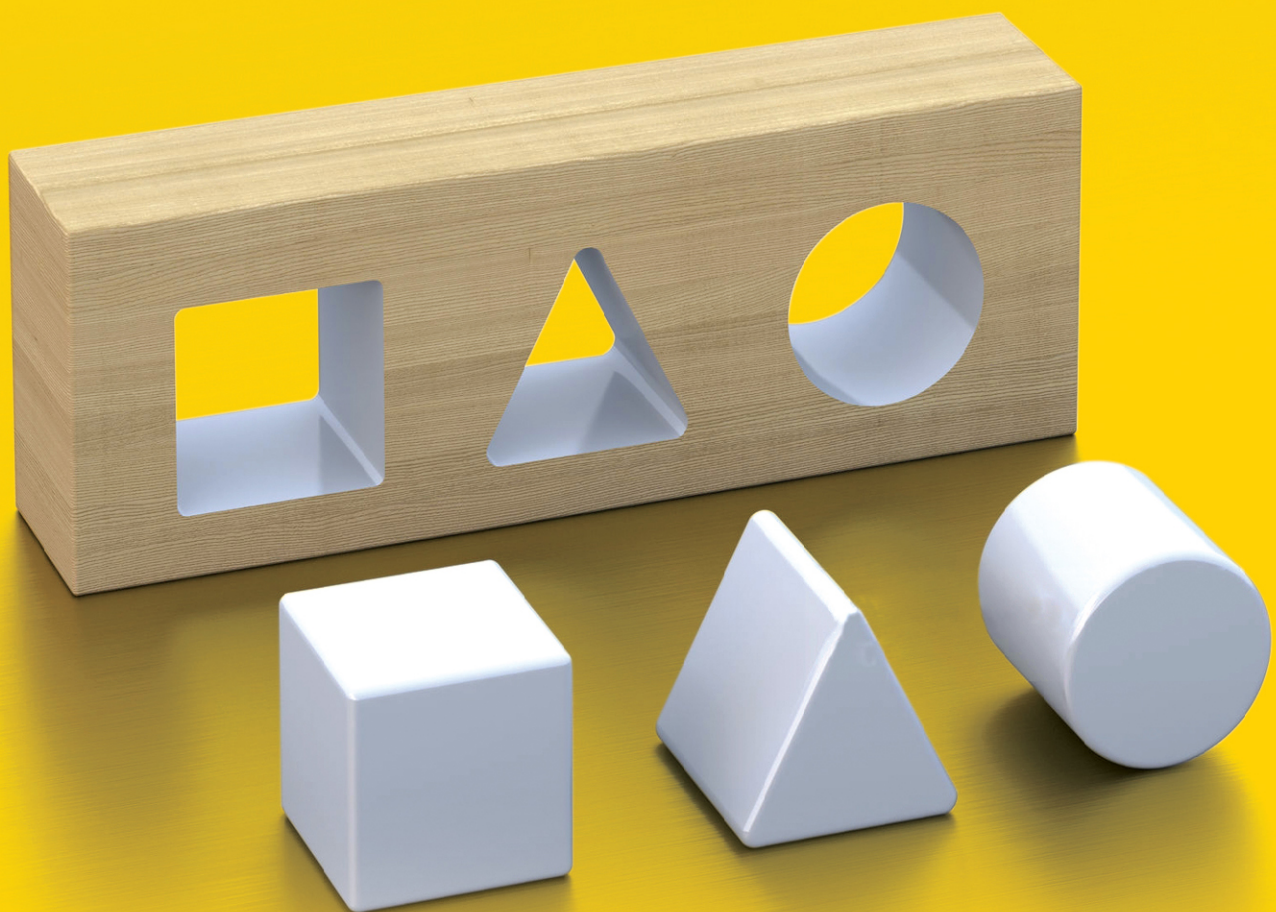
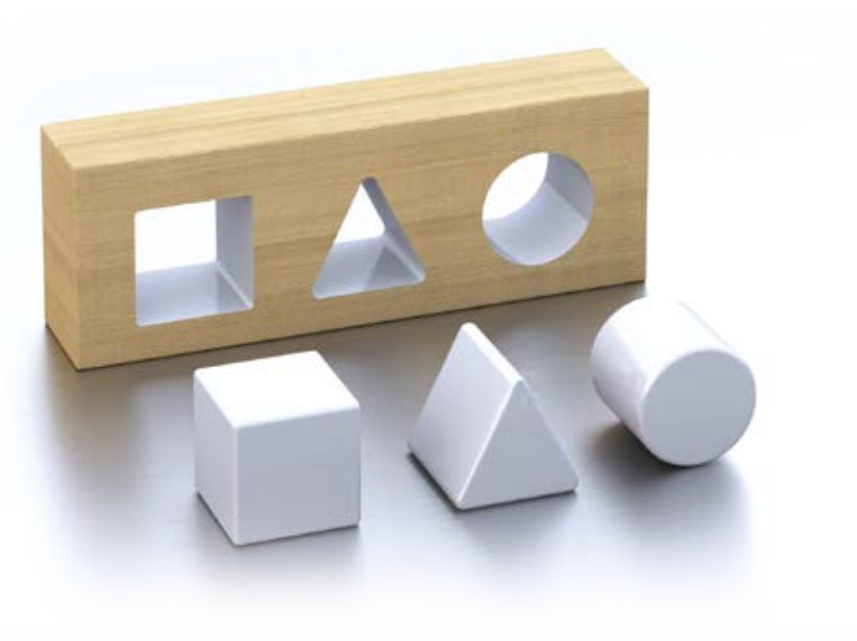


making banking
simple for all



annual report
2019





making banking simple for all

We began our journey in 1992 with a passion for service excellence, product innovation and a commitment to offer world class banking experience.

In the 28 years down the road, we have crossed many a hurdle, faced numerous challenges, and traversed many a mile to emerge as a market leader in providing cutting-edge financial solutions and service propositions to our customers. Since inception, we pursued responsible and ethical banking. We initiated best international corporate governance practices and corporate culture to promote sustainable performance, client-centricity, innovation and partnership.

But underneath of all our indicatives/efforts was the motto of serving our customers better by making banking simple and easy for them. Our tagline 'Simple Math' is an expression of our philosophy.

From designing a product or a service proposition to incorporating latest technological intervention including banking app, artificial intelligence, augmented reality, real-time internet banking, introduction of tap and pay cards, among other numerous propositions—everywhere our keen interest in making banking experience rewarding and simple for our customers is palpable.

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Letter of Transmittal

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

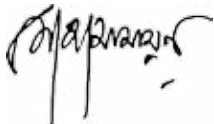
Dear Sir,

Annual report of Eastern Bank Limited for the year ended 31 December 2019.

We are pleased to present before you the Bank's (EBL) Annual Report 2019 along with the audited Financial Statements (Consolidated and Separate) for the year ended 31 December 2019 and as on that date.

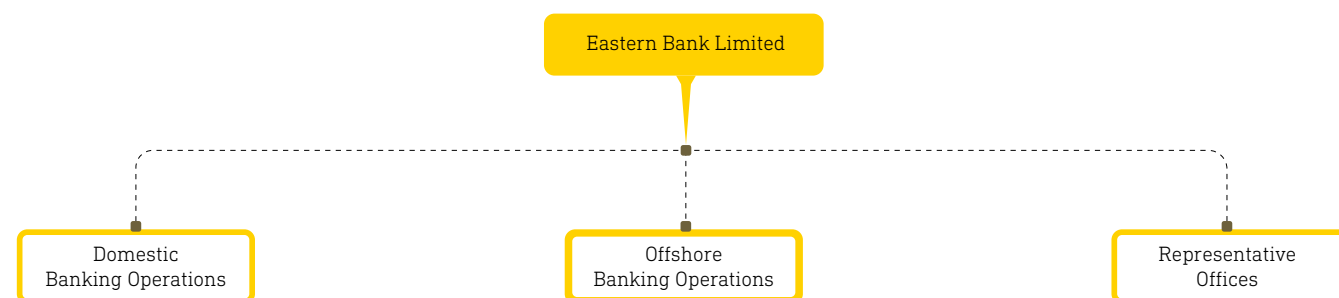
Financial Statements of 'The Bank' comprise those of EBL - Domestic Banking Operations and Offshore Banking Unit (presented separately) whereas consolidated Financial Statements comprise Financial Statements of 'The Bank' and those of its subsidiaries [EBL Securities Ltd., EBL Investments Ltd., EBL Finance (HK) Ltd. and EBL Asset Management Ltd.] presented separately. Analyses in this report, unless explicitly mentioned otherwise, are based on the financials of 'The Bank' not the consolidated financials.

Yours Sincerely,

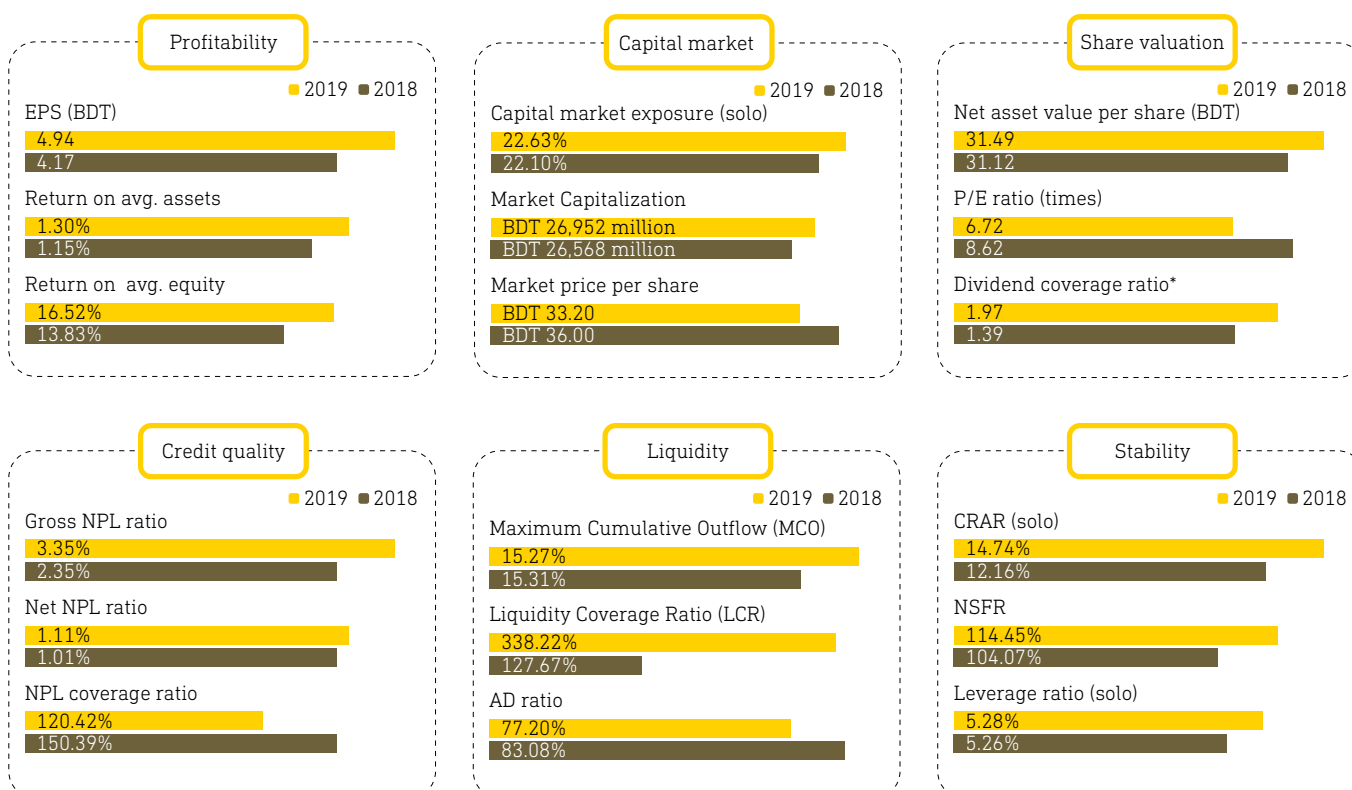
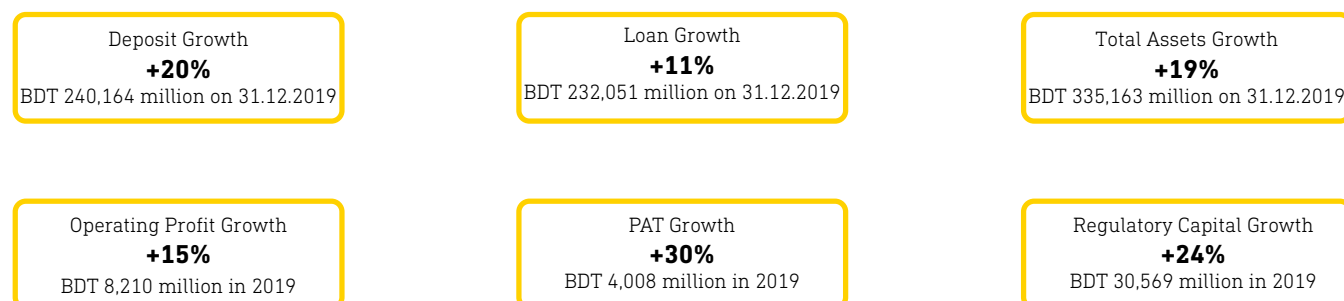


Md. Abdullah Al Mamun, FCS
Company Secretary (Acting)

EBL at a Glance



Credit rating Moody's: B1, CRISL: AA+, ST-1



*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

Awards and Recognitions

EBL is a trend setter in many areas of the financial sector. Its success comes from an innovative and deliberate attitude that reflects our dedication to the growth and success of our customers and communities.

EBL has been known for its consistent and sustainable growth over the past 28 years. We believe in working with the customer at a time and place where it is most convenient to them. As we work to deliver performance with purpose, we are proud that numerous organizations have recognized our progresses and achievements. The following awards speak volumes to the dedication and commitment of our people under judicious guidance of honorable Board of Directors of EBL.

ICMAB Best Corporate Award

EBL won the prestigious ICMAB Best Corporate Award 2018 securing the first position in the Private Commercial Bank Category. It signifies the Bank's resilient performance over the years. EBL won the award for three consecutive years from 2016.

Best Employer Brand Award

EBL received the Bangladesh Best Employer Brand Award 2019 at the 14th Employer Branding Awards ceremony. The award was given by the globally renowned Employer Branding Institute.

International Finance Award

EBL was awarded the Most Innovative Retail Bank – Bangladesh 2019 from International Finance magazine.

Asiamoney Award

EBL was awarded the Asiamoney Best Corporate and Investment Bank in Bangladesh for four consecutive years from 2016-2019.

ICSB National Award for Corporate Governance Excellence

Our system of corporate governance provides the basis for the responsible management, transparency of processes and compliance to regulatory bodies with a focus on sustainable value creation. Our continuous effort to adopt and adapt to international best practices in corporate governance has been recognized by Institute of Chartered Secretaries of Bangladesh (ICSB). Since inception of the award in 2013, EBL is the most awarded financial institution in the category.

ISO Certification

Our relentless effort to upgrade and update on every account of standardization is reflected in our ISO 9001: 2015 certification of operations and human resources division of the Bank.

PCI DSS Certificate

PCI DSS certificate was awarded to EBL in 2016 and reaffirmed consecutively in 2017 & 2018 by NCC Group of UK, global leader in cyber security.

In 2019, EBL was assessed by Network Intelligence (I) Pvt. Ltd. and they have found the Bank compliant with PCI DSS on card security. All these are a testimony to our emphasis on card security.

Euromoney Award

In 2016, the jury of Euromoney Awards for Excellence conferred the Best Bank in Bangladesh for its professionalism, prudence, and growth. In 2017 and 2018, EBL was adjudged the Best Bank in Bangladesh making the tally to three consecutive years.

A Leader in Retail Banking

In retail banking EBL has emerged as an undisputed leader. Eastern Bank Limited has won the prestigious Best Retail Bank in Bangladesh award by Singapore-based The Asian Banker for six consecutive years from 2013-18.

The London-based International Finance magazine in 2018 awarded EBL for the Best Credit Card Offering in Bangladesh.

Best Transaction Bank in Bangladesh

EBL was awarded the prestigious Asian Banker Business Achievement Awards 2018 held in Beijing. EBL is the only bank from Bangladesh to win Best Transaction Bank in Bangladesh Awards in two categories of Best Cash Management and Best Trade Finance.

IFC Award

In 2017 IFC of World Bank group recognized EBL as the Best Issuing Bank Partner and Best Trade Operations Issuing Bank Partner in South Asia.

FinanceAsia Award

EBL received Best Investment Bank in Bangladesh in 2019 award by FinanceAsia. The FinanceAsia magazine also awarded EBL the Best Bank in Bangladesh accolade in 2017.

Superbrands Award

EBL has been recognized as a 'Superbrand' of the country for the year 2018-2020 by the Superbrands Bangladesh.



ICMAB Best
Corporate Award



ICSB National Award for
Corporate Governance
Excellence



Moody's Rating



PCI DSS Certificate



Best Employer Brand Award



Asian Banker Best Retail
Bank in Bangladesh



Euromoney Award



IFC Award: Best Issuing Bank
Partner in South Asia



International Finance
Award 2019



FinanceAsia Award



Asiamoney Award



Superbrands Award

ORGANIZATIONAL OVERVIEW

Organizational overview is the portrait of the bank with all its personality traits which include fundamental values such as vision, mission and core values. The overview gives a comprehensive picture of who we are, what we do and what we would like to achieve for the bank and the community we operate in.



Vision



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

Mission



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



We will ensure to maximize shareholders' value.



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



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

Core Values



Service Excellence

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



Openness

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



Trust

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



Commitment

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



Integrity

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



Responsible Corporate Citizen

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



Strategic Priority



Ensuring health and safety of all our staff and customers under the current health crisis.



Focusing on asset quality through de-risking and diversification of portfolio.



Deploying technology to increase customer base, improve efficiencies, fight financial crimes and enhance service excellence.



Focusing on reduction of concentration risk, diversify revenue sources and improve profitability.



Upholding the culture of compliance that effectively mitigates risks and helps comply with all the regulatory ratios.



Hiring and retention of quality people with a focus on reducing gender disparity.



Intensifying cost rationalization in line with the spirit of efficient operations.



Offering innovative and useful cash management solutions to improve deposit mix of the bank.

Corporate Directory

Name of the company

Eastern Bank Limited

Legal form

A public limited company incorporated in Bangladesh on 08 August 1992 to carry out all kinds of banking businesses in and outside Bangladesh. Having taken over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited as per BCCI Reconstruction Scheme 1992 of Bangladesh Bank, the Bank commenced its operations on 16 August 1992.

Composition of the Group EBL

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

Network

Branches	85
ATMs	207
Agent banking outlets	26
Sub-branches	3
CDMs	61
Priority centers	15
Foreign correspondents	489
Corporate relationship units	8 in Dhaka, 2 in Chattogram
Mobile app	EBL SKYBANKING

Our core business

Corporate

A wide array of products and customized solutions is offered to corporate clients through relationship units spread out in Dhaka and Chattogram. Our offerings include but not limited to term lending, project financing, working capital financing, trade financing, cash management solutions, payroll banking, syndication, advisory services etc.

Retail & SME

It offers a wide range of deposit, loan and card products to suit dynamic and lifestyle needs of customers. It simplifies daily banking needs and satisfies lifestyle needs and aspirations of consumers by providing suitable products and services. We have also a particular focus on small businesses that aspire to grow and use our connections.

Treasury

Treasury is primarily responsible for asset-liability management and balancing and managing the daily cash flow and liquidity of the Bank. They also deal with investments in securities, foreign exchange, derivative instruments of the Bank.

Credit rating

Moody's: EBL is the first company in the country rated by Moody's, a renowned global rating agency. The Bank has been assigned B1 rating in November 2019 with stable outlook.

CRISL: The Bank has been awarded 'AA+' in the long-term and 'ST-1' in the short-term by Credit Rating Information and Services Limited (CRISL).

Board of Directors

Chairman

Md. Showkat Ali Chowdhury

Directors (Other than Chairman)

Sl.	Name	Position
1.	M. Ghaziul Haque	Director
2.	Mir Nasir Hossain	Director
3.	A. M. Shaukat Ali	Director
4.	Salina Ali	Director
5.	Anis Ahmed	Director
6.	Meah Mohammed Abdur Rahim	Independent Director
7.	Mufakkharul Islam Khasru	Director
8.	Ormaan Rafay Nizam	Independent Director
9.	Gazi Md. Shakhawat Hossain	Director
10.	Ali Reza Iftekhar	Managing Director & CEO

Company Secretary (Acting)

Md. Abdullah Al Mamun, FCS

Committees of the Board of Directors

Executive committee

Sl.	Name	Status with the Bank	Status with the Committee
1.	Mir Nasir Hossain	Director	Chairman
2.	Anis Ahmed	Director	Member
3.	Salina Ali	Director	Member
4.	Ali Reza Iftekhar	Managing Director & CEO	Member
Secretary: Md. Abdullah Al Mamun, FCS			

Audit committee

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

Risk management committee

Sl.	Name	Status with the Bank	Status with the Committee
1	Anis Ahmed	Director	Chairman
2	Mir Nasir Hossain	Director	Member
3	Meah Mohammed Abdur Rahim	Independent Director	Member
4	Gazi Md. Shakhawat Hossain	Director	Member
Secretary: Md. Abdullah Al Mamun, FCS			

Manpower

Employees	2019	2018
Permanent	1,892	1,715
Trainee	1,237	1,342
Total	3,129	3,057

Ownership composition

As on 31 December 2019, shareholding position of EBL by the directors, general public and financial institutions is presented below:

Shareholders' group	No. of shares	% of Share holding
Directors	256,202,162	31.56%
General public	467,477,192	57.59%
Financial institutions	88,120,193	10.85%
Total	811,799,547	100.00%

Stock exchange listing

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

Listing year

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

Capital (31 December 2019)

Authorized Capital	BDT 12,000,000,000 (face value per share: BDT 10)
Paid-up Capital	BDT 8,117,995,470 (face value per share: BDT 10)

Accounting year

1 January to 31 December

Tax consultant

ACNABIN
Chartered Accountants
(A network member of bakertilly)

Auditor

A. Qasem & Co., Chartered Accountants
(A member firm of Ernst & Young Global Limited)

Corporate governance auditor

K.M. HASAN & CO., Chartered Accountants
(An Independent Member Firm of McMillan Woods International)

Legal advisors

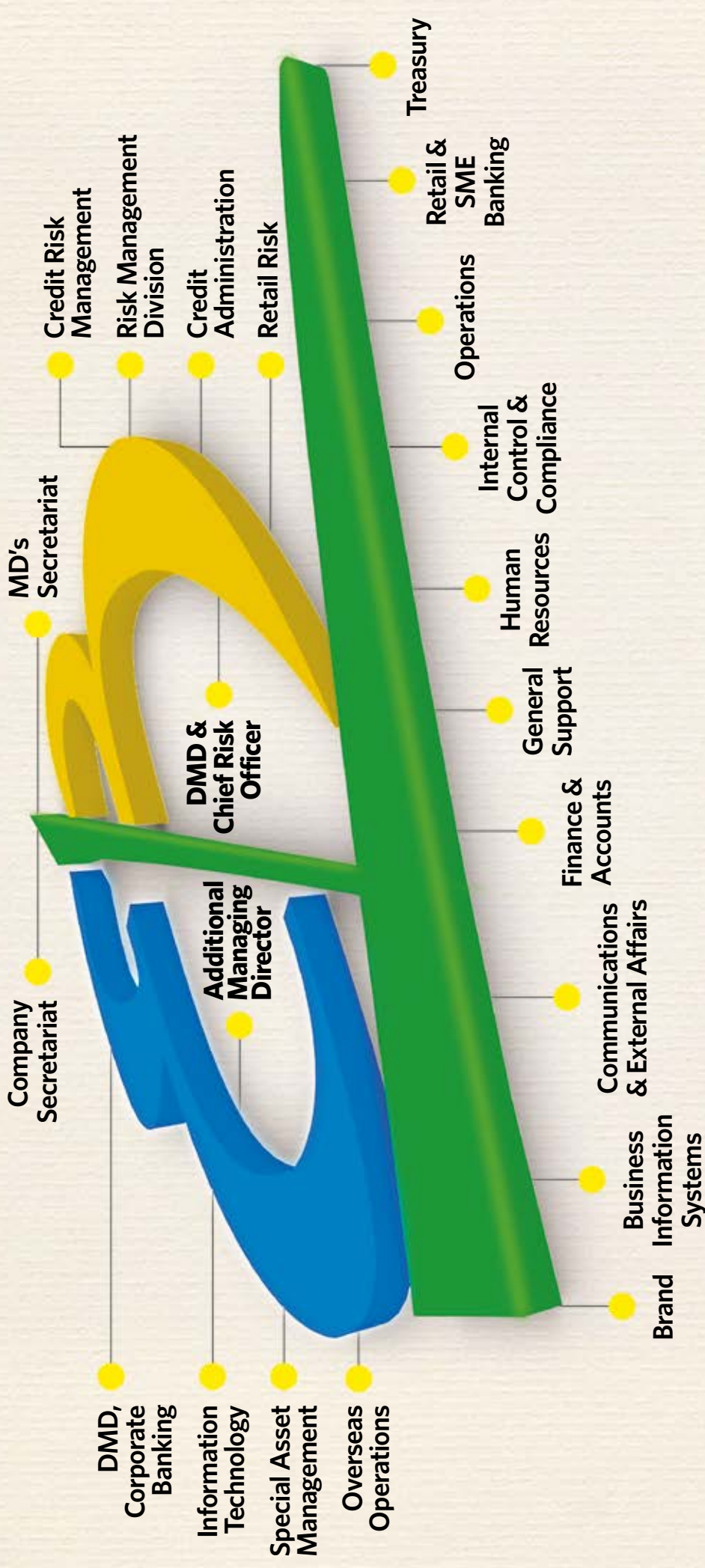
Sadat, Sarwat & Associates

Registered office & Head office

Eastern Bank Limited
100 Gulshan Avenue
Dhaka-1212, Bangladesh
Phone: + 88 09666777325
Swift: EBLBDDH
e-mail: info@ebl-bd.com
Web: www.ebl.com.bd

Organogram

Managing Director & CEO





HOME OF *Happiness*



Home is where the heart is. At EBL we value the emotion connected with home and have always considered our office as an extension of our home. We have also inculcated values of bonding and spirit of camaraderie of office life. People engagement is key to our corporate culture, and responsible banking is at the cornerstone of our ethical standard. Our head office is not just a symbol of our sustainable growth, but also our home of happiness.



Board of Directors





Profile of Board of Directors



Md. Showkat Ali Chowdhury
Chairman

A renowned business leader of the country, Md. Showkat Ali Chowdhury is successfully running a business conglomerate with diverse interests in ship breaking and recycling, tea plantation and production, RMG industries, real estate, agency business and engineering services, container freight station (CFS) and inland container depot (ICD), commercial banking, insurance and securities.

He joined the Board of Eastern Bank Limited (EBL) in 1993.

He completed his graduation from the University of Chattogram and is associated with many local and international organizations including life member of SAARC Chamber of Commerce & Industry (SAARC CCI), member of Bhatiary Golf & Country Club Limited, Chattogram Press Club, Chattogram Maa O Shisu General Hospital, Chattogram Club Limited, Chattogram Seniors' Club Limited and Bangladesh Ship Breakers & Recyclers Association (BSBRA). He was the first vice president of Chattogram Metropolitan Chamber of Commerce & Industry (CMCCI).

He is involved in many social activities and widely acclaimed for his philanthropic contributions.



M. Ghaziul Haque
Director

A respected business leader, M. Ghaziul Haque joined EBL Board in 1993 and is still serving the Board with an interval of about five years between 2006 and 2011.

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

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

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



Mir Nasir Hossain

Director

A leading entrepreneur of the country, Mir Nasir Hossain has a diverse range of business interests including construction, real estate, telecom, ICT, ceramic tiles manufacturing, banking and insurance. He excelled as a student and accomplished his post-graduation in Accounting from the University of Dhaka with flying colors. He joined EBL board in 1993. He is also the Chairman of EBL Asset Management Limited, a fully owned Subsidiary of EBL.

Mir Telecom Ltd., one of the business concerns under his dynamic leadership won the National Export Gold Trophy thrice in 2012-13, 2013-14 & 2016-2017 in Service Sector. He received the export trophy from the Hon'ble Prime Minister of the People's Republic of Bangladesh. For his significant contributions to industrial growth of the country, he was declared as CIP (Commercially Important Person) by the Ministry of Industries for the years 2012, 2013, 2017 and CIP Export 2014, 2015 from the Ministry of Commerce.

He led the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the apex trade body of the country, as its President from 2005 to 2007, and served the organization prudently with commitment and dedication. He held many important positions in various regional business policies including Senior Vice President of SAARC Chamber of Commerce and Industry (SCCI) and Vice President of Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI). Currently, he is the President of Faridpur Diabetic Association and Chairman of the Governing Body of Faridpur Diabetic Association Medical College.

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

He is actively engaged in various social works, most notably involved with Bangladesh Red Crescent Society as life member and supports a number of hospitals and orphanages.



A. M. Shaukat Ali

Director

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

He joined the Board of EBL in 1993 and initially was the chairman of the Audit Committee of EBL Board for 10 years and subsequently is working as member of the Audit Committee after changing rules of business of Regulators.

From 1987 to 1993 he was Project Director of World Bank and Asian Development Bank projects under the Ministry of Health and Family Planning. He served as the Chairman of Project Builders Limited, a renowned infrastructure development company from 1993-1999.

He takes great deal of interest in the areas that include education, banking, healthcare and charity where he has significant contributions.

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

Recently, he has established Abul Mansur Shaukat Ali Family Trust for fostering education, health and charity. The Trust has already initiated a scholarship in Bangladesh University of Engineering and Technology (BUET) titled 'Engineer A. M. Shaukat Ali Scholarship' for meritorious and underprivileged students of Civil Engineering Department of BUET and also for the students of Chattogram Government College, Chattogram.

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



Salina Ali

Director

A renowned business personality of the country, Salina Ali is the chairperson of the Unique Group, a leading business conglomerate in Bangladesh having business interest in real estate, ceramic industry, tourism, manpower export, banking services and human resources development. She is the chairperson of Unique Hotel and Resorts Limited and involved with The Westin Dhaka from the beginning of its commercial operation.

She is a member of the Executive Committee (EC) of the Board of Directors of EBL.

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

She is involved in many social and philanthropic works and committed to make positive changes in the society.



Anis Ahmed

Director

Anis Ahmed, Founder and Group CEO of MGH Group, a Singapore-headquartered conglomerate with business interests in supply chain services for Global Fast Fashion & Automotive brands, Low-Cost Airlines GSAs, Computer Reservation Systems, FM-radio stations, Ride-sharing service, On-Line Market Place for Room Accommodation, Tea and Rubber plantations, Premium Real Estate Developments, Food & Beverage and Retail & Commercial banking. MGH has business operations in two continents and in 18 countries inclusive of China, Vietnam, Saudi Arabia, Bangladesh, India, Pakistan, Sri Lanka, Nepal, Myanmar, Thailand, Cambodia, Hong Kong, Singapore, UAE, Qatar, Egypt, Mauritius, and in Nigeria.

Anis is the chairman of the Risk Management Committee (RMC) and a member of the Executive Committee (EC) of the Board of Directors of EBL.

He did his Bachelor of Science (Finance) from the University of Utah and an MBA from Arkansas State University, USA. Upon completion of MBA, Anis began his career with A.P. Moller Maersk as an Intern at the Morristown, New Jersey Headquarters. He later joined his Father's business, an A.P. Moller Maersk joint venture in Bangladesh and left after 4 years of employment to establish his own start-up, MGH, named after his Father M. Ghaziul Haque (MGH), the Chairman of MGH Group.

Anis is the Co-Founder, Co-Chair and a Trustee member of 'Suhana & Anis Ahmed Foundation' and MGH Foundation, undertaking initiatives to support Bangladesh Eye-Care Hospital's Free Cataract OT program, School for Autistic Students, BSMMU's Children's Leukemia Ward, Bidyanondo Foundation's "Ek Takar Ahar" program and LAUF (Legal Aid for Unfortunate). LAUF provides financial supports to Bangladeshis stranded in various parts of the world, unable to return home due to lack of legal, and financial abilities.



Meah Mohammed Abdur Rahim

Independent Director

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

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

He is the Director of EBL Securities Limited and EBL Investments Limited and also a Director of EBL Finance (HK) Ltd., all are fully owned Subsidiaries of EBL.

He did a Diploma in Banking, Diploma in Shipping from London School of Trade, AICS, and has a B.Sc. in Economics and Finance from Queen Mary University of London, UK.

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



Mufakkharul Islam Khasru

Director

Born in a respected family of Chattogram, Mufakkharul Islam Khasru did his B.Com from Chattogram Commerce College and MBA from Institute of Business Administration, University of Dhaka.

Currently, he is the Managing Director of Finlay Properties Ltd., an affiliate of JF (Bangladesh) Ltd. Before taking up the current responsibilities at Finlay Properties in 2010, he was CEO of SANMAR Properties Ltd., a leading business conglomerate with diversified business interest in property development, custom brokerage, stevedoring, and commodity trading.

He is a member of the Audit Committee of the Board of Directors of EBL and a Director of EBL Asset Management Limited, a fully owned Subsidiary of EBL.

He is an avid reader and has a strong impulse to travel and explore the world. A sports enthusiast, he enjoys socializing. As an active member of a number of clubs including Chattogram Club Ltd., Bhatiary Golf & Country Club, Chattogram Boat Club, Bangladesh Diabetic Society, his contributions are noteworthy.



Ormaan Rafay Nizam

Independent Director

Ormaan Rafay Nizam joined the Board of Eastern Bank Limited in 2008 as a director from the depositors and was subsequently appointed as an Independent Director in 2012. He is a member of the Audit Committee of the Board of Directors of EBL and a director of EBL Asset Management Limited, a fully owned Subsidiary of EBL.

He serves as the Managing Director of National Brokers Limited, the oldest Tea Broking Company in Bangladesh since 1948 and also a Director of Chittagong Warehouses Limited. He is a member of Chittagong Club and Bhatia Golf & Country Club. He is a cricket organizer at national level.

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

A sports enthusiast, he was educated at Faujdarhat Cadet College (FCC) and obtained his B.Com from University of Chattogram and completed higher education from London School of Education (LSE). He has expertise in the areas of business studies, finance and management.



Gazi Md. Shakhawat Hossain

Director

A noted business executive, Gazi Md. Shakhawat Hossain wears multiple hats. He is the Managing Director of Purnima Construction (Pvt.) Limited and a director of Unique Hotel & Resorts Limited, Bay Hill Hotel & Resorts Limited and General Electric Company (BD) Limited.

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

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



Ali Reza Iftekhar

Managing Director & CEO

A visionary banker and a dynamic leader, Ali Reza Iftekhar is an ardent promoter of the concept of sustainable development. As the MD and CEO of Eastern Bank Limited, he has successfully introduced international best practices and ethical banking and transformed the organization into the most valuable financial brand in the country. Under his leadership, the bank has achieved many a laurel including the Best Retail Bank in Bangladesh awarded by The Asian Banker for six consecutive years 2013 - 2018; Euromoney Best Bank in Bangladesh for three consecutive years, Asiamoney Best Corporate and Investment Bank of Bangladesh for four consecutive years, FinanceAsia Best Bank of Bangladesh in 2017 and 2019, the IFC Global Award for the Best Partner for Working Capital Systemic Solution; ICSB National Award for Corporate Governance Excellence; the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award.

He has recently been elected Chairman of Association of Bankers, Bangladesh Limited (ABB) for 2020-21. ABB is a forum of managing directors of Bangladesh's scheduled banks. This is his 2nd term as the chairman of ABB. He also served as the chairman of the forum for 2014-2015.

It is during his tenure that EBL became the first company in the country to achieve Ba3 rating from Moody's in 2016. An achiever throughout his banking career spanning over three decades, he was awarded CEO of the Year 2012 at Asian HR Leadership Award.

