liabilities			
Other liabilities-main operation, [note-14(a)]		3,395,971,692	3,340,206,211
Other liabilities-offshore banking unit		21,485,933	4,514,566
		3,417,457,625	3,344,720,778
14 (a) Other liabilities	Notes		
Privileged creditors	14.1	133,351,131	105,343,786
Acquirer liabilities	14.2	30,816,738	353,069,545
Sundry creditors		141,900,027	119,455,993
Miscellaneous creditors		71,629,446	225,232,290
Exchange equalization account		22,628,988	22,628,988
Current tax liability/(assets)	14.3	725,539,311	625,703,811
Provision for loans and advances	14.4	1,615,156,283	1,419,570,642
Interest suspense account	14.5	353,074,264	259,476,684
Provision for other assets	14.6	179,000	179,000
Provision for revaluation of shares		588,184	-
Suspense account	10.1	-	1,916,741
Advance interest/commission received		40,646,703	43,397,284
Expenses payable		141,500,896	119,562,693
Inter branch and inter system accounts	14.7	1,230,950	-
Miscellaneous payable	14.8	117,729,771	39,969,722
Deferred tax liability		-	4,699,032
		3,395,971,692	3,340,206,211
14.1 Privileged creditors			
Three major categories of government dues are reported under this tax deducted at source, VAT and Excise duty payable to govt. exchequer.			
Tax deducted at source (TDS)		72,631,850	58,733,357
VAT deducted from different parties		47,196,566	11,968,161
Excise duty deducted from customers accounts		13,522,715	34,642,269
		133,351,131	105,343,786
14.1.1 Provision for tax made during the year			
Current Tax		1,251,702,859	1,136,123,212
		1,251,702,859	1,136,123,212
Provision for Current tax has been made on profit before tax considering major allowances and disallowances as per ITO 1984 using the Tax rate 42.5% as per Finance Act 2009.			
14.1.2	The Bank filed an appeal to Commissioner of Taxes (Appeal) against the order (dated 30 June 1998) of Deputy Commissioner of Taxes disallowing set off and carry forward of losses (Tk 2,436,053,918) of BCCI Overseas Limited, predecessor of Eastern Bank Limited. The Commissioner of Taxes allowed the set off and carry forward of mentioned losses in his order (Order no. 728/Co.,-20/Tax area-7/98-99) dated 21 June 1999 and subsequently gave a revised order dated 19 September 1999 disallowing the losses. The bank filed second appeal to Appellate Tribunal of Taxes against this order. Appellate Tribunal in its verdict dated 10-06-2001 ordered to restore the first order of Commissioner of Taxes given in favour of the bank. Meanwhile the Deputy Commissioner office filed a reference application no. 181 of 2001 before the honorable High Court Division challenging the Tribunals' order. Hearing of the reference application case is still pending. The Bank management feels that the High Court's order will be given in favour of the Bank.		
14.2 Acquirer liabilities			
These liabilities are of temporary nature arisen from debit and credit card transactions. Transactions are settled next day with relevant parties and reconciled monthly. Major balance include 'Acquirer Cash' which is a liability to relevant parties arisen due to withdrawal of cash by EBL cardholders from Q-Cash ATMs (Not own EBL):			
Acquirer cash		5,415,929	334,907,596
Acquirer fees		229,018	1,509,886
Prepaid card liability		10,403,666	6,455,779
Others		14,768,125	10,196,283
		30,816,738	353,069,545

as at and for the year ended 31 December 2009

149 EBL ANNUAL REPORT

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
14.6	Provision for other assets		
	Opening balance	179,000	179,000
	Provision made during the year	-	-
	Adjustment made during the year	-	-
		179,000	179,000
14.7	Inter branch and inter system accounts		
	There is one unreconciled item in the Inter branch and Inter system account as on the reporting date and it is under the reconciliation process.		
14.8	Miscellaneous payable		
	Sale of savings certificate and WEDB	39,064,886	12,166,214
	Imprest account (cash subsidy payable)	58,523,381	7,537,941
	Moneygram security and other deposit	3,460,459	3,445,895
	Unclaimed instruments	2,697,100	2,425,972
	Others	13,983,945	14,393,699
		117,729,771	39,969,722
14.9	Provision for Nostro Reconciliation		
	No provision is required as per Circular letter No. FEPD (FEMO)/01/2005-677 for unreconciled nostro debit entries as there is no entry aging more than 3 months. Details of aging analysis of debit and credit are given below:		
	As per their book (GL)		As per their book (Statement)
	Debit (USD)	Credit (USD)	Debit (USD) Credit (USD)
	Up to three months	836,907 2,424,436	121,305 9,937,116
	More than three months but less than six months	- 461,881	- 53,578
	More than six months but less than nine months	- 24,414	- -
	More than nine months but less than twelve months	- 2,385	- -
	More than twelve months	- -	- -
	836,907	2,913,116	121,305 9,990,694
15.0	Share Capital		
15.1	Authorized capital		
	33,000,000 ordinary shares of Tk 100 each		3,300,000,000 3,300,000,000
15.2	Issued, subscribed and fully paid up capital (note-15.3)		
	2009	2008	
	Issued against cash	12,934,500	6,000,000 1,293,450,000 600,000,000
	Issued against bonus share	12,029,700	7,869,000 1,202,970,000 786,900,000
	Issued against other than cash/bonus share	-	- - -
	Total	24,964,200	13,869,000 2,496,420,000 1,386,900,000

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

15.3 Slab wise list as on 31 December 2009

In terms of the clause (cha) of the Memorandum of Association and Article # 4 of the Articles of Association of the Bank and clause 4 of the scheme of Reconstruction, the Authorised Capital of the Bank was Tk 3,300,000,000 divided into 33,000,000 ordinary shares of Tk 100 each. The issued, subscribed and fully paid up capital of the bank is Tk 2,496,420,000 divided into 24,964,200 ordinary shares of Tk 100 each. Subject to above conditions the break up of issued, subscribed and paid up capital of Tk 2,496,420,000 as on 31 December 2009 is as follows:

Shareholders' group	No. of shares	Share holding	Taka
Directors	856,970	3.43%	85,697,000
General Public	21,424,252	85.83%	2,142,607,500
Financial Institutions	2,682,978	10.74%	268,115,500
Total	24,964,200	100.00	2,496,420,000

Status of shareholding (shares of EBL) as on 31 December 2009 by CEO, CFO, Head of Internal Control & Compliance, Company Secretary and top five salaried executives is shown in the following table:

<u>Name</u>	<u>Designation</u>	<u>Shareholding position</u>
Ali Reza Iftekhar	Managing Director and CEO	-
Muklesur Rahman	DMD (Operations)	-
Mamoon Mahmood Shah	DMD (Consumer & SME Banking)	-
Md. Fakhrul Alam	DMD (Corporate, Treasury & Investment Banking)	2,918
Safiar Rahman	SEVP & Company Secretary	-
Mahbubul Alam Tayiab	SEVP & Head of Operations	723
Syed Rafiqul Haq	SEVP & Area Head, Corporate Banking, Dhaka	30
Malick Musfique Reza	EVP & Head of Finance	-
Sheikh Mahfuzul Hoque	SVP & Head of Internal Control & Compliance	734

A range wise distribution schedule of the above shares is given below as required by the regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited

De - materialization:

Range	No. of shareholders	No. of shares	(%) of share holding
001 - 500	7,608	590,037	2.36
501 - 5,000	601	926,164	3.71
5,001 - 10,000	81	580,588	2.33
10,001 - 20,000	63	853,908	3.42
20,001 - 30,000	38	919,233	3.68
30,001 - 40,000	9	299,813	1.20
40,001 - 50,000	12	522,415	2.09
50,001 - 1,00,000	26	1,838,596	7.37
1,00,001 - 10,00,000	36	11,240,618	45.03
10,00,001 and Above	5	7,192,828	28.81
TOTAL	8,479	24,964,200	100

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
15.4 Capital adequacy ratio			
<u>Tier – I (Core capital)</u>			
Paid up capital		2,496,420,000	1,386,900,000
Statutory reserve		1,927,039,732	1,386,900,000
General reserve		100,000,000	100,000,000
Dividend equalization account		356,040,000	356,040,000
Reserve against pre-take over loss (net off loss)		557,443,724	534,996,132
Reserve for building fund		60,000,000	60,000,000
Retained earnings (including OBU)		944,206,009	445,874,068
		6,441,149,466	4,270,710,200
<u>Tier –II (Supplementary capital)</u>			
General provision against UC loans and contingent assets		858,748,664	727,195,842
Exchange equalization account		22,628,988	22,628,988
Reserve for amortization of treasury securities-HTM (50%)		11,478,098	13,106,331
Reserve for revaluation of treasury securities-HFT (50%)		408,920,053	15,420,812
Assets revaluation surplus (50%)		456,839,427	202,507,525
Reserve against non-banking assets (50%)		116,763,898	-
		1,875,379,128	980,859,499
A. Total capital		8,316,528,594	5,251,569,699
B. Total risk weighted assets		49,374,903,580	41,315,286,516
C. Required capital based on risk weighted assets (10% on B)		4,937,490,358	4,131,528,652
D. Surplus/(deficiency) [A - C]		3,379,038,236	1,120,041,048
Capital adequacy ratio	Minimum required		Actual
	2009	2008	
On core capital	5.00%	5.00%	13.04%
On supplementary capital	not specified	not specified	3.80%
On total capital	10%	10%	16.84%
			12.71%
16 Statutory Reserve			
Balance on 1 January		1,386,900,000	1,035,000,000
Transferred from profit during the year		540,139,732	351,900,000
Balance at 31 December		1,927,039,732	1,386,900,000
17 Dividend Equalization Reserve			
Balance on 1 January		356,040,000	356,040,000
Transferred from profit during the year		-	-
Balance at 31 December		356,040,000	356,040,000
18 Reserve against Pre-takeover loss			
Balance on 1 January		1,554,759,750	1,554,759,750
Recoveries/adjustment during the year		-	-
Balance at 31 December		1,554,759,750	1,554,759,750
<p>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 review was carried out of the recovery made against the BCCI assets in 1997 and it was concluded that no repayment of the deductions need to be made to the depositors of BCCI as per the scheme. As this provision is no longer required it therefore has been shown as reserve against pretake over loss (Note-19).</p>			