Management Committees



MANCOM

1	2	3	4
Ali Reza Iftekhar Managing Director & CEO	Hassan O. Rashid Additional Managing Director	Ahmed Shaheen DMD & Head of Corporate Banking	Mahmoodun Nabi Chowdhury DMD & Chief Risk Officer
5	6	7	8
S.M. Akhtaruzzaman Chowdhury SEVP & Head of ICCD	Iftekhar Uddin Chowdhury SEVP & Area Head, Corporate Banking, Chattogram	Mehdi Zaman SEVP & Head of Treasury	Usman Rashed Muyeen SEVP & Head of Credit Risk Management



9



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Mahiuddin Ahmed
SEVP & Head of Operations

10

Riad Mahmud Chowdhury
SEVP & Head of Relationship
Unit, Corporate Banking

11

M. Khorshed Anowar
SEVP & Head of Retail & SME Banking

12

Masudul Hoque Sardar
SEVP & Chief Financial Officer

13

Zahidul Haque
SEVP & Chief
Technology Officer

14

Monjurul Alam
EVP & Head of Human
Resources

15

Ashraf-Uz-Zaman
EVP & Head of Special
Asset Management

16

Md. Maskur Reza
SVP & Head of Business
Information Systems

17

Md. Abdullah Al Mamun
VP & Acting Company
Secretary

MANCOM

SL NO	Name	Designation	Status in Committee
1	Ali Reza Iftekhhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	Mahmoodun Nabi Chowdhury	DMD & Chief Risk Officer	Member
5	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Member
6	Iftekhhar Uddin Chowdhury	SEVP & Area Head, Corporate Banking, Chattogram	Member
7	Mehdi Zaman	SEVP & Head of Treasury	Member
8	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member
9	Mahiuddin Ahmed	SEVP & Head of Operations	Member
10	Riad Mahmud Chowdhury	SEVP & Head of Relationship Unit, Corporate Banking	Member
11	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
12	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
13	Zahidul Haque	SEVP & Chief Technology Officer	Member
14	Monjurul Alam	EVP & Head of Human Resources	Member
15	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member
16	Md. Maskur Reza	SVP & Head of Business Information Systems	Member
17	Md. Abdullah Al Mamun	VP & Acting Company Secretary	Member

Extended Management Team (EMT)

SL NO	Name	Designation	Status in Committee
1	Riad Mahmud Chowdhury	SEVP & Head of Relationship Unit, Corporate Banking	Chairman
2	M Latif Hasan	SEVP & Head of Corporate Risk, CRM	Member
3	Hemanta Theotonius Gomes	EVP & Head of Credit Administration	Member
4	Maj Md. Abdus Salam, psc, (Retd)	EVP & Head of Cash Management, Corporate Banking	Member
5	Ziaul Karim	EVP & Head of Communications & External Affairs	Member
6	Md. Obaidul Islam	EVP & Head of International Business & Offshore Banking Division	Member
7	Md. Mokaddas	EVP & Head of Trade Operations	Member
8	Syed Zulkar Nayen	EVP & Head of Liability & Wealth Management	Member
9	Ahsan Ullah Chowdhury	EVP & Head of Cards & Digital Banking	Member
10	Mahdiar Rahman	EVP and Head of Relationship Unit, Corporate Banking	Member
11	Kamal Mustaba Ali	EVP & Head of General Support	Member
12	Md. Rezaul Karim	EVP & Head, IT Operations	Member
13	Md. Zahid Hossain	EVP & Head of Service Delivery	Member
14	S. K. M. Shariful Alam	SVP & Head, Core Banking, App., Sup. & Project Mgt.	Member
15	Rasheedul Huque	SVP & Branch Area Head, Dhaka	Member
16	Tasnim Hussain	SVP & Head of Asset, Retail & Business	Member
17	Mohammed Moinul Islam	SVP & Senior Manager, Special Asset Management	Member
18	Md. Maskur Reza	SVP & Head of Business Information Systems	Member
19	Md. Fazlur Rashid	SVP & Head of Retail Risk, CRM	Member
20	Farzana Ali	SVP & Head of Service & Business Quality	Member
21	Shah Muntasin Mujtaba	VP & Head of Corporate Sales, Treasury	Member
22	Sarmin Atik	VP & Head of Priority Banking	Member
23	Riyadh Ferdous	VP & Head of Brand	Member
24	Md. Shahjahan Ali	VP & Head of Compliance, ICCD	Member
25	Muyeed Hasnayan	VP & Head of Cards Operations	Member
26	Rishad Hossain	SAVP & Head, Employment & Strategy, HRD	Member Secretary
27	Muhammad Shahriar Husain	SAVP & Head of Retail Projects and Transformation	Member
28	Nahid Farzana	SAVP & Head of Cards Business	Member
29	Rajan Kumar Saha	SAVP & Head, Financial Planning, Reporting & Analysis	Member

Asset Liability Committee (ALCO)

SL NO	Name	Designation	Status in Committee
1	Ali Reza Iftekhhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	Mehdi Zaman	SEVP & Head of Treasury	Member Secretary
5	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
6	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
7	Saiful Islam	VP & Acting Head of Risk Management Division	Member
8	Mohammad Shahazadul Alam Khan	SPO & Manager, ALM Trading, Treasury	Member

Executive Risk Management Committee (ERMC)

SL NO	Name	Designation	Status in Committee
1	Mahmoodun Nabi Chowdhury	DMD & Chief Risk Officer	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
4	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Member
5	Mehdi Zaman	SEVP & Head of Treasury	Member
6	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member
7	Mahiuddin Ahmed	SEVP & Head of Operations	Member
8	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
9	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
10	Zahidul Haque	SEVP & Chief Technology Officer	Member
11	Hemanta Theotonius Gomes	EVP & Head of Credit Administration	Member
12	Monjurul Alam	EVP & Head of Human Resources	Member
13	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member
14	Saiful Islam	VP & Acting Head of Risk Management Division	Member Secretary

Purchase Committee (PC)

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	General Secretary
2	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
3	Zahidul Haque	SEVP & Chief Technology Officer	Member
4	Kamal Mustaba Ali	EVP & Head of General Support	Member
5	Md. Maskur Reza	SVP & Head of Business Information Systems	Member
6	Md. Abdullah Al Mamun	VP & Acting Company Secretary	Member

Credit Risk Management Committee (CRMC)

SL NO	Name	Designation	Status in Committee
1	Mahmoodun Nabi Chowdhury	DMD & Chief Risk Officer	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member Secretary
4	Mehdi Zaman	SEVP & Head of Treasury	Member
5	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
6	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
7	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member
8	Saiful Islam	VP & Acting Head of Risk Management Division	Member

Sustainable Finance Committee (SFC)

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman
2	Ahmed Shaheen	DMD & Head of Corporate Banking	Member
3	S. M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Member
4	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member Secretary
5	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
6	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
7	Zahidul Haque	SEVP & Chief Technology Officer	Member
8	Kamal Mustaba Ali	EVP & Head of General Support	Member
9	Md. Obaidul Islam	EVP & Head of International Business & Offshore Banking Division	Member
10	Hemanta Theotonius Gomes	EVP & Head of Credit Administration	Member
11	Ziaul Karim	EVP & Head of Communication & External Affairs	Member
12	Monjurul Alam	EVP & Head of Human Resources	Member
13	Ahsan Ullah Chowdhury	EVP & Head of Cards & Digital Banking	Member
14	Ashraf-Uz-Zaman	EVP & Head of Special Asset Management	Member
15	Saiful Islam	VP & Acting Head of Risk Management Division	Member

Supervisory Review Process (SRP) Team

SL NO	Name	Designation	Status in SRP Team
1	Ali Reza Iftekhhar	Managing Director & CEO	Chairman
2	Hassan O. Rashid	Additional Managing Director	Member
3	Mahmoodun Nabi Chowdhury	DMD & Chief Risk Officer	Member
4	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Member
5	Mehdi Zaman	SEVP & Head of Treasury	Member
6	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member
7	Mahiuddin Ahmed	SEVP & Head of Operations	Member
8	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
9	Zahidul Haque	SEVP & Chief Technology Officer	Member
10	Saiful Islam	VP & Acting Head of Risk Management Division	Member Secretary

BASEL Implementation Unit (BIU)

SL NO	Name	Designation	Status in BIU
1	Mahmoodun Nabi Chowdhury	DMD & Chief Risk Officer	Chairman
2	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Member
3	Mehdi Zaman	SEVP & Head of Treasury	Member
4	Usman Rashed Muyeen	SEVP & Head of Credit Risk Management	Member
5	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member Secretary

* It has a Working Team consisting of three members.

Cost Olympic Committee (COC)

SL NO	Name	Designation	Status in Committee
1	Masudul Hoque Sardar	SEVP & Chief Financial Officer	President
2	Zahidul Haque	SEVP & Chief Technology Officer	Member
3	Kamal Mustaba Ali	EVP & Head of General Support	Member
4	Syed Zulkar Nayen	EVP & Head of Liability & Wealth Management	Member
5	Monjurul Alam	EVP & Head of Human Resources	Member
6	Iftikhar Imam	SVP & Head of Inbound Business & China Desk	Member
7	Md. Maskur Reza	SVP & Head of Business Information Systems	Member Secretary
8	Riyadh Ferdous	VP & Head of Brand	Member
9	Muyeed Hasnayan	VP & Head of Cards Operations	Member

Central Compliance Committee (CCC)

SL NO	Name	Designation	Status in Committee
1	S.M. Akhtaruzzaman Chowdhury	SEVP & Head of ICCD	Acting CAMLCO
2	Hassan O. Rashid	Additional Managing Director	Member
3	Mahmoodun Nabi Chowdhury	DMD & Chief Risk Officer	Member
4	Mahiuddin Ahmed	SEVP & Head of Operations	Member
5	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
6	Zahidul Haque	SEVP & Chief Technology Officer	Member
7	Monjurul Alam	EVP & Head of Human Resources	Member
8	Md. Abdul Awal	SVP and Head of Monitoring, ICCD	Member
9	Md. Shahjahan Ali	VP & Head of AMLD	DCAMLCO & Member Secretary
10	Muyeed Hasnayan	VP & Head of Cards Operations	Member

Integrity Committee

SL NO	Name	Designation	Status in Committee
1	Hassan O. Rashid	Additional Managing Director	Chairman & Focal Point
2	M. Khorshed Anowar	SEVP & Head of Retail & SME Banking	Member
3	Masudul Hoque Sardar	SEVP & Chief Financial Officer	Member
4	Ziaul Karim	EVP & Head of Communications & External Affairs	Member & Deputy Focal Point
5	Monjurul Alam	EVP & Head of Human Resources	Member
6	Farzana Ali	SVP & Head of Service & Business Quality	Member

Products and Services



RETAIL & SME BANKING



DEPOSIT PRODUCTS

Retail Accounts

Savings Account

EBL Classic Savings
EBL Power Savings
EBL Max Saver
EBL Premium Savings
EBL Platinum Plus Savings
EBL 50+ Savings
EBL Smart Women's Savings
EBL RFCD

Current Account

EBL Current Account
EBL Current Plus

DPS Account

EBL Confidence

EBL Millionaire Scheme
EBL Millionaire Women DPS
EBL Kotipoti
EBL Multiplier

EBL Fixed Deposit

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

Business Accounts

Current Account

Current Deposits

FCY Account
Export Retention Quota

SND Account

Short Notice Deposit
EBL Shubidha
EBL Super HPA

DPS Account

EBL Equity Builder

Fixed Deposit Account

Fixed Deposit
Extra Value Fixed Deposit
EBL Alo
EBL Diamond
EBL Super FD
EBL Repeat



CARD PRODUCTS

EBL Credit Cards

EBL Visa Classic Credit
EBL Visa Gold Credit
EBL Visa Platinum Credit
EBL Visa Women Platinum Credit
EBL Visa Signature Credit
EBL Visa Infinite Credit
EBL Mastercard Titanium Credit
EBL Mastercard World Credit
EBL Diners Club International Credit
EBL UnionPay International Platinum Credit

EBL Corporate Credit Card

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

EBL Debit Cards

EBL Visa Classic Debit
EBL Visa Platinum Debit
EBL Visa Women Platinum Debit
EBL Visa Signature Debit
EBL Visa Priority Signature Debit
EBL Visa Infinite Debit
EBL Visa Business Debit
EBL Visa Global Debit

EBL Visa Payroll Debit
EBL Visa Junior Debit
EBL Mastercard Titanium Debit
EBL Mastercard World Debit
EBL Mastercard Payroll Debit

EBL Prepaid Cards

EBL Visa Lifestyle Prepaid
EBL Visa Payroll Prepaid
EBL Visa Hajj Prepaid
EBL Mastercard Aqua Prepaid
EBL Diners Club International Global Prepaid

Co-branded Cards

EBL Visa Robi Platinum Credit
EBL Visa Bangladesh Army Platinum Credit
EBL Visa Bangladesh Air Force Platinum Credit
EBL Visa Bangladesh Navy Credit
EBL Visa Meena Bazar Platinum Credit
EBL Visa BAT Co-brand Corporate Credit
EBL Visa BFSI Signature Credit
EBL Visa Oil & Gas Credit
EBL Visa Flight Expert Credit
EBL Visa GHC Credit
EBL Visa Unilever Prepaid

EBL Visa ACCA Prepaid
EBL Visa Grameenphone Express Prepaid
EBL Visa DPS Prepaid
EBL Visa BATA Prepaid
EBL Visa Netizen Prepaid
EBL Mastercard Shwapno Titanium Credit
EBL Mastercard BASIS Titanium Credit
EBL Mastercard Rotary Titanium Credit
EBL Mastercard JCI Titanium Credit
EBL Mastercard Oil & Gas Credit
EBL Mastercard BASIS Prepaid
EBL Mastercard Robi Smart Prepaid
EBL Mastercard Berger Prepaid
EBL Mastercard Novo Air Prepaid
EBL Mastercard Rotary Prepaid
EBL Mastercard DHL One Prepaid
EBL Banglalink Payroll Prepaid
EBL Diners Club International Vroom Credit
Others

Facilities

EBL ZIP (Zero% Installment Plan)
EBL EasyCredit
EBL Want2Buy



LOAN PRODUCTS

Retail Loan

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

SME Loan

EBL Utkorsho
EBL Mukti
EBL Uddipon
EBL Nobodoy
EBL Asha
EBL Udoy
EBL Utpadon
EBL Agrim
EBL CC
EBL Projukti

EBL Krishi
EBL E-Loan/Cash
Business Solution

Supply Chain Finance

Supplier Finance (Receivable Finance)
- Factoring
- Reverse Factoring
Dealer/Distributor Finance
Corporate guarantee backed dealer finance
End user finance



NRB PRODUCTS & SERVICES

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

NRB Deposit Products

EBL Global
EBL NFCD
EBL Shonchay
EBL Paribar

Remittances

Remitted fund can be disbursed through EBL branches, and smart remit card.

NRB Loan Products

Personal Secured Loan (Fast Loan)
Personal Secured Credit (Fast Cash)

Investment

Wage Earners Development Bond (WEDB)
US Dollar Investment Bond (USDIB)
US Dollar Premium Bond (USDPB)



AGENT BANKING SERVICES

- Opening of Customer Account
- Cash Deposit and Cash Withdrawal
- Inward Foreign Remittance Disbursement
- Payments of Bills/Utility Bills
- Transfer of Funds
- Collection of Documents in relation to Accounts



DIGITAL BANKING SERVICES

- EBL DIA
- Payment Solution
- SKYBANKING
- Internet Banking
- EBL 365
- EBL Dropbox
- EBL Contact Center with Phone Banking facility
- EBL SMS Banking & SMS Alert Service
- EBL Web Chat



PAYROLL PRODUCTS & SERVICES

Executive Account – For Salary Disbursement
EBL Visa Payroll Card – Smart Expense Card
EBL Salary Shield – Employee Insurance Scheme
EBL Connect – Secured Digital Platform for Salary disbursement



STUDENT BANKING PRODUCTS & SERVICES

EBL Junior
EBL Campus
EBL Child Future Plan
EBL Student File
EBL Aspire



PRIORITY BANKING SERVICE

EBL Priority offers a wide range of attractive propositions and personalized services, adding value to the premium customer base of the bank.



EBL INSTA BANKING

Instant account opening facility from the comfort of customer's home using smart device



CORPORATE BANKING



CASH MANAGEMENT SOLUTIONS

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



WORKING CAPITAL SOLUTIONS

Funded Facilities

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

- Foreign Documentary Bill Purchased (FDBP)
- EDF Loan

Non-Funded Facilities

Letter of Credit (Cash/Back to Back)

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

Guarantee (Open ended/Close ended)

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



BRIDGE FINANCING

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



LONG TERM FINANCING

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



OFFSHORE FINANCING

Foreign Currency Financing:

- Import Loan
- Demand Loan
- Bill Discounting/Financing
- Term Loan
- Guarantee



STRUCTURED FINANCING

- Local and Foreign Currency Syndicated Term Financing
- Multilateral Financing
- Arranging Debt (Bonds/Commercial Paper)
- Preference Shares
- Export Credit Agency (ECA) Backed Financing
- Syndicated Working Capital Financing
- Advisory Services
- Trustee and Agency Services



TREASURY



MONEY MARKET PRODUCTS

- Call Money
- Term Money
- Re-Purchase Agreement
- Reverse Repo
- Commercial Paper
- Foreign Exchange Swap
- Foreign Currency Placement



FIXED INVESTMENT PRODUCTS

- Government Securities to Inter-Bank
- T-Bond to Foreign Individuals, Investors & Institutions
- Sub-Ordinated Bond
- Government Securities to Customers



FOREIGN EXCHANGE PRODUCTS

- Inter-Bank Spot in Major Currency Pairs
- Customer Spot in Major Currency Pairs
- Foreign Remittance



DERIVATIVE PRODUCTS

- Forward Contract
- Interest Rate Swap (IRS)

Timeline



08 August 1992: Incorporated.

16 August 1992: Commenced banking operations.

20 March 1993: Listed with Dhaka Stock Exchange Ltd.

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

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

11 September 2004: Listed with Chittagong Stock Exchange Ltd.

09 November 2006: Partnered with ADB under Trade Finance Facilitation Program (TFFP) to receive guarantee and revolving credit facility.

30 December 2009: Established 'EBL Investments Limited', a fully owned subsidiary to do merchant banking operations (License received in January 2013).

01 March 2010: Acquired 60% shares of a brokerage house 'LRK Securities Limited' renamed afterwards as 'EBL Securities Limited' and was acquired fully in 2012.

04 April 2010: Became first bank in Bangladesh to implement 'Universal Banking System (UBS)', world's one of the renowned core banking solutions.

1992

1993

2003

2004

2006

2009

2010

2011

2012

2014

2015

09 January 2011: Incorporated 'EBL Asset Management Limited', a fully owned subsidiary of the Bank to do asset management especially mutual funds.

25 June 2011: Adjudged the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award, one the most prestigious awards in Bangladesh.

28 November 2011: 'EBL Finance (HK) Limited', the fully owned first foreign subsidiary of EBL incorporated with Hong Kong authority.

25 September 2012: EBL CEO awarded 'CEO of The Year' by World HRD Congress and World Brand Congress hosted by Asian Confederation of Businesses in Dubai.

31 July 2014: EBL received 'Global Brand Excellence Awards' from The World Brand Congress in 'Brand Revitalization' category in recognition of EBL's sustainability in innovative branding. .

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

18 January 2015: A Capacity Enhancement Center named 'EBL Nest' started its journey as an idea generation and innovation center with a vision to 'Imagine without Fear'.



21 March 2016: EBL as a first Bangladeshi Bank was assigned long-term rating Ba3 with a stable outlook by Moody's, one of the top international rating agencies.

01 October 2016: EBL achieved PCI DSS certification for implementing global information security standard from world's cybersecurity leader NCC Group, UK.

28 December 2017: EBL launched country's first Artificial Intelligence (AI) - based banking chatbot titled 'EBL DIA' (EBL Digital Interactive Agent) - where anyone can interact/chat with an AI-based Chat Robot on social media platform.

22 March 2018: EBL adjudged the 'Best Retail Bank in Bangladesh' award for 2018 consecutively for the sixth time by The Asian Banker.

24 May 2018: As a first Bangladeshi Bank, EBL won Best Transaction Bank in Bangladesh award in two categories of 'Best Cash Management Bank' and 'Best Trade Finance Bank' at the prestigious Asian Banker Business Achievement Awards 2018.

24 June 2018: EBL has moved into its permanent home at 100 Gulshan Avenue, Dhaka. This is a state-of-the-art intelligent building and also an architectural landmark of the city.

18 July 2018: EBL repeated the performance in 2018 by winning Euromoney Best Bank in Bangladesh award for the third consecutive year.

2016

2018

2017

2019

2018

01 September 2018: EBL has been recognized as a 'Superbrand' of the country for the year 2018-2020 by the Superbrands Bangladesh.

10 November 2018: EBL won the gold award at the 'ICSB National Award for Corporate Governance Excellence 2017' in the 'Banking Companies' category by the Institute of Chartered Secretaries of Bangladesh (ICSB).

25 March 2019: EBL was awarded the Best Corporate and Investment Bank in Bangladesh in 2019 for four consecutive years from 2016 by Asiamoney.

27 June 2019: EBL won the 'Best Investment Bank in Bangladesh' at the FinanceAsia's Country Awards 2019, held in Hong Kong.

08 September 2019: EBL won the Bangladesh Best Employer Brand Award 2019 at the 14th Employer Branding Awards ceremony by the globally renowned Employer Branding Institute.

15 December 2019: EBL won the prestigious 'ICMAB Best Corporate Award 2018' securing first position in the Private Commercial Bank Category.

16 December 2019: EBL won the 'Most Innovative Retail Bank - Bangladesh 2019' by the International Finance Magazine.



Banking to your home

We value your time and understand your priorities. While you take care of all your chores, we bring banking to your home. Let us take care of your banking needs with our smart account opener from the comfort of your home.

You take care of priorities of your life; just leave your banking to our care.

Welcome to the world of EBL Insta Banking.



Zero
Paperwork



Hassle free
Banking



Instant
Account Number
Confirmation



Secured with
Two factor
authentication

* On Invitation basis

Conditions Apply



STEWARDSHIP

Our aspiration has always been to contribute meaningfully to economic growth of the country and to the society we operate in. Making banking simple for our clients and employees is our priority. Our Board, Managing Director and CEO are leading the bank from the front and working passionately to uphold corporate culture and values to establish a bond of trust with the society we serve.



Chairman's Message



Md. Showkat Ali Chowdhury

Chairman of the Board of Directors

"We are committed to maintaining the highest level of ethical standards of integrity, corporate governance and regulatory compliance. We have proactively upheld good governance practices and are constantly striving to enhance our standards. We have delivered consistent shareholder returns and built a strong capital position to grow sustainably."

Dear shareholders,

On behalf of Board of Directors (BoD), I welcome you all to the 28th Annual General meeting of EBL. It is my privilege to present you the Annual Report and audited financial statements of the Bank for the year 2019. Looking back on my second year as the chair of EBL Board, I am impressed by the progress we have collectively made in pursuit of building a better bank.

Economic environment

Being dragged by the slower growth in several key countries and regions, global growth in 2019 recorded its weakest pace since global financial crisis a decade ago. Global economy saw a modest growth of 2.9% in 2019 (based on IMF's report) as a consequence of rising trade barriers, upstretched uncertainty surrounding trade and geo-politics between United States and China, Brexit-related uncertainty in United Kingdom and weak export in euro zone area. Thanks to limited degree of globalization, Bangladesh economy did not suffer much due to shrinking global economic growth. The Bangladesh economy achieved 8.1% GDP growth in FY19 led by rising exports and record remittances. However country's banking sector witnessed several stressed situations in the area of governance, rising NPLs, liquidity crunch and massive government borrowing from banking sector that has heavily impacted sector credit growth.

It was expected that the world economy will have a modest rebound in 2020; however global economic prospects remain subdued and very uncertain due to the unprecedented novel coronavirus (COVID-19) pandemic. The adverse impact of this ongoing pandemic is apprehended to be so massive and far reaching that the world economic order is expected to take a new shape. Even the prolonged recessions in certain countries and regions may be a neo normal scenario. Quite expectedly, the outlook of global economic growth in 2020 simply looks very bleak and uncertain.

Sound financial performance

2019 was a challenging year for country's banking industry in terms of governance, solvency, liquidity, profitability and asset quality. Absence of good governance in certain banks and FIs affected the overall financial health of the industry. Despite several challenges, EBL efficiently managed its portfolio closing the year 2019 with an increase of 30% profit after tax (PAT) to BDT 4008 million.

We are steadfast in our commitment to building and protecting the long-term value of the company. In 2019 our focus was mainly on improving asset quality, recovering classified and written off loans. This has yielded impressive result as we have closed the year with 3.35% NPL way below the industry average of 9.32%. In key profitability ratios our sound financial performance has been positively reflected. ROA and ROE have improved to 1.30% and 16.52% respectively with improved earnings per share (EPS) of BDT 4.94 in 2019 compared to BDT 3.79 in 2018.

Efficient operations

Fintech and digitalization are shaping the future of financial services industry to a completely new dimension. To keep pace with the fast-paced changes in banking technology, we have been focusing on efficient technology and innovations. EBL has always been at

the forefront in embracing digitization of banking services and processes. With an aim of making banking available on all digital platforms and devices, we have invested heavily on digitization of services. A handful of banks in the country have as many digital channels as EBL do. Digitization has helped in improving customer experience in connectivity in a comprehensive manner.

This year EBL has worked on strengthening Bank's risk management, especially operational and compliance risk. Bank's strong credit discipline has enabled us to perform well even in this volatile situation of country's financial system. To enhance Bank's risk management capabilities, we are investing in people, technology, infrastructure, and IT security. ISO 27001 certification for Information Security Management System is a testimony to our eagerness to establish reliability of process and security system.

We always strive for sustainable and client-led revenue growth by deepening our relationships with and understanding of customers and roping in new ones in target segments. As an initiative to reach previously unreached customers in our financial framework, EBL is expanding its network through agent banking and sub-branches.

Best employer brand

We believe that the only way we can emerge stronger in a challenging and uncertain environment is by staying firm and true to our core values. Our people are the custodians of our core values who help shaping an inspiring performance culture by putting the right systems and interventions in place. We believe professional yet caring work environment helps to attract and retain people with high caliber. It ensures higher level of comfort for the employees and creates stronger ties with the bank. Hence we have created an enviable culture where everyone feels strongly connected based on shared values and beliefs. Our recognition as the Bangladesh Best Employer Brand by globally renowned Employer Branding Institute validates our people practice and culture.

Compliance culture

The BoD strives to earn and maintain public trust by constantly adhering to the highest ethical standards. We are committed to good corporate governance, which promotes long-term interests of shareholders, strengthens Board and management accountability and helps building public trust in the Bank. We are committed to maintaining the highest level of ethical standards of integrity, corporate governance and regulatory compliance. We have proactively upheld good governance practices and are constantly striving to enhance our standards. At EBL, we have established a goal oriented culture backed by sound ethical practice. These efforts have been recognized by the ICMAB Best Corporate Award and the ICSB National Award for Corporate Governance Excellence.

EBL's continuous effort in offering innovate products and services and adapting to best practices has been recognized by numerous international awards including Euromoney Award, Asiamoney Award and International Finance Award.

Corporate social responsibility

Our corporate social responsibility is a reflection of our commitment to bringing positive changes in the society we operate in. Our engagement in social activities related to education, healthcare,

sports, art, and culture shows our interest in wider social issues which make good business sense to operate sustainably. Hence it helps us in a way to establish close collaboration with our stakeholders. We strongly believe our investment in skill development will bring positive changes in building future workforce for fast changing global marketplace. To strengthen youth confidence and help them grow as skilled workforce we have been offering scholarship to meritorious and disadvantaged students of all 74 departments of University of Dhaka. As a responsible corporate citizen, we have also allocated our CSR expenditure in emergency disaster relief, upgrading facilities and lifesaving equipments in emergency rescue services and infrastructure improvement for disadvantaged communities in far flung areas.

The way forward

Performance of Bangladesh economy in 2020 largely depends on handling of certain issues concerning export, remittances, private sector investment, employment generation and revenue generation and most importantly how we manage the revival efforts from the crisis of COVID-19 pandemic. Implementation of 9% loan rate (except credit cards) effective from April 2020 is expected to affect liquidity and profitability of banking industry. Moreover, a longer lasting and more intensive coronavirus outbreak may weaken world economic prospects considerably which will affect country's trade business and remittance flow. Performance of Bangladesh economy in 2020 heavily depends on economic recovery of Eurozone and US economy from this crisis.

Growth is real only when it is sustainable and serves the long-term interest of stakeholders. We are committed to our mission of enabling growth and progress and will continue to be true to our

values as we serve our clients. In 2020 we will continue to focus on control and risk management to ensure EBL's position as a strong and stable institution. We have delivered consistent shareholder returns and built a strong capital position to grow sustainably.

Dividend

The BoD has decided to propose 25% cash dividend for our shareholders for the year 2019.* We always give utmost importance to maintain a fine balance between consistency of dividend payment and strengthening the capital base of the organization. On a closer assessment and compliance with various regulatory conditions, organization's earning capacity and growth prospects, we take a decision to distribute an appropriate amount of dividend.

Appreciation

On behalf of the BoD, I convey my sincere thanks for having faith in us and choosing EBL for your investment. I would like to recognize the tireless efforts of our management team led by Ali Reza Iftekhar for helping us achieving our goals while building a strong foundation for the future. We are grateful to regulators, especially Bangladesh Bank for their constant support and prudent guidance all the way.



Md. Showkat Ali Chowdhury

Chairman of the Board of Directors

**Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.*



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Managing Director & CEO's Review



Ali Reza Iftekhar

Managing Director & CEO

"EBL has delivered strong financial performance in 2019 recording commendable profit growth despite numerous external challenges. The Bank's profit after tax increased by 30.10% to BDT 4,008 million, reflecting prudent ALM practice and cost efficiencies. EBL is always committed to serve its customers well, increase efficiency of its employees and reward its shareholders even in the most difficult times."

Operating environment

Stress from country-specific weakness in large emerging market economies such as Brazil, India, Mexico, and Russia, extensive bushfires in Australia, escalating geo-political tensions between US and Iran, trade war between US and China etc. continued to exert pressure on global economic activity. Apart from all these, the ongoing outbreak of the novel coronavirus disease (COVID-19) has become one of the biggest disruptors to the global economy and financial markets. Fears of the coronavirus impacting on the global economy have rocked markets worldwide, plunging stock prices and bond yields. Restrictions on movement of people, goods and services, and containment measures such as factory closures have cut manufacturing and domestic demand sharply. Emphasizing its impact on the global economy, the Chief Economist of IMF Gita Gopinath has warned that the world may not fully recover from Coronavirus crisis even by the end of 2021. The IMF now expects the global economy to shrink by 3% in 2020 before growing 5.8% next year.

On the local economy front, the two key monetary policy objectives (containing inflation within target and supporting attainment of targeted real GDP growth) were well achieved in FY19 (July 2018-June 2019). June 2019 CPI inflation was 5.47% (below the target of 5.60%) and real GDP growth was 8.13% (against target of 7.80%) and remittance saw a robust growth in the FY19. The World Economic League Table 2020, the Centre for Economics and Business Research (CEBR) also says that Bangladesh's economy will further climb up from the 40th place in the World Economic League Table in 2020 to 26th and 25th position respectively by 2029 and 2034. This proves how Bangladesh is outperforming in the midst of flare-up of trade tensions, financial turmoil, an escalation of geo-political tensions etc. However, due to limited resource mobilisation, dependence on bank borrowing to finance its development programs, ongoing several mega infrastructure projects including the Padma multi-purpose bridge, a mass rapid transit system, an LNG terminal and several power plants and deep sea ports etc., the government will go through fiscal challenges in managing its expenditures and continuing development initiatives. If we look at the banking sector, it is high time for us to tackle rise in non-performing loans, and establish strong governance to drive the economy better than before. The better it does so, the better the economy will perform in the long-run through more productive economic activities and reduced financial risk.

Resilient performance

EBL has delivered strong financial performance in 2019 recording commendable profit growth despite numerous external challenges. The Bank's profit after tax increased by 30.10% to BDT 4,008 million, reflecting prudent ALM practice and cost efficiencies. Net Interest Income (NII) saw a growth of 8.69% riding on 10.87% portfolio expansion as the Bank sought new client acquisition and deeper penetration in both retail and SME segments. Fees and commissions income also grew by 10.86% reflecting our focus on expanding trade services, foreign exchange income and card operations. Amidst such expansions, ongoing focus on process efficiencies and productivity improvements enabled the Bank to achieve an improvement in its cost-to-income ratio to 43.76% in 2019, from 45.63% the year before. The Bank's asset expansion of 18.66% in 2019 was propelled by loan growth of 10.87% and investment growth of 43.57% to reach BDT 335,163 million. Bank's ability to grow its deposit base by 20.31% compared to

previous year is a testament to its brand strength and customer convenience offered through a multi-channel strategy. Our intense focus on quality of asset drove the Bank to achieve NPL ratio of 3.35% at the end of 2019; which is far below the industry average. We have adopted proactive measures to stem the influx of NPL through tightening underwriting and approval mechanisms and strengthening collections and monitoring drive. The Bank's return on average equity improved to 16.52% in 2019, from 13.83% the preceding year that signifies our focus on growing shareholder value. Apart from these, a host of international and local awards is testimony to our commitment to excellence.

For details, please go to the section- Stakeholders' Information, Management Discussion and Analysis, Risk Management Report and notes to the financial statements of this annual report.

Strategic move

The Bank continued to put thrust on strengthening its dominant position in the Retail and SME segments while sustaining its competitive edge in the corporate segment. This strategy has allowed the Bank to optimise its risk-return balance while diversifying its portfolio. The Retail and SME Banking segment recorded sound growth, supported by strategic focus on new client acquisition and tapping cross-sale opportunities. We have also introduced a brand new segment titled 'Priority Infinity' with a host of bespoke lifestyle privileges specially designed for valued customers of the Bank. The launch of UnionPay credit card is another milestone for the Bank since UnionPay card is number one in Asia-Pacific region and globally in the second position. Besides, to tap the business opportunities and contribute to the growing China-Bangladesh trade business, we have opened our representative office in Guangzhou. This is the first footprint of any Bangladeshi financial institution in China. We have established our presence in the largest economic zone of Bangladesh Bangabandhu Sheikh Mujib Shilpa Nagar at Mirsarai, Chattogram.

Digitalization

Digital innovations are transforming economies and financial ecosystems the world over. Customers are demanding banking that is simple, functional, reliable, and seamless. New opportunities for business growth abound as do new risks to data security and compliance, among others. In the ever evolving market scenario strengthening digital capabilities is our key priority. We have been continuously trying to increase operational efficiency by automating and digitalizing internal operational processes. Introducing new service features in existing banking products and service channels has become integral part of our DNA. And by enhancing transaction security we are committed to give our customers utmost comfort. We have started using 'Porichoy' the API based real-time NID verification portal porichoy.gov.bd introduced by Bangladesh Government which will help verify the NID numbers of our customers, their addresses, passport details, signatures, photographs, biometric, personal details, TIN, CIB etc. And, most importantly, to protect our sensitive data, we have implemented log analyser tools such as Security Information and Event Management (SIEM), File Integrity Monitoring (FIM), etc. which will help monitoring IT systems in real-time. To safeguard the Bank's IT assets from ransomware or malware attacks, we are taking all necessary backup of data so that it can be retrieved in the event of emergency situation. We are also working on upgrading the current core banking solution to enhance our operational efficiency which will lead to better customer experience.

Strengthening capital base

To strengthen capital base, Basel III has been fully implemented by EBL. Our capital to risk-weighted assets ratio (CRAR) has been once again well above the regulatory minimum. We have strengthened our capital base during 2019 by issuing BDT 5,000 million subordinate bond. At the year-end 2019, Bank's CET 1 ratio and CRAR stood at 9.99% and 14.74% respectively.

Cost effectiveness

Cost Olympic Committee (COC), a specialized committee to drive cost rationalization awareness and initiatives across EBL, has made a noteworthy contribution in 2019 by reducing our cost to income ratio to 43.76% from 45.63% in 2018. In the coming days, we will focus more on cost rationalization to ensure eco-friendly operational environment, minimum wastages, committed human resources with positive mindset etc. that will reap up the benefits for the Bank.

A responsible bank

EBL believes that every small 'GREEN' step taken today would go a long way in building a greener future. Through proper planning and management, EBL has ensured minimal wastage of natural resources. We suggest our employees switch their lights off after office hours, use daylight instead of electric lights, turn off all air-conditioner after 7 p.m., moving towards paperless office as much as possible, managing water consumption, planting trees and encouraging green practices –all these have been mainstay of our sustainable banking endeavours. Besides, we have decided to go for polythene and plastic (plastic bottle, bag, plastic files, one-time-use packets) free premises from 2020. As a financial services provider we are aware of the role we play to facilitate economic activity and address critical social and environmental issues. We will continue to drive initiatives to embed the principles of economic, social and environmental sustainability to our business strategy and process in the coming days.

Better customer experience

We work towards providing excellence in customer experiences consistently through all our banking channels. Our priority is to bring digital transformation at process level so that customers can feel more comfortable when dealing with the Bank. Many new features such as self-registration using CASA, biometric fund transfer, fund transfer from credit and prepaid cards, fund transfer to bKash, utility bill payment (DPDC, DESCO, BTCL, Akash DTH), augmented reality (EBL AR), instant card block, etc. were introduced in the EBL SKYBANKING app in the year 2019 which made the overall digital banking experience of the customers easier and better than ever. We value our customer feedback coming from different channels as it plays vital role to improve and to take care of the needs of our customers. We are continuously working to give the best possible experience to our 500 thousand plus existing customers. To keep up with our previous successful track, our aim is to uplift the standard achieved through improved productivity and excellence in customer service.

Compliance

Our utmost priority is to safeguard the interest of our depositors and shareholders. We continue to work closely with the regulators to ensure compliance in every aspect. Our focus during 2019 was to conduct businesses prudently keeping ourselves within regulatory

framework. Accordingly, we complied with all key regulatory ratios of the Bank (year-end position shown) namely AD ratio (77.20% ≤ 85%), CRAR (14.74% ≥ 12.5%), leverage ratio (5.28% ≥ 3%), MCO (15.27% ≤ 18%), capital market exposure (22.63 % ≤ 25%), LCR (338.22% ≥ 100%) & NSFR (114.45% > 100%) that clearly shows our commitment to key stakeholders.

People development

We help our people shaping their career from inspiring them to work at EBL to creating a real learning environment to providing required training to build up skills to developing them through modern performance management system and finally to showing them a sustainable career path.

At EBL, we have created an environment where employees feel valued for the work they do, enjoy the people they work with; hence feel encouraged to work for the Bank. We have always focused on growth for our employees both in terms of their rewards and honing the skills they need to deliver top performance. We take care of our people by actively listening to their issues, and we respect our employees by treating them fairly. Our emphasis is on developing more and more home grown people in the coming days. We instil in them a culture of high ethical standard and norms of EBL and empower them to lead the Bank responsibly in future.

Going forward

EBL is always committed to serve its customers well, increase efficiency of its employees and reward its shareholders even in the most difficult times. Strengthening our digital capabilities will be a key focus in 2020 and we hope to upgrade our core banking platform to incorporate latest advances in technology. We hope to further expand our network as well as reach to unbanked people through agent banking, sub-branches, digital channels etc. And, we will leverage our network and digital strategy to drive deeper penetration in the retail and SME sector. Since we strive towards operational excellence, automation will play a critical role in simplifying processes. We will continue to drive service excellence effectively differentiating ourselves from competition.

Acknowledgement

I would like to extend my appreciation and gratitude to the Chairman of the Board Md. Showkat Ali Chowdhury for his stewardship and prudent guidance and the entire Board of Directors for their advice, direction and patronage. My gratitude also goes out to the Governor and officials of Bangladesh Bank and other regulatory bodies for their continued support and direction. A special word of thanks to the Management and employees at all levels for their dedication and commitment in driving the Bank forward. Finally, I would like to thank our valued shareholders, customers, business partners and other stakeholders for their faith in us and for being a continuous inspiration to deliver excellence.



Ali Reza Iftekhar
Managing Director & CEO

Directors' Report 2019

The Board of Directors is pleased to welcome you all to the 28th Annual General Meeting (AGM) of the Bank and present before you the Annual Report along with the Audited Financial Statements for the year 2019. A review of business and financial performance and the underlying forces affecting these have been briefly pointed out.

Global economy and its outlook

The subdued economic growth (2.9% in 2019) is seen as a consequence of rising trade barriers, heightened uncertainty surrounding trade and geo-politics, distinctive factors causing macroeconomic stress in several emerging market economies and structural factors, such as low productivity growth and ageing demographics in advanced economies. Trade tensions have risen sharply in 2019 due to significant increase of tariff between the United States and China and hurting business sentiment and confidence globally.

Advanced economies continue to slow toward their long-term potential. For the United States, trade related uncertainty has made negative effects on investment. In the euro area, growth has been downgraded due to weak exports, while Brexit-related uncertainty continues to weaken growth in the United Kingdom. In China, the growth downgrade reflects not only escalating tariffs but also slowing domestic demand. In India, growth weakened in 2019 mainly due to corporate and environmental regulatory uncertainty and concerns about the health of the non-bank financial sector. Growth in the low-income developing countries remains robust, though growth performance is more heterogeneous within this group. Robust growth is expected for non-commodity exporters, such as Vietnam and Bangladesh, while the performance of commodity exporters, such as Nigeria, is projected to remain lackluster.

The COVID-19 pandemic is perpetrating high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3% in 2020 as per projection of IMF in April 2020.

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

Particulars	2019	2020 p	2021 p
World	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
Other Advanced Economies	1.7	-4.6	4.5
USA	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Emerging Market and Developing Economies	3.7	-1.0	6.6
China	6.1	1.2	9.2
India	4.2	1.9	7.4

Source: IMF World Economic Outlook Update (April 2020); p for projection.

Bangladesh economy: A brief review

Bangladesh economy continued to maintain healthy growth in FY 2019 supported by rising exports, private consumption, and record remittances. According to Bangladesh Bureau of Statistics (BBS), GDP growth in FY 2019 has reached at 8.1% (7.9% in FY 2018), the highest ever growth considering the new base year of 2005-06. This performance puts Bangladesh among the top ten fastest-growing countries globally. Large and medium-scale manufacturing activities responded the fastest on the supply side, accompanied by broad-based growth in services, led by wholesale and retail trade.

The diversion of export orders from China boosted export growth, which rose by 10.5% in FY 2019. Export growth has been led by RMG exports and supported by agricultural products, pharmaceuticals and other manufacturing products. There was a marked slowdown in import growth in FY 2019 which rose by 1.8% in FY 2019, much lower compared to over 25% growth in FY 2018. Decelerated import growth has been driven by a decline in food and capital machinery imports.

The industry sector grew by 13% in FY 2019, led mainly by manufacturing and construction activities. The service sector grew by 6.5% in FY 2019, led by an expansion in wholesale and retail trade, supplemented by strong growth in transportation and financial intermediation services. Agricultural growth fell to 3.5% in FY 2019 from 4.2% in FY 2018. A bumper rice harvest made a limited contribution to agricultural growth as growth in crops and horticulture declined from 3.1% in FY 2018 to 1.75% in FY 2019.

As bumper rice yields led to falling prices, food inflation dropped to 5.5% in FY 2019 from 7% in FY 2018. Non-food inflation increased from 3.7% to 5.4% in FY 2019, led by increasing clothing and footwear prices.

Broad money growth increased marginally (from 9.2% in FY 2018 to 9.9% in FY 2019) as public sector bank borrowing increased sharply. Private credit growth constrained by declining deposit growth, US dollar sales by Bangladesh Bank (BB), rising non-performing loan (NPL), and pressure to comply with the 9% ceiling on the lending rate.

Remittance inflows grew by 9.8% reaching a record USD 16.4 billion in FY 2019. The balance of payments was slightly positive (USD 12 million) in FY 2019. The current account deficit decreased to USD 5,254 million in FY 2019 from USD 9,567 million in FY 2018 as the trade and services deficits fell, and remittances rose.

Gross foreign exchange reserve stood at USD 32.6 billion at the end of FY 2019, representing around 5.8 months of prospective imports. BB intervention in the foreign exchange market moderated the depreciation of the BDT/USD rate as the US dollar gained strength in global markets. The real effective exchange rate appreciated by about 5.6% leading to a loss of price competitiveness internationally, particularly when combined with relatively low productivity and high inflation. The RMG sector has been provided with cash subsidies which have offset this competitive disadvantage.

Banking industry in 2019

The banking industry in Bangladesh is highly fragmented into state-owned commercial banks (SCBs) and local and foreign private commercial banks (PCBs) with a marked difference in profitability and other financial soundness indicators (governance, asset quality, capital adequacy etc.). Too many banks chasing too few eligible borrowers resulting highly competitive interest rates and rising Non-performing loan (NPL) have been the major challenges facing the industry. Banking sector indicators reflected a mixed performance in terms of asset growth, capital adequacy, profitability and asset quality in 2019.

During July-September 2019, banking sector's indicators showed some mixed performance, as reflected in the non-performing loan (NPL), capital adequacy, provision shortfall position and liquidity conditions. During the said period, a modest growth in the assets of the banking sector was observed. Compared to June 2019, share of loans and advances remained almost same while share of investments increased notably at the end of September 2019 due to higher government borrowing through Treasury bond and securities. Overall NPL edged up, driven mainly by the performance in the SCBs and also deterioration of asset quality in a few PCBs. At the end of September 2019, gross NPL ratio reached at 12% which was 11.7% at the end of June 2019 and 10.3% at the end of December 2018. Provision maintenance ratio slightly decreased at the end of September 2019 compared to June 2019 and the decline in provision maintenance ratio could be attributed to proportionate adjustment in maintained provision relative to the required provision. Profitability as measured by ROA and ROE also decreased at the end of September 2019 compared to June 2019. Liquidity situation seemed to improve further during July-September 2019 period as evident from decreased advance-to-deposit ratio (ADR). ADR of the overall banking industry reached at 76.6% at the end of September 2019, remaining below the maximum regulatory ceiling.

Banking sector capital to risk-weighted assets ratio (CRAR) slightly decreased on 30 September 2019 (11.6%) with respect to that of 30 June 2019 (11.7%). As on 30 September 2019, 47 out of 57 banks satisfied CRAR compliance requirements in line with Pillar 1 of the Basel III capital framework.

In 2019, some of the following important initiatives taken by Bangladesh Bank:

- Revision of loan/investment write-off policy.
- Issuance of policy for offshore banking operations of banks in Bangladesh.
- Revision of loan classification and provisioning policy.
- Instructions regarding investment in non-listed securities and investment in special purpose vehicle, alternative investment fund or similar fund/funds by scheduled banks.
- Instructions for close monitoring of banks' classified loan accounts amounting to BDT 100 crore and above.
- Revision of maintenance of CRR and SLR for offshore banking operations in Bangladesh.
- Re-fixation of advance/investment-to-deposit ratio to be maintained by banks.
- Temporary liquidity support for investment in capital market by banks.
- Agricultural loan facility for the flood affected farmers.
- Guidelines regarding cash incentive on wage earners remittance.
- Modifications in various foreign exchange regulations to smoothen the foreign exchange market in Bangladesh.

Reducing NPL and minimizing risk of credit default are the key concern for stability of the banking sector. Strengthening risk management, enhancing of effective micro prudential regulations, ensuring corporate governance, and accelerating loan recovery process are needed for maintaining stability.

Economy and business outlook 2020

The FY 2020 monetary program has been formulated to accommodate GDP growth target of 8.2% and to fix a monetary growth path aiming at average inflation rate within the targeted ceiling of 5.5%. This would require a monetary program that limits broad money and domestic credit growth ceilings at 12.5% and 15.9% respectively by June 2020. Based on the trend of recent past, the public and private sectors will use this room for domestic credit growth to estimated extents respectively of 24.3% and 14.8% growth in credit to the two sectors. Some headwind stemmed from slowdown of export and import growth due to shrinking global economic growth may likely impact growth outlook in FY 2020. During July-December 2019 export decreased by 5.84% compared to July- December 2018 and import during July-November 2019 fell by 5.25% compared to July-November 2018.

In the financial sector, stock market volatility and high NPL remains a perennial source of risks. Lack of good governance in the banking sector could impair its capacity to extend credit and support growth if the economy slows down. Implementation of maximum 9% interest rate for all loans (except credit cards) from April 2020 will affect the liquidity and profitability of banks.

Global economic ramifications of the Covid-19 will adversely impact the previous growth projections for Bangladesh in 2020. As all major advanced economies are showing signs of recession, this will adversely affect Bangladesh through exogenous trade shocks and disruptions in supply chains. Large retail outlets have already closed their stores which may significantly affect factories and workers locked into supply chains with implications for countries like Bangladesh. In the post-Covid-19 period, the restructured shorter supply chains likely to result in permanent losses of business for many firms and their employees in Bangladesh.

The Covid-19 crisis has caused increased economic vulnerability as reflected in rapid slowdown in projected growth away from the trend. As projected by IMF, growth rate for Bangladesh stands at 2.0% for 2020. However, the economy is expected to bounce back to its trend growth rate in 2021 which is projected to be 9.5%. But that projection is entirely dependent on how soon Bangladesh is able to bring the pandemic under control.

Financial performance highlights of EBL

Banking industry passed a challenging year in terms of governance, capital adequacy, profitability and soundness in 2019. Despite intensified challenges, EBL managed its portfolio efficiently closing the year 2019 with an NPL of 3.35% (2.35% in 2018) which is lower than that of industry average (9.32%). The prime focus during the year has been improving asset quality, recovering classified and written off loans, mobilization of deposits, process automation, upholding service excellence, and rationalizing costs. A brief review of financial performances are as follows:

- Net interest income (NII) which contributed 56% of total operating income increased by 9% in 2019 compared to last year (interest income increased by 17% and interest expense increased by 22%).
- Non-interest income which contributed rest 44% increased by 14% mainly due to increase of income from investment by 19% and fees, commission & brokerage by 11% in 2019 compared to 2018.

- Compared to last year, operating income increased by 11% and operating expense increased by 7%. As a consequence, operating profit of the Bank increased notably by 15% and reached at BDT 8,210 million in 2019.
- Total provision decreased by 24% in 2019 compared to last year (general provision decreased by 83% mainly due to reduction of off-balance sheet exposure compared to last year, specific provision decreased by 33%, and other provision increased by 73% mainly due to decrease of market price of quoted securities).
- Total tax provision increased by 49% in 2019 compared to last year mainly due to increase of profit before tax by 36% and decrease of tax deductible expense for not having any write-off loans in 2019.
- Finally Bank's profit after tax (PAT) increased by BDT 927 million or 30% in 2019 compared to 2018.

Following table summarizes comparative financial performance of EBL both as a Group and as the Bank:

BDT in million

Particulars	Group		% Change	Bank		% Change
	2019	2018		2019	2018	
Net interest income (NII)	8,277	7,611	9%	8,159	7,506	9%
Non-interest income	6,743	6,004	12%	6,439	5,633	14%
Total operating income	15,020	13,615	10%	14,597	13,139	11%
Total operating expense	6,642	6,235	7%	6,387	5,995	7%
Operating profit (Profit before provision and tax)	8,378	7,380	14%	8,210	7,144	15%
Specific provision	1,255	1,911	-34%	1,255	1,861	-33%
General provision	56	327	-83%	56	327	-83%
Other provision	723	415	74%	643	370	73%
Total provisions	2,035	2,652	-23%	1,954	2,558	-24%
Profit before tax for the year	6,343	4,728	34%	6,256	4,586	36%
Tax provision for the year	2,353	1,617	46%	2,248	1,505	49%
Profit after tax (PAT)	3,990	3,111	28%	4,008	3,081	30%
Earnings per share (EPS) (restated)	4.92	3.83	28%	4.94	3.79	30%

ROA and ROE have increased in 2019 due to increase in PAT by 30%. Cost to income ratio has slightly decreased due to higher growth of operating income than that of operating expense. The Capital to risk weighted assets ratio (CRAR) has increased to 14.74% in 2019 from 12.16% in 2018. Following table presents some of the key financial ratios:

Particulars	Bank	
	Year 2019	Year 2018
Return on average equity (PAT/average equity)	16.52%	13.83%
Return on average assets (PAT/average assets)	1.30%	1.15%
Cost to income ratio (operating expense/operating income)	43.76%	45.63%
Capital to risk weighted assets ratio	14.74%	12.16%
NPL ratio	3.35%	2.35%
EPS (BDT) (Restated)	4.94	3.79
Price to book value ratio (Restated)	105.41%	127.25%

Appropriation of profit

Profit after tax (PAT) of the Bank stands at BDT 4,008 million during the year including net deferred tax income of BDT 664

million out of which BDT 694 million arises on specific provision made against Bad/Loss loans and cannot be distributed as dividend as per BRPD Circular No.11 dated 12 December 2011 of BB. And BDT 738 million is required to transfer to statutory reserve in 2019 to equalize statutory reserve with paid-up capital of the Bank. Thus, cumulative profit available for distribution stands at BDT 3,714 million out of which the Board of Directors recommended 25% cash dividend amounting BDT 2,029 million for the year 2019.*

Capital adequacy status under Basel III

Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within the comfort zone against the requirement of 12.5% (Minimum total capital ratio plus capital conservation buffer) and ended at 14.74% as on 31 December 2019. However, to keep pace with the growth of risk weighted assets and increased CRAR requirement under Basel III, the Bank issued 2nd 7 year Non-convertible Subordinated Bond of BDT 5,000 million in 2019. For details, please see Market Discipline (Basel III) section of this annual report.

*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

History of raising capital

As on the reporting date (31-12-2019), the Bank had paid up capital of BDT 8,117,995,470 of which 84.07% was raised through stock dividend. The history of raising paid up capital to BDT 8,117.99 million as on year-end 2019 is presented below:

AGM Date	Particulars	No. of Shares*	Volume in Taka	Cumulative Paid up Capital in BDT
9 December 1993	As per MOA & AOA	60,000,000	600,000,000	600,000,000
5 August 2001	20% Bonus Share	12,000,000	120,000,000	720,000,000
8 December 2003	15% Bonus Share	10,800,000	108,000,000	828,000,000
12 June 2007	25% Bonus Share	20,700,000	207,000,000	1,035,000,000
25 May 2008	34% Bonus Share	35,190,000	351,900,000	1,386,900,000
25 May 2008	Right Share 2:1 at Par	69,345,000	693,450,000	2,080,350,000
28 April 2009	20% Bonus Share	41,607,000	416,070,000	2,496,420,000
30 March 2010	17% Bonus Share	42,439,140	424,391,400	2,920,811,400
30 March 2011	55% Bonus Share	160,644,627	1,606,446,270	4,527,257,670
29 March 2012	35% Bonus Share	158,454,018	1,584,540,180	6,111,797,850
19 May 2016	15% Bonus Share	91,676,967	916,769,670	7,028,567,520
27 April 2017	5% Bonus Share	35,142,837	351,428,370	7,379,995,890
23 May 2019	10% Bonus Share	73,799,958	737,999,580	8,117,995,470

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

Status of asset quality

As on 31 December 2019, NPL ratio of the banking industry stood at 9.32% which was 10.30% one year back. The NPL ratio of EBL was 3.35% at the end of 2019 which was 2.35% at the end of 2018. The status of unclassified and classified loan of the Bank is as follows:

BDT in million

Particulars	31-12-2019	31-12-2018	% Change
Unclassified loans:	224,280	204,380	9.74%
Standard (Including staff loan)	221,568	199,999	10.78%
Special Mention Accounts (SMA)	2,712	4,381	-38.10%
Classified loans:	7,771	4,926	57.76%
Sub-standard (SS)	1,122	1,071	4.83%
Doubtful (DF)	372	633	-41.32%
Bad/loss (BL)	6,278	3,223	94.80%
Total loans	232,051	209,306	10.87%
NPL %	3.35%	2.35%	

Management discussion and analysis

A separate section titled 'Management discussion and analysis' has been presented in page no. 125. Under this section, a comparative analysis of financial performance (2015-2019) of the Bank has been presented with analytics. A brief highlight of EBL business units namely Corporate Banking, Retail & SME Banking and Treasury has been presented along with strategic outlook. In pursuance of an inorganic growth route and to open up diversified earnings stream, EBL established or acquired four subsidiaries, all of them fully owned, till the reporting date i.e. 31 December 2019. A brief review of subsidiaries business during 2019 also has been presented under this section.

Internal control system

EBL has a robust system of internal control to ensure achieving the goals and objectives that the Bank targets for long-term profitability along with reliable financial and managerial reporting. This sound control system also supports to certify that the Bank has complied with related laws and regulations as well as policies, plans, internal and external rules, guidelines and procedures, and accordingly support decreasing the risk of unexpected losses or damages to the Bank's reputation. The Board has delegated the responsibility of overall supervision of internal control system to Audit Committee of the Board. The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

- Different committees have been formed consisting of relative stakeholders with expert knowledge on the subject matter to assist the Board in guiding the Bank's operation in line with corporate vision, mission, and strategies.
- The internal audit department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control system on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance.
- The Audit Committee of the Board reviews the findings identified by the Internal Audit of the Bank, Inspection Team of Bangladesh Bank, External Auditors and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems.
- The Board of Directors holds meetings at suitable intervals with senior management, internal auditors, external auditors and the Audit Committee for evaluating the effectiveness of internal control system.

- The internal audit department has direct access to the Audit Committee as and when required to ensure submission of internal audit findings to the Audit Committee without any management intervention.
- Self-Assessment of Anti-Fraud Internal Controls is carried out on half-yearly basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10 dated 09 May 2017 issued by BB after receiving compliance confirmation from respective stakeholders.

Risk management

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

The risk management system of EBL has been described in **“Risk Management Report”** section of this annual report. Also the major areas focused by RMC in 2019 have been presented in **“Report of the Risk Management Committee of the Board”** section of this annual report.

Financial reporting

- Proper books of account as required by law have been maintained by EBL.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements.
- Accounting estimates and underlying assumptions are made on reasonable ground with applying prudent judgment, and are reviewed on an ongoing basis.
- The Financial Statements (FS) of the Bank are prepared in accordance with applicable International Financial Reporting Standards (IFRSs) and relevant circulars/instructions issued by Bangladesh Bank and any departure therefrom has been adequately disclosed in the notes to the FS.
- A discussion on related party transactions has been stated in the ‘Corporate Governance Report’ and a statement with amount of related party transactions has been presented in the Annexure C1 of the FS 2019.
- Being responsible for preparation and fair presentation of the FS, the management of the Bank asserts that the FS prepared by the management as at and for the year ended 31 December 2019 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity.
- There is no significant doubt upon the Bank’s ability to continue as a going concern. EBL has neither intention nor the need to liquidate or curtail materially the scale of its operations. Hence, the financial statements of the Bank have been prepared as per going concern basis and the Bank will continue to operate for the foreseeable future.

Compliance with corporate governance guidelines

As a responsible corporate citizen, EBL duly complied with the provisions of corporate governance guidelines issued by Bangladesh

Securities and Exchange Commission (BSEC). The compliance status of EBL on the said guidelines has been presented in the section of ‘Corporate Governance Report’. Also, K.M. HASAN & CO. Chartered Accountants, has certified the compliance status of EBL on the BSEC’s corporate governance guidelines during 2019 which is mentioned in page 86 of this annual report.

CSR activities


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

- We donated BDT 100 million to Bangabandhu Memorial Trust for observing Mujib Borsho.
- Donated 75,000 pieces (costing BDT 22.78 million) of blankets to Prime Minister’s Relief & Welfare Fund through Bangladesh Association of Banks (BAB) for distribution among cold-hit people.
- Donated BDT 10 million to Prime Minister’s Relief and Welfare Fund through BAB for devastating fire affected people in Chawkbazar, Dhaka.
- We have given BDT 4.5 million as scholarship to the students of University of Dhaka for their outstanding academic performance through Dhaka University Alumni Association (DUAA).
- Donated BDT 3.75 million to BIBM for construction of proposed 15 storied RCC building of BIBM.
- Donated BDT 3 million through BAB for CCTV Camera Surveillance Project of Gulshan and Banani Area.
- Donated 6,175 pieces (costing BDT 1.85 million) of blankets for distribution among cold-hit people.

Contribution to national exchequer

EBL regularly pays corporate tax on time, sometime even before it falls due if demanded by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time deducted from customers, employees’ salary as well as on bills from third parties including vendors. During the calendar year 2019 we contributed BDT 5,196.54 million to national exchequer as tax, VAT and excise duty. We paid advance corporate tax of BDT 1,682.77 million while deposited withheld tax of BDT 2,682.71 million, VAT of BDT 597.26 million and excise duty of BDT 233.81 million during the year 2019.

On behalf of the Board of Directors



Md. Showkat Ali Chowdhury

Chairman of the Board of Directors

Dhaka, 22 April 2020

STAKEHOLDERS' INFORMATION

As a values-driven financial brand of the country, we give highest priority on issues of transparency in our accounting process and are committed to providing balanced and comprehensive review of financial and non-financial performance of the bank.



Engagement with Stakeholders

Stakeholders	Key concerns	Engagement mode	Frequency
 Shareholders/ Investors	Sustainable growth	Company website, annual report	Continuous process, annually
	Financial performance	Annual report, financial statements	Quarterly, semi-annually, yearly
	Corporate governance	Annual report	Annually
	Risk management	Annual report	Annually
	Business expansion plan	Board meeting	As required
	Relationship	Meetings, periodic visits, mails/telephone conversation	As required
	Company information	Website of EBL, annual report	Continuous process, annually
 Employees	Work life balance	Awareness mail, cultural programs, monitoring	As required
	Diversity and career progression	Different engagement programs	As required
	Performance evaluation and rewards	Letters , arranging programs	Quarterly, semi-annually, annually
	Recruitment and retention	Exams, interview, training programs, financial and non-financial benefits	As required
	HR information	HR links (Intranet)	Continuous
 Customers	Quality service	Relationship managers	Continuous
	Privacy and information security	Mails, SMS, newsletter	As required
	Dispute resolution	Direct customer feedback	On a regular basis
	Product information	Website , call center	Continuous
	Affordability and convenience	Different channels- Branches, sub-branches, agent banking, call center, priority center, ATM, Internet Banking, Skybanking and others	Continuous
	Relationship with customers	Mails, meet up, arranging different programs for customers	On a regular basis
 Regulatory Bodies and Government	Compliance with regulations	Submission of returns and reports	Within the prescribed deadline
	Awareness and knowledge	Training and workshops	As required
	Communication	Telephone conversations, emails, visits	on a regular basis
	Addressing of key issues	Meetings and discussions with senior management and respective regulators	As required
 Business partners	Relationship with suppliers	Meetings, telephone/mails/letters conversation, periodic visits	On a regular basis
	Networking	Regular communication, periodic visits	On a regular basis
	Future business opportunities	Meetings, on site visits	As required
 Society	Financial inclusion	Interact through branches, agent banking, sub-branches, internet banking, social media, mail	On a regular basis, annually
	Ethics and code of conduct	Website, annual report	On a regular basis, annually
	Sustainability initiatives	Website, social media, annual report	Annually, on demand
	Community investment	Annual report, media advertisement	

Financial Highlights

BDT in million

Particulars	Group			Bank		
	2019	2018	Change (%)	2019	2018	Change (%)
Performance during the year						
Net interest income	8,277	7,611	8.75%	8,159	7,506	8.69%
Non interest income	6,743	6,004	12.32%	6,439	5,633	14.30%
Operating income	15,020	13,615	10.32%	14,597	13,139	11.10%
Operating profit	8,378	7,380	13.53%	8,210	7,144	14.92%
Profit after tax	3,990	3,111	28.28%	4,008	3,081	30.10%
Net operating cash flow	19,191	11,903	61.23%	17,922	12,933	38.58%
Net operating cash flow per share (not restated)	23.64	16.13	46.57%	22.08	17.52	25.98%
Year-end financial position						
Loans and advances	239,095	217,380	9.99%	232,051	209,306	10.87%
Investment	42,066	29,888	40.75%	39,797	27,720	43.57%
Deposits	239,980	199,156	20.50%	240,164	199,629	20.31%
Shareholders' equity	25,962	23,375	11.06%	25,567	22,966	11.33%
Total assets	338,201	285,500	18.46%	335,163	282,451	18.66%
Information per ordinary share						
Earnings per share (BDT) (not restated)	4.92	4.22	16.61%	4.94	4.17	18.27%
Price earning ratio (times) (not restated)	6.75	8.54	-20.92%	6.72	8.62	-22.02%
Net asset value per share (BDT) (not restated)	31.98	31.67	0.97%	31.49	31.12	1.21%
Market price per share (BDT)	33.20	36.00	-7.78%	33.20	36.00	-7.78%
Ratios (%)						
Capital to RWA ratio (CRAR) (as per Basel III)	14.55%	12.02%	21.06%	14.74%	12.16%	21.16%
Non performing loans	3.36%	2.30%	45.92%	3.35%	2.35%	42.29%
Cost to income ratio	44.22%	45.80%	-3.44%	43.76%	45.63%	-4.10%

Five-Year Financial Progression

BDT in million

Particulars	2019	2018	2017	2016	2015
Balance sheet metrics					
Authorised capital	12,000	12,000	12,000	12,000	12,000
Paid up capital	8,118	7,380	7,380	7,029	6,112
Shareholders' equity	25,567	22,966	21,586	20,572	20,496
Loans and advances	232,051	209,306	184,027	152,084	130,226
Deposits	240,164	199,629	167,348	140,284	127,990
Borrowing	50,821	46,732	50,998	39,061	30,543
Statutory liquidity reserve ratio (SLR) (at close of the year)	13.97%	13.79%	14.83%	14.81%	16.71%
Cash reserve ratio (CRR) (at close of the year)	5.63%	5.69%	7.33%	6.70%	6.42%
Liabilities to shareholders' equity (times)	12.11	11.30	10.72	9.27	8.25
Investment	39,797	27,720	24,361	21,449	23,398
Fixed assets	7,349	6,637	5,923	5,940	5,943
Interest bearing assets	292,905	247,935	221,798	183,761	163,993
Total assets	335,163	282,451	253,068	211,185	189,563
Income statement metrics					
Net interest income (excluding investment income)	8,159	7,506	5,745	5,529	3,545
Non-interest income	6,439	5,633	6,656	5,952	6,351
Investment income	2,752	2,318	3,415	3,315	3,576
Non investment income (exchange, fees & charges)	3,687	3,315	3,241	2,636	2,774
Operating income	14,597	13,139	12,401	11,481	9,896
Operating expense	6,387	5,995	5,605	5,063	4,691

BDT in million

Particulars	2019	2018	2017	2016	2015
Operating profit (profit before provision and tax)	8,210	7,144	6,796	6,418	5,204
Provision for loans, investment and other assets (net off w/off recovery)	1,954	2,558	2,739	2,019	1,788
Profit before tax (PBT)	6,256	4,586	4,057	4,400	3,417
Profit after tax (PAT)	4,008	3,081	2,405	2,656	2,221
Capital metrics					
Total Risk weighted assets (RWA)	207,437	202,655	165,435	148,811	143,707
Common Equity Tier-1 Capital	20,719	18,908	16,943	16,078	14,688
Tier-2 Capital	9,850	5,740	6,358	6,394	5,776
Total Regulatory capital (Tier 1 and Tier 2)	30,569	24,648	23,302	22,472	20,463
Capital to risk weighted assets ratio (CRAR)	14.74%	12.16%	14.09%	15.10%	14.24%
Common Equity Tier - 1 Capital to RWA	9.99%	9.33%	10.24%	10.80%	10.22%
RWA to total assets	61.89%	71.75%	65.37%	70.46%	75.81%
Credit quality					
Non performing /classified loans (NPLs)	7,771	4,926	4,600	4,096	4,263
Specific provision (cumulative)	6,009	4,118	4,379	3,475	2,821
General provision (cumulative)	3,350	3,290	2,960	2,546	2,160
NPL Ratio	3.35%	2.35%	2.50%	2.69%	3.27%
NPL coverage ratio (Specific provision + General Provision) / Gross NPL	120.42%	150.39%	159.52%	146.99%	116.84%
Trade business metrics					
Export	137,379	128,235	98,493	91,834	84,302
Import (LC)	160,011	167,218	156,994	121,421	113,770
Guarantee	7,572	17,664	12,609	8,508	8,534
Efficiency / productivity ratios					
Return on average equity (ROE)	16.52%	13.83%	11.41%	12.94%	10.95%
Return on average assets (ROA)	1.30%	1.15%	1.04%	1.33%	1.23%
Cost to income ratio	43.76%	45.63%	45.20%	44.10%	47.41%
Weighted average interest rate of loan (year-end) (A)	10.83%	10.44%	9.47%	9.98%	11.29%
Weighted average interest rate of deposits (year-end) (B)	6.16%	5.54%	5.06%	4.87%	6.12%
Spread (C = A - B)	4.67%	4.90%	4.41%	5.11%	5.17%
Operating profit per employee	4.34	4.17	4.26	4.05	3.30
Operating profit per branch	96.59	84.05	80.90	78.27	65.06
Share based metrics					
Earnings per share (EPS) in BDT (not restated)	4.94	4.17	3.26	3.78	3.63
Operating profit per share in BDT (not restated)	10.11	9.68	9.21	9.13	8.52
Price earning ratio (times)	6.72	8.62	15.68	7.67	7.87
Market price per share (BDT) as on close of the year at DSE	33.20	36.00	51.10	29.00	28.60
NAV (book value) per share in BDT (not restated)	31.49	31.12	29.25	29.27	33.54
Dividend coverage ratio: (EPS / DPS)*	1.97	1.39	1.63	1.51	1.04
Dividend (%)*	25	30	20	25	35
-Cash (%)	25	20	20	20	20
-Stock (%)	-	10	-	5	15
Market capitalization (at close of year)	26,952	26,568	37,712	20,383	17,480
Market price to NAV per share (times)	1.05	1.16	1.75	0.99	0.85
Other information (actual figure)					
Number of branches	85	85	84	82	80
Number of permanent employees	1,892	1,715	1,594	1,584	1,577
Number of deposit accounts	620,793	569,552	532,208	426,685	367,487
Number of loan Accounts	163,795	180,548	222,986	305,611	234,185
Number of foreign correspondents	489	592	522	727	713
Number of ATMs	207	200	200	202	197

*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

Financial Goals and Performance (Bank)

Financial goals and performance (Bank)	Goals 2020	Actual 2019	Actual 2018
Capital to risk weighted assets ratio (CRAR)	14% Plus	14.74%	12.16%
Return on average equity (ROE)	11% Plus	16.52%	13.83%
Return on average assets (ROA)	1% Plus	1.30%	1.15%
Cost to income ratio	Less than 45%	43.76%	45.63%
NPL (%)	Less than 3.50%	3.35%	2.35%
Year-end deposits (BDT in million)	2,64,180	2,40,164	1,99,629
Year-end loans and advances (BDT in million)	2,50,615	2,32,051	2,09,306

Market Value Added (MVA) Statement

Particulars	2019	2018
Face value per share (BDT)	10.00	10.00
Market value per share (BDT)	33.20	36.00
Number of shares outstanding	811,799,547	737,999,589
Total market capitalization (BDT in million)	26,952	26,568
Book value of paid up capital (BDT in million)	8,118	7,380
Market value added (BDT in million)	18,834	19,188

Credit Rating of EBL

Local (by CRISL)

Date of rating : 26 June 2019	Valid up to: 25 June 2020	
	Long Term	Short Term
Surveillance rating	AA+	ST-1
Outlook	Stable	

Rationale

CRISL has reaffirmed the long term rating “AA+” and upgraded the short-term rating to “ST-1” to EBL. This has been done based on the operational and financial performance of the Bank along with all its relevant quantitative and qualitative information and other prevailing factors upto the date of rating.

The above ratings have been assigned in consideration of its fundamentals such as good profitability, good liquidity, good market image, sound IT infrastructure, experienced top management etc. Besides, EBL has been carrying out its operations with good liquidity where all the liquidity related indicators were found good.

Over the years, EBL has established itself as one of the leading private commercial banks in the country with established leadership in corporate banking with growing focus on small, emerging corporate and consumer business. CRISL also viewed the Bank with “Stable Outlook” and believes that Bank will be able to maintain its good fundamentals in the future.

International (by Moody's)

EBL is the first company in the country rated by Moody's, a renowned global rating agency in March 2016. The Bank has been assigned B1 rating in November 2019 with stable outlook that reflects the Bank's track record of stable asset quality.

Value Added Statement

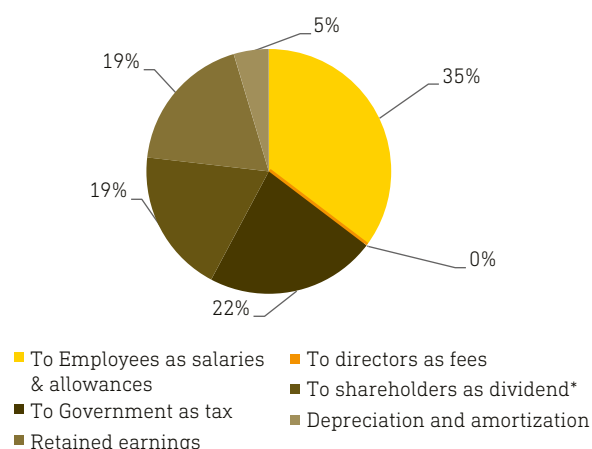
Value added is the wealth accretion made by Eastern Bank Limited through providing banking and other financial services in 2019 for its employees, directors, government and shareholders in the form of salaries & allowances, remuneration, duties & taxes, net profit after tax respectively and also indicates value of use of fixed assets through depreciation.