as at and for the year ended 31 December 2009

153 EBL ANNUAL REPORT

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
24 Profit and loss account/Retained Earnings			
Main operation [note 24(a)]		949,235,396	446,453,197
Offshore Banking Unit		(5,029,387)	(579,129)
		944,206,009	445,874,068
24 (a) Profit and loss account/Retained Earnings			
Balance on 1 January		446,453,197	-
Profit for the year		1,458,991,932	798,353,197
Transfer to statutory reserve		(540,139,732)	(351,900,000)
Bonus share issued		(416,070,000)	-
Balance at 31 December		949,235,396	446,453,197
24.1 Retained earnings carried forward (Main and Offshore)			
Profit before tax for the year		1,454,541,675	797,774,068
Less: Transferred to statutory reserve		540,139,732	351,900,000
		914,401,943	445,874,068
24.2 Retained earnings carried forward (Main)			
Profit before tax for the year		1,458,991,932	798,353,197
Less: Transferred to statutory reserve		540,139,732	351,900,000
		918,852,200	446,453,197
25 Contingent liabilities	Notes		
Acceptance and endorsements (net)	25.1	7,360,398,666	8,943,734,693
Letters of guarantee	25.2	2,297,184,757	2,342,277,290
Irrevocable letters of credit (net)	25.3	6,530,906,897	5,863,420,071
Bills for collection	25.4	495,419,992	847,371,197
		16,683,910,312	17,996,803,252
25.1 Acceptance and endorsements (net)			
Acceptances		3,800,090,011	5,211,244,577
Acceptances-uncleared cash		4,951,776,610	4,502,890,331
Less: Margin on acceptance		(1,391,467,955)	(770,400,215)
		7,360,398,666	8,943,734,693
25.2 Letters of Guarantee			
Directors		1,094,180	1,094,180
Government		7,790,268	12,205,964
Banks and other financial institutions		181,849,310	92,640,856
Others (Customers etc.)		2,256,742,717	2,377,270,324
		2,447,476,475	2,483,211,324
Margins		(150,291,718)	(140,934,033)
		2,297,184,757	2,342,277,290

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
25.2.1 A case was filed by Eastern Bank Limited, successor of BCCI overseas Limited against National Bank Ltd (NBL) for issuing guarantee at Artha Rin Adalat-3, Dhaka, which has been decreed against NBL on 04 January 2004 for Tk 27,366,450 plus interest @ 18% p.a. amounting to Tk 45,565,139 from 01 October 1994 to 31 December 2003 making an aggregate amount of Tk 72,931,589. Against the decreed amount, NBL has made an appeal against the order which is still pending with the Honorable High Court, Dhaka. Before filing the appeal NBL has paid TK 13,683,225 to the court being 50% of the principal decreed amount.		
25.3 Irrevocable letters of credit (net)		
Letter of credit-Main operation	6,897,050,976	6,270,914,904
Less: Margin	(383,373,998)	(426,341,916)
	6,513,676,979	5,844,572,988
Letter of credit-Offshore Banking Unit	17,229,918	18,847,083
	6,530,906,897	5,863,420,071
25.4 Bills for collection		
Bills for collection	495,419,992	638,817,312
Cheque for collection	-	208,553,885
	495,419,992	847,371,197
26 Interest income		
Interest income -main operation, [note-26(a)]	6,186,163,190	5,224,413,145
Interest income -offshore banking unit	30,049,086	9,245,710
	6,216,212,276	5,233,658,855
26(a) Interest income		
Interest on advances	5,781,552,252	4,947,987,700
Interest on money at call and short notice	28,694,400	37,056,267
Interest on placement with other banks	367,709,520	216,884,949
Interest on foreign currency balances	8,207,018	22,484,229
	6,186,163,190	5,224,413,145
27 Interest paid on deposits and borrowings		
Interest paid on deposits and borrowings, main operation, [note -27(a)]	4,032,711,612	3,675,380,751
Interest paid on deposits and borrowings	18,595,029	7,065,803
	4,051,306,641	3,682,446,554
27(a) Interest paid on deposits and borrowings-main operation		
Interest on deposits	3,480,326,687	2,946,546,216
Interest on borrowings	336,700,436	402,306,142
Expense for trading in Govt. securities	152,226,333	66,146,212
Discount	-	2,400
Interest on REPO	63,458,156	260,379,781
	4,032,711,612	3,675,380,751

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
28 Income from Investments		
Dividend on shares		
Ordinary shares	4,757,899	485,660
Redeemable preference shares	14,491,542	10,195,958
	19,249,441	10,681,618
Interest on Bangladesh Bank Bills	-	1,205,800
Reverse REPO	2,350,000	16,389,808
Interest on debentures	6,485,959	7,707,192
Interest on treasury bills	5,769	40,981,217
Gain from trading in Govt. securities	160,486,254	67,342,463
Gain/ (loss) on reclassification/revaluation of treasury securities (HFT)*	(62,409,766)	18,011,377
Bonds	954,982,417	700,506,621
Zero coupon bonds	939	77,699
Gain or (loss) on shares traded in secondary market	26,152,226	-
	1,107,303,239	862,903,795
*As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008).		
29 Commission, exchange and brokerage		
Commission, exchange and brokerage-main operation, [note-27(a)]	747,999,037	770,793,298
Commission, exchange and brokerage-offshore banking unit	557,678	135,951
	748,556,714	770,929,249
29(a) Commission, Exchange and Brokerage-main operation		
Fees and commission	348,693,911	369,683,044
Exchange gain net off exchange losses	399,305,125	400,970,172
Brokerage	-	140,082
	747,999,037	770,793,298
30 Other operating income		
Other operating income- main operation, [note-30(a)]	608,879,284	518,903,343
Other operating income-offshore banking unit	507,102	54,654
	609,386,386	518,957,997
30(a) Other Operating Income-main operation		
Rebate earnings	32,531,765	26,874,284
Telex charges recovered	516,373	571,694
Postage charges recovered	12,430,979	12,969,983
Fund management and statement related service charges	5,153,006	2,065,526
Service charges related to trade operations	136,540,925	94,372,323
Swift charges	27,697,074	27,341,555
Management fees	105,258,232	94,818,304
Periodic account maintenance service charges	102,229,927	60,143,482
Facility service charges	12,471,995	10,648,282
Recovery from written off loans	59,286,679	56,040,474
Card income (Debit card & Credit card etc.)	104,554,600	127,699,662
Locker rent	5,932,186	4,086,970
Miscellaneous	4,275,543	1,270,802
	608,879,284	518,903,343

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
31 Salary and Allowances		
Basic salary	255,698,889	222,612,126
Allowances	273,644,718	232,950,689
Festival bonus	42,308,678	37,097,257
Performance bonus	70,000,000	57,500,000
Bank's contribution to provident fund	23,542,481	20,602,532
Contribution to gratuity fund	28,810,865	21,432,896
Contribution to superannuation fund	38,474,361	7,878,108
	732,479,992	600,073,608
32 Rent, Taxes, Insurance, Electricity etc.		
Rent, rates and taxes	98,581,179	64,928,512
Insurance	27,931,984	27,683,663
Electricity	21,803,178	16,314,607
	148,316,341	108,926,781
33 Legal Expenses		
Law charges	1,764,244	1,326,533
Other professional charges	19,900,549	18,888,801
	21,664,793	20,215,333
34 Postage, Stamp, Telecommunication etc.		
Telephone -office	13,448,247	14,938,400
LAN, WAN, SWIFT, Courier and Telex	33,474,170	28,775,422
Postage	416,879	359,129
Telephone - residence	5,014,415	4,597,650
	52,353,711	48,670,601
35 Stationery, Printing, Advertisement, etc.		
Printing and stationery	33,706,192	31,479,135
Publicity and advertisement	137,369,374	108,254,530
	171,075,567	139,733,665
36 Managing Director's Salary and Allowances		
Basic salary	5,460,258	4,963,871
Allowance	3,600,000	3,600,000
Bonus	968,000	880,000
Bank's contribution to provident fund	546,026	496,387
	10,574,284	9,940,258
37 Directors' Fee		
Fees	849,200	868,200
Other expenses	106,750	125,193
	955,950	993,393
Each director is paid for Tk.4,000/- per Board meeting and per committee meeting.		
38 Audit Fee including VAT	209,000	274,424

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
39 Repairs, maintenance and depreciation		
Depreciation: (Annexure 'A')		
Buildings	522,358	477,036
Machinery and equipment	88,637,168	38,719,521
Vehicles	9,341,673	9,358,554
Furniture and fixtures	18,993,564	12,375,139
Software	2,577,770	267,496
Leased assets under finance lease	-	18,318,198
	120,072,533	79,515,944
Repairs and maintenance		
Office equipments	49,500,285	44,133,549
Vehicles	3,260,311	2,599,304
Furniture and fixtures	8,667,014	7,832,261
Rented premises- general	23,696,120	6,488,879
Rented premises-lighting	1,291,427	1,272,415
Software maintenance expense	14,207,698	-
	100,622,855	62,326,408
	220,695,388	141,842,352
40 Other expenses		
Other expenses-main operation, [note-40(a)]	285,509,674	245,348,359
Other expenses-offshore banking unit	17,524	57,273
	285,527,198	245,405,632
40(a) Other expenses-main operation		
Card expenses	31,869,848	30,150,970
Travelling expenses	119,342,113	111,716,645
Bank charges	13,641,292	4,266,167
Fees and subscriptions	2,595,976	3,283,875
Books, periodicals and publications	1,346,970	904,129
Cartage/freight	662,212	782,228
Staff training expenses	7,870,263	11,577,325
Finance cost of leased ICT equipments	-	1,364,984
Entertainment	16,393,566	14,409,877
Staff welfare expenses	6,062,600	5,057,111
Uniform and liveries	2,501,179	837,512
Branch operating expenses	349,371	517,371
Office securities	29,837,340	18,806,074
Direct sales team (DST) expenses	34,396,997	37,103,622
Dealers' commission-auto loan	104,323	38,262
AGM expenses	2,582,031	2,955,228
Miscellaneous write off expenses	5,462,239	1,549,089
Loss on sale of fixed assets (Annexure-A1)	3,000,552	27,890
Loss on revaluation of shares	588,184	-
Right issue and share related expenses	6,902,618	-
	285,509,674	245,348,359