Value added for the year ended 31 December

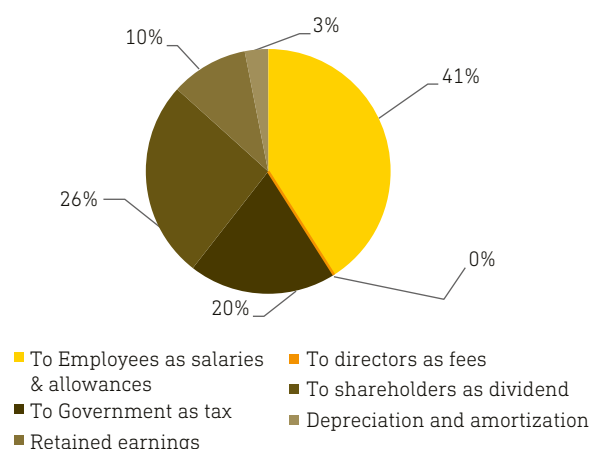
Figures in BDT

Particulars	2019	2018
Wealth creation		
Interest income	23,163,605,820	19,821,280,127
Less: Interest & other operating expenses	(16,982,834,924)	(14,428,775,835)
	6,180,770,896	5,392,504,293
Non-interest income	6,438,662,983	5,633,009,341
Provision for loans & other assets	(1,953,796,686)	(2,558,057,206)
Total wealth creation	10,665,637,192	8,467,456,428
Wealth distribution		
Employees & Directors		
Employees as salaries & allowances	3,763,697,782	3,466,200,108
Directors as fees	4,956,529	4,730,221
Government	2,394,903,187	1,654,484,820
Corporate tax	2,248,022,955	1,505,076,262
Service tax/ Value added tax	136,851,397	137,745,141
Municipalities/ local taxes	6,864,335	8,252,597
Excise duties	3,164,500	3,410,820
Shareholders		
Dividend to shareholders*	2,029,498,868	2,213,998,767
Retention for future business growth		
Retained earnings	1,978,643,257	866,778,153
Depreciation and amortization	493,937,570	261,264,360
Total wealth distribution	10,665,637,192	8,467,456,428

Wealth distribution (%) : 2019



Wealth distribution (%) : 2018



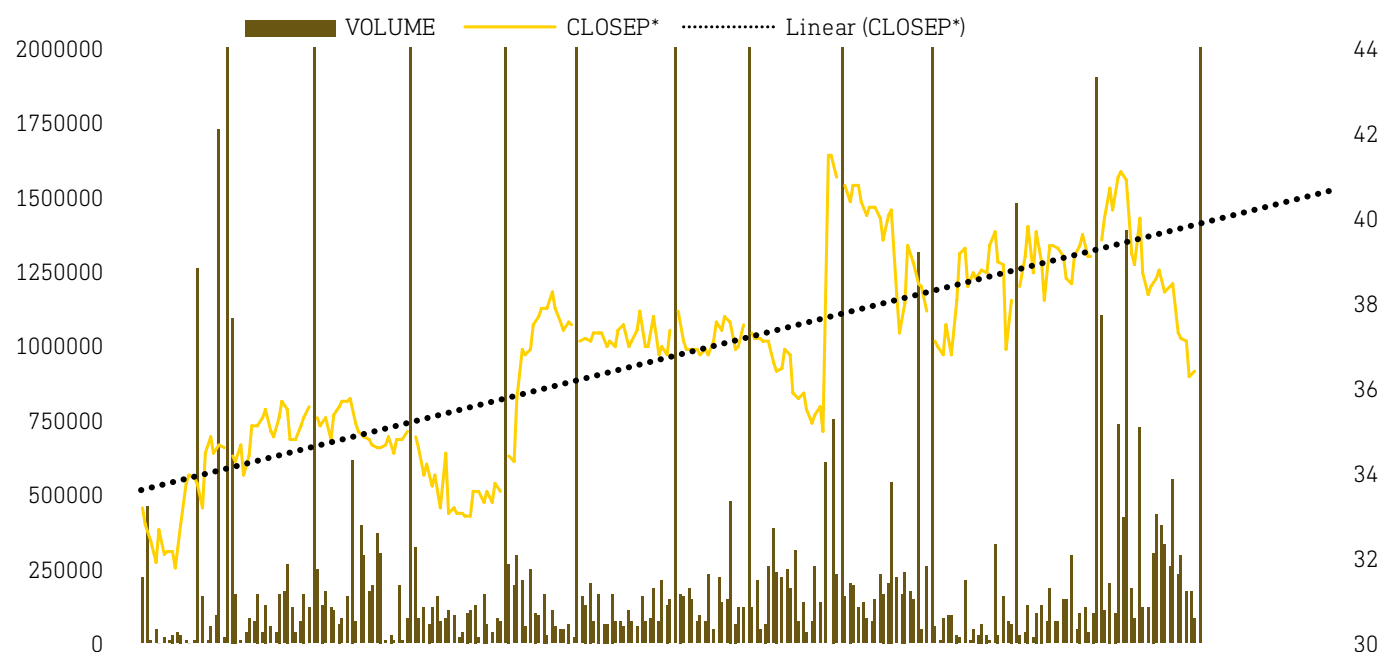
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Stock Performance

Market price information of EBL share

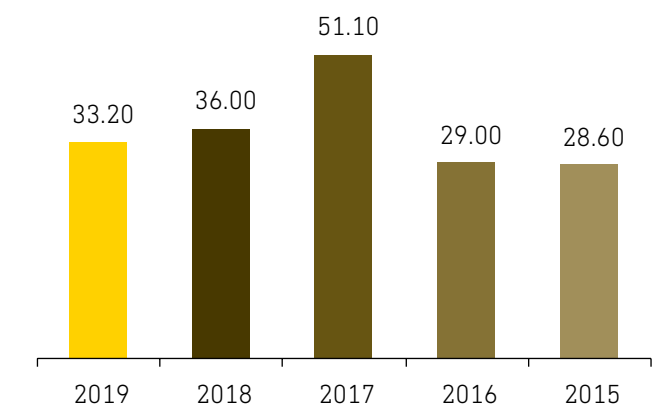
Month	DSE			CSE			Total Volume on DSE & CSE
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)	
Jan-19	43.90	36.00	8,578,780	41.70	35.50	102,728	8,681,508
Feb-19	40.10	37.00	1,907,328	39.80	38.00	32,298	1,939,626
Mar-19	40.10	34.70	1,478,584	39.00	36.00	10,971	1,489,555
Apr-19	43.50	36.20	4,867,972	41.70	36.50	107,419	4,975,391
May-19	42.50	34.60	4,630,321	42.00	35.00	219,831	4,850,152
Jun-19	38.50	35.90	2,496,305	39.00	36.00	1,163,075	3,659,380
Jul-19	38.30	36.50	2,586,877	39.50	36.00	339,941	2,926,818
Aug-19	38.60	34.00	2,041,275	40.00	34.00	225,017	2,266,292
Sep-19	35.00	32.80	2,122,830	37.50	32.40	219,643	2,342,473
Oct-19	36.60	33.30	3,893,011	36.00	33.70	150,098	4,043,109
Nov-19	35.90	33.90	3,054,205	39.00	34.00	8,900,681	11,954,886
Dec-19	35.70	31.10	4,253,279	34.40	31.10	89,145	4,342,424

DSE price-volume movement of EBL share

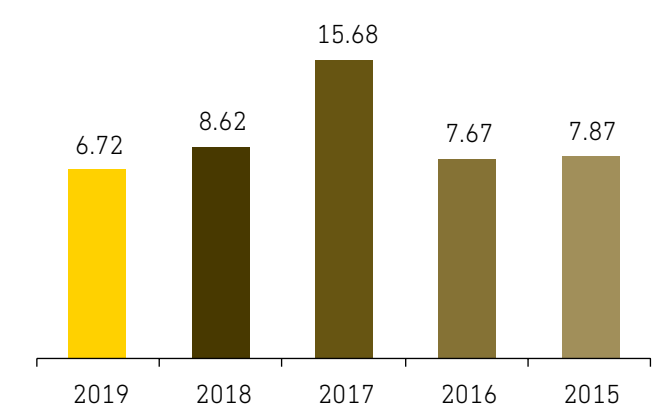


Graphical Presentation

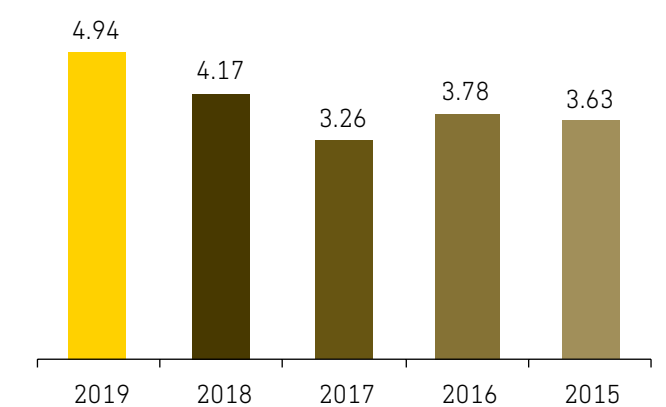
Market price per share (BDT)



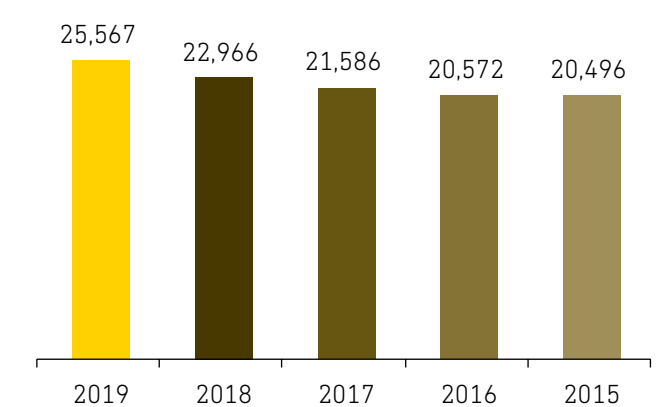
Price earning ratio (Times)



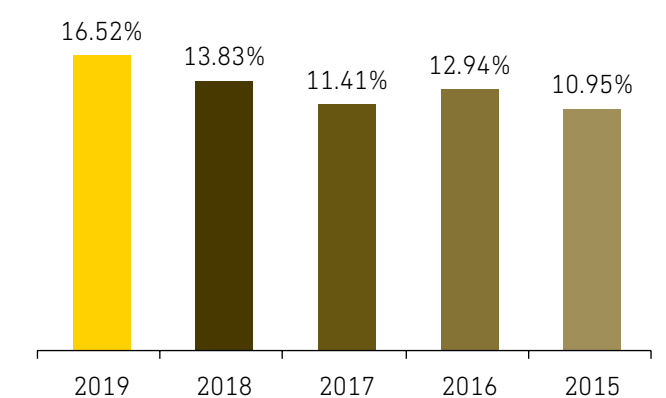
Earnings per share (BDT)



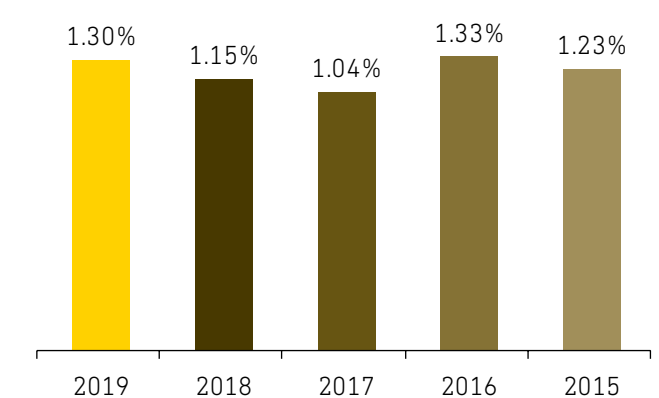
Shareholders' equity (BDT in million)



Return on average equity (Percentage)

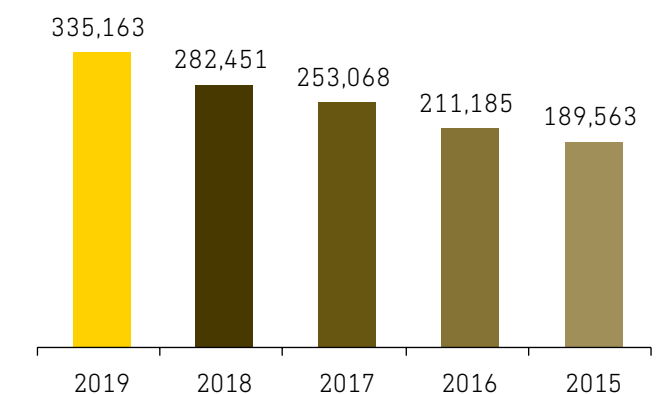


Return on average assets (Percentage)

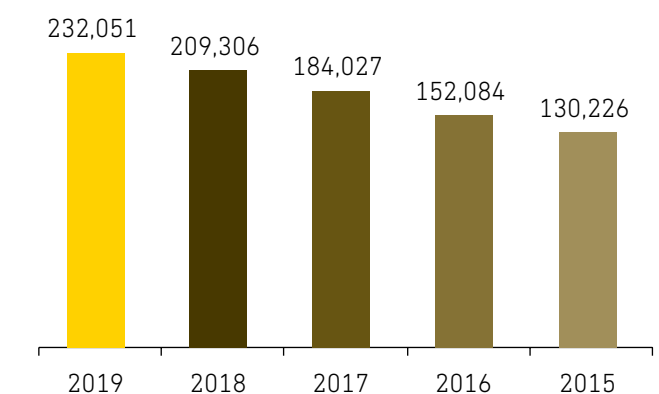


Graphical Presentation

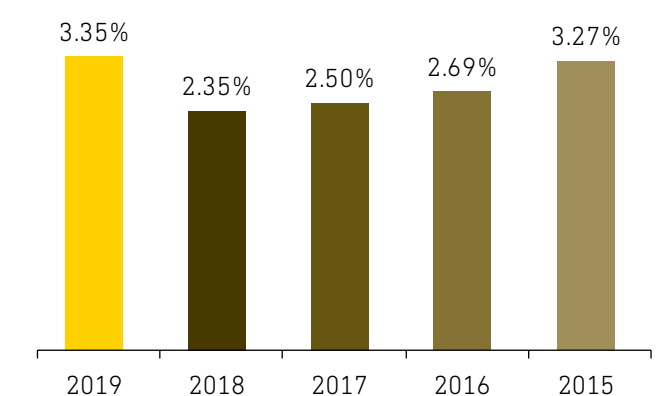
Total assets (BDT in million)



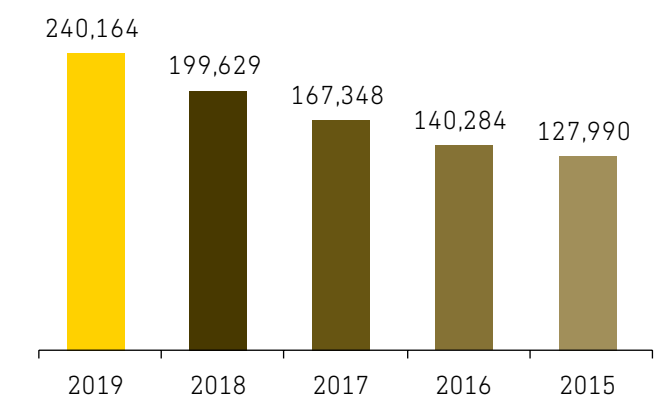
Loans and advances (BDT in million)



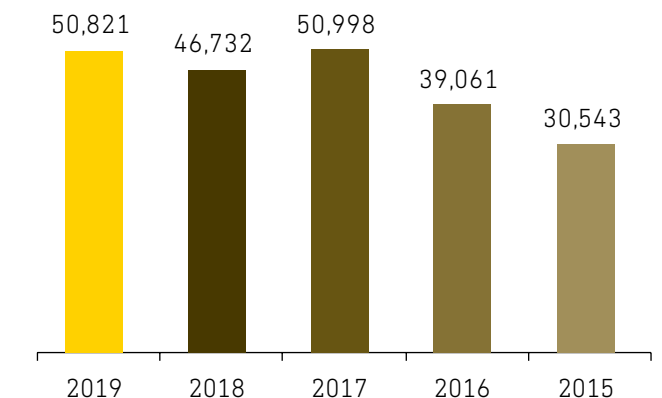
Non-performing loan (percentage)



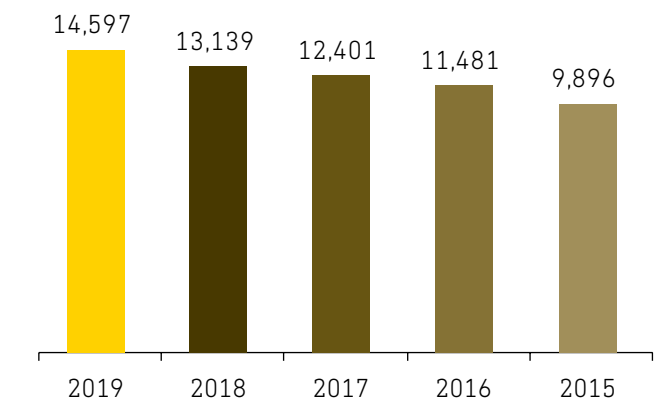
Deposits (BDT in million)



Borrowing (BDT in million)

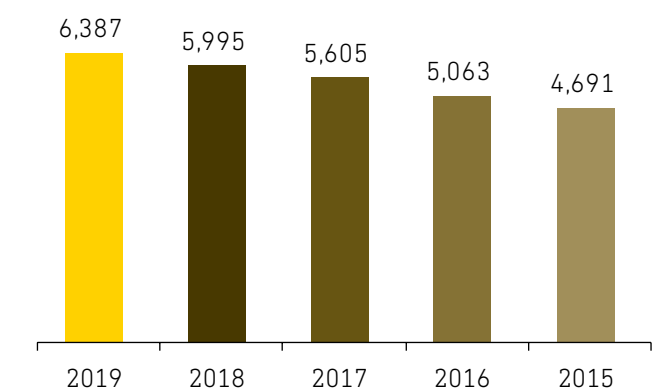


Operating income (BDT in million)

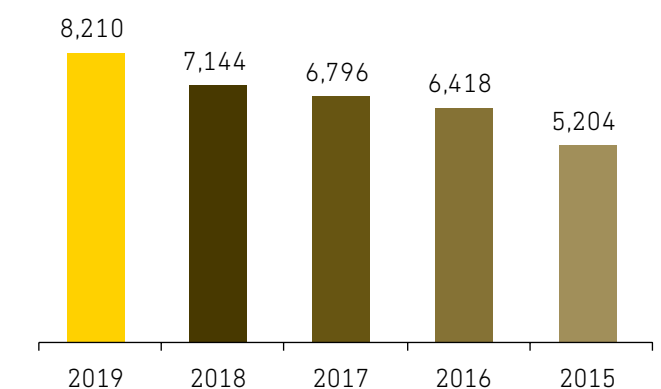


Graphical Presentation

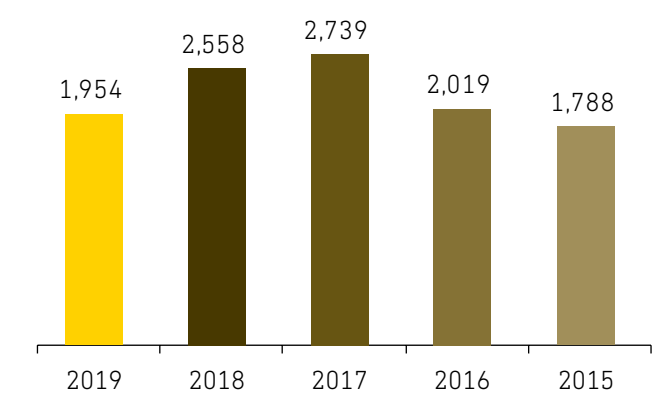
Operating expense (BDT in million)



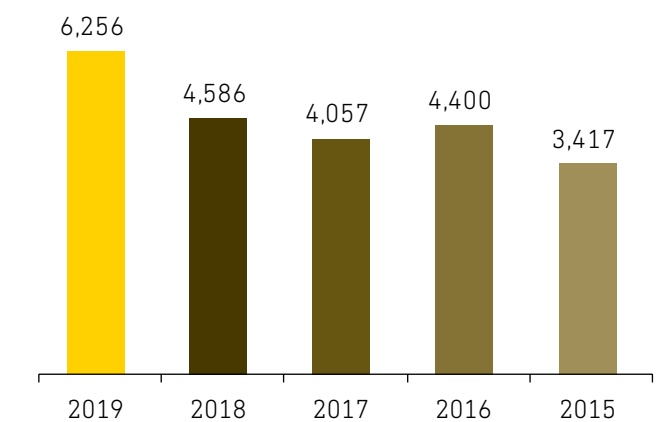
Operating profit (BDT in million)



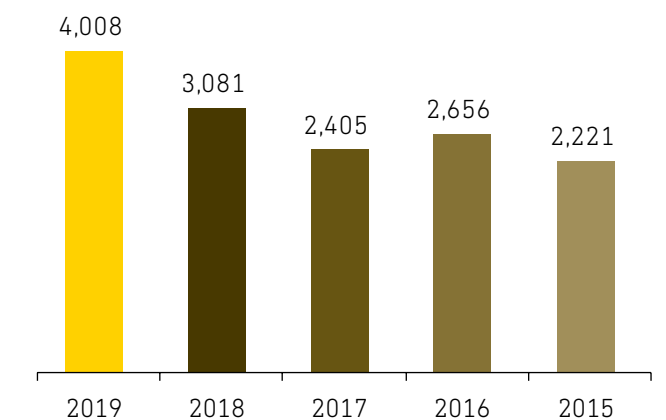
Total provision charged (BDT in million)



Profit before tax (BDT in million)



Profit after tax (BDT in million)



Financial Calendar

Quarterly results

Particulars	Submission Date to BSEC
Un-audited financial information for the 1st Quarter ended 31 March 2019	9 May 2019
Un-audited financial information for the 2nd Quarter ended 30 June 2019	30 July 2019
Un-audited financial information for the 3rd Quarter ended 30 September 2019	27 October 2019

Dividend

27 th Annual General Meeting	Notice date	16 April 2019
Declared 20% Cash Dividend and 10% Stock Dividend for the year ended 31 December 2018	Record date	6 May 2019
27 th Annual General Meeting	Held on	23 May 2019
Disbursement of Cash Dividend	Date of disbursement	26 May 2019

Taxation on dividend income

Stock dividend is tax exempted. In case of cash dividend, following is the current rate for deduction of tax at source on dividend income as per current Finance Act:

- If the shareholder is a company, either resident or non-resident Bangladeshi, at the rate applicable to the company i.e. 20%.
- If the shareholder is a resident or non-resident Bangladeshi person, other than company, at the rate of 10% where the person receiving such dividend furnishes his 12 digit e-TIN to the payer or 15% if the person receiving such dividend fails to furnish his 12 digit e-TIN to the payer.
- If the shareholder is a non-resident (other than Bangladeshi) person, other than company, at the rate of 30%.

Taxation arising from capital gain

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

Stock details

Particulars	DSE	CSE
Stock symbol	EBL	EBL
Company code	148	22025
Listing year	1993	2004
Market category	A	A
Electronic share	Yes	Yes
Market lot (number)	1	1
Face value (taka)	10	10
Total number of securities (numbers)	811,799,547	811,799,547

Information sensitive to share price

Particulars	Date of disclosure
Corporate disclosure upon approval of financial statements 2018, recommendation of dividend, record date for dividend entitlement of the 27 th AGM (23.05.2019) of EBL.	10 April 2019
Corporate disclosure for first quarterly financial information (un-audited) of EBL ended on 31 March 2019.	8 May 2019
Corporate disclosure for second quarterly financial information (un-audited) of EBL ended on 30 June 2019.	29 July 2019
Corporate disclosure for third quarterly financial information (un-audited) of EBL ended on 30 September 2019.	23 October 2019

Officials at investors' relation department

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

Md. Joynal Abedin

Share Department

Eastern Bank Limited (EBL)

Z Tower (6th Floor)

Holding No.04, Road No. 132

Gulshan-1, Dhaka-1212.

Fax: 880-2-9892353

E-mail: joynal.abedin@ebl-bd.com

Telephone: 9892260 (Direct)

Mobile No. 01814-225335

Accessibility of annual report 2019

Annual Report 2019 and other information about EBL is available on EBL's website www.ebl.com.bd. EBL provides copies of Annual Reports to the Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange and Chittagong Stock Exchange for their reference.

Glimpses of the 27th AGM



Chairman of EBL Md. Showkat Ali Chowdhury flanked by other Directors of EBL is seen on the dais at the 27th AGM



Chairman and other Directors of EBL listening to the comments made by shareholders at the 27th AGM



Registration for the 27th AGM in progress



Shareholders offering munajat in memory of the deceased shareholders during the 27th AGM of EBL



A group of shareholders pose for a photograph at the 27th AGM



Snapshot of a section of the shareholders at the 27th AGM of EBL



Shareholders responding to announcements made during the proceedings of the 27th AGM

GOVERNANCE REPORTS

Since inception, EBL has been pursuing responsible and ethical banking. We have initiated best international corporate governance practices and adopted corporate culture to promote sustainable performance, client-centricity, innovation and partnership. Our corporate governance report is a reflection of our strong adherence to good corporate governance practices and our full compliance of the rules and regulations of various regulatory bodies including Central Bank, Bangladesh Securities and Exchange Commission.



Directors' Responsibility Statement

Among other oversight responsibilities, Board of Directors (BoD) has to ensure that the Financial Statements of the Bank and its subsidiaries are prepared in accordance with applicable International Financial Reporting Standards (including International Accounting Standards), relevant provisions of the Companies Act 1994, Bank Company Act 1991, rules and regulations of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), listing rules of relevant stock exchanges and other applicable laws, rules and regulations.

In compliance with section 184 of Companies Act 1994, the Annual Report which is presented in the Annual General Meeting (AGM) has a separate section as 'Directors' Report 2019' that contains, among others, a review of the following issues:

- **State of the Bank's affairs:** A review of financial performance and position has been presented in the Directors' Report 2019 and Management Discussion and Analysis (MD & A) section with relevant analytics.
- **Any recommended reserve in the balance sheet:** An amount of BDT 738 million has been transferred to 'Statutory Reserve' to equalize with the paid up capital as per section 24 of Bank Company Act 1991.
- **Recommended dividend:** The Board has recommended 25% cash dividend for the completed year 2019.*
- **Any event after balance sheet date which may affect company's financial condition:** None.
- **Any change in Bank's activities, subsidiaries' activities etc.:** No major change in strategy and actions in the Bank and Subsidiaries experienced in 2019.

In compliance with BSEC Corporate Governance Code dated 03 June 2018 the Directors of the Bank hereby highlights following issues, among others, in their report as prescribed:

- **Industry outlook and possible future developments in the industry:** A brief review in this regard has been presented in the Directors' Report 2019.
- **Segment-wise or Product-wise Performance:** Business-wise performance has been presented in the MD & A section.
- **Risks and Concerns:** A detailed discussion regarding risks and management of the same has been presented in "Risk Management" section of this Report.
- **Discussion on Operating Performance:** A brief description has been presented in "Financial Performance Highlights of EBL" part of the Directors' Report 2019.
- **Discussion on continuity of any Extra-Ordinary gain or loss:** In last five years EBL has not experienced any extra-ordinary gain or loss. EBL's Five Years Progression presented in the

"Stakeholders Information" section will provide detailed information to support this.

- **Basis for related party transactions and a statement of all related party transactions:** The basis for related party transactions has been stated in the "Corporate Governance Report" and a statement of related party transactions has been presented in the Annexure C1 of the Financial Statements 2019.
- **Utilization of proceeds from public issues, rights issues and/or through any other instruments:** Since taking over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited, Eastern Bank did not raise any capital through public issues except a Right Issue in 2009. However, the Bank raised BDT 2,500 million and BDT 5,000 million through issuance of 7 year non-convertible sub-ordinated bonds in 2015 and 2019 respectively. The proceeds were utilized to generate liquidity and provide additional cushion in light of Capital to Risk Weighted Assets Ratio of the Bank.
- **Deterioration of financial results after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.:** Refer to the earlier paragraph, the Bank issued Right Share in 2009 but after that financial results of the Bank did not deteriorate.
- **Explanation of variances between Quarterly and Annual Financial performance:** No major variances have been occurred between quarterly and annual performance.
- **Remuneration to directors including independent directors:** Remuneration provided to directors has been presented in the Corporate Governance Report and Note 32 and Note 33 to the Financial Statements.
- **The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity:** The financial statements prepared by the management as at and for the year ended 31 December 2019 present fairly, in all material respects, its state of affairs, the results of its operations, cash flows and changes in equity. The external auditors i.e. A. Qasem & Co., Chartered Accountants also provided their opinion on the same by issuing an unqualified audit report.
- **Maintenance of proper books of account:** Proper books of account as required by law have been kept by EBL. The external auditors i.e. A. Qasem & Co., Chartered Accountants also provided their opinion on the same in point (IV) of "Report on Other Legal and Regulatory Requirements" of their audit report.
- **Consistent application of appropriate accounting policies and estimates in preparation of financial statements:** Appropriate accounting policies have been consistently applied in preparation of the financial statements of the Bank and the

*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

accounting estimates are based on reasonable and prudent judgment. Estimates and underlying assumptions are reviewed on an ongoing basis and any revision to these are recognized in the period in which the estimate is revised and in any future period affected.

- **Following International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS), as applicable in Bangladesh, in preparation of financial statements and any departure there from has been adequately disclosed:** Details description including disclosure of departures has been presented in Note 2.1 to the Financial Statements 2019.
- **The system of internal control is sound in design and has been effectively implemented and monitored:** A brief description in this regard has been presented in the 'Internal control system' paragraph under Directors' Report 2019.
- **Protection of interest of minority shareholders and effective means of redress:** The Bank is operated in accordance with the Articles of Association and all applicable laws and regulations of the land to ensure the greater interest of all the shareholders of the Bank. The Bank is committed to sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders. However, any complaint, received at AGM or throughout the year, from any shareholders, is resolved lawfully in time.
- **Significant doubts upon the Bank's ability to continue as a going concern:** Nothing as yet.
- **Explanations to significant deviations from the last year's operating results:** Significant deviations of operating results in 2019 have been adequately discussed in the Directors' Report 2019 and MD&A section.
- **Summarization of last five year's key operating and financial data:** Please see 'Five-Year Progression of EBL' in the section of Stakeholders' Information.
- **Declaration of dividend or not:** Declared 25% cash dividend for the year 2019.*
- **Declaration of bonus share or stock dividend as interim dividend:** No bonus share or stock dividend was declared as interim dividend in 2019.

- **No. of Board meetings and directors' attendance in 2019:** Please see 'Board meeting and attendance' section under Corporate Governance Report.
- **The pattern of shareholdings:** Please see Corporate Governance Report and note 14.1 of the Notes to the Financial Statements 2019.
- **Brief resume of the directors and nature of their expertise in specific functional areas:** Brief profile of directors and their representation in other companies have been presented in 'Board of Directors' section of this report and Annexure C of the Financial Statements 2019.
- **Management's discussion and analysis signed by CEO/MD:** Please see 'Managing Director & CEO's Review' and 'Management Discussion and Analysis' section of this annual report.
- **Certification by the CEO and CFO:** The certification of MD & CEO and CFO has been presented at the beginning of Financial Reports section of this annual report.
- **Certificate on compliance of corporate governance code:** The certificate issued by K.M. HASAN & CO., Chartered Accountants, has been presented at the end of Corporate Governance Report.

To adhere to good corporate governance practices, the Bank has been complying with the corporate governance code issued by BSEC (Notification No. BSEC/CMRRCD/2006 -158/207/Admin/80 dated 03 June 2018). EBL's compliance status to the said prescribed practices is presented in Corporate Governance Report.

The Directors, to the best of their knowledge and information, hereby confirm that the Annual Report 2019 together with the Directors' Report and the Financial Statements have been prepared in compliance with applicable governing Acts, rules, regulations, guidelines and laws of various regulatory bodies including Bangladesh Bank and BSEC.

On behalf of the Board of Directors



Md. Showkat Ali Chowdhury

Chairman of the Board of Directors

*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

Report of the Audit Committee

Audit Committee of the Board

The Audit Committee (AC) was formed as a subcommittee of the Board of Directors to protect the interest of stakeholders. The AC possesses the principal responsibilities of engaging in systematic and continuous reviews, monitoring and assessment of organizational performance against evolving regulatory requirements. Its roles and responsibilities were defined in line with the Corporate Governance Circulars of Bangladesh Bank (BB) and the Notifications of Bangladesh Securities and Exchange Commission (BSEC).

Composition and qualifications

The AC was last re-constituted on 23 May 2019 with the following Board Members:

SL No.	Name	Status with the Bank	Status with the committee	Educational qualification	Meeting attendance
01.	Meah Mohammed Abdur Rahim	Independent Director	Chairman	Bachelor of Commerce, A.I.C.S, B.Sc. in Economics & Finance	07/09
02.	A.M. Shaukat Ali	Director	Member	B. Sc. (Engg.), Civil	07/09
03.	Mufakkarul Islam Khasru	Director	Member	MBA (IBA)	09/09
04.	Gazi Md. Shakhawat Hossain	Director	Member	M.Com (Accounting)	09/09
05.	Ormaan Rafay Nizam	Independent Director	Member	Commerce Graduate	08/09

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

Roles and responsibilities of Audit Committee

The roles and responsibilities of Audit Committee have been defined in line with the relevant provisions of Corporate Governance Guidelines/Notification issued by BB and BSEC, two paramount regulators for the Bank, and other best practices of governance. Some important roles and responsibilities are highlighted below:

Internal control

- Evaluate whether management is adhering to appropriate risk management, compliance and governance practices and have clear understanding of their respective roles and responsibilities.
- Review whether arrangements made by the management for developing and maintaining a suitable Management Information System (MIS) are adequate.
- Monitor whether suitable suggestions made by internal and external auditors to improve internal control practices have been duly implemented by the management.
- Review the existing risk management policy and procedures to improve health and efficiency of loan portfolio.
- Review the corrective measures taken by the management as regards to the reports relating to fraud-forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors from the regulators and inform the Board on a regular basis.

Financial reporting

- Review, before submission to the Board for approval, periodic financial statements to determine whether they are complete and consistent with applicable accounting and reporting

Main objectives of AC are:

- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board.
- To review the financial reporting process and the system and effectiveness of internal control process.
- To assess effectiveness of overall processes and procedures for monitoring compliance with laws and regulations and own code of business conduct and to check compliance status of inspection report of Bangladesh Bank.

standards set by respective governing bodies and regulatory authorities.

- Consult with management and external/statutory auditors to review annual financial statements or any other ad-hoc financial reports before their finalization.

Internal audit

- Monitor/evaluate whether internal audit functions are truly independent.
- Review the activities, structure and style of conduct of internal audit functions to ensure that no unjustified restrictions or limitations are imposed.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of internal audit function.
- Review and ensure that appropriate recommendations made by internal auditors to remove irregularities, if any, are duly acted upon by concerned personnel in running the affairs of the Bank.
- Meet the Head of ICC (Internal Control & Compliance) and the Head of Internal Audit at least once in a year, without management being present, to discuss their remit and any issues arising from internal audits carried out. Both of them shall be given the right of direct access to the Chairman of the Audit Committee.

External audit

- Make recommendations to the Board, to be put to shareholders for approval in the AGM, in relation to appointment, re-appointment and removal of the Bank's external auditors. The Committee shall oversee the selection process of new auditors and shall investigate any issue that might have led auditors to resign.

- Oversee the relationship with the external auditors including:
 - ✓ Approval of their remuneration i.e. fees for audit or non-audit services.
 - ✓ Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements.
 - ✓ Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business).
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once in a year, without management being present, to discuss their remit and any issues arising from the audit.
- Review the findings and recommendations made by the external auditors for removal of irregularities, if any, detected are duly acted upon by the management.

Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, Securities Regulators and other bodies) and internal circular/instructions/policy/regulations approved by the Board and management have been duly complied with.

Miscellaneous

- The AC submits a 'Compliance Report' on quarterly rest to the Board mentioning any errors and irregularities, fraud and forgery and other anomalies pointed by Internal and External Auditor and Inspection Team from Bangladesh Bank.
- The AC submits an evaluation report relating to internal and external auditor of the Bank to the Board.
- This Committee supervises other assignments delegated by the Board and evaluate its own performance regularly.

Meetings of the Audit Committee

Bangladesh Bank suggested banks to hold at least 4 meetings in a year. The Audit Committee of EBL held 9 (Nine) meetings in 2019 and had detailed discussions and review sessions with the Head of Audit, Head of Internal Control & Compliance, External Auditors regarding their findings and remedial suggestions on various issues that need improvement. The AC instructed management to follow those remedial suggestions and monitored accordingly. Meeting dates are as follows:

SL No.	Meetings	Date of Meeting
01	112 Audit Committee Meeting	30 January 2019
02	113 Audit Committee Meeting	27 March 2019
03	114 Audit Committee Meeting	10 April 2019
04	115 Audit Committee Meeting	8 May 2019
05	116 Audit Committee Meeting	25 June 2019
06	117 Audit Committee Meeting	29 July 2019
07	118 Audit Committee Meeting	23 October 2019
08	119 Audit Committee Meeting	27 November 2019
09	120 Audit Committee Meeting	29 December 2019

Major areas dealt with by Audit Committee in 2019

- Reviewed annual financial statements of the Bank for the year 31 December 2018 as certified by the External Auditors before submission to the Board for consideration.
- Reviewed un-audited quarterly (Q1, Q2 and Q3) financial statements of the Bank for the year 2019 before submission to the Board for consideration.
- Reviewed Management Report on the Bank for the year ended 31 December 2018 submitted by the External Auditors, A. Qasem & Co., Chartered Accountants and its subsequent compliance thereof.
- Reviewed the Comprehensive Inspection Report (based on year-end 2018 position), Special Inspection (Surprise) Report, SME Inspection Report and Inspection Report on AML/CFT System on some of EBL issued by Bangladesh Bank and subsequent compliance by management thereof.
- Reviewed and approved 'Annual Audit Plan 2020', 'Risk Based Audit Plan 2020' and 'Audit Plan of Subsidiary Companies' of EBL.
- Reviewed the Mission Statement of Internal Audit of EBL.
- Reviewed the steps taken by the Management following fraudulent incident for strengthening supervisory & internal controls for more effective Fraud Risk Management.
- Reviewed the compliance status of core risks of EBL and related risk level of branches, various departments and subsidiaries.
- Reviewed the revised Off-shore Banking Policy of EBL before submission to the Board for consideration.
- Reviewed the compliance status of EBL for the half year ended 31 December 2018 as per DOS Circular Letter No.10 dated 9 May 2017.
- Reviewed money laundering and terrorist financing risk management policy, asset liability management (ALM) policy and derivative policy of EBL.
- Reviewed steps taken by Information Technology (IT) Department on IT Security related issues and also reviewed the revised ICT Security Policy, Version 3.2 for the Bank.
- Reviewed annual health report 2018 of EBL.
- Reviewed peer banks' Non-performing Loans (NPL) and allied issues.
- Reviewed overall effectiveness of control system of EBL.

The Minutes of the Audit Committee meetings containing various suggestions and recommendations to the management are duly placed to the Board for ratification on regular basis.

On behalf of the Audit Committee,



Meah Mohammed Abdur Rahim

Chairman of the Audit Committee of the Board

Report of the Risk Management Committee (RMC) of the Board

In compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors (BoD) formed the Risk Management Committee (RMC) of the Board of Directors on 07 November 2013 which was reconstituted last in 647-Board Meeting held on 23 May 2019. The objective of the committee is to ensure risk governance; overseeing, directing and setting policies and reducing probable risks arising during implementation of policies, procedures and strategies.

Composition and qualifications

All 4 (four) members of RMC are Non-Executive Directors. The qualification of members, their status in RMC and attendance in the meetings are noted below:

SL No.	Name	Status with the Bank	Status with the committee	Educational qualification	Meeting attendance
1	Anis Ahmed	Director	Chairman	B.Sc. (Finance), MBA	7/7
2	Mir Nasir Hossain	Director	Member	M.Com (Accounting)	2/7
3	Meah Mohammed Abdur Rahim	Independent Director	Member	Bachelor of Commerce/ A.I.C.S, B.Sc. in Economics & Finance	3/7
4	Gazi Md. Shakhawat Hossain	Director	Member	M.Com (Accounting)	7/7

The Company Secretary acts as the Secretary of RMC of the BoD.

Roles and responsibilities of RMC

The roles and responsibilities of RMC have been framed in line with the provisions of BRPD Circular No. 11 dated 27 October 2013 and other best practices. Some important roles and responsibilities are highlighted below:

- It is the responsibility of RMC to identify and assess risks and guide management to formulate strategies for minimizing/controlling risks. The committee (RMC) reviews the risk management policy and modifies the same as required from time to time.
- In order to mitigate risks, RMC ensures that a suitable risk governance structure is in place. Separate management committees have been formed and monitored by RMC to ensure compliance with risk management guidelines related to credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk and information and communication technology risk.
- RMC has to review the risk management policy and guidelines of the Bank at least once a year, make necessary modifications as per requirement and submit the same to the Board of Directors for consideration. Besides, the committee reviews the loan portfolio and takes necessary initiatives to modify the same as per requirement.
- The committee monitors implementation status of risk management policy of the Bank and examines whether remedial measures have been taken to minimize credit risk, market risk and operational risk.
- The committee reviews various decisions and recommendations made by different risk committees of management for onward submission to Board of Directors on regular basis.
- The committee complies with different directives/guidelines as issued by Regulators from time to time.

Meetings of the RMC

Bangladesh Bank advised RMC to hold at least 4 meetings in a year. In line with the same, RMC held 7 (Seven) meetings during 2019 and had detailed discussions and review sessions with the management regarding their findings, observations and recommendations on various issues of interest and concern. Meeting dates were as follows:

SL	Meetings	Date of meeting
01.	RMC Meeting 01	18 March 2019
02.	RMC Meeting 02	09 May 2019
03.	RMC Meeting 03	20 June 2019
04.	RMC Meeting 04	01 August 2019
05.	RMC Meeting 05	09 September 2019
06.	RMC Meeting 06	23 October 2019
07.	RMC Meeting 07	12 December 2019

Major areas focused by RMC in 2019

Major issues and areas of interest dealt with by RMC during 2019 are noted below:

- RMC highly focused on collection and recovery from delinquent assets and reviewed implementation of the strategies adopted in meetings. Throughout the year RMC regularly monitored position of classified, special mentions, written-off and compromised settlement accounts, recovery status there from and progress in the law suits. Reflection of this drive has clearly been visible by achieving highest amount of recovery from delinquent portfolio in a single year in EBL's history.
- Reviewed the implementation status of Enterprise Risk Management (ERM) Guideline of EBL in line with DOS Circular No. 04: Risk Management Guidelines for banks and upon review, approved the updated version of ERM Guideline for the year 2020.

- Reviewed monthly Risk Management Reports, half yearly Comprehensive Risk Management Reports (CRMR) and recommendations of ERM (Executive Risk Management Committee) made during December 2018 to October 2019 and with certain directions endorsed the same for onward submission to Bangladesh Bank.
- Reviewed Stress Test Reports from quarter ending December 2018 to quarter ending September 2019 and endorsed the same for onward submission to Bangladesh Bank (BB).
- Reviewed ICAAP (Internal Capital Adequacy Assessment Process) and SRP (Supervisory Review Process) return of EBL for the year 2018 and submitted to Board of Directors for consideration.
- Reviewed Bangladesh Bank's recommendations as put forward in SRP-SREP dialogue on ICAAP Return for the year 2017 and advised Management for proper implementation/compliance of the same.
- Reviewed Comprehensive Risk Management Ratings of EBL for December 2018 and June 2019 period and upon review endorsed the management strategies to mitigate the identified risks as highlighted in those rating reports.
- Reviewed risk performance against approved Risk Matrix (Key Risk Indicators) for the year ending December 2018, half year ended June 2019 and month ending position from January to October 2019.
- Reviewed the reports on Risk Management Policies of EBL and effectiveness of risk management functions in the Bank during the year 2018.
- Reviewed and endorsed Bank's risk appetite/internal limits for 2019 on major risk areas to place towards Board of Directors for approval.
- Reviewed and approved Bank's Risk Matrix for the year 2019 with appropriate Management Action Triggers (MAT).
- Monitored closely the implementation status of new capital accord 'BASEL III' by the Bank which is under phase-wise implementation by 2019 as per guidance of BB.
- Reviewed Top 50 credit exposure (Group) of EBL and advised management to closely monitor the account performance and to pay special attention to the vulnerable accounts.
- Reviewed liquidity positions and advised strategic directions on booking of low cost deposits from the context of improving profitability.
- Based on peer group analysis; RMC advised management to include six (6) key parameters at the top grid of the credit memo as submitted to Board.

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

On behalf of RMC,



Anis Ahmed

Chairman of the Risk Management Committee (RMC)

Corporate Governance Report

Corporate governance

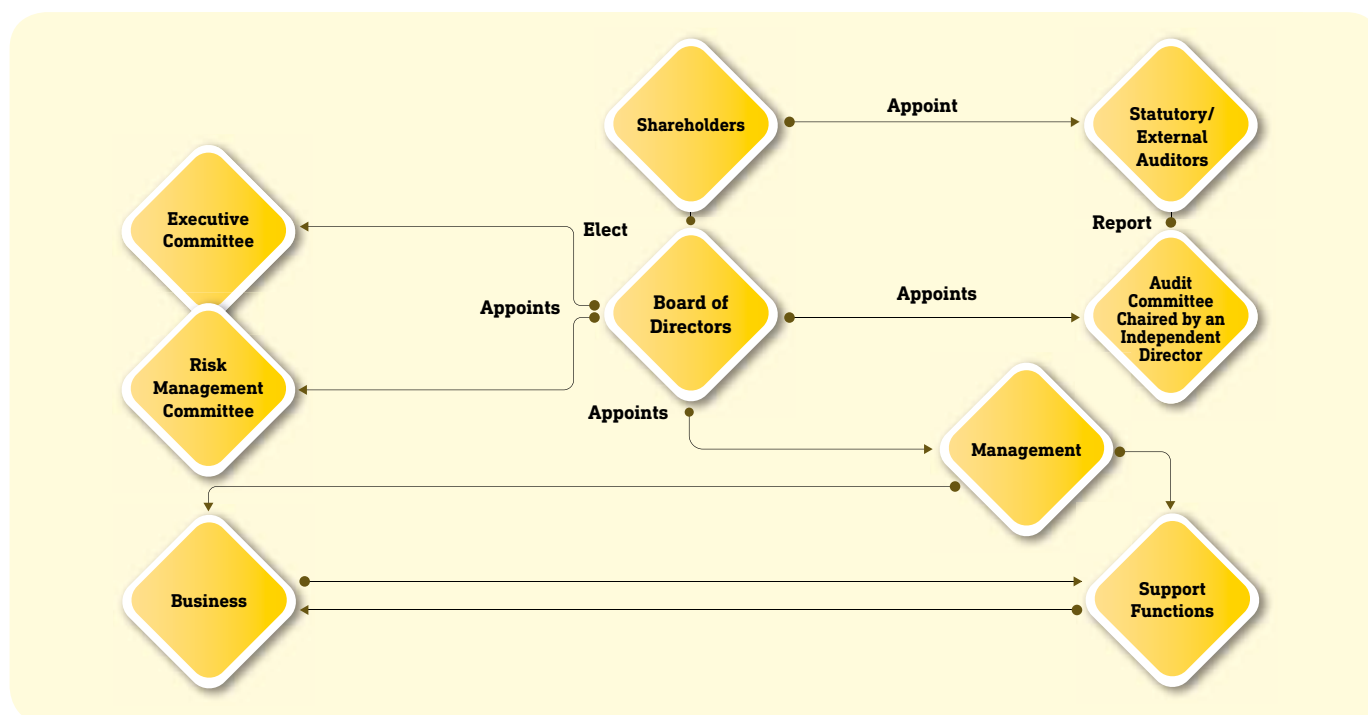
Corporate governance is crucial for proper functioning of the banking sector and overall economy of a country. Banks play an important role in the economy by intermediating funds from savers and depositors to activities that help drive economic growth. Banks' safety and soundness are key to financial stability, and the way they conduct their businesses, therefore, is of paramount importance. Good governance ensures sustainable growth by way of maintaining an equitable balance while meeting varied expectations from diverse stakeholders. The primary objective of corporate governance, therefore, is to safeguard stakeholders' interest on a sustainable basis. Good governance is manifested through adherence to ethical business norms, a firm commitment to values and compliance with applicable laws and regulations, while enhancing shareholders value.

Governance structure of the Bank

Board of Directors occupies the center stage of overall governance practice of EBL and is responsible for establishing an appropriate

governance structure in the Bank while the shareholders' role is to appoint the suitable directors and the auditors.

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



Guiding philosophy of governance practices

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

However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal

rules, policies, procedures and best practices of local and global banks. As a responsible corporate citizen, the Bank is committed to sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders.

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

- Creating value for all stakeholders without compromising ethical principles.

- Ensuring fairness and equitable treatment of all stakeholders, including employees and shareholders.
- Compliance with all applicable laws, rules and regulations, not only in letter but also in their spirit.
- Ensuring transparency and accountability, and maintaining a high degree of disclosure levels with the motto 'when in doubt, disclose'.
- Embracing a trusteeship model in which management is the trustee of the shareholders' wealth and not the owner.
- Establishing a sound system of risk management and internal controls with adequate safeguards and early warning systems.

Structure of the Board

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

Policy on appointment of Directors

Directors are appointed following relevant provision/clause of Companies Act 1994, Bank Company Act 1991, Corporate Governance Guidelines of BSEC and Bangladesh Bank, and Articles of Association of the Bank.

The BoD consists of noted entrepreneurs and business professionals having experience and acumen in diverse range of businesses and operations. Collectively they have enriched the Board with the knowledge and expertise in banking and finance, IT, accounting, marketing, administration, and engineering. Their rich and diverse backgrounds have given the Board a vantage point in directing and monitoring the Bank to achieve its desired objectives.

Retirement and election of Directors

According to clauses 105 and 106 of the Articles of Association of the Bank, following directors retired and being eligible were re-elected at the 27th Annual General Meeting (AGM) held on 23 May 2019.

SL. No.	Name of Director	Mode of change
1.	M. Ghaziul Haque	Re-elected
2.	Anis Ahmed (Representing MGH Healthcare Ltd.)	Re-elected
3.	Gazi Md. Shakhawat Hossain (Representing Purnima Construction (Pvt.) Ltd.)	Re-elected

As per Clauses 105 & 106 of the Articles of Association of the Bank, 3 (three) Directors shall retire by rotation from the office of the BoD at the 28th AGM. All the retiring Directors are eligible for re-election in the ensuing 28th AGM.

Non-Executive Director

All the Directors of EBL including the Chairman are Non-Executive Directors except the Managing Director & CEO.

Independent Directors

EBL encourages effective representation of independent directors in its Board to infuse diverse knowledge and core competencies relevant to banking business. In compliance with relevant Corporate

Governance Guidelines, the BoD has appointed 02 (two) independent directors, subsequently approved by shareholders. The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities. With them they have brought in more than 10 years of corporate management/professional experiences to the BoD.

Board meeting and attendance

The Board of Directors holds meetings on a regular basis: usually twice in a month but emergency meetings are called as and when required. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the BoD meeting for consideration. In the meeting, the Chairman of the BoD allocates sufficient time for the Directors to consider each item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 2019, a total of 24 Board Meetings were held; the attendance records areas follows:

SL. No.	Name	Position	No. of meetings attended
1.	Md. Showkat Ali Chowdhury	Chairman	24/24
2.	M. Ghaziul Haque	Director	23/24
3.	Mir Nasir Hossain	Director	19/24
4.	A. M. Shaukat Ali	Director	15/24
5.	Salina Ali	Director	16/24
6.	Anis Ahmed	Director	12/24
7.	Meah Mohammed Abdur Rahim	Independent Director	14/24
8.	Mufakkharul Islam Khasru	Director	22/24
9.	Ormaan Rafay Nizam	Independent Director	16/24
10.	Gazi Md. Shakhawat Hossain	Director	18/24
11.	Ali Reza Iftekhar	Managing Director & CEO	21/24

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

Attendance of CFO, Head of ICC and CS in Board Meeting

Chief Financial Officer (CFO), Head of Internal Control & Compliance (ICC) and the Company Secretary (CS) of the Bank attend the meetings of the Board of Directors, provided that the Chief Financial Officer, Head of Internal Audit & Compliance and/or the Company Secretary do not attend such part of a meeting which involves consideration of an agenda item relating to their personal matters.

Ownership composition

As on 31 December 2019 the Directors of EBL held 31.56% of total shares whereas financial institutions and general public held 10.85% and 57.59% respectively:

SL. No.	Composition	31-12-2019		31-12-2018	
		No of shares held	% of total shares	No of shares held	% of total shares
1	Directors	256,202,162	31.56%	232,911,064	31.56%
2	General Public	467,477,192	57.59%	428,773,387	58.10%
3	Financial Institutions	88,120,193	10.85%	76,315,138	10.34%
		811,799,547	100.00%	737,999,589	100.00%

Directors' shareholding status

In compliance with BSEC Notification dated 21 May 2019, all the eligible directors (other than Independent Directors) of EBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%).

Shareholding structure of directors is as follows:

SL. No.	Name	Position	31-12-2019	
			No of shares held	% of total shares
1.	Namreen Enterprise Ltd. (Represented by Md. Showkat Ali Chowdhury)	Chairman	80,901,422	9.97%
2.	M. Ghaziul Haque	Director	26,067,699	3.21%
3.	Mir Holdings Ltd. (Represented by Mir Nasir Hossain)	Director	40,480,059	4.99%
4.	A. M. Shaikat Ali	Director	16,627,684	2.05%
5.	Borak Real Estate Ltd. (Represented by Salina Ali)	Director	38,938,875	4.79%
6.	MGH Healthcare Limited (Represented by Anis Ahmed)	Director	16,559,020	2.04%
7.	Meah Mohammed Abdur Rahim	Independent Director	-	-
8.	Namreen Enterprise Ltd. (Represented by Mufakkarul Islam Khasru)	Director	Mentioned in Sl. No. 1	-
9.	Ormaan Rafay Nizam	Independent Director	-	-
10.	Purnima Construction (Pvt.) Ltd. (Represented by Gazi Md. Shakhawat Hossain)	Director	36,627,403	4.51%
11.	Ali Reza Iftekhar	Managing Director & CEO	-	-
	Total		256,202,162	31.56%

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

Please refer to Note 14.1 to the Financial Statements of 2019.

Separation of Chairman and Chief Executive Officer Roles

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1(4) of BSEC Corporate Governance (CG) Code dated 03 June 2018, we report that the Chairman of the Board has been elected from among the non-executive Directors and there are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer.

The Chairman of the Board approves the agenda of the Board meetings, assisted by the Managing Director and the Company Secretary. Regular agenda items include approving credits beyond CEO's authority and aspects of the Bank's corporate strategy, financial performance, core risks and credit policy, corporate governance, CSR and organizational structure, human resources policy, customer and services strategies, procurement policy, etc.

On the other hand, CEO, being the Head of management team, is accountable to the Board and its Committees to run and manage

the Bank in accordance with the prescribed policies, principles and strategies established by the Board and rules, regulations and guidelines from the Central Bank, BSEC and other regulatory authorities. Management's primary responsibilities are to:

- Manage the operation of the Bank safeguarding interest of customers and other stakeholders in compliance with the highest standards of ethics and integrity;
- Implement the policies and strategic direction established by the Board;
- Establish and maintain a strong system of internal controls;
- Ensure Bank's compliance with applicable legal and regulatory requirements.

Roles and responsibilities of the Board of Directors

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The roles and responsibilities of the Board of Directors are outlined below (but not limited to) in compliance with Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013:

Major roles and responsibilities	Brief particulars
Work planning and strategic management	• Determine the objectives and goals and chalk out strategies and work-plans.
	• Making strategies relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters.
	• Analyze/ monitor the development of implementation of the work-plans.
	• Set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.

Major roles and responsibilities	Brief particulars
Credit and risk management	<ul style="list-style-type: none"> Formulate policies, strategies, procedures etc. in respect of appraisal of loan proposal, sanction, disbursement, recovery, reschedule and write-off under the purview of the existing laws, rules and regulations. Distribute the power of sanction of loan among the CEO and his subordinate executives as much as possible. Frame policies for risk management and monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.
Internal control management	<ul style="list-style-type: none"> To be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan portfolio. Establish such an internal control system so that the internal audit process can be conducted independently from the management. Review the reports submitted by its audit regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.
Human resources management and development	<ul style="list-style-type: none"> Framing policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules. In no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. Carrying out recruitment, promotion, transfer & punishment of the officers' immediate two tiers below the CEO in complying with the service rules. Attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan proposals, and adoption of modern electronic and information technologies and introduction of effective Management Information System (MIS). Compose Code of Ethics for every tier and promote healthy code of conducts for developing a compliance culture.
Financial management	<ul style="list-style-type: none"> Finalize and approve annual budget and statutory financial statements. Review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures. Frame policies and procedures for bank's purchase and procurement activities and accordingly approve the distribution of power for making such expenditures. Decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business to be adopted with the approval of the board. Review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.
Appointment of Chief Executive Officer (CEO)	<ul style="list-style-type: none"> Appoint an honest, efficient, experienced and suitable CEO or Managing Director with the approval of the Bangladesh Bank.
Formation of supporting committees	<ul style="list-style-type: none"> Form an executive committee, an audit committee and a risk management committee with the directors. Board can't form any other permanent, temporary or sub-committee except the mentioned three committees.

Responsibilities of the Chairman of the Board

To set out the following responsibilities, BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 03 June 2018 has been taken into consideration.

The overall responsibilities of the Chairman are to:

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

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

- Provide overall leadership to the Board, setting vision and driving innovation, working closely with the CEO.
- Take a leading role in determining the composition and structure of the Board which will involve regular assessment of the:

- ✓ size of the Board,
- ✓ quality of interaction, harmony and involvement of the Directors.
- Set the Board's Agenda and plan Board Meetings.
- Chair all Board Meetings, directing debate towards consensus.
- Ensure that the Board receives appropriate, accurate, timely and clear information.
- Chair the AGM and other Shareholders' Meetings to foster effective dialogue with shareholders.
- Ensure that the views of shareholders are communicated to the Board as a whole.
- Work with Chairman of Board Committees.
- Conduct (if required) on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

Roles and Responsibilities of CEO, CFO, CS and Head of ICC

The Board of Directors of EBL clearly defines and approves the respective roles, responsibilities and duties of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance (ICC).

To set out the following responsibilities of CEO, BRPD Circular Letter No. 18 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 03 June 2018 has been taken into consideration.

- In terms of financial, business and administrative authorities vested upon him by the BoD, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging routine functions of the Bank.
- At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO shall point out if there is any deviation from the Bank Company Act 1991 and other relevant laws and regulations.
- The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.
- The recruitment and promotion of all staffs of the Bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved 'people management manual'.
- The authority relating to transfer and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him. Besides, under the purview of the 'people management manual' approved by the BoD, he shall nominate officers for training and other related issues.

Appointment of CFO, Head of ICC and CS

The Bank appointed a Chief Financial Officer, a Head of Internal Control & Compliance and a Company Secretary as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

Independence of Non-Executive Directors

All the Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board meetings regularly and participate in the deliberation and discussions effectively. They get actively involved in setting strategic direction but do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Annual appraisal of the Board's performance

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

The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share etc. of the Bank. The attendance of

Directors and their active participation in the meeting on various agenda is ensured in every Board meeting. The Board approves annual budget each year and monitors the variance quarterly to ensure achievement of the target. The Board's performance is greatly dependent on the achievement (under or over) of budgeted target. Besides, the performance reports of supporting committees of the Board are also placed in the Board meeting through which the performance of the Board members are regularly assessed.

Annual evaluation of MD & CEO by the Board

The Board of Directors of EBL clearly defines and approves the roles, responsibilities and duties of Chief Executive Officer (CEO). Based on these assigned responsibilities, BoD makes annual evaluation of MD & CEO. Furthermore, the performance evaluation of MD & CEO is done by the Board through various reports featuring financial position and performance and:

- Compliance status of various assignments given by the Board to CEO and his team from time to time.
- Variance analysis of Budget vs. Actual result and steps taken by CEO to achieve the Budgeted target.
- Among the financial parameters, NPL ratio, Growth of Loan & Deposit, Cost to Income Ratio, Loans write off and its recovery, Capital to Risk Weighted Asset Ratio, Credit to Deposit Ratio etc. are the common ones.

Training of Directors

Training of Directors includes providing training and information on the latest update related to banking business such as relevant laws, policy guidelines, circulars, rules and regulations issued by the regulatory authorities; so that they could effectively discharge the responsibilities. Sometimes special discussion sessions are arranged with the experts on highly technical and complex issues. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

Directors' knowledge and expertise in Finance and Accounting

Two Directors in the Board obtained post-graduation major in Accounting from the University of Dhaka having requisite expertise in the field of accounting and finance. Other Directors, majority of whom are either successful entrepreneurs or seasoned professionals, are also well conversant in the field of business, economics and administration.

Compliance with corporate governance guidelines

The status of compliance of Corporate Governance Code issued by BSEC have been presented in page no. 78-85. K.M. HASAN & CO. Chartered Accountants, duly certified the compliance status of corporate governance code and issued a report which is presented in page no. 86.

Vision, mission and strategy of the Bank

- The vision and mission statement of the Bank approved by the Board of Directors is presented in page no. 9 of this report. The said statements are also disclosed in Bank's website and other related publications.

- Strategic priorities which are time to time directed by the Board have been presented in page no. 10 of this annual report.
- Our sector wise business objectives, strategies, priorities and future business outlooks have been elaborately described in “**Management Discussion and Analysis**” section of this report.

Board Committees and their responsibilities

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

To ensure proper accountability and transparency, EBL has three Board committees namely Executive Committee, Audit Committee and Risk Management Committee to oversee and direct the operations, performance and strategic direction of the Bank. The composition of the said Board Committees is presented in the page no. 12.

Executive Committee (EC)

- **Appointment and composition:** In Compliance with Section 15B (2) of Bank Company Act 1991 and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has re-constituted the Executive Committee (EC) of the Board in 2019 with four members (maximum limit is seven members). None of them are the members of Audit Committee of the Board. The Company Secretary acts as the secretary of the committee.

The EC is comprised of 3 (Three) Non-Executive Directors and Managing Director & CEO of the Bank. Details of EC members are stated in page no. 12.

- **Meeting and responsibilities of EC:** The EC of a larger sized BoD usually acts as a proxy for full BoD; attends a meeting with short notice and takes decisions to ensure smooth flow of banking businesses. However, any decision taken by the committee has to be subsequently ratified by the full Board.

Since the current size of the Board of EBL (11 members including MD & CEO) is slim enough to hold two meetings in a month on a regular basis, there was no such urgent issue required for EC to deal with during 2019. Hence, only one EC meeting was held in 2019.

Audit Committee (AC)

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

- **Appointment and composition:** In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance Code dated 03 June 2018, Audit Committee (AC) of EBL Board has been re-constituted by the BoD from time to time to review and oversee company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. independently. Details of AC members are stated in page no. 12.
- **Chairman of the AC:** Chairman of the AC is an Independent Director who performs his duties with full freedom.

- **Members are Non-Executive Directors:** All members of the AC are Non-executive Directors. No Executive of the Bank is eligible to become a member of the AC. Also, no member of EC has been nominated as the member of the AC.
- **Qualification of members of AC:** All members of the AC are financially literate and two members have post-graduation degree in Accounting and Business Administration respectively. Moreover, all members of the AC have reasonable knowledge on banking business, its operations, and risks involved in it.
- **Terms of Reference (ToR) of AC:** The ToR of the AC has been framed in line with the provisions of BRPD Circular No. 11 dated 27 October 2013, Corporate Governance Code issued by BSEC on 03 June 2018, and other best practice corporate governance guidelines and standards. Some important roles and responsibilities of AC as per ToR have been described in “**Report of the Audit Committee**” section of this report.
- **Internal Control & Compliance Division's Access to AC:** Heads of Internal Control & Compliance (ICC) and Internal Audit have direct access to the AC as and when required. In addition, the AC meets the Head of ICC and the Head of Internal Audit at least once in a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.
- **Objectives and activities of the AC:** The AC regularly reviews the internal control systems of the Bank and also reviews along with the management, the quarterly, half yearly and annual financial statements of the Bank before submission to the Board for consideration. The objectives and activities of the AC have been described in “**Report of the Audit Committee**” section of this annual report.
- **Meeting of the Audit Committee:** The Audit Committee of EBL held 9 (nine) meetings in 2019 and had detailed discussions and review session with the Head of ICC, Head of Internal Audit, External Auditors regarding their findings, observations and suggestions with corrective measures on the related areas and on other issues of Bank affairs that need improvement. The AC instructed the management to follow those suggestions and monitored accordingly from time to time.

The Minutes of the Audit Committee Meetings containing various suggestions and recommendations to the Management and the Board are placed to the Board for ratification on a regular basis. The major areas focused by the AC during the year 2019 have been presented in “**Report of the Audit Committee**” section of this annual report.

Risk Management Committee (RMC)

- **Appointment and composition:** In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of EBL has formed a three-member Risk Management Committee (RMC) of the BoD on 07 November 2013 and was last reconstituted with four-member in May 2019 (maximum limit is five members). The RMC has been formed to minimize probable risks arisen during implementation of Board approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification, management and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money

laundrying risk, information and communication technology risk, operational risk, interest rate risk and liquidity risk and keeping adequate provision and capital against the said risks.

All four members of this RMC are Non-Executive Directors of the Board and details of RMC members are stated in page no. 12.

- **Roles and responsibilities of RMC:** It is the responsibility of RMC to identify and assess risk of the Bank and guide management to formulate action plans for minimizing/controlling of risk. The committee shall review the risk management policy and modify the same as per requirement. Some important roles and responsibilities of RMC have been described in “**Report of the Risk Management Committee of the Board**” section of this report.
- **Activities of RMC:** Major activities of RMC in 2019 have been described in “**Report of the Risk Management Committee of the Board**” section of this report.
- **Meeting of the RMC:** The committee is required to conduct at least four meetings in a year although it can be more as per requirement. The committee may call the CEO, Chief Risk Officer (CRO) or any executive to attend the committee meeting. The RMC held 7 (Seven) meetings during 2019 and had detailed discussions and review session with the CRO regarding their findings, observations and recommendations on issues of Bank affairs that need improvement. The major areas focused by the RMC during 2019 have been presented in “**Report of the Risk Management Committee of the Board**” section of this report.

Benefits provided to Directors and Managing Director

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

- **Chairman:** The Chairman of the Board of Directors may be provided an office chamber, a private secretary, an office assistant, a telephone in office, a full time car and a mobile phone to be used within country. The Chairman of EBL did not accept any support staff and private secretary and any mobile phone from the Bank.
- **Directors:** Directors are entitled to fees and other benefits for attending the Board/support committee (EC/AC/RMC) meetings (The benefits provided to Directors of EBL have been mentioned in Note 33 to the Financial Statements).
- **Managing Director & CEO:** Managing Director is paid salary, allowances and other facilities according to his service contract approved by the Board and Bangladesh Bank. (The benefits provided to MD & CEO of EBL have been mentioned in Note 32 to the Financial Statements).

EBL has fully complied with Bangladesh Bank Circulars and Guidelines.

Establishment and review of internal control system

EBL has a sound system of internal control to safeguard stakeholders' interest. The Board of Directors having ultimate responsibility of its operations has delegated to the Audit Committee for review of the adequacy and effectiveness of the system of internal control.

A review of internal control system has been presented in “**Directors' Report**” of this annual report.

Risk management

The Risk Management Division (RMD) of EBL is responsible to oversee, monitor and report all risks in line with the risk appetite set by the Risk Management Committee (RMC) of the Board. The RMC of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. Risk management functions are subject to continuous scrutiny of the Internal Control & Compliance Division (ICCD) to ensure appropriateness and integrity of the risk management practices.

The risk management system of EBL has been described in “**Risk Management**” section of this report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2019 have been presented in “**Report of the Risk Management Committee of the Board**” section of this report.

Appointment of external auditors

The shareholders of EBL in the 27th AGM held on 23 May 2019 appointed A. Qasem & Co., Chartered Accountants, as the statutory auditors for the year 2019.

Services not provided by external auditors

In compliance with the provision 7 of BSEC Corporate Governance Code, we declare that A. Qasem & Co., Chartered Accountants, was not engaged in any of the following services during 2019 while conducting statutory audit:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Book-keeping or other services related to accounting records or financial statements.
- Broker-dealer services.
- Actuarial services.
- Internal audit services or special audit services.
- Audit/certification services on compliance of corporate governance code issued by BSEC.
- Any service that the Audit Committee determines.
- Any other service that creates conflict of interest.

No partner or employee of A. Qasem & Co., Chartered Accountants, possesses any share of EBL during the tenure of their audit assignment at EBL. Also their family members do not hold any shares of EBL.

Highlights on Central Bank inspections

Role of Central Bank Inspection is well recognized in the continuously changing global banking structure which involves monitoring and examining the condition of banks and their compliance with laws and regulations. Bangladesh Bank carried out a comprehensive inspection in 2019 that covers Head Office and some branches of EBL like every year. Bangladesh Bank had 18 inspection reports during 2019. Reply on major issues mentioned in those reports had been provided to Bangladesh Bank in timely manner.

Related party transactions

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the

definition of 'Related Party' as contained in IAS 24 (Related Party Disclosures) and relevant provisions of Bank Company Act 1991 and Bangladesh Bank BRPD Circular No. 14 dated 25 June 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiaries, non-funded exposures to some current and ex-directors and credit card limit to some of its Directors. Besides, the Bank had procured some goods and services from the entities of related party (ies) during 2019. Please refer to Annexure C1 of financial statements for details of related party transactions.

Code of conduct and ethical guidelines

EBL has separate Code of Conduct and Ethical Guidelines for the Board and employees of the Bank. The basic premise of the code of conduct is that each employee, while on the payroll of EBL, shall place EBL ahead of his/her personal interest. Highlights of our Code of Conduct and Ethical Guidelines are as follows:

- **Compliance of laws:** All our employees are to follow and comply with the laws of the land and internal rules and regulations of the Bank.
- **Integrity of records:** All our employees are expected to maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They should shore up the privacy of the customers' affairs. Then as well, employees must not divulge the Bank's plans, methods, and activities, considered by the employer to be proprietary and classified 'confidential'. Moreover, employees are not expected to disclose such information without proper authorization.
- **Misappropriation of assets:** No employee shall convert any funds and properties which are not legitimately theirs to their own use and benefit, nor deliberately assist another person in such exploitation.
- **Conflict of interest:** Employees must not use their position in the Bank for personal emolument or to obtain benefits for themselves or members of their families or friends. Employees who are members of different school boards, society, and recreational clubs should be aware of conflicts of interest and should declare any such conflict.
- **Speculation in stocks:** Employees and their dependents should not speculate/trade in stocks, shares, securities or commodities of any description nor are connected with the formation or management of a joint-stock company.
- **Honesty and integrity:** Our employees are expected to act honestly and with integrity at all times. They should act uprightly and equitably when dealing with the public and other employees of the Bank.
- **Acceptance of gift:** Our employees are highly discouraged to accept gifts, benefits (cash or kind) or facilities from customers or persons having business interest with the Bank. If an employee has to receive any such thing for the sake of mutually beneficial relationship, he or she must disclose it with his/her line manager.

Compliance of code of conduct and ethical guidelines

The Board of Directors complies with all applicable laws and regulations of the land and with the Memorandum and Articles of Association of the Bank and the policies of the Bank adopted by the Board from time to time.

All the employees are committed to adhere to the Code of Conduct and are expected to demonstrate highest level of ethical standards. They are also expected to undertake at all times to comply with or adhere to all applicable laws and regulations of the country, policies and instructions of the Bank, wherever they operate.

Effective anti-money laundering and anti-terrorism program

For effective anti-money laundering and anti-terrorism program, EBL has formed Central Compliance Committee (Triple C) comprised of CAMLCO, Deputy CAMLCO, Heads of Corporate Banking, Retail & SME Banking, Operations, CRO, HR, Cards Operations, IT and Monitoring according to 1.3 KA of BFIU Circular 19 dated 17 September 2017. The roles of Central Compliance Committee (Triple C) are defining and developing AML /CFT compliance policies, strategies & programs aligned with international and national standards and regulations and evaluate the same from time to time, supervising the effective implementation of AML/CFT annual program of AMLD jointly with CAMLCO, meeting at least quarterly to review policies, assessing overall compliance status of the Bank and issue directives in this regard, submitting half yearly Reports to MD & CEO on progress of implementation of AML/CFT related measures with recommendations, directing AMLD to issue instructions for adherence by branches and departments relating to policy and procedures on KYC/CDD/EDD, Transaction Monitoring/Screening, etc. and nominating BAMLCOs/DAMLCOs having requisite skill sets, experience and rank. Triple C meetings have been executed quarterly and decisions taken in these meetings have been implemented timely. Specialized trainings have been arranged for BAMLCOs/DAMLCOs for AML/CFT measures.

EBL has formed Anti-Money Laundering Department in compliance with 1.3 KHA of BFIU Circular No. 19 dated 17 September 2017 to describe the legal controls that are required to prevent, detect, and report money laundering activities. AMLD has been developing AML System for ensuring name screening and transaction monitoring for effective implementation of anti-money laundering and anti-terrorism strategies in which phase 1 (a) is live from 18th July 2019. Head of AMLD shall directly report to the CAMLCO and implement actions directed by Triple C in order to ensure AML & CFT compliance throughout the Bank. AMLD arranged Training for 1467 employees to raise their AML/ CFT awareness in 2019. EBL's Money Laundering and Terrorist Financing Risk Management Guidelines 2016 has been replaced by new Money Laundering and Terrorist Financing Risk Management Policy which is aligned with BFIU Circular No. 19 dated 17 September 2017 and subsequent regulatory directives.

Whistleblowing and anti-fraud program

Whistleblowing and Anti-fraud program is a necessity in a financial institution to fight against fraud-forgery and corruption. EBL has Speak up Policy which ensures raising concerns on good faith through reporting to authorities concerned of any suspected misdeed or offence within EBL. The whistle blower may speak in person, in writing, via email or over telephone.

EBL has Fraud and Theft Risk Prevention and Management Policy. The primary objective of this policy is to develop an environment that assist in preventing fraud, including misappropriation, abuse & corruption and theft risks across the Bank.

Internal Control & Compliance Division (ICCD) under supervision of Head of ICC establishes and maintains an effective internal control system throughout the Bank with respect to fraud/theft risk. ICCD also conducts surprise audit or investigations along with regular audit as instructed by the Board or Audit Committee of the Bank and submits reports with observations and recommendations to the Audit Committee at a regular interval.

Compliance with secretarial standards

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

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

Governance of Board of Directors of subsidiary company

EBL has fully complied with the following provisions BSEC Corporate Governance Code regarding governance of Board of Directors of Subsidiary Company:

- At least one Independent Director of EBL is a Director on the Board of the subsidiary Company.
- The minutes of the Board meeting of the subsidiary Company are being placed for review at the following Board meeting of EBL.
- The Board of Directors of EBL reviews the affairs of the subsidiary company and it has been duly stated in minutes of the respective Board meeting.
- The Audit Committee of EBL reviews the Financial Statements, in particular the investments made by the subsidiary Company.

Human capital

Employee first is the bracing motto of EBL. Our core brand has always been our employees, appreciated for their passion to perform. For us employees are the best brand. Our Human Resources Department is also the first in Bangladesh to achieve ISO certification for its commitment to quality HR Practice in People Management.

The details discussion on the Bank's Human Capital has been presented in **"EBL: Home of Happiness"** section under **"Management Discussion & Analysis"** of this report.

Communication with stakeholders

- **Communication with shareholders:** The assigned desk under Company Secretariat plays an important role to make effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact

to this Department during office hour for any sort of information and queries. Common services include but not limited to allow or rejection of transfer or transmission of shares, issue of duplicate certificates, allotment of shares issued from time to time, opening and operation of bank accounts for payment of dividend, redemption of paper shares and the listing of securities on stock exchanges etc. Furthermore, EBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.

- **Policy on ensuring participation of shareholders at AGM:** To ensure effective participation of shareholders in AGM, EBL publishes notice of AGM in daily newspapers with necessary details within reasonable time-frame. The AGM normally takes place in a well-known place and at convenient time. Annual Reports are circulated as per the provision of Companies Act 1994 and related Notification issued by BSEC, so that shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM. The Glimpses of the 27th AGM have been presented in **"Stakeholders Information"** section of this annual report.
- **Redressal of shareholders complaints:** Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, and dividends timely and other share related matters is resolved lawfully in time.

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

Environmental and social obligations

We believe that every small "GREEN" step taken today would go a long way in building a greener future. As an environment responsive Bank we initiated Go Green campaign. EBL is the first Bank to claim refinance from the Central Bank for carbon credits. A detailed description regarding environmental and social obligation has been presented in **"Sustainability Report"** and **"Corporate Social Responsibility"** sections of this Annual Report.