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

		2009 Taka	2008 Taka
41 Earning per share			
Earning 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 2009 as per BAS- 33 "Earnings Per Share". While restating EPS figure for 2008, adjustment factor 1.37 is used (calculation as per BAS-33 is given below) for right share issue in January 2009. Bonus share issued during 2009 has been treated as if they had been in issue from the beginning of 2008 as per BAS-33. Diluted earning per share was not required to calculate as there were no dilution possibilities during the year.			
	Tk.		
A. Fair/market value value per share before right exercise	509		
B. Theoretical ex-rights value per share *	37		
C. Adjustment factor (A/B)	1.37		
* Fair value of all outstanding shares before the exercise of rights(a)+total amount received from exercise of right(b) Number of shares outstanding before exercise+number of shares issued in the exercise			
	No. of shares	Fair value	Exercise price
(a)	13,869,000	509.25	-
(b)	6,934,500	-	100
			Total (Tk)
			7,062,788,250
			693,450,000
D. Weighted average number of shares		31-Dec-09	31-Dec-08
		[13,869,000x1.37x(22/365)]+[20,803,500x(345/365)]	-
		20,691,393	-
		[13,869,000x1.37]	18,943,554
Bonus issued in 2009		4,160,700	4,160,700
Weighted average number of shares		24,852,093	23,104,254
E. Net profit after tax for the year		1,454,541,676	797,774,068
F. Earning per share (E/D)		58.53	34.53
42 Cash received from other operating activities			
Cash received from other operating activities-main operation, [note 42(a)]		549,592,605	462,862,868
Cash received from other operating activities-offshore banking unit		507,102	190,604
		550,099,707	463,053,472
42(a) Cash received from other operating activities-main operation			
Rebate earnings		32,531,765	26,874,284
Telex charges recovered		516,373	571,694
Postages charges recovered		12,430,979	12,969,983
Fund management & statement related services		5,153,006	2,065,526
Service charges		136,540,925	94,372,323
Swift charges		27,697,074	27,341,555
Management fees		105,258,232	94,818,304
Periodic service charges		102,229,927	60,143,482
Facility service charges		12,471,995	10,648,282
Card Income		104,554,600	127,699,662
Locker and Godown Rent		5,932,186	4,086,970
Miscellaneous		4,275,543	1,270,802
		549,592,605	462,862,868

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
43 Changes in other assets		
Opening Balances		
Stock of stationery	9,284,289	9,203,391
Stamps on hand	638,919	509,203
Suspense account	-	9,508,100
Sundry debtors	31,495	91,000
Advance paid for development of land and building	28,961,032	28,961,032
Security deposits	1,927,025	4,467,767
Advance rent and advertisement	147,913,293	81,232,199
Other account Receivable-BCCI	-	105,920,605
Prepaid expenses and other prepayments	113,094,912	98,653,619
Interest and other receivables	420,068,568	303,034,062
Bangladesh Bank Clearing Account	6,756,755	7,456,756
Inter branch & Inter system Accounts	-	-
Inter branch cash transfer account (Net)	-	7,132
	728,676,288	649,044,866
Closing Balances		
Stock of stationery	8,514,538	9,284,289
Stamps on hand	862,919	638,919
Suspense account	5,676,338	-
Sundry debtors	261,815	31,495
Advance paid for development of land and building	28,961,032	28,961,032
Security deposits	1,921,825	1,927,025
Advance rent and advertisement	165,993,355	147,913,293
Prepaid expenses and other prepayments	99,153,840	113,094,912
Interest and other receivables	497,103,262	420,068,568
Bangladesh Bank Clearing Account	23,625,140	6,756,755
Deferred tax assets/(liability)	846,841	-
Inter branch cash transfer account (Net)	-	-
	832,920,905	728,676,288
Net Changes in other assets	(104,244,617)	(79,631,422)
44 Changes in other Liabilities		
Changes in other Liabilities-main operation, [note 43(a)]	(335,072,373)	132,193,109
Changes in other Liabilities-offshore banking unit	19,798	-
	(335,052,575)	132,193,109

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009 Taka	2008 Taka
44(a) Changes in other Liabilities-main operation		
Opening Balances		
Privileged creditor	105,343,786	80,587,214
Acquirer liabilities	353,069,545	18,898,409
Sundry creditors	119,455,993	59,591,002
Miscellaneous creditors	225,232,290	428,947,711
Exchange Equalization Account	22,628,988	22,628,988
Advance Interest/Commission Received	43,397,284	120,534,166
Expense payable	119,562,693	72,212,858
Miscellaneous payable	39,969,722	68,515,345
Suspense account	1,916,741	-
Deferred tax liability	4,699,032	8,635,282
Obligation under Finance Lease	-	22,531,990
	1,035,276,074	903,082,965
Closing Balances		
Privileged creditor	133,351,131	105,343,786
Acquirer liabilities	30,816,738	353,069,545
Sundry creditors	141,900,027	119,455,993
Miscellaneous creditors	71,629,446	225,232,290
Exchange Equalization Account	22,628,988	22,628,988
Advance Interest /Commission Received	40,646,703	43,397,284
Expense payable	141,500,895	119,562,693
Miscellaneous payable	117,729,771	39,969,722
Suspense account	-	1,916,741
Deferred tax liability	-	4,699,032
	700,203,701	1,035,276,074
Net changes in other liability	(335,072,373)	132,193,109

45 Events after the balance sheet date

The Board of Directors of Eastern Bank Limited in its 436 Board Meeting held on 16 February 2010 recommended Cash Dividend @ 20% on the holding of shares and Stock Dividend @ 17% i.e. (17 bonus shares against existing 100 shares) on the record date (1 March 2010) for the year 2009. The amount of recommended Cash Dividend is Tk 499,284,000 and Stock Dividend comes to Tk 424,391,400.



Chairman



Director



Director



Managing Director



 Eastern Bank Ltd.

Annual Report 2009



Eastern Bank Limited

Schedule of Fixed Assets Disposals

as at 31 December 2009

"Annexure-A1"

	Cost Taka	Accumulated Depreciation Taka	Net book Value Taka	Sales Value Taka	Gain/(Loss) Taka	Mode of Disposal	Buyer/ Highest bidder
Furniture and fixtures							
20-04-2009	666,406	405,364	261,042	60,424	(200,618)	Quotation	M/s. Shah Amanat Suppliers
20-04-2009	260,455	128,682	131,773	48,731	(83,043)	Quotation	M/s. Tuhin Enterprise
20-04-2009	980,808	895,572	85,236	69,847	(15,389)	Quotation	M/s. The Exchangers
17-08-2009	376,824	262,643	114,181	50,000	(64,181)	Quotation	M/s. Ashik Metal
17-08-2009	621,151	489,584	131,567	115,000	(16,567)	Quotation	M/s. Mukta Enterprise
27-10-2009	145,300	98,458	46,842	63,565	16,723	Quotation	M/s. Sornolota
16-11-2009	685,150	466,164	218,986	129,497	(89,489)	Quotation	M/s. The Exchangers
16-11-2009	543,568	343,076	200,492	51,892	(148,600)	Quotation	M/s. Al Amin Enterprise
Scrap write off *	16,423,800	14,639,043	1,784,757	-	(2,067,254)		
Loss	20,703,462	17,728,586	2,974,876	588,956	(2,668,418)		
Machinery & Equipment							
17-08-2009	47,877	44,243	3,634	677	(2,957)	Quotation	M/s. Ashik Metal
17-08-2009	78,331	74,077	4,254	2,810	(1,444)	Quotation	M/s. Mukta Enterprise
27-10-2009	241,071	199,729	41,342	41,342	-	Quotation	M/s. Sornolota
16-11-2009	1,258	1,135	123	-	(123)	Quotation	M/s. The Exchangers
16-11-2009	59,667	55,134	4,533	-	(4,533)	Quotation	M/s. Al Amin Enterprise
Scrap write off *	6,771,115	5,361,246	1,409,869	-	(1,409,869)		
	7,199,319	5,735,564	1,463,755	44,829	(1,418,926)		
Vehicles							
Micro Bus	1,096,493	986,844	109,649	769,942	660,292	Tender	Mr. Syed Ferdous Ullah
Micro Bus	745,000	744,999	1	426,500	426,499	Quotation	Mr. Mohammad Nurul Islam
	1,841,493	1,731,843	109,650	1,196,442	1,086,791		
Grand Total: Gain/(Loss)	29,744,274	25,195,992	4,548,282	1,830,226	(3,000,552)		

* The board has approved the write-off of scrap assets in a board meeting held on 24 Dec'09.

Eastern Bank Limited

Main Operation

as at 31 December 2009

Balance with other Banks and Financial Institutions

Outside Bangladesh - (note-5.2)

Annexure-B

		2009			2008		
	Currency Name	Amount in Foreign Currency	Conversion rate per unit F. C.	Amount in BDT.	Amount in Foreign Currency	Conversion rate per unit F. C.	Amount in BDT.
<i>In demand deposit account (non interest bearing) with:</i>							
The Bank of Tokyo Mitshubishi, Tokyo	JPY	960,910.12	0.75	723,154	405,425	0.76	308,406
The Bank of Tokyo Mitshubishi, Kolkata	USD	50,000.00	69.27	3,463,335	50,000	68.92	3,446,000
The Bank of Tokyo Mitshubishi, London	GBP	389,184.11	110.12	42,857,032	22,587	99.66	2,250,959
Standard Chartered Bank, Kolkata	USD	(35,658.85)	69.27	(2,469,971)	(1,212,006)	68.92	(83,531,425)
Standard Chartered Bank , Colombo	USD	33,251.82	69.27	2,303,244	(42,644)	68.92	(2,939,019)
Standard Chartered Bank, London	EURO	258,248.20	99.38	25,663,906	(59,063)	96.32	(5,689,137)
Standard Chartered Bank, Singapore	SGD	6,441.36	49.35	317,854	8,661	47.73	413,370
Standard Chartered Bank, New York	USD	1,060,437.11	69.27	73,452,979	6,239,860	68.92	430,051,171
Citibank N A, New York	USD	(1,098,879.22)	69.27	(76,115,737)	365,379	68.92	25,181,953
Citibank N A, Mumbai	USD	11,087.30	69.27	767,981	1,087	68.92	74,937
Nepal Bangladesh Bank Ltd.	USD	8,612.47	69.27	596,557	9,203	68.92	634,256
AB Bank Limited, Mumbai	USD	93,389.17	69.27	6,468,760	(425,707)	68.92	(29,339,711)
Bank of Bhutan	USD	3,976.06	69.27	275,409	3,415	68.92	235,338
Mashreqbank, New York	USD	(513,656.46)	69.27	(35,579,288)	(540,477)	68.92	(37,249,651)
JP Morgan Chase Bank NY	USD	139,285.98	69.27	9,647,880	(282,912)	68.92	(19,498,299)
The Bank of Nova Scotia, Toronto	CAD	(6,651.42)	66.39	(441,559)	1,014	56.57	57,330
JP Morgan Chase Bank NA, Sydney	AUD	(54,158.92)	61.95	(3,354,885)	(2,425)	47.40	(114,945)
JP Morgan Chase Bank NA, London	GBP	(426,442.37)	110.12	(46,959,919)	-	-	-
JP Morgan Chase Bank FR, Germany	EURO	(4,473.29)	99.38	(444,542)	-	-	-
American Express Bank, New York	USD	-	-	-	63,597	68.92	4,383,071
Zurcher Kantonal Bank (ZKB,Zurich)	CHF	7,193.51	66.80	480,539	8,206	65.09	534,113
National Commercial Bank KSA	SAR	283,372.75	18.46	5,232,109	144,504	18.36	2,653,233
Wachovia Bank NA, New York	USD	123,391.82	69.27	8,546,944	(320,517)	68.92	(22,090,031)
ICICI Bank ACU	USD	270,925.93	69.27	18,766,145	(307,958)	68.92	(21,224,483)
NDLC-IFIC Bank (NIB) Pakistan	USD	18,251.72	69.27	1,264,236	(30,656)	68.92	(2,112,777)
HSBC - New York USA	USD	(2,876,807.91)	69.27	(199,266,990)	(174,854)	68.92	(12,050,956)
Commerz Bank AG, Frankfurt, Germany	EURO	(131,049.84)	99.38	(13,023,327)	(104,920)	96.32	(10,106,194)
Placement to OBU	USD	21,580,196.00	69.27	1,494,788,962	3,392,760	68.92	233,829,019
Total				1,317,960,808			458,106,531