Internal controls: the watchdog of transparency and accountability

Internal Control & Compliance Division (ICCD) of EBL is committed to consistently meeting organizational goals for operational effectiveness and efficiency, accurate reporting, and compliance with laws, regulations and policies. Internal control system is comprised of all of the financial, operational and other control systems which are used across all areas within the Bank. Generally, employees at the department-level are primarily responsible for internal control in their departments and hence, participation of every individual is vital. Prime responsibilities of ICCD is to ensure monitoring, follow-up, independent evaluation and timely reporting to management levels systematically in order to ensure that all the bank activities are performed in accordance with applicable policies, methods, instructions and limits.

ICCD monitor, examine and review the control activities of the various departments of the Bank on an on-going basis to assess

the effectiveness of the controls and recommend corrective actions where required. Internal control facilitates effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations.

Preventive control measures are prioritized to keep the Bank on the rails. These controls are designed to deter the occurrence of an undesirable event. Detective controls are designed to identify operational weaknesses and help effect corrective actions. Control activities normally cover all key areas of the Bank and address items such as organizational structures, committee compositions and authority levels, officer approval levels, access controls (physical and electronic), audit programs, monitoring procedures, remedial actions, and reporting mechanisms. These control measures help Bank to identify potential risk issues before exposing wide open to it.

Despite of tireless effort, ICCD can provide only reasonable assurance - not absolute assurance regarding the achievement of objectives. Collective effort of the Bank can corroborate compliance culture, drive toward its objectives and the achievement of its mission, and minimizes surprises along the way.

As per the 'Guidelines on Internal Control & Compliance in Banks' issued by Bangladesh Bank vide BRPD Circular No. 06 dated 04 September 2016, the Head of ICCD is reporting to the Managing Director & CEO. However, the Head of Audit, although being a part of ICCD administratively, is reporting directly to the Audit Committee of the Board and will be responsible to the Audit Committee of the Board.

Depending on the size and complexity of operations of the Bank, ICCD of EBL comprises of four departments namely: Audit, Monitoring, Compliance, and Legal.



Audit department: Audit Department of EBL is applying risk based internal audit methodology for doing their audit functions. Under risk-based internal audit, the focus shifts from the full-scale transaction testing to risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk assessment. The key role of internal audit is to independently and objectively evaluate and report on the effectiveness of an entity's risk management, control, and governance processes. Internal audit of EBL is conducted based on Annual Audit Plan structured on a risk based approach and approved by the Audit Committee of the Board to provide vital information about risks and controls to assist the management in the following ways:

- Identification of gap in policy and procedures with the business and its operation.

- Identification of breach in policy and procedures against internal and regulatory policies & procedures.
- Assessment of qualitative and quantitative risk of the business.
- Recommending remedial course of actions, where necessary.

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

Results and status of internal audit in 2019: In 2019, 85 branches, 54 divisions/departments/units and 2 subsidiaries were audited by the audit department of the Bank as per audit plan. After finalization of audit report, audit rating is calculated based on audit findings and as per EBL Audit Policy and Guidelines. Those Audit ratings are informed to the related management with audit report.

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

In 2019, most of the branches, division/departments/units got satisfactory audit rating. Following are the highlights of 2019 and projection for 2020:

Year	No. of Branches	No. of divisions/ departments/units	No. of subsidiaries
2019 (Planned)	85	54	4
2019 (Actual)	85	54	2
2020 (Planned)	85	53	4

Monitoring department: The monitoring department ensures overall efficacy of EBL's internal control on a perpetual basis. Monitoring of key risks is a part of the daily activities of the Bank as well as periodic evaluations of the business lines and supporting units. The frequency of monitoring diverse activities of our Bank is determined by considering the associated risks and the frequency and nature of deviations occurring in the operating environment.

Monitoring consists of the following interrelated elements:

- Establishment of the control and compliance culture;
- Risk recognition and assessment;
- Control activities and segregation of duties;
- Information and communication; and
- Operational activities and correcting deficiencies.

Some of the major tools and functions used by monitoring department are:

- Off-site Supervision through system generated reports and archives.
- Departmental Control Function Checklists (DCFCL) for department/branch.
- Quarterly Operations Report (QOR) monitoring.

- Prime Risk Indicator (PRI).
- Branch/department spot check/ surprise check etc.
- Counterparty limit (Banks and NBFIs) and Dealers' Limits.
- Value at risk (VaR), exchange position limit, forward swap gap limit, CRR & SLR.
- Self-assessment of anti-fraud internal controls on half yearly basis as per DOS circular letter no. 10 dated 09 May 2017 and reporting to DOS after getting compliance certification from respective areas of the Bank.

All monitoring functions are adequately documented and reported on a timely basis to the appropriate level of management.

Compliance department: 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 tasks of this unit are as follows:

Compliance department ensures that EBL upholds compliance culture by following applicable rules, regulations, guidelines and policies that make up from regulatory environment and the Bank itself. This department is entrusted with the responsibility of addressing the practice of obligatory laws, rules, and guidelines in every units of the Bank. They maintain liaison with the regulators at all levels and notify the other units/departments regarding the regulatory changes.

Some major functions of this department are as follows:

- Work as contact point of Bangladesh Bank and other regulators.
- Ensure proper implementation of all regulatory policies of Bangladesh Bank.
- Respond to queries of Bangladesh Bank and ensure meticulous compliance of their recommendations.
- Ensure compliance of internal and external audit observations and follow-up if necessary.
- Ensure compliance of various queries of regulatory body's like- Tax Authority, Anti-Corruption Commission, Ministry of Finance, Law enforcing agencies and other regulators.
- Advice and guide departments and branches in resolving various compliance issues.
- 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 with conflicting responsibilities.

Legal department: Legal department of ICCD safeguards the Bank by ensuring legal support to all of its branches and departments. It performs drafting, vetting and streamlining of various agreements and contracts for all business and support functions of the Bank. It supervises and monitors the legal issues/cases by and against the Bank and ensures appropriate legal assistance on a diverse range of substantive and procedural questions of law.



Team EBL at ICMAB Best Corporate Award 2018 program

BSEC Code for Corporate Governance: Our Compliance Status

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's (BSEC) through Notification No. BSEC/CMRRCD/2006-158/ 207/Admin/80 dated 03 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969 is as follows (as per Annexure-C):

Report under Condition No. 9.00:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1.	Board of Directors			
1(1)	Size of the Board of Directors The total number of members of the Company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty).	✓		
1(2)	Independent Directors			
1(2) (a)	At least one-fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors.	✓		
1(2) (b)	Independent Director means a Director-			
1(2)(b)(i)	Who does not hold any Share in the Company or holds less than One Percent (1%) Shares of the total Paid-Up Shares of the Company;	✓		
1(2)(b)(ii)	Who is not a Sponsor of the Company or is not connected with the Company's any Sponsor or Director or Nominated Director or Shareholder of the Company or any of its Associates, Sister Concerns, Subsidiaries and Parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2)(b)(iii)	Who has not been an executive of the Company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its Subsidiary or Associated Companies.	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) Holder, Director or Officer of any Stock Exchange;	✓		
1(2)(b)(vi)	Who is not a Shareholder, Director excepting Independent Director or officer of any member or TREC Holder of Stock Exchange or an Intermediary of the Capital Market;	✓		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company's Statutory Audit firm or Audit Firm engaged in Internal Audit Services or audit firm conducting special Audit or Professional certifying compliance of this Code.	✓		
1(2)(b)(viii)	Who is not Independent Director in more than 5 (five) listed Companies.	✓		
1(2)(b)(ix)	Who has not been convicted by a Court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI).	✓		
1(2) (b) (x)	Who has not been convicted for a Criminal Offence involving moral turpitude.	✓		
1(2) (c)	The Independent Director (s) shall be appointed by the Board and approved by the Shareholders in the Annual General Meeting (AGM);	✓		
1(2) (d)	The post of Independent Director (s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		
1(3)(b)	Independent Director shall have following qualifications:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(3)(b)(i)	Business Leader who is or was a Promoter or Director of an unlisted Company having minimum paid-up capital of Tk.100.00 million or any listed Company or a member of any national or international chamber of commerce or business association; or	-		As the Independent Directors were continuing, the requirement of this code could not be complied for them.
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of Tk.100.00 million or of a listed Company; or			N/A
1(3)(b)(iii)	Former official of the Government or Statutory or Autonomous or Regulatory Body in the position not below 5th Grade of the National Pay Scale, who has at least educational background of Bachelor Degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The Independent Director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the Company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive Directors of the Company;	✓		
1(4)(d)	The Board shall clearly define respective Roles and Responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining Members may elect one of themselves from non-executive Directors as Chairperson for that particular Board's Meeting; the reason of absence of the regular Chairperson shall be duly recorded in the Minutes of the Board Meeting.	✓		
1(5)	The Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		Please refer to MD&A Section
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		Discussion on interest income, expense, operating and net profit provided.
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			N/A
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		Please refer to Annexure C & C1
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5)(viii)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the Directors including Independent Directors;	✓		Please refer to Note 33 of FS.
1(5)(xi)	A statement that the financial statements prepared by the Management of the issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer Company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		Departure has been adequately explained in Note 2.1 to the Financial Statements.
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority Shareholders have been protected from abusive actions by, or in the interest of, controlling Shareholders acting either directly or indirectly and have effective means of redress;	✓		Please refer to Directors' Responsibility Statement
1(5)(xvii)	A statement that there is no significant doubt upon the issuer Company's ability to continue as a going concern, if the issuer Company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		No doubts upon EBL's ability to continue as a going concern.
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer Company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each Director;	✓		
1(5)(xxiii)	A Report on the pattern of Shareholding disclosing the aggregate number of Shares (along with name-wise details where stated below) held by:			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		Please refer to Note 14.1 of the FS.
1(5)(xxiii)(c)	Executives; and	✓		Please refer to Note 14.1 of the FS.
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details);	✓		Please refer to Note 14.1 of the FS.
1(5)(xxiv)(a)	A brief Resume of the Director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the Directorship and the membership of committees of the Board;	✓		Please refer to Annexure C of the FS.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	✓		Please refer to Managing Director & CEO's Review and MD&A Section
1(5)(xxv)(a)	Accounting Policies and estimation for preparation of Financial Statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the Company; and	✓		
1(5)(xxv)(g)	Future Plan or Projection or forecast for Company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the Shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or Certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ;	✓		
1(5)(xxvii)	The Report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	✓		
1(6)	Meetings of the Board of Directors			
1(6)	The Company shall conduct the Board Meetings and record the Minutes of the Meetings as well as keep required Books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7) (a)	The Board shall lay down a Code of Conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other Board Members and Chief Executive Officer of the Company;	-		Please refer to the Condition No. 6
1(7)(b)	The Code of Conduct as determined by the NRC shall be posted on the website of the Company.	-		
2.	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company;	✓		EBL Finance (HK) Limited [Reg: Hong Kong] complied with the same as per their respective Rules & Regulations.
2(b)	At least 1 (one) Independent Director on the Board of the holding Company shall be a Director on the Board of the subsidiary Company;	✓		
2(c)	The Minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the Holding Company;	✓		
2(d)	The Minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company;	✓		
2(e)	The Audit Committee of the holding Company shall also review the Financial Statements, in particular the investments made by the subsidiary Company.	✓		
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed Company shall not hold any executive position in any other Company at the same time;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
3(1)(d)	The Board shall clearly define respective Roles, Responsibilities and Duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange (s).	✓		
3(2)	Requirement to attend Board of Directors' Meetings			
3(2)	The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed Financial Statements for the year and that to the best of their knowledge and belief:			Please refer to the Statement on Integrity of FS by MD & CEO and CFO
3(3)(a)(i)	Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	Financial Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4.	Board of Directors' Committee			
4(i)	Audit Committee; and	✓		Please refer to the Condition No. 6
4(ii)	Nomination and Remuneration Committee.	-		
5.	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The Company shall have an Audit Committee as a Sub-Committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the Financial Statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non- executive Directors of the Company excepting Chairperson of the Board and shall include at least 1 (one) Independent Director ;	✓		
5(2)(c)	All members of the Audit Committee should be 'Financially Literate' and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		No such instance as yet
5(2)(e)	The Company Secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The Quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent Director ;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the Minutes.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	✓		
5(4)(b)	The Quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an Independent Director is a must.	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall Report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately Report to the Board on the following findings, if any:	✓		
5(6)(a)(ii)(a)	Report on Conflicts of Interests;	-		No such instance as yet
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the Internal Audit and compliance process or in the Financial Statements;	✓		
5(6)(a)(ii)(c)	Suspected infringement of Laws, Regulatory compliances including Securities related Laws, Rules and Regulations; and	-		No such instance as yet
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-		Do
5(6)(b)	Reporting to the Authorities	-		No such instance as yet
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the Management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall Report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer Company.	✓		
6.	Nomination and Remuneration Committee (NRC)	Unresolved Issue (Could not be complied due to Bangladesh Bank's Guidelines)		
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	-		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and top level executive as well as a policy for formal process of considering remuneration of Directors, top level executive;	-		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the Condition No. 6(5) (b).	-		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	-		
6(2)(b)	All members of the Committee shall be non-executive Directors;	-		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	-		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	-		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-		
6(2)(g)	The Company secretary shall act as the secretary of the Committee;	-		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	-		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.	-		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	-		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the Shareholders;	-		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	-		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	-		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	-		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the Shareholders	-		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not complied	
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering following:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the Company successfully;	-		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	-		
6(5)(b)(i)(c)	Remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;	-		
6(5)(b)(ii)	Devising a Policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-		
6(5)(b)(iii)	Identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	-		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of Independent Directors and the Board;	-		
6(5)(b)(v)	Identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	-		
6(5)(b)(vi)	Developing, recommending and reviewing annually the Company's human resources and training policies;	-		
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	-		
7.	External or Statutory Auditors			
7 (1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial Information Systems design and implementation;	✓		
7(1)(iii)	Book-Keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker-Dealer Services;	✓		
7(1)(v)	Actuarial Services;	✓		
7(1)(vi)	Internal Audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any shares in the said Company.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the Shareholders.	✓		
8.	Maintaining website by the Company			
8(1)	The Company shall have an Official Website linked with the website of the Stock Exchanges.	✓		
8(2)	The Company shall keep the website functional from the date of listing.	✓		
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9.	Reporting and Compliance of Corporate Governance			
9(1)	The Company shall obtain a Certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9 (2)	The Professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the Annual General Meeting.	✓		
9 (3)	The Directors of the Company shall state, in accordance with the Annexure-C attached, in the Directors' report whether the Company has complied with these conditions or not.	✓		



কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

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McMillan Woods
Professionalism at the forefront

Report to the Shareholders of Eastern Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Eastern Bank Limited (EBL) for the year ended on 31st December 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the bank. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any conditions of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The bank has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The bank has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the bank as required under the Companies Act, 1994, the Securities Laws and other relevant laws;
- The governance of the bank is satisfactory.



Place: Dhaka
Dated: 15 April 2020

For **K. M. HASAN & CO.**
Chartered Accountants

Partner
Md. Shahidul Islam ACA

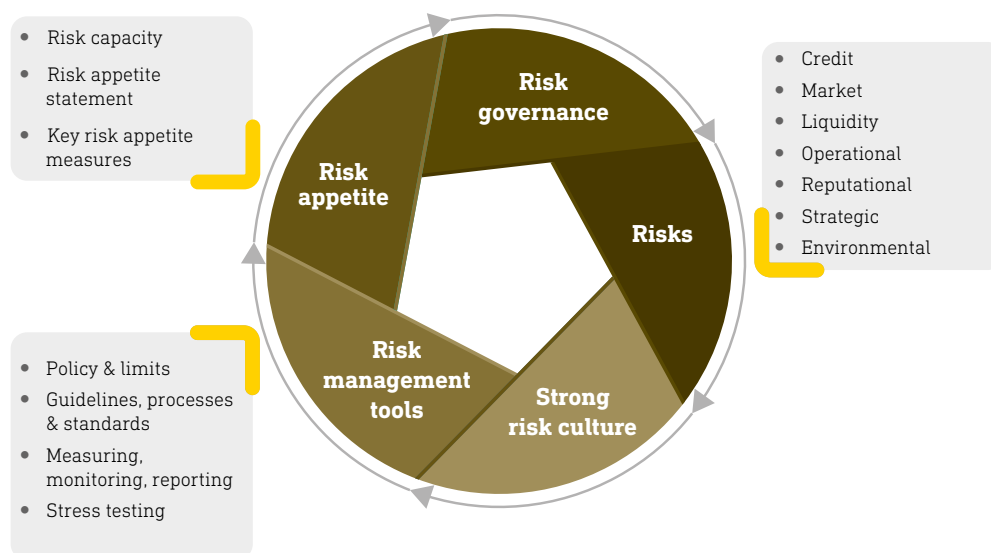
Risk Management Report

Risk management functions of the bank are embedded in such a manner that all the material risks are recognized and measured to exercise appropriate control mechanism. The objective of Bank's risk management is to secure the assets and its reputation and to ensure continued financial and organizational sustainability. Hence, we have developed a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all the employees of the Bank.

Key initiatives in 2019

- Reviewed Credit Policy Manual (CPM) of EBL to integrate Internal Credit Risk Rating System (ICRRS) of Bangladesh Bank in the credit evaluation process.
- Reviewed Risk Appetite Statement (RAS) and established internal limit for different credit, market and operation related indicators and obtained approval from Board of Directors.
- Hired Environmental & Social (E&S) Risk Specialist for identifying, assessing and controlling the environmental risk.
- Incorporated treasury mid-office under the market risk management desk and prepared treasury mid-office operating guideline accordingly for smooth operation of the mid-office.
- Initiated process of developing automated resources for calculating different risk indicators.

Risk management framework



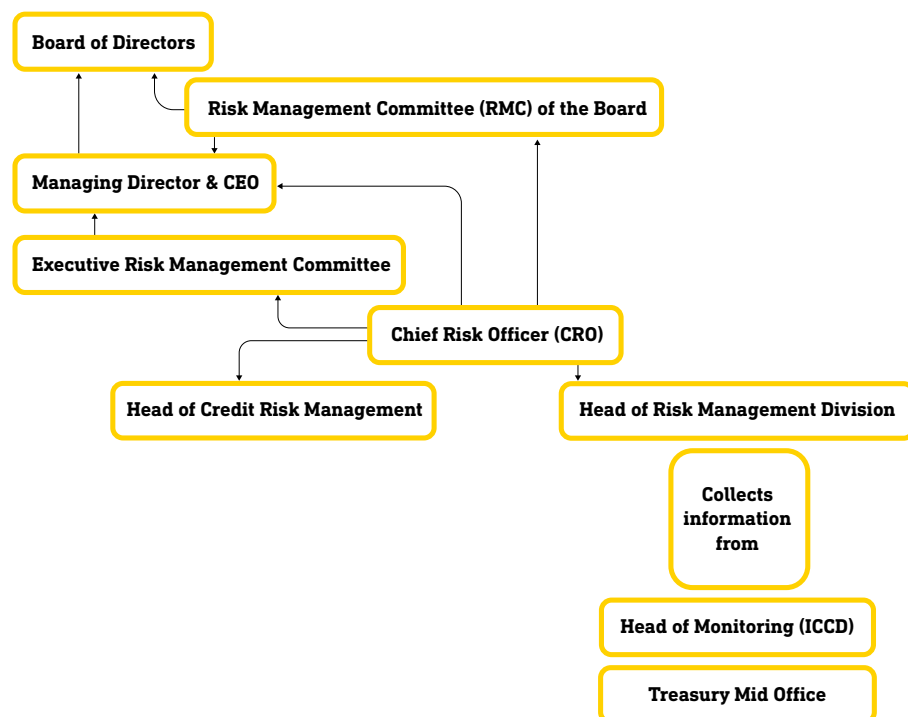
The Bank's risk management framework is predicated on the three line of defence (3LD) model. Within this model, functional business line staffs and management (the first line) incur and own the risks, while risk management division and other control functions (the second line) provide independent oversight and objective challenge to the first line of defense, as well as monitoring and control of risk. Internal audit department (the third line) provides assurance that control objectives are achieved by the first and second lines of defense.



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

- Risk governance,
- Risk appetite, and
- Risk management tools.

Risk governance



Risk Management Committees

Committee	Key objectives	Represented by
Risk Management Committee (RMC) of Board	To ensure that the Bank wide risks are managed within the risk strategy and appetite established by the Board of Directors.	Anis Ahmed, Director and Chairman of the committee. Mir Nasir Hossain and Gazi Md. Shakhawat Hossain, Director and Meah Mohammed Abdur Rahim-Independent Director are members of the committee.
Executive Risk Management Committee (ERMC)	To monitor activities of the risk management division responsible for integrated risk management across the Bank.	Chaired by DMD & Chief Risk Officer. Risk Management, Treasury, Business Heads, Operations, CRM, HR, IT, Finance, Internal Control & Compliance, and Additional Managing Director are members.
ICT Steering Committee	Provide guidance related to risks, funding or sourcing to achieve ICT strategic goals, monitor and evaluate ICT projects implementation and achievements against ICT strategic plan.	Chaired by Additional Managing Director. Deputy Managing Director, Risk Management, HR, Credit Administration, Operations, IT, Finance and Internal Control & Compliance are members.
Asset Liability Committee (ALCO)	To optimize Bank's financial goal retaining liquidity risk and interest rate risk of the Bank at desired level.	Chaired by Managing Director. Additional Managing Director, Deputy Managing Director, Business Heads, Risk Management, Treasury, Finance, are members.
Supervisory Review Process (SRP) Team	Implementation of Pillar-II of BASEL accord as per requirement of Bangladesh Bank time to time. Regulatory requirements to be the minimum standards to establish.	Chaired by Managing Director. DMD & CRO, Operations, IT, Treasury, Finance Risk Management are members.
Credit Risk Management Committee	Review of bank's credit risk appetite, tolerance and strategy considering current and prospective macroeconomic and financial environment.	Chaired by DMD & Chief Risk Officer. Business Heads, Risk Management, Finance and Credit Risk Management are members.
Sustainable Finance Committee	Formulate, review and update all policies and guidelines relating to sustainable finance.	Chaired by Additional Managing Director. Business Heads, Risk Management, Finance and Credit Risk Management are members.

Role of Board

Role of the Board of EBL is immensely significant in establishing the overall strategies and policies relating to the management of all risks associate with the organization. Risk Management Committee (RMC) of the Board is the ultimate policy making platform for Bank's risk management.

Risk Management Committee (RMC) of the board supervises:

- Identification and assessment of bank's risks and guide management to formulate the strategies.
- Implementation of effective risk governance culture.
- Periodic review and approval of Bank's risk management policy.
- Implementations of Risk management policy.
- Bank's Environmental & Social risk management.

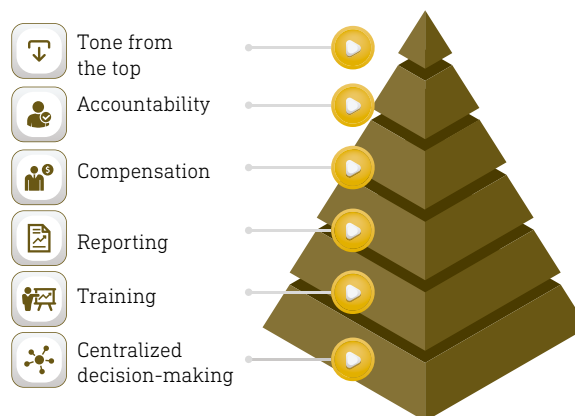
Risk culture

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

- **Tone from the top** – Clear and consistent communication from leaders on risk behavior expectations and the importance of EBL's values.
- **Accountability** – All EBL employees in every business function are held accountable for risk ownership and their actions in accordance with the three lines of defense model.

- **Compensation:** Programs are structured to discourage behavior not aligned with the Bank's values or EBL's GAP Policy, Code of Conduct and ensure that such behaviors will not be rewarded.
- **Reporting:** Reputational and operational risk dashboards and other key metrics are monitored and reported. The Bank also seeks out employee feedback through a variety of surveys.

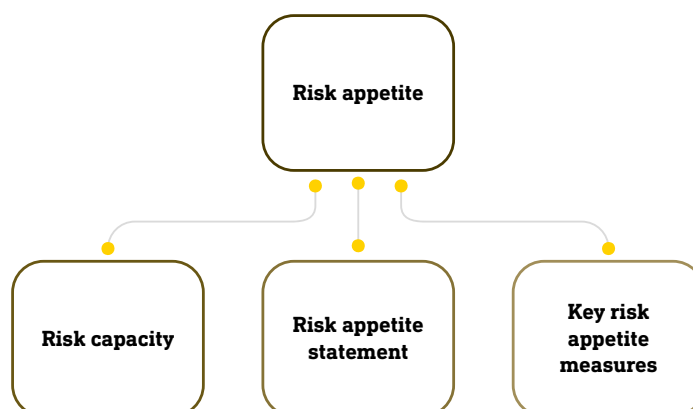
Risk culture of EBL



- **Training:** EBL continually reinforces risk culture by providing effective and informative mandatory and non-mandatory training modules for all employees, as well as presentations and other training media on a variety of risk management topics.
- **Decision-making on risk issues highly centralized:** The membership of senior and executive management committees responsible for the review, approval and monitoring of transactions and the related risk exposures (whether global or local) include business line heads and senior risk officers.

Risk appetite

EBL's risk appetite framework consists of a risk capacity, risk appetite statement and key risk appetite measures. Application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stays within appropriate risk boundaries. Bank's credit risk appetite further defines the Bank's risk appetite with respect to lending, counter party credit risk, and other credit risks (such as investments).



The objective of Bank's risk management is to secure the assets and its reputation and ensure continued financial and organizational sustainability.

Risk appetite criteria	Appetite	EBL's position	
		2019	2018
Credit risk			
Non-performing loan (NPL)	Less than 3%	3.35%	2.35%
Aggregate on and off balance sheet exposure on customers internally rated (CRGM) between 1-5	More than 50%	89.31%	86.17%
Exposure to obligor(s) exceeding single borrower exposure limit.	Less than 15%	0.00%	0.00%
Large loan concentration	Less than 56%	45.56%	49.26%
Loan concentration on top 20 borrowers	Less than 25%	27.45%	17.55%
Off balance sheet exposure as percentage of total assets	Less than 45%	29.83%	40.75%
Percentage of portfolio with credit rating	More than 65%	83.55%	86.14%
Market risk			
Impact on net interest income due to change in interest rate	Less than 10%	6.09%	5.56%
Value at risk (VAR)	Less than Tk. 10 million	0.2	0.8
Concentration on top 10 depositors	Less than 25%	9.32%	11.71%
Capital market exposure	Less than 25%	22.63%	22.10%
Liquidity risk			
Advance to deposit ratio (AD)	Less than 83.5%	77.20%	83.08%
Liquidity coverage ratio (LCR)	100% or more	338.22%	127.67%
Net stable funding ratio (NSFR)	More than 100%	114.45%	104.07%
Maximum cumulative outflow (MCO)	Less than 18%	15.27%	15.31%
Operational risk			
Internal fraud	0.20% of last 3 years' avg. operating profit	1.44%	0.00%
External fraud	0.80% of last 3 years' avg. operating profit	0.00%	0.22%
Employment practice and workplace safety	0.10% of last 3 years' avg. operating profit	0.00%	0.00%
Clients, products and business practice	0.10% of last 3 years' avg. operating profit	0.00%	0.00%
Damage to physical assets	0.20% of last 3 years' avg. operating profit	0.00%	0.00%
Business disruption and system failure	0.15% of last 3 years' avg. operating profit	0.00%	0.00%
Execution, delivery and process management	0.45% of last 3 years' avg. operating profit	0.00%	0.00%
Overall operational risk	2% of last 3 years' avg. operating profit	1.44%	0.22%
Capital management			
Capital to risk weighted asset (RWA) ratio (CRAR)	More than 12.50% (More than 11.875% for 2018)	14.74%	12.16%
Leverage ratio	More than 3%	5.28%	5.26%
Tier-1 capital ratio (including capital conservation buffer)	More than 8.5%	9.99%	9.33%
Stress test (Impact on capital under combined minor shock)	More than 10.0%	11.91%	9.18%

Risk management tools



Policies and limits

Policies

Industry best practices and regulatory requirements are also factored into the policies. Policies are guided by the Bank's risk appetite and set the limits and controls within which the Bank and its subsidiaries can operate.

- Key risk policies are approved by the Board of Directors.
- Management level risk policies/ instructions manuals associated with processes such as Credit Instruction Manual and new products initiations are approved by senior executive management and/or key risk committees.

Limits

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

Guidelines, processes and standards

Guidelines

Guidelines ensure the Bank has the appropriate knowledge of clients, products and markets and that it fully understands the risks associated with the business it underwrites. Guidelines may change from time to time due to market or other circumstances. Risk taking outside of guidelines usually requires approval of the Bank's Managing Director & CEO.

Processes

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

Standards

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

Stress testing

Stress testing programs at enterprise level allow the Bank to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, credit environment, liquidity demands or other risk factors. The development, approval and on-going review of the Bank's stress testing programs are subject to Bangladesh

Bank's updated guidelines and instructions. Stress testing report is prepared on quarterly basis and presented to the Risk Management Committee of the Board.

Measurement, monitoring and reporting

Risk measurement

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

Regular monitoring

The Bank ensures that business activities are within approved limits or guidelines and are aligned with the Bank's strategies and risk appetite. Breaches, if any, of these limits or guidelines are reported to senior management, risk committees and/or the Board depending on the limit or guideline.

Risk reports

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

Risk measurement methods

Value at Risk (VaR)

VaR is a statistical method of measuring potential loss due to market risk based upon a common confidence interval and time horizon. The Bank calculates VaR daily using a 99% confidence level and a one-day holding period for its trading portfolios. This means that once in every 100 days, the trading positions are expected to lose more than the VaR estimate. The Bank calculates general market risk VaR using historical simulation based on 6 months market data.

BDT in million

Particulars	2019	2018	2017
Approved VaR limit	10	10	10
Actual VaR	0.2	0.8	2.5

Foreign exchange VaR remains well within the approved VaR limit.

Gap analysis

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

Duration analysis

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

Control of foreign exchange activities

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

(b) Procedural controls to ensure that:

- i. Transactions are fully recorded in the records and accounts of the Bank;
- ii. Transactions are promptly and correctly settled; and
- iii. Unauthorized dealing is promptly identified and reported to management;

Analysis of stress testing results

Particulars	2019			2018		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock applied by the Bank	1%	2%	3%	1%	2%	3%
Interest rate	(0.09)	(0.17)	(0.26)	(0.26)	(0.52)	(0.77)
CRAR after interest rate shock	14.65%	14.57%	14.48%	11.90%	11.65%	11.39%
Shock applied by the Bank	5%	10%	15%	5%	10%	15%
Currency depreciation	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
CRAR after exchange rate shock	14.73%	14.72%	14.72%	12.16%	12.15%	12.14%
Shock applied by the Bank	10%	20%	40%	10%	20%	40%
Equity shock	(0.27)	(0.54)	(1.09)	(0.21)	(0.42)	(0.84)
CRAR after equity shock	14.47%	14.20%	13.65%	11.95%	11.75%	11.32%

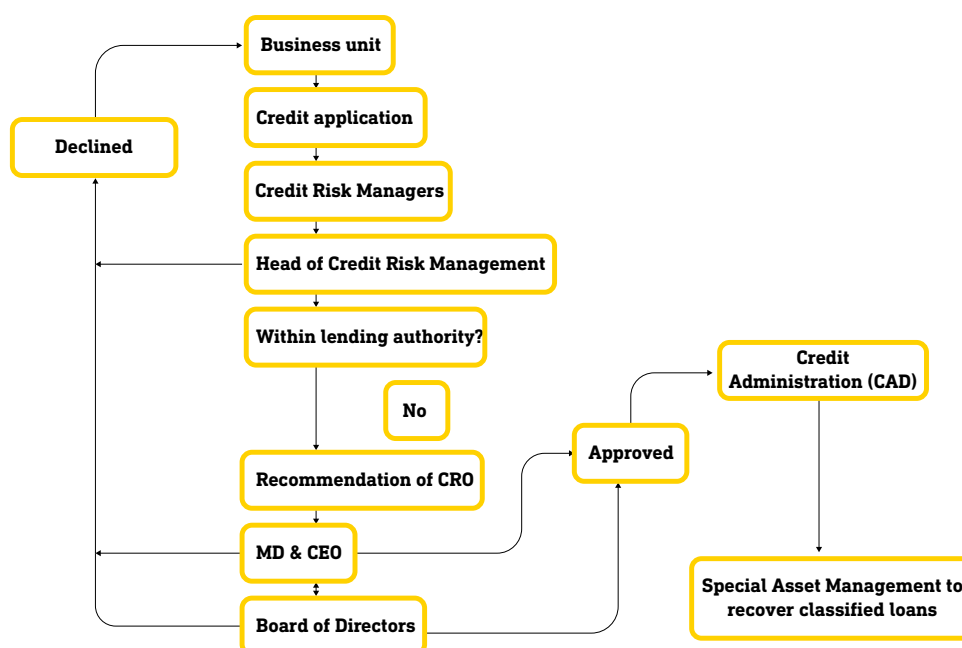
Risk mitigation approaches

Principal risk types at a glance

Risk types	Governing documentation	Application to risk appetitelimits/ tolerances
Credit risk	Credit Policy Manual, Credit Instruction Manual, Risk appetite.	<ul style="list-style-type: none"> Exposure to a single customer or group of related parties. Industry concentrations (exposure and risk adjusted concentration limits).
Market risk	Asset Liability Management Policy, Foreign Exchange Risk Management Policy and Treasury Mid-Office Operating Guideline.	<ul style="list-style-type: none"> Various VaR limits, stress test results, equity and debt investment exposures. Structural interest rate and foreign exchange exposures. Duration analysis.
Liquidity and funding risk	Asset Liability Management Policy, Fund Transfer Pricing Policy.	<ul style="list-style-type: none"> Hold appropriate levels of unencumbered high quality liquid assets that can be readily sold or pledged; Limits to control the maximum net cash outflow over specified short-term horizon; and Diversification of funding by source, type of depositor, instrument, term.
Operational risk	Internal Control & Compliance Policy, Fraud & Theft Risk Prevention & Management Policy, Information Technology (IT) Security Policy, Outsourcing Policy, AML Policy (EBL Risk Assessment Policy and Management Policy), People Management Policy.	<ul style="list-style-type: none"> Systematic identification, measurement, mitigation and monitoring of operational risk, Minimization of residual operational risk; and Expressed quantitatively by an aggregate loss limit.
Reputational risk	Customer Service & Compliant Management Policy.	<ul style="list-style-type: none"> Low tolerance for reputational, legal or taxation risk arising from business activities, initiatives, products, services, transactions or processes or from a lack of suitability of products for clients.
Environmental & social risk	Credit Policy Manual, Credit Instruction Manual.	<ul style="list-style-type: none"> Ensuring that projects are developed in a socially responsible manner
Strategic risk	Risk appetite, annual budget, strategic planning	<ul style="list-style-type: none"> It links the Bank's risk appetite framework with the enterprise strategy, business line strategies and corporate function strategies;

Credit risk

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

Credit management process**Credit risk management**

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

The objectives of the credit risk appetite are to ensure that:

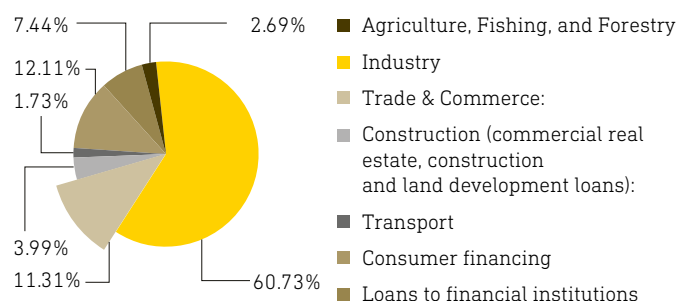
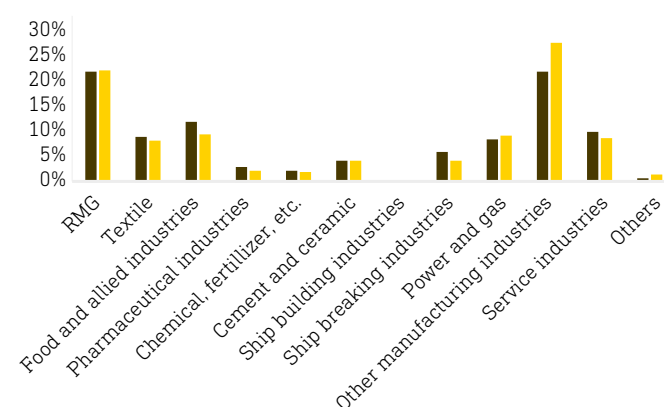
- Target markets and product offerings are well defined at both the enterprise-wide and business line levels;
- Risk parameters for new under writings and for the portfolios as a whole are clearly specified;

Credit risk policy articulates the credit risk management framework, including:

- Key credit risk management principles;
- Delegation of authority;
- Counter party risk management for trading and investment activities;
- Aggregate limits, beyond which credit applications must be escalated to the Board for approval; and
- Single borrower/aggregation exposures, beyond which a summary of exposures must be reported to the Board.

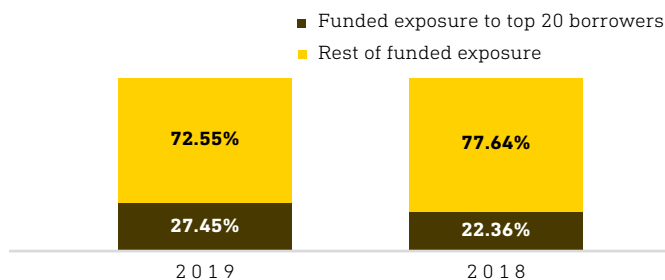
Industry and sector concentration scenario of the loan portfolio:

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

Portfolio concentration 2019**Industry concentration****Concentration among top borrowers:**

The Bank is pursuing its business in SME sector to reduce concentration on large borrower and SME portfolio now consists about 15 percent of total portfolio. Bank shall continue its priority in SME sector to reduce concentration risk on large borrowers.

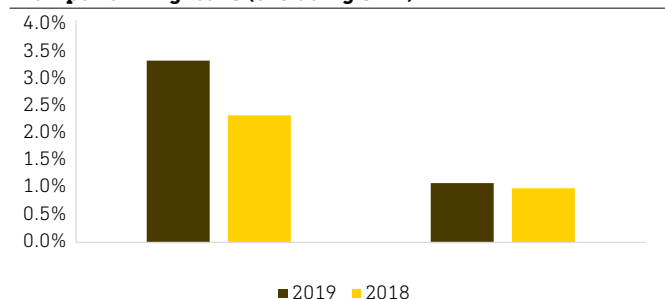
Top 20 customer exposure



NPL

Although both gross NPL and net NPL shows a marginal rise in 2019 while still depicts a positive picture of the loan portfolio in comparison to overall industry position.

Non-performing loans (excluding SMA)



Loan portfolio under stressed scenario

Particulars	2019			2018		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock applied by the bank	3%	9%	15%	3%	9%	15%
Increase in NPL	11.07%	7.09%	4.49%	10.08%	5.52%	0.05%
Shock applied by the bank	10%	20%	40%	10%	20%	40%
Decrease in value of collateral taken against loans and advances	14.60%	14.47%	14.21%	12.04%	11.91%	11.66%
Shock applied by the bank	5%	10%	15%	5%	10%	15%
Negative Shifting of NPL	14.53%	12.99%	12.70%	11.86%	11.50%	11.23%
Shock applied by the bank	3%	9%	15%	3%	9%	15%
If some sectors become classified	14.10%	12.80%	11.48%	11.54%	10.27%	8.98%
Shock applied by the bank	3	7	10	3	7	10
If some large borrowers become classified	11.07%	7.09%	4.49%	8.40%	4.89%	2.71%
Combined credit risk result (after shock)						
CRAR after combined credit shock	11.91%	9.53%	(1.64%)	9.18%	3.66%	(3.02%)

Credit risk mitigation – collateral/security

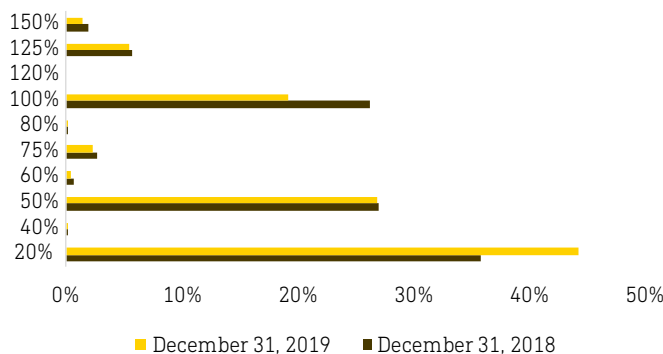
Collateral values are accurately identified at the outset and throughout the tenure of a transaction by using standard evaluation methodologies. The frequency of collateral valuations is also increased when early warning signals of a borrower's deteriorating financial condition are identified.

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

Internal risk rating & credit rating status:

Percentage of rated loans to total eligible loans for rating is showing upward trend which is due to new portfolio growth in rated sector.

Composition of RWA of loan portfolio



Particulars	2019	2018	2017
Percentage of rated loans to total eligible loans for rating	83.55%	86.14%	89.01%

Liquidity risk

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

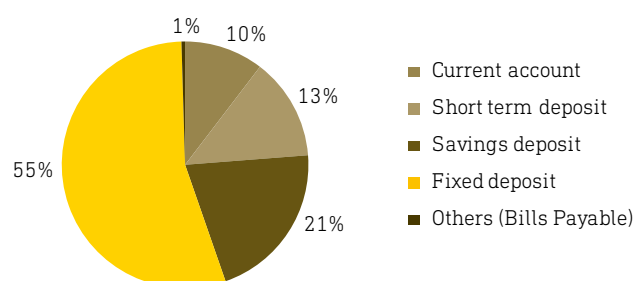
Liquidity risk measurement

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

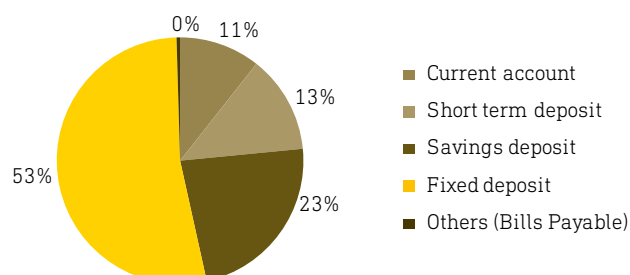
We have identified several key liquidity risk indicators which are monitored on a regular basis to ensure healthy liquidity position.

Deposit mix

Deposit mix 2019



Deposit mix 2018

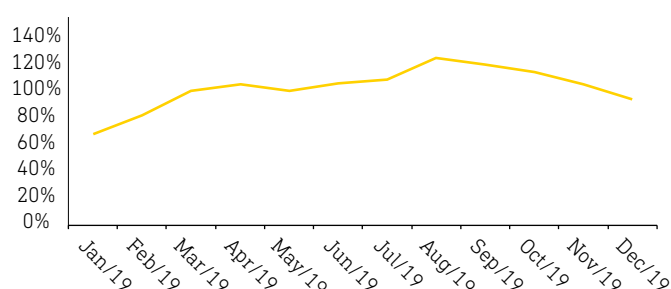


Total deposit increased by 20.31% year on year in 2019 keeping overall deposit mix almost unchanged. The existing deposit mix is keeping other major liquidity indicators stable and above the regulatory requirement.

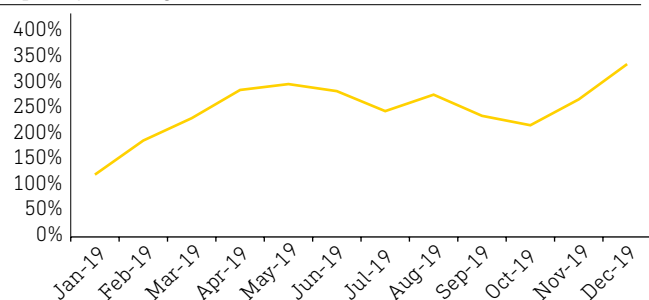
Liquid assets to short term liabilities

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

Liquid assets to short-term liabilities

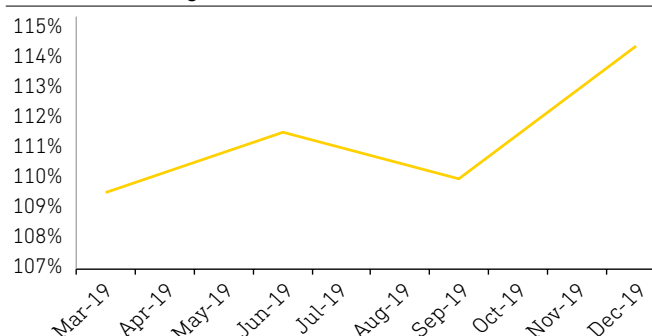


Liquidity coverage ratio (LCR)



LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. Average LCR for 2019 was 250.78 percent. EBL managed to improve liquidity situation above the par and able to be consistent in maintaining this surplus.

Net stable funding ratio (NSFR)



NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. This ratio is part of BASEL III liquidity parameters and calculated on central bank's guidelines and methodologies. Average NSFR for 2019 is 111.39 percent.

Liquidity risk management and mitigation

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

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

- Areas on able amount of liquid assets is maintained;
- Measurement and projection of funding requirements during various scenarios; and
- Management of access to funding sources.

Market risk

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

Market risk governance

Treasury Mid Office of RMD and the Bank's Treasury Department are responsible for risk identification, measurement, monitoring, control, and management reporting in relation to market risk. Overall risk parameters and exposures of the Bank are monitored by RMD and reports to Executive Risk Management Committee (ERMC).

Treasury mid office guideline contains core principles, functions and responsibilities of mid office. Mid office monitors and analyzes treasury deals from the risk on counterpart, individual dealer's, dealing currency, tenor, time of execution and appropriateness point

of view. Findings from the analysis escalated to appropriate authority for notification and approval of exceptions (if any) on a daily, weekly and monthly interval.

Market risk factors

Interest rate risk

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

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

Exchange rate risk

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

- i. Holding foreign currency position in the banking book in the form of loans in foreign currency.
- ii. Engaging in derivative transactions that are denominated in foreign currency for trading or hedging.
- iii. Settlement risk due to default of counter parties.
- iv. Time-zone risk, which arises out of time lags in settlement of one currency in one center and settlement of another currency in another center located at different time zone.

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

- i. Accounting and management information systems to measure and monitor foreign exchange positions, foreign exchange risk and foreign exchange gains or losses;
- ii. Governing the management of foreign currency activities; and
- iii. Independent inspections or audits.

Investment portfolio risk

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

As on 31 December 2019, total exposure to capital market was 22.63% of bank's paid up capital, share premium, retained earnings and statutory reserve against regulatory requirement of 25%.

Marking to Market is the tool Bank applies offsetting losses arisen from changes in market price of securities. As of 31 December 2019, bank set aside BDT. 901.31 million charging its profit and loss account to cover the differential amount between purchase price and market price of shares and securities under its portfolio.

Other risks

Operational risk

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

In the year 2019, Risk management department introduced comprehensive risk register for operational risk compiling the parameters as in regulatory frameworks.

Reputational risk

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

Environmental risk

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

Strategic risk

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

Money laundering & terrorist financing risk

Money Laundering is the process by which perpetrators disguise the original ownership of illicit proceeds derived from predicate offenses and inject the proceeds in the financial system in order to pretend to be legitimate. There are 27 predicate offenses such as fraud, extortion, forgery, corruption and bribery etc. identified in the Money Laundering Prevention Act (MLPA) 2012. Criminals also conceal the purpose of fund to finance terrorism worldwide through banking channel. The intention of wrongdoers to conceal the true source of fund or often purpose of the fund can expose banks to great risk. Violation of Money Laundering Prevention Act (MLPA) 2012 & Anti-Terrorism Act (ATA) 2009 is punishable crime that can result in financial penalties, reputational risk as far as license cancellation.

Money laundering & terrorism financing risk management is not a stand-alone activity rather requires collective participation of employees. EBL has set the tone from the top to identify, assess, mitigate, and monitor ML & TF risk. Central Compliance Committee (Triple C), chaired by CAMLCO, is formed consist of 10 department heads to address money laundering and terrorist financing risk issues.

Information and communication technology (ICT) risk

To manage ICT risk is to provide round-the-clock commitment on EBL's information system security precisely on integrity, confidentiality and availability of information by making sure suitable security controls. EBL has taken adequate information security initiatives to ensure the security of its processed information. The Bank is committed to protect customer information and assets from any type of unauthorized use and/or fraud. Following tasks are carried out to manage ICT risk of the Bank:

- Eastern Bank Ltd. successfully obtained ISO 27001:2013 standard compliance certificate confirmation which marks the quality of standards EBL is maintaining as well as how well EBL manages IT security risks. All the processes, technologies associated with implementation of ISO 27001:2013 standard protects brand image and provides company advantages. During the implementation of the standard all IT staffs received ISO 27001:2013 Information Security Management System (ISMS) awareness training. Statement of operation for various IT units has been updated to improve clarity of operation;
- PCI-DSS reassessment has been successfully performed;
- We have updated and approved EBL ICT Security Policy from version 3.1 to version 3.2 where EBL employees are guided to ensure proper use of EBL IT assets and information while mitigating risks of breach of information.
- More than 1300 EBL employees received IT security awareness training in the year 2019 to assure employees are aware of latest cybersecurity risks;
- New Bach system was launched with more improved secured hardware and software features in 2019;
- Checklist for security pre-assessment is used by IT to ensure project go live with lesser cybersecurity risks;
- Security patches and software versions of many applications have been updated in order to mitigate the risk of vulnerabilities in operating system and Software level;
- In order to prevent the risk of misuse of user access privileges in business critical applications, employee user access to 35 applications were audited and user ID of inactive users was disabled at the end of 2019;

- ICT Risk Management Policy is successfully reviewed with updated information;
- Design, plan/schedule and coordinate IT Disaster Recovery Plan (DRP) tests (primarily focused on testing correct operation of the DR technologies) and exercises (primarily focused on training people in IT DR-related procedures and activities), evaluating their effectiveness and promoting any improvement activities that are considered necessary to meet the business objectives;
- IT has Business Continuity Management (BCM) to support and handle any human made or natural incident/disaster. Moreover, regular backup schedule and retention avoids the risk of data loss based on the criticality of the system. All incidents and failure logs are investigated and brought to resolution;
- Monitor access to all systems and maintain access control profiles on computer network and systems. Track documentations of access authorization to all resources;
- Development and implementation of the appropriate and effective controls to mitigate identified threats and risks have been carried out successfully;
- Review of system logs for the Bank's infrastructure to identify trends and investigation of abnormalities and exceptions to the Bank's information security program has been carried out;
- Review of system vulnerability and penetration testing and IT audit has been carried out to ensure findings are sufficiently addressed;

Risk reporting

Risk Management Report is prepared on monthly interval to record 81 risks related issues of credit, market and operational risk across the Bank during the month and submitted towards Bangladesh Bank for all months other than June and December within 30 days following the month end. In addition, Comprehensive Risk Management Report (CRM) is submitted to Bangladesh Bank by July 31 (based on June 30 data) and January 31 (based on December 31 data). Executive Risk Management Committee (ERMC) review these paper on monthly interval; recommend action plans to the concerned department for mitigating identified risk areas and follow-up the implementation of previous recommendations. 12 ERMC meetings were held during 2019.



Way forward

- Assist in formulating medium to long term strategies to grow with keeping an eye on core risk areas and consequences of potential adverse outcomes.
- Regular monitoring of risk performance against the parameters as set in Risk Appetite of the bank and recommend appropriate mitigating measures.
- Contribute towards Bank's profitability by providing analysis on risk adjusted results; facilitating for informed decision making.
- Regular review of credit portfolio performance to arrest forward flow towards non-performing assets.

Disclosures on Risk Based Capital (Basel III)

Background

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

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

Consistency and validation

The quantitative disclosures are made on the basis of consolidated audited financial statements of EBL and its subsidiaries as at and for the year ended 31 December 2019. Those are prepared under relevant International Accounting and Financial Reporting Standards and related circulars/instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (EBL), eliminating intercompany transactions. Assets of the subsidiaries are risk weighted and equities of subsidiaries are crossed out with the investment of EBL while consolidating. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated and separate audited financial statements of EBL (Group and Bank) available on the website of the Bank (www.ebl.com.bd). The report is prepared once a year and is available in the website.

A. Scope of application

Qualitative disclosures

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

The framework applies to Eastern Bank Limited (EBL) on 'Consolidated Basis' as there were four subsidiaries of the Bank as on the reporting date i.e. 31 December 2019. However, 'Solo Basis' information has been presented beside those of 'Consolidated Basis' to facilitate comparison.

(b) *An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; that are given a deduction*

treatment; and (ii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

Entities within the group: The Bank has four fully owned subsidiaries as on the reporting date. These are EBL Securities Limited, EBL Investments Limited, EBL Finance (HK) Limited and EBL Asset Management Limited. All subsidiaries of the Bank have been incorporated in Bangladesh except EBL Finance (HK) Limited which is incorporated in Hong Kong.

EBL Securities Ltd.: EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRECs (Trading Right Entitlement Certificate) and ordinary shares of both the bourses i.e. Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. The principal activities of this subsidiary are buying, selling and settling of securities on behalf of investors and its own portfolio. Registered office of EBLSL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka-1000.

EBL Investments Ltd: EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from BSEC in January 2013 and started full-fledged operations of merchant banking, portfolio management, underwriting etc. from June 2013. Registered office of EBLIL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka-1000.

EBL Finance (HK) Ltd.: EBL Finance (HK) Limited, the first foreign subsidiary of EBL, was incorporated on 28 November 2011 with Hong Kong (HK) authority. This subsidiary started its full-fledged business operations (i.e. offshore trade finance, advising, documents collection etc.) in Hong Kong during 2013 after obtaining all the required licenses from Bangladesh and HK authority. Registered office of EBL Finance (HK) Limited is Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

EBL Asset Management Ltd.: EBL Asset Management Limited (EBLAML) was incorporated on 9 January 2011 to carry out asset management business, capital market operation, equity investment etc. It has been registered under BSEC on 25 May 2017 to run full-fledged business operations. Registered office of EBLAML is located at 10 Dilkusha C/A, Dhaka-1000.

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

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

The rules and regulations of BRPD of Bangladesh Bank that govern 'Single Borrower Exposure Limit' for the customers are equally applicable for the Bank in financing its own subsidiaries. Bank is following latest Bangladesh Bank circular in determining maximum amount of finance to the subsidiaries of the Bank.

Quantitative disclosures

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

Not Applicable.

B. Capital structure

Qualitative disclosures

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

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

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

Quantitative disclosures

BDT in million

Particulars	Solo (Bank)	Consolidated
Common Equity Tier-1 (CET-1) Capital	22,893	23,198
Regulatory adjustments	(2,174)	(2,253)
Total Common Equity Tier -1 Capital	20,719	20,946
Additional Tier 1 Capital	-	-
Tier-2 Capital	12,097	12,097
Regulatory adjustments	(2,247)	(2,247)
Total Tier-2 Capital	9,850	9,850
Total Regulatory Capital	30,569	30,795

C. Capital adequacy

Qualitative disclosures

(a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. EBL follows the 'asset based' rather than 'capital based' approach in assessing the adequacy of capital to support current and projected business activities. The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. EBL has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) and occasional issue of right shares to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within regulatory limit during 2019 (12% plus). The surplus capital maintained by EBL will act as buffer to

absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. Risk Management Division (RMD) under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

Quantitative disclosures

BDT in million

Particulars	Solo (Bank)	Consolidated
Capital requirement for Credit Risk	17,740	17,799
Capital requirement for Market Risk	866	1,153
Capital requirement for Operational Risk	2,137	2,211
Minimum capital requirement (MCR)	20,744	21,162
Total regulatory capital	30,569	30,795
Risk Weighted Assets	207,437	211,624
Capital to Risk Weighted Asset Ratio	14.74%	14.55%
Common Equity Tier-1 (CET-1) Capital Ratio	9.99%	9.90%
Tier-2 Capital Ratio	4.75%	4.65%
Capital Conservation Buffer (2.50% of RWA)	5,186	5,291
Available Capital under Pillar II requirement	4,639	4,342

D. Credit risk

Qualitative disclosures

(a) General disclosure

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

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

The Board of Directors (BoD) sets credit policies and delegates authority to the management for setting procedures, which together has structured the credit risk management framework in the bank. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and is designed to meet the organizational requirements that exist today

as well as to provide flexibility for future. These policies represent the minimum standards for credit extension by the bank, and are not a substitute of experience and good judgment.

Definitions of past due and impaired credit:

To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 0.5% to 1% on certain off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad-loss) and some rescheduled loans are made on the basis of quarter

end review by the management and in compliance with BRPD Circular no. 14 dated 23 September 2012, BRPD circular no 8 dated 2 August 2015, BRPD circular no 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular letter no 1 dated 03 January 2018 and BRPD circular no 01 dated 20 February 2018, BRPD circular no 07 dated 21 June 2018, BRPD circular no 13 dated 18 October 2018 and BRPD Circular no. 03 dated 21 April 2019. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of Bank Companies Act 1991 (amendment up to 2013), instead of netting off with loans. The summary of some objective criteria for loan classification and provisioning requirement is as below:

Loans classification			
Type of facility	Substandard (Overdue period)	Doubtful (Overdue period)	Bad & Loss (Overdue period)
Continuous Loan & Demand Loan	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Fixed Term Loan*	3 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

*In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) is treated as past due/overdue after six months of the expiry date.

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

Heads	Rates of provision
General provision on:	
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) loans to BHs/MBs/SDs against shares etc.	2%
Unclassified (including SMA) loans for housing finance	1%
Unclassified consumer financing other than housing finance, credit card and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Unclassified (including SMA) other loans and advances	1%
Short term agri credit and micro credit	1%
Off-balance sheet exposures (excluding Bills for collection)	0.5%-1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard & Doubtful short term agri credit and micro credit	5%
Bad/Loss short term agri credit and micro credit	100%

Quantitative disclosures

(b) Total gross credit risk exposures (by major types) of 31-12-19:

BDT in million

Particulars	Amount
Continuous loan (CL-2)	
Consumer Financing (CF)	5,844
Small & Medium Enterprise (SME)	3,056
Loans to BHs/MBs/SDs against Shares	1,551
Other than SMEF, CF, BHs/MBs/SDs	12,994
	23,445
Demand loan (CL-3)	-
Small & Medium Enterprise (SME)	7,963
Other than SMEF, CF, BHs/MBs/SDs	101,861
	109,824
Term loan (CL-4)	-
Consumer Financing (including staff, other than HF)	11,310
Housing Financing (HF)	2,246
Small & Medium Enterprise	16,699
Other than SMEF, CF, BHs/MBs/SDs	64,575
	94,830
Short term agri credit and microcredit (CL-5)	-
Short term agri credit	3,951
	3,951
Total	232,051

(C) Geographical distribution of exposures (31-12-19):

BDT in million

Division	Total
Dhaka Division	177,227
Chattogram Division	43,960
Sylhet Division	1,981
Rajshahi Division	3,746
Khulna Division	3,656
Rangpur Division	642
Barisal Division	349
Mymensingh Division	489
Total	232,051

(d) Sector wise exposure of total loan (31-12-19):

BDT in million

Particulars	31-12-2019	Mix (%)
Agri and micro credit through NGO	15,353	6.62%
Commercial and trading	26,299	11.33%
Construction	9,270	3.99%
Cement and ceramic industries	5,839	2.52%
Chemical and fertilizer	2,911	1.25%
Crops, fisheries and livestock	2,302	0.99%
Electronics and electrical goods	6,669	2.87%
Food and allied industries	11,277	4.86%
Individuals	28,099	12.11%
Metal and steel products	14,348	6.18%
Pharmaceutical industries	3,076	1.33%
Power and fuel	13,110	5.65%
Rubber and plastic industries	3,695	1.59%

Particulars	31-12-2019	Mix (%)
Readymade garments industry	31,241	13.46%
Ship building & breaking industry	6,004	2.59%
Sugar and edible oil refinery	5,360	2.31%
Transport and e-communication	7,218	3.11%
Textile mills	11,557	4.98%
Other manufacturing or extractive industries	13,323	5.74%
Others	15,099	6.51%
Total	232,051	100.00%

(e) Residual contractual maturity of credit exposure (31-12-19):

BDT in million

Particulars	Amount
On demand	6,442
In not more than one month	18,006
In more than one month but not more than three months	38,476
In more than three months but not more than one year	82,728
In more than one year but not more than five years	73,701
In more than five years	12,698
Total	232,051

(f) Sector wise exposure of classified loans (31-12-19):

BDT in million

	31-12-2019	
Particulars	Amount	Mix (%)
Commercial and trading	2,642	34.00%
Crops, fisheries & livestock	6	0.08%
Electronics & electrical goods	21	0.27%
Individuals	546	7.02%
Metal & steel products	153	1.97%
Power & fuel	-	0.00%
Readymade garments industry	342	4.40%
Ship breaking industry	2,064	26.55%
Sugar, edible oil refinery & food processing	94	1.21%
Transport & e-communication	102	1.31%
Textile mills	1,245	16.02%
Others	556	7.16%
Total	7,771	100.00%

(g) Gross non-performing assets (classified loan)

On the reporting date i.e. 31 December 2019, Gross Non-performing assets / classified loan stood at BDT 7,771 million.

Non-performing assets (classified loan) to outstanding loans & advances

On the reporting date i.e. 31 December 2019, Non-Performing Assets (classified loan) to outstanding loans & advances was 3.35%.

Movement of non-performing assets (classified loan)

BDT in million

Particulars	2019	2018
Opening balance	4,926	4,600
Additions during the year	4,139	3,358
Reductions during the year	(1,294)	(3,032)
Closing balance	7,771	4,926

*Movement of specific provisions for NPAs (Provisions for classified loans)
BDT in million*

Particulars	2019	2018
Opening balance	4,118	4,379
On fully provided debt written off during the year	-	(2,544)
On recovery from loans written off earlier	636	423
Specific provision charged (net of recovery) for the year	1,255	1,861
Provision held at the end of the year	6,009	4,118

E. Equities: Disclosures for banking book positions

Qualitative disclosures

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons.

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book.

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds - Held For Trading (HFT)	Cost	Fair value	Revaluation loss to profit and loss account, but gain to revaluation reserve account.
Govt. T-bills/T-bonds - Held To Maturity (HTM)	Cost	Amortized cost	Increase in value of securities is booked to equity as amortization gain, but decrease to profit and loss account.
Debenture/bond	Cost	Cost	At realizable value. Unrealized loss to profit and loss account.
Shares (quoted) *	Cost	Lower of cost or market value (portfolio basis)	Provision for revaluation loss (net off gain) is charged to profit and loss account but no unrealized gain booking.
Shares (unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Provision for unrealized loss to profit and loss account but no unrealized gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	Provision for unrealized loss (net) to profit and loss account but no unrealized gain booking.
Prize bond	Cost	Cost	None

*Provision for shares against unrealized loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Quantitative disclosures

Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities

BDT in million

Particulars	Solo (Bank)	Consolidated
The cumulative realized gains (losses) arising from sales and liquidations in the reporting period/Net gain/(loss) on sale of quoted securities	52	49
Total unrealized gains (losses) / Provision for revaluation of shares (net)	901	1,068
Total latent revaluation gains (losses)	-	-
Any amount of the above included in Tier 2 capital	-	-
Capital charge required for quoted securities:	558	844
Specific risk	279	422
General market risk	279	422

Investment in equity securities by EBL is broadly categorized into two types: Quoted securities (Ordinary shares, Mutual Funds) and Un-quoted securities (including preference share and subscription for private placement). Unquoted securities are categorized as banking book exposures which are further subdivided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future (i.e. held to maturity) and securities that are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Usually these securities are held for trading or investment for making capital gains.

F. Interest rate risk in the banking book (IRRBB)

Qualitative disclosures

(a) General disclosure

Interest Rate Risk is the risk which affects the Bank's financial condition due to changes of market interest rates. Changes in interest rates affect both the current earnings (earnings perspective) and also the net worth of the Bank (economic value perspective). Bank assesses the interest rate risk both in earning and economic value perspective.

The process of interest rate risk management by the bank involves determination of the business objectives, expectation about future macro-economic variables and understanding the money markets and debt market in which it operates. Interest rate risk management also includes quantifying the appetite for market risk to which bank is comfortable.

The Bank uses the following approach to manage interest rate risks inherent in the Balance sheet:

Simple gap analysis: Traditional Gap analysis of on-balance sheet Asset Liability Management (ALM) involves careful allocations of assets and liabilities according to re-pricing/maturity buckets. This approach quantifies the potential change in net interest income using a specified shift in interest rates, e.g. 100 or 200 basis points, or a simulated future path of interest rates.

Assumptions: For Gap analysis, bank considers the following:

- For fixed-rate contract, remaining maturity is considered.
- For contracts with provision of re-pricing, time remaining for next re-pricing is considered.
- For assets and liabilities which lack definitive re-pricing interval or for which there is no stated maturity, bank determines the core and volatile portion. For assets, volatile portion is bucketed till 3 months using historical repayment behavior and stable portion is bucketed in 6-12 months bucket. For liabilities, volatile portion is bucketed till 1 year using historical withdrawal behavior and stable portion is bucketed in over 1 year segment.
- Deposits that are already matured but not withdrawn yet are considered to be fall under overnight bucket.

Also, following assumptions are met:

- The main assumption of gap analysis is that interest rate moves on a parallel fashion. In reality however, interest rate does not move on parallel fashion.
- Contractual repayment schedule is met.
- Re-pricing of assets and liabilities takes place in the midpoint of time bucket.
- The expectation that loan payment will occur in schedule.
- No early encash is considered in term and recurring deposit.
- Non maturity deposit withdrawal is considered based on past withdrawal behavior.
- Interest paid on liabilities tend to move faster than interest rates earned on assets.
- Interest rate attached to bank assets and liabilities do not move at the same speed as market interest rates.
- Point at which some assets and liabilities are re-priced is not easy to identify

Quantitative disclosures:

Funding gap analysis:

Funding GAP Analysis attempts to determine the potential impact on net interest income (NII) due to changes in interest rate.

Result of Funding Gap analysis as on December 31, 2019:

BDT in million

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 18.40 million	BDT ± 78.90 million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 36.80 million	BDT ± 157.80 million

Duration gap analysis:

The focus of the Duration Analysis is to measure the level of a bank's exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements. Duration Gap can be used to evaluate the impact on the Market Value of Equity of the bank under different interest rate scenarios. ALCO monitors the Leveraged Liability Duration and duration gap of the total bank balance sheet on a quarterly basis to assess the impact of parallel shift of the assumed yield curve.

Particulars	Dec-31, 2019	Dec-31, 2018
Duration of Asset	1.25	1.37
Duration of Liabilities	1.37	1.49
Duration Gap	-0.12	-0.11

Changes in market value of equity due to an increase in interest rates as of 31st December, 2019

1%	2%	3%
BDT 9.93 million	BDT 19.87 million	BDT 29.80 million

G. Market risk

Qualitative disclosures

Market Risk: Market Risk is defined as the possibility of loss due to changes in the market variables. It is the risk that the value of on/off-balance sheet positions will be adversely affected by movements in equity price, interest rate and currency exchange rates. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements. The primary categories of market risk for the bank are:

Interest rate risk: Arising from changes in yield curves, credit spreads and implied volatilities on interest rate options.

Currency exchange rate risk: Arising from changes in exchange rates and implied volatilities on foreign exchange options.

Equity price risk: Arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

Bank has a comprehensive Treasury Trading Policy, Asset-Liability Management Policy, Investment Policy approved by the BoD to assess, monitor and manage all the above market risks. Various internal limits have been set to monitor market risk and capital requirement is assessed as per standardized approach of Basel III.

Methods used to measure market risk: Bank applies maturity method in measuring interest rate risk in respect of securities in trading book. The capital charge for entire market risk exposure is computed under the standardized approach using the maturity method and in accordance with the guideline issued by Bangladesh Bank.

Market risk management system: To manage the interest rate risk, ALCO regularly monitors various ratios and parameters. Of the ratios, the key ratios that ALCO regularly monitors are liquidity coverage ratio (LCR), net stable funding ratio (NSFR), and maximum

cumulative outflow (MCO), liquid asset to total assets, volatile liability dependency ratio, snap liquidity ratio and short term borrowing to liquid assets ratio. ALCO also regularly monitors the interest rate sensitive gap and duration gap of total portfolio.

To manage foreign exchange risk of the bank, the bank has adopted the limit set by central bank to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher.

Value-at-risk estimates (Loss in domestic currency) presented below:

Figure in BDT

Confidence level	Time horizon				
	1 day	2 days	3 days	4 days	5 days
90%	181,982	231,964	292,291	332,107	385,168
95%	232,490	289,830	343,396	445,159	485,485
99%	734,047	803,253	748,357	733,599	661,694

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

Quantitative disclosures

Capital charge required (Solo basis) for market risk on the reporting date 31-12-19:

BDT in million

	Particulars	Amount
a	Interest rate risk	45
b	Equities	558
c	Foreign exchange risk	264
d	Commodity risk	-
	Total	866

H. Operational risk

Qualitative disclosures

Operational risk: Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems failure or external events. It is inherent in every business organization and covers a wide spectrum of issues. We seek to minimize exposure to operational risk, subject to cost benefit trade-offs.

Views of Board on system to reduce operational risk: The policy for measuring and managing operational risks is approved by the Board in line with the relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Internal Control and Compliance Division to protect against all operational risks. As a part of continued surveillance, the management committee (MANCOM), Executive Risk Management Committee (ERMC) and Risk Management Division (RMD) regularly review different aspects of operational risks and escalate the findings to appropriate authority while internal audit suggest formulating

appropriate policies, tools & techniques for mitigation of operational risk of the bank.

Policies and processes to mitigate operational risk: The bank captures some identified risk events associated with all functional departments of the bank through standard reporting format, Departmental Control Function Check List (DCFCL), Quarterly Operation Report (QOR), Key Risk Indicator (KRI), internal audit, monitoring, and system check etc. Internal Control and Compliance Division (ICCD) detecting 'High' Risk areas and finding mitigation of those risks. ERMC also oversees the operational risk issues. ERMC analyzes 'high' and 'moderate' risk indicators and sets responsibility for specific people to resolve the issues.

Performance gap of executives and staffs: EBL is an equal opportunity employer. It recognizes the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection is governed by the philosophy of fairness, transparency and diversity. Understanding what is working well and what requires further improvement is essential to our performance management system. The performance management process aims to clarify what is expected from employees as well as how it is to be achieved.

Our learning and development strategy puts special focus on continuous professional development to strengthen individuals' skill set by removing weaknesses to perform the assigned job with perfection. We have a wide range of internal and external training programs to enhance capabilities as well as minimize performance gap that will contribute more to bottom line.

Peoples' performance is assessed on the bases of performance objectives and key performance indicators (KPI) set at the beginning of each year. Decisions related to rewards and recognitions for the

employees are taken on the bases of how well the assigned KPIs are met by the employee.

Potential external events: The overall environment within which a bank operates creates certain externalities which could affect business performance directly such as:

Fraud Risk is the risk of incurring losses as a result of an intentional act or omission by a third party involving dishonesty, for personal and/or business gain, to avoid personal and/or business loss, or to conceal improper or unauthorized activity. This includes facilitation, misrepresentation, money laundering, terrorist financing, theft, forgery and cyber-crime.

Business Continuity Risk is the risk of incurring losses resulting from the interruption of normal business activities, i.e. interruptions to our infrastructure as well as to the infrastructure that supports our businesses.

Information Security Risk is the risk of an event which could result in the compromise of organizational assets, including, but not limited to, unauthorized use, loss, damage, disclosure or modification of organization assets. It includes the risk of cyber threats on the organization.

Regulatory Compliance Risk is the risk of incurring regulatory sanctions (including restrictions on business activities, fines or enhanced reporting requirements), financial and/or reputational damage arising from our failure to comply with applicable laws, rules and regulations.

Vendor Risk arises from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor and other impacts to the vendor itself.

Approach for calculating capital charge for operational risk: The bank applies 'Basic Indicator Approach' of Basel III as prescribed by BB in revised RBCA guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income' and 'Net non-interest income' of a year or 'Total Operating Income' of the bank with some adjustments as noted below. GI shall:

- Be gross of any provision (e.g. for unpaid interest),
- Be gross of operating expenses, including fees paid to outsourcing service providers,
- Include lost interest i.e. interest suspense on classified loans (SS, DF, BL).

Quantitative disclosures:

BDT in million

Particulars	Solo (Bank)	Consolidated
Capital charge for operational risk	2,137	2,211

I) Liquidity ratio

Qualitative disclosures

Views of BoD on system to reduce liquidity risk

Liquidity Risk is the risk of bank's inability to repay its obligations as

they fall due or will have to do so at excessive cost due to scarcity of cash fund at a certain period of time. The risk arises from mismatch in the timing of cash flows. The intensity and sophistication of liquidity risk management system depends on the nature, size and complexity of a bank's activities. Sound methods in measuring, monitoring and controlling liquidity risk is critical to sustainability of the bank. Therefore, The Board of Directors of the bank set policy, different liquidity ratio limits, and risk appetite for liquidity risk management.

Methods used to measure liquidity risk

The tools and procedures deployed by EBL to manage liquidity risk are comprehensive. The measurement tools used to assess liquidity risks are:

- Statutory Liquidity Requirement (SLR)
- Cash Reserve Ratio (CRR)
- Asset to Deposit Ratio (ADR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow (MCO)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities

Liquidity risk management system

Responsibility of managing liquidity lies with Asset Liability Committee (ALCO) of the bank which meets at least once in every month. Asset and Liability Management (ALM) desk closely monitors and controls liquidity requirements on a daily basis by proper coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

Policies and processes for mitigating liquidity risk

In order to develop comprehensive liquidity risk management framework, EBL implemented Contingency Funding Plan (CFP), which is a set of policies and procedures that serves as a blueprint for the bank to meet its funding needs in a timely manner and at a reasonable cost. CFP also ensures:

- Reasonable liquid assets are maintained;
- Measurement and projection of funding requirements in different scenarios; and
- Management of access to funding sources.

Maturity bucket of cash inflows and outflows is an effective tool to determine bank's cash position; that estimates cash inflows and outflows with net deficit or surplus (GAP) both on a day to day basis and over a series of specified time periods. A bucket wise (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years) maturity profile of the assets and liabilities is prepared to understand mismatch in every bucket. A structural maturity ladder or profile is prepared periodically following guidelines of the Bangladesh Bank.