Related Party Transactions

The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS)-24 (Related party disclosures) and as defined in the BRPD circular #14, issued by Bangladesh Bank on 25 June 2003.

The significant Related party transactions during the year were as follows:

Name of the organisation	Representing Directors	Nature of Facility	Outstanding as at 1 January 09 Taka	Transactions		Outstanding as at 31 December 09 Taka
				Debit Taka	Credit Taka	
Unique Enterprise	Mohd. Noor Ali (Director: Eastern Bank Limited)	LG (Revolving)	787,360	-	-	787,360
MSIC Textiles Ltd	Zahidul Islam Chowdhury (Ex-Director: Eastern Bank Limited)	Term Loan OAP-Normal OD-Corporate LC-Usance Demand Loan-Normal Current Deposit-Corporate	2,872,088 4,253,400 1,024,799 7,992,500 3,779,627 17,192	- - - - - -	2,383,313 4,253,400 1,022,612 7,992,500 3,779,627 17,192	488,776 - 2,187 - - -
SAARC Enterprise	Adnanul Islam Chowdhury (Brother of Mr Zahidul Islam Chowdhury Ex-Director: Eastern Bank Limited)	OD-Corporate Demand Loan-Normal	8,117,386 7,320,000	- 181,809	177,784 -	7,939,602 7,501,809
Z.N. Shipping Lines	Md. Showkat Ali Chowdhury Director: Eastern Bank Limited	LG	113,920	-	-	113,920
Z.N. Enterprise	Do	LG	192,900	-	-	192,900
			36,471,172	181,809	19,626,427	17,026,554

Eastern Bank Limited

Highlights on the overall activities

Annexure-D

Sl no	Particulars		2009	2008
1	Paid up capital	Taka	2,496,420,000	1,386,900,000
2	Total capital (Tier-I & II)	Taka	8,316,528,594	5,251,569,699
3	Surplus/(shortage) capital	Taka	3,379,038,236	1,120,041,048
4	Total assets	Taka	69,870,738,520	54,598,268,072
5	Total deposits	Taka	49,189,542,218	41,572,767,785
6	Total loans and advances	Taka	47,667,987,118	39,662,162,813
7	Total contingent liabilities and commitments	Taka	17,857,697,616	20,630,261,002
8	Loans to deposits ratio (total loans/total deposits)	%	96.91	95.40
9	% of classified loans against total loans and advances	%	2.46	3.30
10	Profit after tax and provisions	Taka	1,454,541,676	797,774,068
11	Amount of classified loans during the year	Taka	464,685,027	447,836,508
12	Provision held against classified loans	Taka	756,407,619	692,374,800
13	Surplus of provision	Taka	120,229,292	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	7.89	9.31
15	Interest bearing assets	Taka	60,953,809,203	46,830,618,628
16	Non-interest bearing assets	Taka	8,916,929,318	7,767,649,444
17	Return on assets (PAT/average assets)	%	2.34	1.68
18	Income from investments	Taka	1,107,303,239	862,903,795
19	Return on investment or ROI (PAT/long term average equity, borrowing and deposits)	%	13.89	12.19
20	Earning per share (PAT/weighted average number of shares)	Taka	58.53	34.53
21	Net income per share	Taka	58.53	34.53
22	Price earning ratio	Times	11.01	17.07

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offshore banking

ইস্টার্ন ব্যাংক লিঃ বাংলাদেশে নিয়ে আসছে সর্বাধুনিক রেমিটেন্স সেবা



ইবিএল স্মার্ট রেমিট কার্ড

প্রবাস থেকে সরাসরি এই কার্ডে টাকা পাঠানো যাবে। কার্ড হোস্তার যে কোন VISA ATM অথবা স্মার্ট রেমিট ক্যাশ পয়েন্ট থেকে যেকোন সময় প্রয়োজনমতো টাকা উঠাতে পারবেন। VISA চিহ্নিত আউটলেটেও এই কার্ড ব্যবহার করা যাবে। যেকোন EBL ব্রাঞ্চ অথবা ক্যাশ পয়েন্ট থেকে রেজিট্রেশনের মাধ্যমে রেমিটেন্স গ্রহীতা এই কার্ড পেতে পারেন।



ইবিএল স্মার্ট রেমিট ক্যাশ পয়েন্ট

দেশের বিভিন্ন স্থানে অবস্থিত EBL ক্যাশ পয়েন্ট থেকে প্রয়োজনীয় তথ্য যাচাইয়ের পর রেমিটেন্স গ্রহীতা সরাসরি টাকা তুলতে পারবেন। ইবিএল এর ব্রাঞ্চ ছাড়াও সারাদেশে বিভিন্ন এজেন্ট লোকেশনে থাকবে এই ক্যাশ পয়েন্ট।



ইবিএল স্মার্ট রেমিট মোবাইল-ওয়ালেট

এটি মোবাইল ফোনের একটি ডাটুয়াল গ্রাফিকাল ইন্টারফেস থেকে প্রবাস থেকে সরাসরি টাকা পাঠানো যাবে। রেমিটেন্স গ্রহীতা তার প্রয়োজনমতো টাকা তুলতে পারবেন এই মোবাইল ওয়ালেট গ্রাফিকাল ইন্টারফেস থেকে। সারা দেশে ইবিএল ব্রাঞ্চ এবং স্মার্ট রেমিট ক্যাশ পয়েন্ট থেকে টাকা তোলা যাবে।



পরিবারের সবার মুখে সচ্ছলতার হাসি ফোটাতে সুদূর প্রবাসে যারা আয় করছেন প্রতিদিন, তাদের কষ্টজিত অর্থের নিরাপত্তা নিশ্চিত করতে ইবিএল-এর প্রয়াস - ইবিএল মাতৃভূমি। প্রবাস থেকে ইবিএল-এর মাধ্যমে টাকা পাঠান নির্ভরতায়, আপন মানুষগুলোর আশা-আকাঙ্ক্ষা হুঁয়ে থাকুন সবসময়।



Auditors' Report to the shareholders of Eastern Bank Limited Offshore Banking Unit, Bangladesh

We have audited the accompanying balance sheet of Offshore Banking Unit ("the Unit"), Bangladesh of Eastern Bank Limited ("the Bank") as of 31 December 2009 and the related profit and loss account and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes to the financial statements. The preparation of these financial statements is the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

The financial statements of the unit for the year ended 31 December 2008 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants who issued an unqualified opinion on 02 March 2009.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the affairs of Offshore Banking Unit as of 31 December 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws 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 unit so far as it appeared from our examination of those books;
- iii) the Unit's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Unit's business;
- v) the financial position of the Unit as of 31 December 2009 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) we have reviewed over 80% of the risk weighted assets of the unit;
- vii) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- viii) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- ix) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh; and
- x) the information and explanations required by us have been received and found satisfactory;


Rahman Rahman Huq
Chartered Accountants

Dhaka, 17 February 2010

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2009

	Note	2009		2008	
		US\$	Taka	US\$	Taka
PROPERTY AND ASSETS					
CASH					
In hand (including foreign currencies)		-	-	-	-
With Bangladesh Bank (including foreign currencies)		-	-	-	-
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (ON CURRENT AND OTHER ACCOUNTS)	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		28,013	1,940,381	169,663	11,693,166
		28,013	1,940,381	169,663	11,693,166
MONEY AT CALL AND SHORT NOTICE		-	-	-	-
INVESTMENT		-	-	-	-
LOANS AND ADVANCES:	4				
i) Loans, cash credits, overdrafts, etc.	4.1				
In Bangladesh		5,290,665	366,466,917	3,406,543	234,778,922
Outside Bangladesh		-	-	-	-
		5,290,665	366,466,917	3,406,543	234,778,922
ii) Bills purchased and discounted (excluding treasury bills of the Government)	4.2				
Payable in Bangladesh		16,920,080	1,171,998,118	-	-
Payable outside Bangladesh		-	-	-	-
		16,920,080	1,171,998,118	-	-
		22,210,745	1,538,465,035	3,406,543	234,778,922
FIXED ASSETS		-	-	-	-
OTHER ASSETS	5	-	-	-	-
		-	-	-	-
NON-BANKING ASSETS		-	-	-	-
TOTAL ASSETS		22,238,759	1,540,405,416	3,576,206	246,472,089

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Balance Sheet

as at 31 December 2009

	Note	2009		2008	
		US\$	Taka	US\$	Taka
CAPITAL AND LIABILITIES					
BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS	6				
Bangladesh Bank		-	-	-	-
Other:					
In Bangladesh		21,580,196	1,494,788,962	3,392,760	233,829,019
Outside Bangladesh		-	-	-	-
		21,580,196	1,494,788,962	3,392,760	233,829,019
		21,580,196	1,494,788,962	3,392,760	233,829,019
DEPOSITS AND OTHER ACCOUNTS	7				
Current deposits and other accounts		420,980	29,159,908	126,344	8,707,632
Term deposits		-	-	-	-
		420,980	29,159,908	126,344	8,707,632
OTHER LIABILITIES	8	310,233	21,485,933	65,504	4,514,566
TOTAL LIABILITIES		22,311,410	1,545,434,803	3,584,608	247,051,217
CAPITAL/SHAREHOLDERS' EQUITY					
Retained Earnings brought forward from profit & loss account		(72,651)	(5,029,387)	(8,403)	(579,129)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,238,759	1,540,405,416	3,576,206	246,472,089
Off balance sheet items					
Contingent liabilities					
Acceptance and endorsements		-	-	-	-
Letter of guarantee - Banks		-	-	-	-
Letter of guarantee - Others		-	-	-	-
Bills for collection		-	-	-	-
Irrevocable letters of credit		248,748	17,229,918	273,463	18,847,083
Other Commitments		-	-	-	-
Total contingent liabilities		248,748	17,229,918	273,463	18,847,083

The annexed notes 1 to 17 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

As per our report same date


Auditors
Rahman Rahman Huq
Chartered Accountants

Eastern Bank Limited

Offshore Banking Unit, Bangladesh


Profit and Loss Account

for the year ended 31 December 2009

	Note	2009		2008	
		US\$	Taka	US\$	Taka
Interest income	9	433,817	30,049,086	134,151	9,245,710
Interest paid on deposits and borrowings	10	268,456	18,595,029	102,522	7,065,803
Net interest income		165,362	11,454,056	31,630	2,179,907
Commission, exchange and brokerage	11	8,051	557,678	1,973	135,951
Other Operating Income	12	7,321	507,102	793	54,654
Total operating income		180,734	12,518,836	34,395	2,370,511
Less: Other operating expenses	13	253	17,524	831	57,273
Profit before provision		180,481	12,501,312	33,564	2,313,238
Less: Provision for unclassified Loans and Advances (Including provision for off Balance Sheet items)		244,729	16,951,570	26,863	1,851,410
Profit before income tax		(64,248)	(4,450,258)	6,701	461,828
Less: Provision for income tax		-	-	15,104	1,040,957
Net Profit/(loss) after taxation		(64,248)	(4,450,258)	(8,403)	(579,129)
Balance of Profit brought forward from previous year		(8,403)	(579,129)	-	-
Retained Earnings carried forward		(72,651)	(5,029,387)	(8,403)	(579,129)

The annexed notes 1 to 17 form an integral part of these financial statements


 Chairman


 Director


 Director


 Managing Director

Dhaka, 17 February 2010

As per our report same date


 Auditors
Rahman Rahman Huq
 Chartered Accountants

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Cash Flow Statement
for the year ended 31 December 2009

	Note	2009		2008	
		US\$	Taka	US\$	Taka
A) Cash flow from operating activities					
Interest Income		433,817	30,049,086	134,151	9,245,710
Interest paid		(268,456)	(18,595,029)	(102,522)	(7,065,803)
Commission, exchange and brokerage	15	8,051	557,678	1,973	135,951
Received from other operating activities		7,321	507,102	793	54,654
Paid for operating expenses	16	(253)	(17,524)	(831)	(57,273)
Operating profit before changes in operating assets and liabilities		180,481	12,501,312	33,564	2,313,238
(Increase)/decrease in operating assets:					
Loan and advances to customers		(18,804,203)	(1,303,686,113)	(2,442,654)	(168,347,725)
Other Assets		-	-	-	-
Increase/(decrease) in operating liabilities:					
Effect of Changes in exchange rate		-	-	-	-
Deposits from Banks		-	-	-	-
Customers' deposits and other accounts		294,636	20,452,276	73,778	5,084,799
Other liabilities		-	19,798	-	-
		(18,509,567)	(1,283,214,040)	(2,368,876)	(163,262,926)
Net cash from operating activities		(18,329,086)	(1,270,712,728)	(2,335,312)	(160,949,687)
B) Cash flow from investing activities		-	-	-	-
C) Cash flow from financing activities					
Retained earnings remitted to Main Operation		-	-	(13,049)	(899,347)
Borrowing from other banks and financial institutions		18,187,436	1,260,959,943	2,425,220	167,146,162
Net cash from financing activities		18,187,436	1,260,959,943	2,412,171	166,246,815
D) Net increase in cash and cash equivalent (A+B+C)		(141,650)	(9,752,785)	76,859	5,297,128
E) Opening cash and cash equivalent		169,663	11,693,166	92,804	6,396,039
F) Closing cash and cash equivalent (D+E)		28,013	1,940,381	169,663	11,693,166
G) Closing cash and cash equivalents	14				
Cash In hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)		-	-	-	-
Balances with other Banks and Financial Institutions		28,013	1,940,381	169,663	11,693,166
Money at call and short notice		-	-	-	-
Prize bonds		-	-	-	-
		28,013	1,940,381	169,663	11,693,166

The annexed notes 1 to 17 form an integral part of these financial statements


Chairman


Director


Director


Managing Director

Dhaka, 17 February 2010

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Statement of Liquidity in USD & BDT

(Maturity analysis of assets and liabilities)
as at 31 December 2009

Particulars	Maturity within 1 month		Maturity within 1 to 3 months		Maturity within 3 to 12 months		Maturity within 1 to 5 years		Maturity over 5 years		Total Amount	
	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT	USD	BDT
ASSETS												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	28,013	1,940,381	-	-	-	-	-	-	-	-	28,013	1,940,381
Money at call and short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Treasury Bills & others	-	-	-	-	-	-	-	-	-	-	-	-
Loans & advances to customers	3,758,488	260,338,042	5,263,413	364,579,249	13,082,760	906,199,629	106,084	7,348,116	-	-	22,210,745	1,538,465,035
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	3,786,501	262,278,423	5,263,413	364,579,249	13,082,760	906,199,629	106,084	7,348,116	-	-	22,238,759	1,540,405,416
LIABILITIES												
Borrowings from other banks & financial institutions	-	-	-	-	21,580,196	1,494,788,962	-	-	-	-	21,580,196	1,494,788,962
Deposits & other accounts	420,980	29,159,908	-	-	-	-	-	-	-	-	420,980	29,159,908
Other liabilities	-	-	-	-	-	-	310,233	21,485,933	-	-	310,233	21,485,933
Total Liabilities	420,980	29,159,908	-	-	21,580,196	1,494,788,962	310,233	21,485,933	-	-	22,311,410	1,545,434,803
Net Liquidity gap	3,365,521	233,118,515	5,263,413	364,579,249	(8,497,436)	(588,589,333)	(204,149)	(14,137,817)	-	-	(72,651)	(5,029,387)

Eastern Bank Limited

Offshore Banking Unit

Notes to the Financial Statements

as at and for the year ended 31 December 2009

1 Nature of business

Offshore banking Unit ("the Unit") is a separate business unit of Eastern Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide letter no. BRPD(p)744/(89)/2004-303 dated 25 January 2004. The Bank commenced the operation of its Offshore Banking Unit from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10, Dilkusha C/A (2nd floor) Dhaka-1000.

2 Significant accounting policies and basis of preparations

2.1 Basis of preparation

The financial statements are prepared on the basis of going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14(25 June 2003), other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRS) and other rules and regulations where necessary.

2.2 Foreign currency

Items included in the financial statements of the Unit are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Unit are presented in US Dollar (USD) and Taka where USD is the functional currency and USD and Taka are the Unit's presentation currency.

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

2.3 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) Interest is calculated on a daily product basis but charged and accounted for quarterly on accrual basis.
- c) Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in Bangladesh BRPD circular 19 and 20 dated December 2005.

2.4 Allocation of common expenses

Establishment expenses in the nature of rent, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages, stamps, telecommunication and audit fee have not been separately accounted for in the Financial Statements.

3 Balance with other Banks and Financial Institutions

	2009		2008	
	US\$	Taka	US\$	Taka
Inside Bangladesh	-	-	-	-
Outside Bangladesh				
Standard Chartered Bank, New York	28,013	1,940,381	169,663	11,693,166
(For detail see Annexure - A)	28,013	1,940,381	169,663	11,693,166
3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)				
<i>Payable:</i>				
On demand	28,013	1,940,381	169,663	11,693,166
In not more than one month	-	-	-	-
In more than one month but not more than three months	-	-	-	-
In more than three months but not more than one year	-	-	-	-
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	28,013	1,940,381	169,663	11,693,166

Eastern Bank Limited

Offshore Banking Unit

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009		2008	
	US\$	Taka	US\$	Taka
4 Loans and advances				
4.1 Loans, Cash Credit, Overdraft etc.				
4.1.1 Inside Bangladesh				
Loans	5,290,665	366,466,917	3,406,543	234,778,922
Cash Credit	-	-	-	-
Overdraft	-	-	-	-
	5,290,665	366,466,917	3,406,543	234,778,922
4.1.2 Outside Bangladesh	-	-	-	-
	5,290,665	366,466,917	3,406,543	234,778,922
4.2 Bills purchased and discounted				
4.2.1 Inside Bangladesh				
Import bills	16,920,080	1,171,998,118	-	-
Export bills	-	-	-	-
	16,920,080	1,171,998,118	-	-
4.2.2 Outside Bangladesh	-	-	-	-
	16,920,080	1,171,998,118	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
4.3 Maturity grouping of loans and advances including bills discounted and purchased				
Payable on demand	3,758,488	260,338,042	1,813,193	124,965,240
Less than three months	5,263,413	364,579,249	1,530,650	105,492,398
More than three months but less than one year	13,082,760	906,199,629	62,700	4,321,284
More than 1 year but less than five years	106,084	7,348,115	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
4.4 Maturity analysis of bills purchased and discounted				
Payable on demand	-	-	-	-
Less than 3 months	4,133,252	286,296,753	-	-
More than 3 months but less than 1 year	12,786,828	885,701,364	-	-
More than 1 year but less than 5 years	-	-	-	-
	16,920,080	1,171,998,118	-	-
4.5 Loans and Advances on the basis of Significant Concentration				
4.5.1 Loans and Advances to Directors, Executive and Others				
Advance to Directors and their allied concerns (including Ex-Directors)	-	-	-	-
Advances to CEO & Managing Director	-	-	-	-
Advances to Other executives and staffs	-	-	-	-
Advances to Customers (Group wise)	-	-	-	-
Industrial Advances	22,210,745	1,538,465,035	3,406,543	234,778,922
	22,210,745	1,538,465,035	3,406,543	234,778,922
4.6 Industry-wise Concentration of loans and advances				
Commercial and trading	-	-	-	-
Importer of commodity	-	-	-	-
Construction	-	-	-	-
Edible oil refinery industry	-	-	-	-
Electronics goods	-	-	-	-
Individuals	-	-	-	-
Pharmaceuticals industries	-	-	-	-
Readymade garments industry	5,249,634	363,624,852	3,406,543	234,778,922
Ship breaking industries	-	-	-	-
Industries for steel products	-	-	-	-
Telecommunication sector	8,603,884	595,962,639	-	-
Textile mills	7,663,473	530,823,491	-	-
Polymer	693,754	48,054,054	-	-
Others	-	-	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922

Eastern Bank Limited

Offshore Banking Unit

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009		2008	
	US\$	Taka	US\$	Taka
4.7 Geographical location-wise concentration of Loans and advances				
<i>Inside Bangladesh</i>				
Dhaka Division	17,828,969	1,234,953,872	-	-
Chittagong Division	4,381,776	303,511,163	3,406,543	234,778,922
Khulna Division	-	-	-	-
Rajshahi Division	-	-	-	-
Barishal Division	-	-	-	-
Sylhet Division	-	-	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
<i>Outside Bangladesh - other Division</i>	-	-	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
4.8 Classified, unclassified, doubtful and bad loans and advances				
Unclassified				
Standard	20,677,043	1,432,230,507	3,406,543	234,778,922
Special mention account	1,533,703	106,234,528	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
Classified				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-
	-	-	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
4.9 Particulars of loans and advances				
i) Debt considered good in respect of which the bank is fully secured	22,210,745	1,538,465,035	3,406,543	234,778,922
ii) Debt considered good for which the bank holds no other security than the debtor's personal security	-	-	-	-
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	-	-	-	-
iv) Debts considered doubtful or bad, not provided for	-	-	-	-
	22,210,745	1,538,465,035	3,406,543	234,778,922
v) Debts taken by directors or executives or any of them taken jointly or separately with other persons	-	-	-	-
vi) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the directors, partners or managing agent or in the 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 person	-	-	-	-
viii) Maximum total amount of advances, including temporary advance granted during the period to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies as members	-	-	-	-
ix) Due from other banking companies	-	-	-	-
x) Classified loans and advances on which no interest is credited to income	-	-	-	-
5 Other assets				
Interest receivable	-	-	-	-

Eastern Bank Limited

Offshore Banking Unit

Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009		2008	
	US\$	Taka	US\$	Taka
6 Borrowings from other banks, financial institutions and agents				
In Bangladesh	21,580,196	1,494,788,962	3,392,760	233,829,019
Outside Bangladesh	-	-	-	-
	21,580,196	1,494,788,962	3,392,760	233,829,019
6.1 Classification based on type of security				
Secured	-	-	-	-
Unsecured	21,580,196	1,494,788,962	3,392,760	233,829,019
	21,580,196	1,494,788,962	3,392,760	233,829,019
6.2 Maturity grouping of borrowings from other banks, financial institutions and agents				
Payable within one month	-	-	-	-
More than one month but less than three months	-	-	-	-
More than three months but less than one year	21,580,196	1,494,788,962	3,392,760	233,829,019
More than one year but less than five years	-	-	-	-
	21,580,196	1,494,788,962	3,392,760	233,829,019
7 Deposits and other accounts				
Current and other accounts:				
Current account	9,047	626,636	32,565	2,244,400
Other Account (Interest payable etc.)	411,933	28,533,272	93,779	6,463,232
	420,980	29,159,908	126,344	8,707,632
7.1 Maturity grouping of deposits and other accounts				
Payable on demand	9,047	626,636	32,565	2,244,400
Payable within one month	411,933	28,533,272	93,779	6,463,232
More than one month but less than three months	-	-	-	-
More than three months but less than one year	-	-	-	-
More than one year but less than five years	-	-	-	-
	420,980	29,159,908	126,344	8,707,632
8 Other liabilities				
Opening balance	65,504	4,514,566	-	-
Provision for taxation	-	-	28,704	1,978,306
Provision for unclassified Loans and advances (Including provision for off Balance Sheet items)	244,729	16,951,570	36,800	2,536,260
Exchange difference*	-	19,797	-	-
	310,233	21,485,933	65,504	4,514,566
*USD1= Tk69.2667 in 2009 whereas in 2008 USD1= Tk 68.92				
9 Interest income				
Interest on Advances	433,817	30,049,086	133,062	9,170,608
Interest on Money at Call and Short Notice	-	-	-	-
Interest on Placement with other Banks	-	-	-	-
Interest on Foreign Currency Balances	-	-	1,090	75,102
	433,817	30,049,086	134,151	9,245,710
10 Interest paid on deposits and borrowings				
Interest on Deposits	-	-	-	-
Interest on Borrowings	268,456	18,595,029	102,522	7,065,803
Discount	-	-	-	-
Interest on REPO	-	-	-	-
	268,456	18,595,029	102,522	7,065,803
11 Commission, exchange and brokerage				
Commission	8,051	557,678	1,973	135,951
Exchange gain net off exchange losses	-	-	-	-
Brokerage	-	-	-	-
	8,051	557,678	1,973	135,951

Eastern Bank Limited

Offshore Banking Unit


Notes to the Financial Statements

as at and for the year ended 31 December 2009

	2009		2008	
	US\$	Taka	US\$	Taka
12 Other Operating Income				
Service charges, management fees etc	7,321	507,102	793	54,654
13 Operating Expenses				
Bank Charges	253	17,524	831	57,273
14 Cash and cash equivalent				
Balance with other banks	28,013	1,940,381	169,663	11,693,166
15 Cash Received from commission, exchange and brokerage				
Commission, exchange and brokerage	8,051	557,678	1,973	135,951
16 Cash paid for other operating activities				
Other office Operating expenses	253	17,524	831	57,273
17 General				
17.1	Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit & Loss Account of the main operation of the Bank.			
17.2	Assets and liabilities have been converted into Taka currency @ US\$ 1 = Tk 69.2667 (2008: Tk 68.92) which represents the year-end mid rate of exchange as at 31 December 2009.			
17.3	Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.			



Chairman



Director



Director



Managing Director

Eastern Bank Limited Offshore Banking Unit, Bangladesh

Balance with Other Banks and Financial Institutions-Outside Bangladesh
as at 31 December 2009

Annexure-A

Name of the Banks	Currency Name	2009			2008		
		Foreign Currency	Rate	Local Currency	Foreign Currency	Rate	Local Currency
Standard Chartered Bank	US\$	28,013	69.2667	1,940,381	169,663	68.92	11,693,166
Total		28,013		1,940,381	169,663		11,693,166

www.ebl.com.bd

EBL
Consumer
Banking



*conditions apply

GET ALL THE COLORS OF THE WORLD IN EBL TRAVEL CARD



For details please contact: 044 7670 1031-34

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- 24-hour dedicated customer service hotline
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Eastern Bank Ltd.
Simple Math™



notice of the 18th AGM



EASTERN BANK LIMITED
HEAD OFFICE
JIBAN BIMA BHABAN
10, DILKUSHA COMMERCIAL AREA
DHAKA-1000.

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

NOTICE is hereby given to all the Members of Eastern Bank Limited (EBL) that the 18th Annual General Meeting (AGM) of the Company will be held on Tuesday, 30 March, 2010 at 10:30 A.M. at the Bangabandhu International Conference Centre (BICC), Agargaon, Dhaka to transact the following agenda:

: AGENDA:

01. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31 December, 2009 and the Balance Sheet as at that date together with the Reports of the Auditors and the Directors thereon.
02. To declare the Dividend for the year ended 31 December, 2009 as recommended by the Board of Directors.
03. To elect Directors.
04. 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

Safiar Rahman, FCS
SEVP & Company Secretary

Dated, Dhaka
1 March, 2010

NOTES:

- * The Board of Directors recommended for payment of 20% Cash Dividend and issuance of 17% Stock Dividend (Bonus Share) on the profit of the Bank as at the close of business on 31 December, 2009.
- * The 'Record Date' in lieu of Book Closure on Monday, 1 March, 2010. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' (1 March, 2010) will be eligible to attend the 18th AGM and receive the Cash & Stock Dividends as mentioned above.
- * A Member eligible to attend the Annual General Meeting 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 Courier Service/Post. The Members may also collect the Proxy Form from the Registered Office of the Company.
- * The Shareholders are requested to please register their names in the counter at the entrance of the AGM Hall Bangabandhu International Conference Centre from 9.00 a.m. on 30 March, 2010.



*Conditions Apply

Maturity Value | *GUARANTEED*

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প্রস্তি ফরম

আমি/ আমরা ঠিকানা
..... ইস্টার্ন ব্যাংক লিমিটেড-এর
শেয়ার হোল্ডার হিসাবে এতদ্বারা জনাব/বেগম কে
ঠিকানা অথবা
তার অপারগতায় জনাব/বেগম কে
ঠিকানা আমার/ আমাদের
প্রস্তি হিসাবে আমার/ আমাদের পক্ষে ২০১০ ইং সালের ৩০ মার্চ রোজ মঙ্গলবার বঙ্গবন্ধু আন্তর্জাতিক সম্মেলন কেন্দ্র, আগারগাঁও,
ঢাকায় অনুষ্ঠিতব্য কোম্পানীর অষ্টাদশ বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য
নিযুক্ত করলাম।

অদ্য ২০১০ইং সালের মাসের তারিখে আমার/ আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

শেয়ার হোল্ডারের স্বাক্ষর

প্রস্তির স্বাক্ষর

ফোলিও/ বিও নং

রাজস্ব টিকেট
আট টাকা

লক্ষ্যনীয়:

যথাযথভাবে পূরণ করে এই প্রস্তি ফরম সভার ন্যূনতম আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে। স্ট্যাম্প ও স্বাক্ষরবিহীন প্রস্তি বৈধ বলে বিবেচিত হবে না। শেয়ার হোল্ডার ও প্রস্তির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রস্তির নাম সম্বলিত প্রস্তি নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা প্রদান পত্র বা নোটারী পাবলিক কর্তৃক সত্যায়িত ক্ষমতা প্রদানপত্রের অনুলিপি সভা অনুষ্ঠানের নির্ধারিত সময়ের আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দেয়া না হলে কোন ব্যক্তি উক্ত সভায় প্রস্তি হিসাবে কাজ করতে পারবেন না।

শেয়ার হোল্ডার/ প্রস্তির হাজিরা পত্র

আমি/ আমার ৩০ মার্চ ২০১০ইং তারিখ রোজ মঙ্গলবার বেলা ১০:৩০ ঘটিকায় বঙ্গবন্ধু আন্তর্জাতিক সম্মেলন কেন্দ্র, আগারগাঁও, ঢাকায় অনুষ্ঠিতব্য
ইস্টার্ন ব্যাংক লিমিটেড-এর অষ্টাদশ বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ার হোল্ডারের নাম স্বাক্ষর

শেয়ার সংখ্যা ফোলিও/ বিও নং

প্রস্তির নাম স্বাক্ষর

লক্ষ্যনীয়: যে সকল শেয়ার হোল্ডারগণ নিজে অথবা প্রতিনিধির মাধ্যমে সভায় উপস্থিত থাকতে চান, সভাস্থলে প্রবেশের আগে এই হাজিরা পত্র যথাযথভাবে পূরণ করে নির্ধারিত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রক্ষিত স্বাক্ষরের সাথে এই স্বাক্ষরের মিল থাকতে হবে।

Our Branches

OFFICES

Head Office

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9556360, Email: info@ebl-bd.com

Corporate Banking Office: Dilkusha

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9556360, Email: info@ebl-bd.com

Corporate Banking Office: Gulshan

Uday Tower (1st Floor), Plot 57 & 57/A, Gulshan Avenue (South) Gulshan Circle 1
Dhaka 1212, Tel: 02 8834328-9, 8833607, Fax: 02 8835420, Email: info@ebl-bd.com

Corporate Banking Office: Chittagong

33 Agrabad C/A, Chittagong, Tel: 031 716290, 723728 721820
PABX: 031 720755-9, Fax: 031 710262

CARDS CENTER

31 North C/A, Road 53, Circle 2, Gulshan, Dhaka 1212
Fax: +88 02 9882316, Email: cardsteam@ebl-bd.com

24 Hour EBL Cards Helpline

+88 044 7670 1031-4, +88 018 1927 8811/22
+88 02 8822104, 8812476, 8860381

BRANCHES, SME CENTERS, STUDENT CENTERS

Dhaka Division

Banani Branch/ Student Center/ SME Center

House 78, Road 11, Block D, Banani, Dhaka, Tel: 02 9862669, 9862572, 9860476
Fax: 02 9862903, Email: banani@ebl-bd.com

Banasree Branch

Plot 10, Block C, Banasree Main Road, Rampura, Dhaka
Tel: 04476651951, 04476651952, 04476651953

Bashundhara Branch

Plot 15, Block A, Bashundhara R/A, Dhaka 1219, Tel: 02 8845391-2
Fax: 02 8845390, Email: bashundhara@ebl-bd.com

Board Bazar Branch/ SME Center

Omar Ali Plaza, House 1, Block C, Board Bazar, Gazipur, Tel: 02 9293895-6
Fax: 02 9293897, Email: boardbazar@ebl-bd.com

Chawk Mughultuly Branch/ SME Center

1st Floor, 150 Chawk Mughultuly, Dhaka, Tel: 02 7314364, 7314369
Fax: 02 7314369, Email: chawkmughultuly@ebl-bd.com

Dhanmondi Branch/ Student Center

House 21, Road 8, Dhanmondi R/A, Dhaka, Tel: 02 9126141, 9146235, 9114145
Fax: 02 9114145, Email: dhanmondi@ebl-bd.com

English Road Branch/ SME Center

68 North South Road (Shahid Sayed Nazrul Islam Sharani), Dhaka
Tel: 02 7125269, 7116019, Fax: 02 7122413, Email: englishroad@ebl-bd.com

Gulshan Branch

Concord Richmond, 68 Gulshan Avenue, Plot 8A Block CES (F) Gulshan 1
Dhaka, Tel: 02 9897703, 9897594, 8827254, 8827101-2
Fax: 02 9897703, Email: gulshan@ebl-bd.com

Keraniganj Branch/ SME Center

Jahanara Plaza, Bondh Dakpara, Jinjira, Keraniganj, Dhaka
Tel: 02 7762236-7, Fax: 02 7762238, Email: keraniganj@ebl-bd.com

Moghbarar Branch/ SME Center

Shafi Complex, 1/A West Moghbarar, New Circular Road Ramna Dhaka
Tel: 02 9361756, 9360115, Fax: 02 9348570, Email: moghbarar@ebl-bd.com

Motijheel Branch/ SME Center

88 Motijheel C/A, Dhaka, Tel: 02 9559655, 9565073-4, Fax: 02 9565074
Email: motijheel@ebl-bd.com

Mirpur Branch/ SME Center

House 17, Main Road 3, Block A, Section 11, Mirpur, Dhaka
Tel: 02 9008115, 9010478, Fax: 02 9010478, Email: mirpur@ebl-bd.com

Narayanganj Branch/ SME Center

Islam Plaza, 64 BB Road, Narayanganj, Tel: 02 9752512, 9752514
Fax: 02 9752883, Email: narayanganj@ebl-bd.com

Principal Branch/ Student Center

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9558392, 9565696, 9571262
Fax: 02 7160747, Email: principal@ebl-bd.com

Satmasjid Road Branch

48 Satmasjid Road (Old 748 Satmasjid Road)
Dhanmondi, Dhaka, Tel: 9144604, 9144603

Savar Branch

'Bristi Villa', E/3 Talabagh, Thana Road, Savar, Dhaka
Tel: 7744757, 7744758, 7744759

Shantinagar Branch/ SME Center

1st Floor, Shan Tower, 24/1 Chamelibagh, Shantinagar, Dhaka
Tel: 02 9346406, 9341110, Fax: 02 9346406
Email: shantinagar@ebl-bd.com

Shyamoli Branch/ SME Center

Plot 16-A/5, Ring Road, Block F, Mohammadpur Housing Estate
Dhaka 1207, Tel: 02 8116015, 9132497, 9133165
Fax: 02 8116329, Email: shamoly@ebl-bd.com

www.ebl.com.bd

Sonargaon Road Branch/ SME Center

1st Floor, Rahat Tower, 14 Baponon C/A, Sonargaon Link Rd West Bangla Motor, Dhaka
Tel: 02 8613225, 8619866, 8629160, Fax: 02 8613229, Email: sonargaonroad@ebl-bd.com

Uttara Branch/ SME Center

Plot 1A, Road 4, Sector 4, Uttara Model Town, Dhaka, Tel: 02 8915136, 8919051, 8918859
Fax: 02 8918859, Email: uttara@ebl-bd.com

Chittagong Division

Agrabad Branch/ SME Center

33 Agrabad C/A, Chittagong, Tel: 031 720755-9
Fax: 031 710262, Email: agrabad@ebl-bd.com

Chandgaon Branch

House 16, Road 1, Block A, Chittagong 4000
Tel: 031 2571204, Email: chandgaon@ebl-bd.com

Choumuhani Branch

'Kiron Imperial' (1st & 2nd Flr), Holding 1460, Karimpur Road, Choumuhani
Noakhali, Tel: 0321 56497, 0321 56495, 0321 52182

Cox's Bazar Branch/ SME Center

10 Hotel Motel Zone, Kolatali Road, Cox's Bazar
Tel: 0341-51295-7, Email: coxsbazar@ebl-bd.com

Jubilee Road Branch

Mannan Bhaban, 156 Nur Ahmed Sarak, Jubilee Road Chittagong
Tel: 031 614442, 621480, 2858471, Fax: 031 615594, Email: jubileeroad@ebl-bd.com

Khatunganj Branch

Badsha Market, 173 Khatunganj, Chittagong, Tel: 031 621316, 630229, 635153
Fax: 031 638743, Email: khatunganj@ebl-bd.com

O R Nizam Road Branch

Avenue Centre, 787 CDA Avenue, Chittagong
Tel: 031 617082-3, 2853251, 2857073-5
Fax: 031 617083, Email: ornizamroad@ebl-bd.com

Panchlaish Branch

14 Panchlaish R/A, Chittagong, Tel: 031 2552691
Fax: 031 2552692, Email: panchlaish@ebl-bd.com

Raozan Branch

Bharetshowri Market, Kaptai Road, Chittagong 4346
Tel: 031 2571207, Fax: 031 2571206, Email: raozan@ebl-bd.com

Siraj-ud-doula Road Branch

94 Siraj-ud-doula Road, Dewan Bazar, Chandanpur, Kotoali, Chittagong

Station Road Branch

Asian S R Hotel, 291 Station Road, Chittagong, Tel: 031 621898, 620519, 636986
Fax: 031 620519, Email: stationroad@ebl-bd.com

Sylhet Division

Bishwanath Branch

Khurshid Ali Shopping Complex, Notun Bazar Bishwanath Sylhet 3100, Tel: 08224 56005
Fax: 08224 56006, Email: bishwanath@ebl-bd.com

Chouhatta Branch/ SME Center

Firoz Centre, 891/Ka Chouhatta, Sylhet, Tel: 0821 723142, 717545, 721386
Fax: 0821 717545, Email: chouhatta@ebl-bd.com

Moulvi Bazar Branch/ SME Center

1st Floor, 26 Sylhet Trunk Road, Moulvi Bazar
Tel: 0861 52034, 52226, Fax: 0861 52226
Email: moulvibazar@ebl-bd.com

Upasahar Branch

Gas Bhaban, Mehedi Bagh, Sylhet, Tel: 0821 719573, Fax: 0821 719584
Email: upasahar@ebl-bd.com

Khulna Division

Jessore Branch/ SME Center

1st Floor, 25/A R N Road, Jessore, Tel: 0421 64533, 68843
Fax: 0421 68843, Email: jessore@ebl-bd.com

Khulna Branch/ SME Center

Taymun Centre & Properties, 181 Khan-A-Sabur Road ShibBari Mor, Khulna
Tel: 041 723506, 721069, 720041-2, Fax: 041 721740, Email: khulna@ebl-bd.com

Rajshahi Division

Bogra Branch/ SME Center

1020/1092, Satani Mega Centre, Sherpur Road, Bogra 5800, Tel: 051 78887
Fax: 051 63892, Email: bogra@ebl-bd.com

Rajshahi Branch/ SME Center

Ground Floor, Doinik Barta Complex, Alupotti, Natore Road Rajshahi 6000
Tel: 0721 772372, 772356, Fax: 0721 772356, Email: rajshahi@ebl-bd.com

CORRESPONDENT BANKING NETWORK OF EASTERN BANK LIMITED

AMSTERDAM

Commerzbank N.V.
ING Bank N.V.
Citibank International PLC
ABN Amro NV
Bank of America NA
Bank of Tokyo Mitsubishi (Holland) N.V.
Hong Kong and Shanghai Banking Corp Ltd.
Mizuho Corporate Bank Ltd.

BANGKOK

Standard Chartered Bank
Sumitomo Mitsui Banking Corp.
Bangkok Bank Public Company Ltd.
Bank of America N.A.
Bank of Tokyo Mitsubishi Ltd.
Citibank NA
Export Import Bank of Thailand
Hong Kong and Shanghai Banking Corp Ltd.
JPMorgan Chase Bank NA Bangkok
Mizuho Corporate Bank Ltd.

BEIJING

Bank of Tokyo Mitsubishi Ltd.
JPMorgan Chase Bank NA
Woori Bank
Dresdner Bank

COLOMBO

Bank of Ceylon
Citibank NA
ICICI Bank Limited
Mashreq Bank
Seylan Bank Limited
Standard Chartered Bank

DOHA

Mashreq Bank

DUBAI

Citibank NA
Habib Bank AG Zurich
HSBC Bank Middle East
Mashreqbank PSC
Standard Chartered Bank

FRANKFURT AM MAIN

Bank of America N.A.
Bank of New York
Bank of Tokyo Mitsubishi Ltd.
Citibank AG
Commerzbank AG
Deutsche Bank AG
Dresdner Bank AG
Fortis Bank Global Clearing N.V.
ING-BHF Aktiengesellschaft Intesa BCI S.P.A.
JP Morgan AG
Nordea Bank Finland PLC
Royal Bank of Scotland PLC (Frankfurt) SEB AG
SEB Merchant Banking

GENEVA

ABN Amro Bank
Bank of America NA
BNP Paribas (Suisse) SA.
Credit Agricole (Suisse) SA
ING Bank (Switzerland) Ltd.

HONG KONG

ABN Amro Bank NV
Banca Intesa S.P.A.
Bank of Nova Scotia
Bank of Tokyo Mitsubishi Ltd
Citibank (Hong Kong) Ltd.
Fleet National Bank
HBZ Finance Limited
Hong Kong and Shanghai Banking Corp Ltd.
ICICI Bank Limited
JP Morgan Chase Bank
Mashreqbank PSC., Hong Kong Branch
Mizuho Corporate Bank Ltd.
Standard Chartered Bank

Sumitomo Mitsui Banking Corporation.
UBAF (Hong Kong) Limited
Wachovia Bank N.A.
Westlb AG
Woori Bank

ISTANBUL

AL-Baraka Turk Participation Bank
Citibank NA Turkiye Merkez Subesi
Fortis Bank A.S. Istanbul Turkey
HSBC Bank A.S.

JAKARTA

JPMorgan Chase Bank N.A. Jakarta, Indonesia
Standard Chartered Bank
Bank Mandiri (Persero), PT.
Bank Negara Indonesia-PT(Persero) Jakarta,
Bank of America NA
Bank of Tokyo Mitsubishi Ltd
Citibank NA
Hong Kong and Shanghai Banking Corporation Ltd
Woori Bank

JEDDAH

National Commercial Bank, Jeddah, S. Arabia

KARACHI

Citibank NA
Habib Metropolitan Bank Limited
Mashreqbank
NDLC IFIC Bank Ltd
Standard Chartered Bank

KATHMANDU

Nepal Bangladesh Bank Ltd.
Standard Chartered Bank Nepal Ltd.

KUALA LAMPUR

Malayan Banking Berhad (May Bank)
Standard Chartered Bank
CIMB Bank Berhad
Bank of America N.A.
Bumiputra Commerce Bank Berhad
Citibank Berhad
HSBC Bank Malaysia Berhad
JP Morgan Chase Bank Berhad
ABN AMRO Bank Berhad

KUWAIT

Citibank NA
Commercial Bank of Kuwait SAK

LONDON

Australian & New Zealand Banking Group Ltd.
Bank Mandiri (Europe) Ltd
Bank of America N.A.
Bank of New York
Bank of Tokyo Mitsubishi Ltd.
Citibank NA
Commerzbank AG
Deutsche Bank AG
DNB NOR Bank ASA
Dresdner Bank AG
Habib Bank AG Zurich
ICICI Bank UK Limited
ING Bank N.V.
JP Morgan Chase Bank N.A.
LLOYDS TSB Bank PLC
Mashreq BANK PSC
Mizuho Corporate Bank Ltd.
National Westminster Bank PLC
Nordea Bank Finland PLC London Branch
Royal Bank of Scotland PLC
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
Europe Limited
Wachovia Bank N.A.

LOS ANGELES, CA

Bank of Tokyo Mitsubishi Ltd.
Mizuho Corporate Bank Ltd.
Standard Chartered Bank Los Angeles

Wachovia Bank N.A.
Woori Bank

MELBOURNE

Australian & New Zealand Banking Group Ltd.
Bank of Cyprus Australian
Citibank Limited

MOSCOW

Citibank NA
Commerzbank Euralis SAO
SAO Westdeutsche Landesbank Vostok

MUMBAI

American Express Bank Ltd.
Arab Bangladesh Bank Limited
Axis Bank Ltd.
Bank of America
Bank of Nova Scotia
Bank of Tokyo Mitsubishi Ltd.
Canara Bank
Citibank NA
Deutsche Bank AG
Federal Bank Limited
Hong Kong and Shanghai Banking Corp. Ltd.
Punjab National Bank
Standard Chartered Bank
Union Bank of India

NAIROBI

Citibank NA,
Standard Chartered Bank Kenya Limited

NEW YORK, NY

JP Morgan Chase Bank
Wachovia Bank N.A.
ABN Amro Bank NV
Bank of America N.A.
Bank of New York
Bank of Tokyo Mitsubishi Ltd.,
Citibank NA
Commerz Bank AG
Deutsche Bank AG
DNB Nor Bank ASA
Dresdner Bank AG
Habib American Bank
HSBC Bank USA
Mashreqbank PSC., New York Branch
Mizuho Corporate Bank Ltd.
Nordea Bank Finland PLC
Royal Bank of Scotland PLC
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation

PARIS

BNP-Paribas SA
Citibank International PLC
Commerzbank AG
Deutsche Bank AG
HSBC Bank PLC
ING Bank (France) S.A.
Mizuho Corporate Bank Ltd.
Sumitomo Mitsui Banking Corporation
Unior De Banques Arabes Et Francaises (UBAF)
Westdeutsche Landesbank Girozentrale

PHUNTSHOLING

Bank of Bhutan

ROTTERDAM

ABN Amro Bank N.V.
Hollandsche Bank-Unie N.V.

SEOUL

Australia & New Zealand Banking Group Ltd.
Bank of America NA
Bank of New York
Bank of Tokyo Mitsubishi Ltd.
Citibank NA
Hong Kong and Shanghai Banking Corporation. Ltd.
Industrial Bank of Korea
JPMorgan Chase Bank NA

Kookmin Bank
 Mizuho Corporate Bank Ltd.
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corporation
 UBAF-Union De Banques Arabes ET Francaises
 Wachovia Bank N.A.
 Woori Bank

SHANGHAI

Bank of America N.A.
 Bank of New York
 Bank of Tokyo Mitsubishi Ltd.
 Citibank NA
 Commerzbank AG
 Hong Kong and Shanghai Banking Corp Ltd.
 JPMorgan Chase Bank N.A.
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corporation
 Woori Bank
 Dresdner Bank
 Australia and New Zealand Banking Group Ltd.
 Westlb AG

SINGAPORE

UBAF-Union De Banques Arabes ET Francaises
 Bayerische Hypo-und Vereinsbank AG (BHV)
 Citibank NA
 Commerzbank AG
 Deutsche Bank AG
 Dresdner Kleinwort Wasserstein
 Fortis Bank S.A./ N.V.
 Hong Kong and Shanghai Banking Corp. Ltd.
 ICICI Bank Limited
 ING Bank N.V.
 JPMorgan Chase Bank N.A.
 Malayan Banking Berhad
 Nordea Bank Finland Plc
 Rabobank
 Royal Bank of Scotland Plc
 Skandinaviska Enskilda Banken AB

Standard Chartered Bank
 Sumitomo Mitsui Banking Corpn Svenska
 Handelsbanken
 Woori Bank

STOCKHOLM

Citibank International PLC
 DNB Nor Bank ASA
 HSBC Bank PLC, Stockholm, Sweden
 Nordea Bank AB (PUBL)
 Nordea Bank Sweden AB / PUBL

SYDNEY

JP Morgan Chase Bank N.A.
 Citibank NA
 HSBC Bank Australia Limited
 Mizuho Corporate Bank Ltd.,

TAIPEI

ABN Amro Bank NV.
 Bank of New York
 Bank of Nova Scotia
 Taiwan Far Eastern International Bank
 Hong Kong and Shanghai Banking Corp. Ltd.,
 JP Morgan Chase Bank N.A.
 Mizuho Corporate Bank Ltd.
 Standard Chartered Bank
 Sumi Tomo Mitsui Banking Corpn.
 Wachovia Bank N.A.,
 Austrailia & Newzealand Banking Group Ltd.
 Bank of America N.A.
 Bank of Tokyo Mitsubishi Ltd.

THIMPU - BHUTAN

Bank of Bhutan
 Bhutan National Bank Ltd.

TOKYO

Bank of Tokyo Mitsubishi Ltd.
 Bayerische Hypo-UND Vereinsbank AG
 Citibank NA

Commerzbank AG
 Dresdner Bank AG
 Hong Kong and Shanghai Banking Corp. Ltd.
 ING Bank N.V.
 Mizuho Corporate Bank Ltd.
 Standard Chartered Bank
 Sumitomo Mitsui Banking Corpn.
 UBAF-Union De Banques Arabes ET Francaises

TORONTO

Bank of Nova Scotia
 Citibank NA
 HSBC Bank Canada
 ICICI Bank Canada

UTRECHT

RABO Bank Nederland

VIENNA

ABN Amro Bank N.V.
 Bank of Tokyo Mitsubishi (Holland) N.V.
 Citibank International PLC
 Deutsche Bank Aktiengesellschaft filiale Wien
 Gutmann

WELLINGTON

ANZ Banking Group (New Zealand) Ltd.

ZURICH

Zuercher Kantonalkbank
 BHF Bank (SCHWEIZ) AG
 Citibank NA (SCHWEIZ)
 Commerzbank (SCHWEIZ) AG
 Credit Suisse
 Dresdner Bank (SCHWEIZ) AG
 Habib Bank AG Zurich
 Nordea Bank S.A.
 UBS AG



Eastern Bank Ltd.

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000
Tel: 880-2-9556360, Fax: 880-2-9562364, 9554610
E-mail: info@ebl-bd.com
Web: www.ebl.com.bd