Quantitative Disclosures:

Liquidity Coverage Ratio and Net Stable Funding Ratio as on 31 December 2019 are given below

BDT in million

Particulars	Amount
Stock of High quality liquid assets	52,124
Total net cash outflows over the next 30 calendar days	15,411
Liquidity Coverage Ratio (%)	338.22%
Available amount of stable funding	252,065
Required amount of stable funding	220,244
Net Stable Funding Ratio (%)	114.45%

J) Leverage Ratio

Qualitative Disclosures

Views of BoD on System to reduce excessive leverage

Leverage ratio is the ratio of Tier 1 capital to total on and off-balance sheet exposures. It was introduced into the Basel III framework as a non-risk based backstop limit, to supplement risk-based capital requirements. EBL has embraced this ratio along with Basel III guideline as a credible supplementary measure to risk based capital requirement and assess the ratio periodically.

Policies and processes for managing excessive on and off-balance sheet leverage

Revised guideline of RBCA based on Basel III as provided by BRPD of Bangladesh Bank is followed by EBL while managing excessive on and off-balance sheet leverage of the bank. As per RBCA leverage ratio shall be Tier I Capital divided by Total Exposure after related deductions.

Approach for calculating exposure

The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure, is calculated using the new definition of Tier I capital applicable from 01 January 2015. The denominator, exposure measure, is calculated on the basis of the Basel III leverage ratio framework as adopted by Bangladesh Bank.

Quantitative Disclosure:

Leverage Ratio (Solo Basis) on 31 December 2019 is given below:

BDT in million

Particulars	Amount
On balance sheet exposure (A)	329,155
Off balance sheet exposure (B)	65,581
Regulatory Adjustments (C)	2,174
Total exposure (A+B-C)	392,562
Leverage Ratio	5.28%

K. Remuneration

Qualitative Disclosures

EBL wants to attract, retain and motivate top talents to meet its sustainable growth. The bank offers a competitive pay and benefits package to create an exemplary team for this sustainable growth. Our compensation and benefits strategy combines the need to maintain a high performance culture along with market competitiveness. A bi-annual benchmarking exercise makes sure

that employees' pay is competitive. Moving between pay scales depends on the individuals' performance and we reward employees accordingly.

a) Information relating to the bodies that oversee remuneration.

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

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

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

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

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

The said policy applies to all the employees of the bank. Local and foreign subsidiaries of EBL are governed by their policies. If they don't have such policies, EBL policy will be applicable.

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

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

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

An overview of the key features and objectives of remuneration policy

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

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

Fixed pay:

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

Benefits:

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

Annual Incentives:

EBL provides annual incentives to drive and reward performance based on annual financial and non-financial measures consistent

with the medium to long-term strategy, shareholder interest and adherence to EBL values.

Regulations of Pay and Allowances

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

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

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

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

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

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

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

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

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

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

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

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

These measures ensure that the remuneration process of EBL is:

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

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

No changes took place.

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

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

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

- Business Objectives
- Personal Development Objective
- Management Objectives

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

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

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

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

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

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

Not applicable.

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

Not applicable.

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

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

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

Quantitative Disclosures:

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

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

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

Not applicable

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

Two basics for two festivals.

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

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

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

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

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

- Fixed and variable.
- Deferred and non-deferred.
- Different forms used (cash, shares and share linked instruments, other forms).

Not applicable.

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

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

Not applicable.

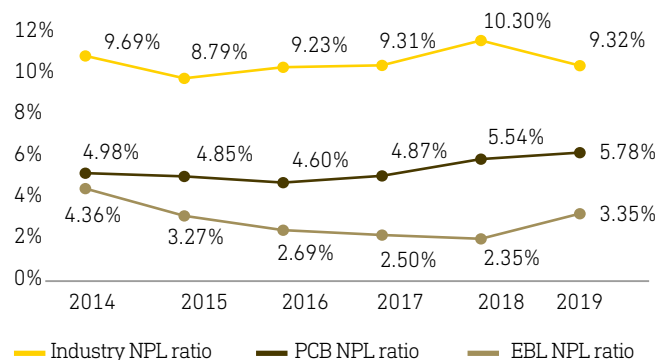
Note: Till 2019, People management Policy of EBL does not have provision of any kind of variable remuneration, deferred remuneration, severance payment, sign-on awards or other forms of remuneration as mentioned above for its permanent staff.

Management of Non-performing Loan (NPL)

NPL is a typical byproduct of weak financial system and an outcome of poor credit and underwriting quality. High rate of NPL worsens market confidence and slows economic growth. It decreases overall confidence in the banking system both by the depositors as well as investors which may have a severe financial and economic impact. As soon as a loan becomes non-performing, the likelihood of it being repaid in full is considered to be significantly lower. A high volume of NPL causes a significant drag on a bank's performance in the form of:

- Reduction in net interest income;
- Increase in impairment costs/provisions;
- Additional capital requirement for high-risk weighted assets;
- Lower ratings and increased cost of funding, adversely affecting equity valuations;
- Reduced risk appetite for new lending; and
- Additional management time and servicing costs to resolve the problem.

NPL ratio movement: EBL vs. Industry & PCBs



Source: Bangladesh Bank Publications

NPL position of EBL

At EBL, we believe in "quality first, revenue will follow". The intense focus on quality of asset drove the Bank to achieve NPL ratio of 3.35% at the end of 2019; which is far below than the industry average NPL of 9.32%. In the year 2019, EBL experienced slight increase in NPL

ratio mainly due to a single account from textile industry. However, classification in other industries was contained at acceptable level.

EBL has been on an improvement track since 2015 in terms of NPL ratio. A concerted effort of the business units, credit risk management, special asset management and senior management to keep the loan portfolio healthy and effective supervision of the Honorable Board of Directors helped EBL to accomplish such a feat. Moody's, in its annual rating review of EBL, has also acknowledged EBL's track record of good asset quality, superior underwriting process with a focus on high-quality corporates.

Our approach towards NPL management

- **Practicing good governance:** To ensure that a loan does not go bad and NPL does not accumulate in the first place, good corporate governance and careful due diligence is followed in lending decisions.
- **Robust credit culture:** Our sound risk management culture with promulgated underwriting criteria, policies and procedures influences to bring down the surge of new non-performing loans. Policies, guidelines, strategies and procedures are kept updated with frequent assessment in accordance with regulatory guidelines, actual performance and industry best practices.
- **Strong monitoring & regular follow-up:** Despite a prudent credit approval process, loans may still become troubled. Early risk recognition, raising red flag, prompt reporting to management and proactive risk management of individual position in the portfolio is performed for immediate attention and remediation for problem loans.
- **Resolution expert:** Regular contact with customers helps in developing strategies that are mutually acceptable to both the customer and the Bank, where appropriate rescheduling of classified accounts is done in line with regulatory guidelines. Frequent communication is maintained with customers who are experiencing financial distress. Furthermore, financial and advisory assistance is provided as per requirement.
- **Strong recovery system:** Sincere efforts such as consistent follow-up along with vigorous monitoring through frequent client visits are made at recovering loans. Special Asset Management Division puts their all-out effort for recovery of problem loans including compromise settlement.



Way forward

Banks act as custodians of the assets of the general public, and influence and facilitate economic activities, such as resource mobilization both in the public and private sectors, production and distribution, and poverty reduction. Thus, we are committed to effectively address the problem of bad loans and our approach will be -

- "No compromise on Quality" will continue to be the guiding principle for management of credit portfolio of the Bank.
- Aligning underwriting criteria with the economy and industry position, enhancing credit principles and bringing in innovation in recovery shall be the key priorities for NPL management.
- To reduce NPLs to acceptable levels, well-designed regulatory solutions and risk mitigation techniques will be applied.
- Combating NPL is a continuous process and there is no room for complacency in improving portfolio health. It is the Bank's strategic intent to uphold its downward trend of NPL ratio in the coming years.

Recovery of Classified and Write-off Loans

Industry overview and status of EBL

Default loan has dogged into the country's banking sector that halts the overall economy to grow and deprives honest borrowers to collect required funds at reasonable price. And, for the rise of default culture, banks are losing out revenues and need to make provisioning against the bad loans from income. However, amongst all these concerns, EBL NPL ratio stood at 3.35% at the end of 2019, credit goes to Bank

management, showing Bank's commitment to its stakeholders.

Special asset management team of the Bank played contributory role to get that figure with their all-out effort for recovery of classified and write-off loans. Proper follow-up and monitoring with frequent customer visits are the keys to efficient and effective recovery system.

Performance highlights (2019 vs. 2018)



+50%

Growth in recovery from write-off loans



+35%

Growth in recovery from classified loans

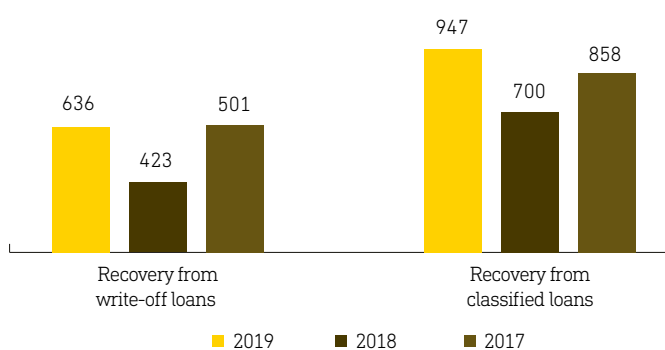


Key initiatives in 2019

- Successfully sold the mortgaged properties amounting to BDT 197.50 million through court by auction.
- Disposed of 103 appeals in favor of Bank at appellate division of the Supreme Court.
- 28 convictional warrants against 14 customers conveyed to Immigration Authorities to restrain exiting from Bangladesh to abroad.
- Sent letters to embassies as a request for the restriction of issuing visas to the list of default directors of default companies.
- Issued 866 arrest warrants against default borrowers out of which we have executed 193 warrants.
- Sent letters to different social clubs and associations informing the default status of some of their members and requested to bar their club facilities.
- Putting emphasis to settle down the accounts under suits/ cases outside the court with the help of legal unit and panel lawyers.
- Regular meetings with the Bank's enlisted lawyers to know the progress of cases filed for speedy disposal.

Recovery status at a glance

BDT in million



Status of legal proceedings

We are now looking after 7,349 suits/cases filed against defaulters with an amount of BDT 24,354.77 million. 16 dedicated law officers are monitoring the above-mentioned suits/cases as plaintiffs and complainants on behalf of the Bank. The above mentioned suits/cases are filed and conducted by panel lawyers of the Bank. Legal unit obtained 983 judgments in Artha Rin Suit & Case filed under Negotiable Instruments Act. 474 cases have been withdrawn after the settlement of the account. Moreover, 238 writ petitions/ criminal misc. cases/ appeals are pending before the Supreme Court of Bangladesh whereas 103 cases were settled.



Way forward

- Speedy action for vacating stay order from higher court for large accounts.
- Prompt settlement of large accounts by setting priority.
- Arrange legal workshop for knowledge sharing which will help our employees to expedite suits/cases effectively and efficiently.
- Raising early alert to Business & CRM people for specific sector through vintage analysis on SME-Small loan accounts.
- Continuing regular portfolio analysis meeting with Business and CRM on monthly basis for improving quality of asset portfolio and providing feedback to underwriting team based on collection efforts.

Going Concern and Viability

Key financial indicators

Particulars	2019	2018	2017	2016	2015
Return on average assets	1.30%	1.15%	1.04%	1.33%	1.23%
Return on average equity	16.52%	13.83%	11.41%	12.94%	10.95%
Cost to income ratio	43.76%	45.63%	45.20%	44.10%	47.41%
Capital to risk weighted assets ratio	14.74%	12.16%	14.09%	15.10%	14.24%
NPL ratio	3.35%	2.35%	2.50%	2.69%	3.27%
EPS (BDT)-Not restated	4.94	4.17	3.26	3.78	3.63

Credit rating

International

EBL is the first company in the country rated by Moody's, a renowned global rating agency. The Bank has been assigned B1 rating in November 2019 with stable outlook that reflects the bank's track record of good asset quality, with a focus on high quality corporates.

Local

CRISL has reaffirmed the long term rating "AA+" and upgraded the short-term rating to "ST-1" to EBL. The rating indicates fundamentals of the Bank such as good profitability, good liquidity, good market image, sound IT infrastructure, experienced top management etc. Over the years, EBL has established itself as one of the leading private commercial banks in the country with established leadership in corporate banking with growing focus on small, emerging corporate and retail business. CRISL also viewed the Bank with "Stable Outlook" and believes that Bank will be able to maintain its good fundamentals in the future.

Recognition

The Bank has received so many awards and accolades both from local and international bodies. To name a few, Best Corporate Award from ICMB, the most Innovative Retail Bank in Bangladesh by International Finance magazine, Best Corporate and Investment Bank accolade from Asiamoney, the Best Retail Bank by the Asian Banker, National Award for Corporate Governance Excellence from ICSB, the Best Issuing Bank Partner and Best Trade Operations

Issuing Bank Partner in South Asia by IFC of World Bank group, the Best Credit Card Offering in Bangladesh by London-based International Finance magazine, and Best Bank in Bangladesh by Euromoney, etc. All these signify the Bank's resilient performance over the years and it proves EBL's acceptance across the globe.

Going regional to diversify business

To tap potential market of regional business and diversify income sources, the Bank is eyeing beyond boundaries. At present the Bank has one subsidiary in Hong Kong and representative offices in Myanmar and China to support more trade and guarantee business and foreign investment in the country.

Taking care of our people

Employees who are satisfied at work come up with higher productivity and provide better customer service. EBL always cares for its employees and creates good work environment so that they remain highly satisfied. EBL ensures equal opportunity, work life balance, employee engagement, personal development, health and safety for its employees which in return increases Bank's productivity and reduces conflict between employees and management. Our people truly hold the flagship of the Bank and they try to provide finest service to our customers that has created long lasting bondage. As a part of recognition, EBL has received the Bangladesh Best Employer Brand Award 2019 at the 14th Employer Branding Awards ceremony. The award was given by the globally renowned Employer Branding Institute.

Consistency in higher dividend payment

Particulars	2019	2018	2017	2016	2015
Dividend*					
-Cash (%)	25	20	20	20	20
-Stock (%)	-	10	-	5	15
Total	25	30	20	25	35

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

Strong brand image

Banking business purely depends on trust. People have entrusted us with so many responsibilities. In reciprocity, we have always put our best efforts to meet diverse stakeholders' expectations that's

what made us a strong financial service brand in the market. And, as a fact of recognition, EBL has been awarded as a 'Super brand' of the country for the year 2018-2020 by the Super brands Bangladesh for its outstanding contribution in the banking sector.

*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

Governance and risk management

Good governance is the key to sustainable growth. Our continuous effort to adopt and adapt to international best practices in corporate governance has been recognized by Institute of Chartered Secretaries of Bangladesh (ICSB). Since inception of the award in 2013, EBL is the most awarded financial institution in the category. PCI DSS certificate awarded to EBL by global leader in cyber security

NCC Group of UK from 2016 to 2018 is a testimony to our emphasis on card security. EBL was also found compliant with PCI DSS on card security when assessed by Network Intelligence (I) Pvt. Ltd. in 2019. Our relentless effort to upgrade and update on every account of standardization is reflected in our ISO 9001: 2015 certification. EBL has a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all of the employees of the Bank.

Regulatory compliance

EBL is one of the most compliant banks in the industry. We do business complying applicable laws, rules and regulations. Following key ratios set by Bangladesh Bank are properly complied with.

Ratios	Regulatory limit	Year-end position 2019	Status
AD ratio	≤85%	77.20%	Complied
MCO	≤18%	15.27%	Complied
LCR	≥100%	338.22%	Complied
NSFR	>100%	114.45%	Complied
Capital market exposure	≤25%	22.63%	Complied
Leverage ratio	≥3%	5.28%	Complied

Capital management

BDT in million

Particulars	2019	2018
Minimum capital requirement	20,744	20,266
Maintenance of capital	30,569	24,648
Surplus	9,825	4,382
CRAR	14.74%	12.16%

The Bank has been maintaining adequate capital above its regulatory requirement. Minimum capital requirement of the Bank as of 31 December 2019 is BDT 20,744 million whereas EBL maintained BDT 30,569 million that led to CRAR 14.74% of which core capital to RWA is 9.99% and supplementary capital to RWA is 4.75% that indicates how efficiently EBL manages its capital and constantly works on it to create strong capital base and meet up regulatory requirements.

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

SUSTAINABILITY REPORT

Our aim is to make banking simple and process transparent. We want to be profitable and sustainable at the same time. We always focus on the aspect that our performance culture must go hand-in-hand with our core values of responsibility. We are committed to ensure ethical, social and environmental criteria that are diligently followed when conducting business and making business decisions.



Sustainability Report

Overview

Sustainable development has been recognized as a potential roadway to build resilient societies, reduce poverty and safeguard the natural environment. This represents a demand for greater social and environmental responsibility as well as a new landscape of business opportunity for the private sector. Eastern Bank Ltd (EBL) has made sustainability as an integral part of day-to-day work, and is continuously improving the environmental and social performance of operations - which we commonly refer to as our corporate footprint.

The sustainability strategy articulates EBL's strategic commitment to sustainable development which we consider one of the vital parts towards risk management.

At EBL we believe that any growth should meet the requirement of today's generation, without hampering future generations' ability to meet their own necessities. We are committed to ensure ethical, social and environmental criteria that are diligently followed when conducting business and making business decisions.



Sustainability governance

EBL is one of the pioneers in the banking sector in Bangladesh to adopt international best practices on corporate social responsibility and good governance. Our aim is to take a leadership position in sustainable finance.

The rules and regulations of the Board of Directors stipulate in relation to sustainability that:

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

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

Our corporate culture includes six core values which creates an essence of corporate governance and sustainable development.

- Service excellence
- Openness

- Trust
- Commitment

- Integrity
- Responsible corporate citizen

Sustainable banking policy defines the Bank's general sustainable banking principles, and its voluntary commitments to its main stakeholders, through principles and commitments focused on creation of lasting value. This policy also refers to social and

environmental risk management for the Bank's lending activities involving sensitive sectors and business activities. Green office guideline explains the Bank's commitment to, and action in, combating climate change.

Key highlights of 2019

8R approach to sustainability

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

focus our attention on widening our banking horizon to deliver sustained growth. We followed 8R approach in 2019 in terms of sustainability and will continue in the future.



Refuse

- Refuse to do business with clients who are damaging environment



Reduce

- Reducing unnecessary energy consumption (Electricity, fuel, water)



Reuse

- Reusing of paper, different printed stationary items



Recycle

- Recycling water used in washroom



Responsibility

- Selecting good borrower
- Empowering employees



Respond

- Brought down our response time from 0-7 days to 0-5 days



Renew

- Use of renewable energy in 12 branches and HO



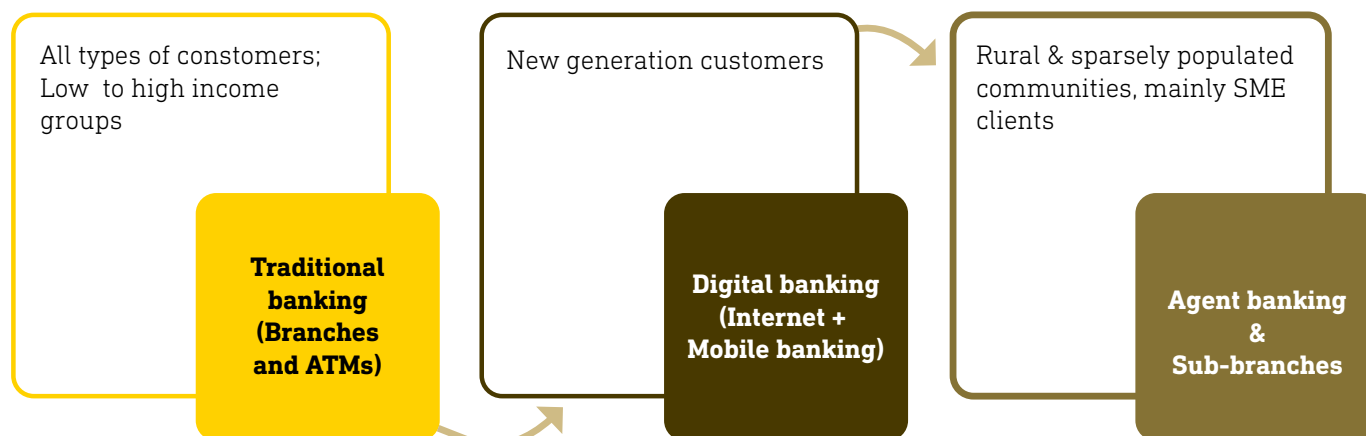
Refine

- Refining Processes to increase efficiency & productivity

Financial inclusion and diversity

We empowered local people through SME loans, agricultural and rural credits and women banking where maximum customer facility is provided through knowledge development, customized products and arranging training for women entrepreneurs. In 2019, EBL

channelized 1886 clients into the banking system through agent banking and sub branches banking. We have already provided best banking services and solutions in the urban section; now looking for development of the rural and underdeveloped people of the country.





Total 26 agent banking outlets, of which 24 opened in 2019



3 Sub-branch outlets opened in 2019

Digital banking and automation to save time and resources

From EBL 365 to DROPBOX to SKYBANKING to DIA, EBL has been able to adopt the digital transformation of the banking industry. EBL has been the pioneer for producing unique digital services for its customers. EBL is determined to engage its customers more

in digital channels by offering unique services and increasing customer convenience. In 2019, EBL has done outstanding work in digital banking.



Automation in the registration process has tripled the number of customers who are using SKYBANKING APP in 2019



EBL has partnered with bKash, DPDC and BTCL for fund transfer and bill payment.



Augmented reality has added a new dimension and perspective to the SKYBANKING App

SUSTAINABILITY AT EBL



Economic sustainability



Environmental sustainability



Social sustainability

Economic sustainability

Employee remuneration



BDT **3,760**
million in staff costs

EBL has 1892 permanent employees; 51% are with EBL for less than 5 years, 29.07% are for 5-10 years, 12.47% are for 10-15 years and 7.45% are for over 15 years.

Taxes withheld and paid



BDT **3,514** million in taxes and other levies withheld and paid

EBL contributes both economically and socially to the country by paying withholding indirect taxes from third parties.

Loans granted (net) to SME- Small businesses



BDT **12,380**
million loans awarded

The Bank has also disbursed BDT 12,380.10 million loans to Small businesses in which BDT 1,823.80 million is disbursed in rural area.

Social investment in the community



BDT **141** million in social investment in the community

BDT 141.32 million in community support program. 13 MFIs are linked with EBL to mobilize agricultural loan.

Shareholders



BDT **2,030** million recommended for dividend payment;
Recommended 25% cash dividend per share.*

Financial inclusion & indirect economic impact	2019	2018
Cumulative agricultural and rural credit extended through MFIs (BDT in million)	4,328.91	4,524.10
Cumulative agricultural credit extended through own network (BDT in million)	16.80	15.08
Cumulative agricultural and rural credit extended from ADB fund (BDT in million)	1,685	1,445
Total number of individuals impacted through agricultural and rural credit	111,265	130,746
Total number of MFIs partnered for agricultural and rural credit disbursement	13	12

Promoting sustainable finance	2019	2018
Financed for installation of ETP (Effluent Treatment Plant) in operations (BDT in million)	-	9.8
Financed in plants having ETP (loan disbursed to projects having ETP) (BDT in million)	769	25,501
Financed to solar panel/ renewable energy plants (BDT in million)	-	-
Financed to Bio-fertilizer plants (BDT in million)	-	-
Financed to brick kilns adopted cleaner technology (BDT in million)	129	122
Financed to other green projects (BDT in million)	1,458	-
Total sustainable finance (BDT in million)	2,357	25,633
Number of employees trained in sustainable finance	209	220

*Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.

Financial assistance received from government	2019	2018
Borrowing from Bangladesh Bank under different Refinance programs excluding EDF (as of 31 December) (BDT in million)	3,113	1,086
Interest loss compensation received from Bangladesh Bank against disbursements in specified agricultural products @ 4% (BDT in million)	0.03	0.035
Governance	2019	2018
No. of Incidents of non-compliance with regulations resulting in fine or penalty	None	None

BDT in million

Contribution to national exchequer	2019	2018
Income tax	4,365	3,898
VAT	597	550
Other duties & taxes	234	278

Environmental sustainability

To achieve long-term sustainable development, we must responsibly manage environmental and social (E&S) risks. Rapid urbanization and industrialization help to improve the livelihood of the human beings. Simultaneously, it creates strain on natural resources, such as energy, water and food supplies. Our planet's ability to meet the growing demand of urbanites may be depleted if we don't become environment-conscious. In 2013, we introduced certain procedures and templates to assess our E&S Risk which has been further improved in 2018. As a continuous process, E&S structure being updated to cope with different advancements and get the best output in terms of good lending.

- All our lending proposals are factored against E&S risks where appropriate.
- All lending proposals are taking into account of local laws and regulations and internationally acceptable environmental and social standards where these are more stringent.
- Risks associated with both environmental and social issues are being properly recognized, evaluated and where appropriate mitigated.
- Business ensures that appropriate procedures are designed to meet these policy requirements e.g. project finance proposals are assessed in accordance with the IFC Performance Standard.

Particulars	2019	2018
Number of customers eligible for Environmental Due Diligence	194	171
Number of customers appraised for Environmental Risk Rating	194	171
- Low	143	96
- Moderate	45	71
- High	6	4
Installed capacity of solar energy to run bank premises and ATMs (in Kilowatt)	50	21
Percentage of Bank branches connected online	100%	100%

Power, water and other resources consumption management

EBL believes that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of us can work towards a better global environment. Through proper planning and management, EBL has ensured minimal wastage of natural resource. Whether we finance business that invests in renewable energy or simply suggests our employees switch their lights off after office hours, use daylight instead of electrical lights, turn off all air-conditioned after 7 pm, going towards paperless office work, managing water consumption, planting trees and encouraging green practices –all these have been mainstay of our banking endeavors.

Besides, EBL has decided to go for polythene & plastic (plastic bottle, bag, one time use packets) free premises from 2020.

Climate change & carbon footprint

Climate change has become a global concern as it has direct impact on biodiversity, agriculture, forestry, water resources and human health. People across the world now admit that Bangladesh is one of the major victims of climate change. Banks, like all other companies, produce greenhouse gases (GHG) directly or indirectly (through financing of clients and projects that generate GHG gases) from their activities.

As a corporate citizen and environmentally-responsible financier, EBL has introduced green banking not only to help to save the environment but also for a sustainable economic growth.

Social sustainability

Employees

Quality of working relationships, healthy work life balance, recognition of the performers, and continuous investment in people differentiates EBL as an 'Employer of Choice'. If employees feel proud of belonging to EBL and are more committed, they will be able to earn the lasting loyalty of our customers.

Employer of choice	2019	2018
Headcount (permanent staffs) on year-end	1,892	1,715
Percentage of female representation	22%	19%
Percentage of voluntary attrition	11%	6%
Percentage of growth in total headcounts	2.32%	20.73%
Number of fresh graduates recruited as Management Trainee	46	30
Number of fresh graduates recruited as Probationary Officer	27	13
Number of fresh graduates recruited in other positions	12	24
Years of service with EBL as percentage of total permanent staff headcount		
Less than 5 years	51%	46%
5 > 10 years	29.07%	34.46%
10 > 15 years	12.48%	11.14%
Over 15 years	7.45%	8.22%
No. of fire wardens	127	193

Training and education

Green Banking training is mandatory for all newly joined staffs in EBL. For our corporate relationship managers to have in-depth understanding on Green Finance, we have introduced 'Sustainable Finance Training' since 2013. In 2019, a total of 209 staffs have attended these trainings which was 220 in 2018.

Training & development	2019	2018
Number of trainings received by permanent staffs	11,352	4,890
Total number of training days	14,327	9,890
Average training days per employee	6	3
Number of employees trained in sustainable finance	209	220

Employee benefits & remuneration policies

We have a comprehensive remuneration system based on our HR policy. It combines a fixed salary that reflects the individual's role and level of responsibility along with other benefits. In addition, the bank also offers provident fund, gratuity, staff loan and other benefits such as banking products and services and medical benefits for employees and dependents. EBL strictly follows the labor laws for the country in terms of remuneration, working environment, employee benefits, working hours etc.

Diversity and equal opportunity

Diversity and equal opportunity are the key driving force in terms of employment. People with diversified knowledge help the bank to do sustainable banking and create an atmosphere which promotes innovation. EBL is also women friendly bank in terms of employees as well as for its customers. Many women are leading different departments and creating values which are long lasting. EBL employees share the corporate culture focusing on fulfillment of its purpose, helping people and businesses prosper, and consistently doing things in a simple, personal and fair way.

Community investment

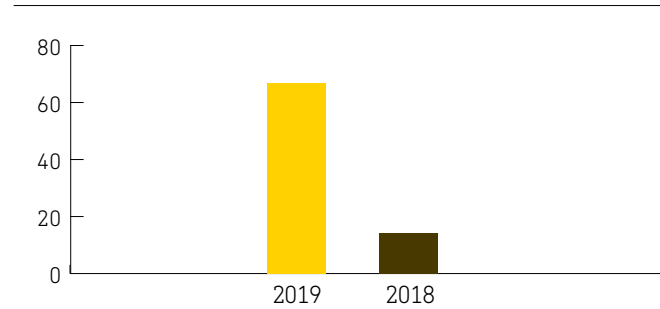
EBL also contributes to economic and social development through initiatives and programs that support the community. At EBL, we believe that the most rewarding investment is investing for the society. We believe in creating long-lasting value for our clientele, shareholders, and employees and above all for the community we operate in. A detailed report on CSR has been presented separately in the annual report.

CSR	2019	2018
Major expenditure for CSR (BDT in million)	141.32	81.10

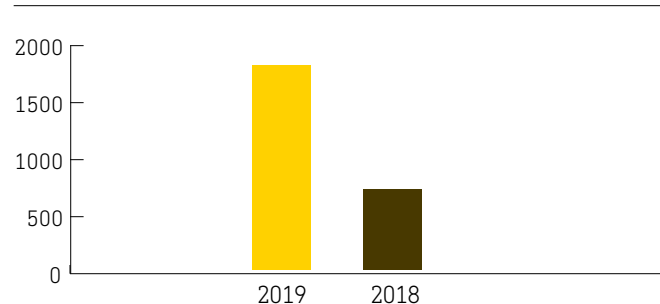
Combating money laundering and countering terrorism financing

EBL has a system to prevent money laundering and the financing of terrorism. The system is kept constantly in line with the latest international regulations and is able to adapt to new techniques used by APG (Asia Pacific Group on Money Laundering). It has also a corporate framework in place for this purpose, establishing the basic guiding principles and policies concerning this matter.

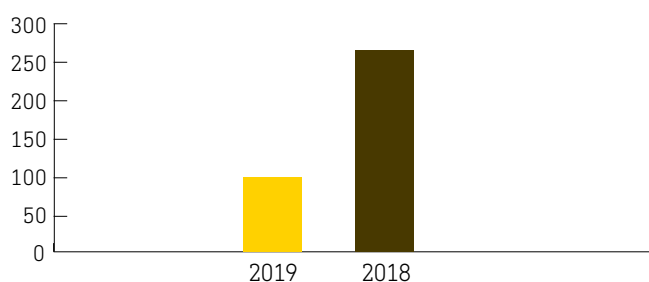
Number of suspicious transaction reported to BB



Number of Staffs completed training on AML



Number of accounts closed for unsatisfactory KYC



How we value our 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, Dropbox, Cash Recycling Machine (CRM) and business centers nationwide, protects confidentiality of customer's information, and manages and duly rectifies complaints.

Digital transformation

In Bangladesh, EBL is one of the leading benefactors of digital banking services to its customers. The Bank had started its digital services back in 2007 through internet banking. In last 13 years, we have developed fast and user friendly digital services for customers such as EBL 365, DROPBOX, SKYBANKING app, EBL DIA etc. In 2019, Automation in the registration process has helped SKYBANKING to achieve incremental growth to attract new users.

Online banking journey	2019	2018
% of total customers using Internet & SKYBANKING	28%	17%
% of total customers using SMS banking	88%	83%
% of total accounts statements delivered through email	44%	40%

Financial system of the entire world is changing very quickly. This is also true for Bangladesh's banking industry as most of the financial transactions will take place digitally in near future. EBL is ready for the transformation.

Service excellence & customer satisfaction

Excellence in customer service	2019	2018
Number of average customers*	609,367	553,090
Number of complaints received through all channels	803	458
Number of complaints resolved (in percentage)	100%	100%
Complaints per 1000 customers	1.32	0.82
Usual turnaround time to resolve any complaint	0-3 days	0-3 days
Total number of complaints regarding breaches of customer privacy and losses of customer data	0	0

*Simple average of number of customers at the beginning and ending of the year

EBL is improving its customer relationship model every year with the aim of offering the finest products and services as and when they need them, while enhancing the customer experience with the Bank. EBL is following the "Segment of One" approach for its customers by treating every customer as an individual segment and providing him/her customized and personalized services according to the need.

Our move towards SDGs



The UN Sustainable Development Goals, adhered by more than 190 countries, identified 17 key global issues. Bangladesh is one of the signatories of this. EBL is in a process of managing relationships with stakeholders in the context of the world's

foremost sustainability challenges and committed towards these goals and is helping to achieve them through its business activities and community investment program.



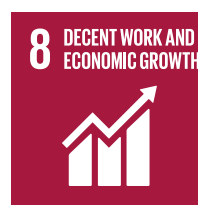
Collaborates with many social institutions to improve the quality of life of people and meet their needs.



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



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



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



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



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



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



Analyses the social and environmental risks in its transactions and promotes financing for renewable energy and projects to support the fight against climate change.



Way forward

- Inclusion and diversity principles to have a holistic business mindset and aptitude.
- Process development to improve efficiency and productivity.
- Learning and sharing knowledge across the Bank to grow together.
- Embedding our corporate culture in the employee behaviors, lifestyle and in their daily activities.

Corporate Social Responsibility

As a responsible corporate citizen we understand the need to invest in the society we operate in for bringing about changes that impact lives in positive ways. Our corporate social responsibility is a reflection of our commitment to our society and we put in our best efforts in living according to the values we wholeheartedly believe in. Our attempt has always been to make a positive impact in everything that we do.

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

Corporate citizenship strategy

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

All project proposals relating to CSR are evaluated based on a standardized governance framework and scorecard. We have

a Board approved CSR policy framework and we do everything necessary to ensure transparency of our investments. Our CSR policy clearly outlines our engagement strategy.

- We take utmost care to ensure that the CSR allocations do not end up financing militancy and terrorism.
- Our CSR engagement programs are mostly in the area of education and healthcare. Our aim is to spend 40% of our fund for awarding scholarships for underprivileged students from renowned educational institutions and 25% to healthcare for underprivileged population of the society.
- We strongly feel that sports, arts and culture are key components for a healthy and sustainable society. We, therefore, have committed 10% of our CSR allocations to the development of sports and arts and culture of the country.
- The remainder 25% of the budgetary CSR expenditure is allocated for emergency disaster relief, upgrading facilities and lifesaving equipments in emergency rescue services like the fire brigades etc., infrastructure improvement for disadvantaged communities in far flung areas.

'Mujib Borsho' celebration



The whole Bangladesh will celebrate 100 Birth Year "Mujib Borsho" of Father of the Nation of Bangladesh, Bangabandhu Sheikh Mujibur Rahman. And, as a responsible bank, we always love to contribute to make the memorable event so blissful. As a token of love for our Father of the Nation of Bangladesh, we have put a small effort donating BDT 100 million to Bangabandhu Memorial Trust, to be a part of this grand celebration.

100 Birth Year Celebration "Mujib Borsho" of Father of the Nation of Bangladesh, Bangabandhu Sheikh Mujibur Rahman to be celebrated with due respect from 17 March 2020, to 26 March 2021, through yearlong various programs nationally and globally.

Education: Key to social and economic development

We believe education is the great leveller and also the best way to raise aspiration in the society and instil inspiration to achieve greater heights in life. In this globalized and knowledge-based world, education is a key to address humanity's major challenges. Our major CSR activity involves in tertiary education because we believe that it is where youths are prepared for entering into the job market. For the economic development, our society needs skilled workforce and people who embrace critical thinking. Education is also crucial to social cohesion, because it enables people from a disadvantaged background to earn an income that can provide a better quality of life and inspire future generation. As a responsive corporate citizen, we have anchored our CSR initiatives on education. Our initiative is based on two pillars: strengthening youth confidence by raising aspirations and providing pathways to education and employment opportunities.

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

On the 10th year of our scholarship program, we almost doubled the scholarship amount from BDT 2.30 million to BDT 4.5 million. In 2019 we continued giving this BDT 4.5 million to 150 deserving students and each to get BDT 30,000. DUAA works closely with all the departments of University of Dhaka for the selection of the scholarship award.

Like previous year, we have donated BDT 3.75 million to BIBM for the development of proposed 15 storied RCC building of BIBM in the year of 2019 to promote education, training, research and consultancy on banking and finance.

Promoting human welfare

We always feel that our responsibility towards the society is not limited to banking only. We set up a team from our colleagues to visit and understand the need of the moment of the cold affected victims of the northern district. We were quick to respond to the need of the sufferings of humanity and donate 75,000 pieces of blankets to the Prime Minister's Relief and Welfare Fund as part of CSR.



Md. Showkat Ali Chowdhury, Chairman and Mir Nasir Hossain, Director of EBL hand over blankets to Prime Minister Sheikh Hasina for cold hit people of North Bengal areas.

Deadly fire in Chawk Bazar in old town killed many lives and destroyed homes. EBL family came forward to support the distressed people and donated BDT 10 million to Prime Minister's Relief & Welfare Fund for the Chawk Bazar fire affected victims.

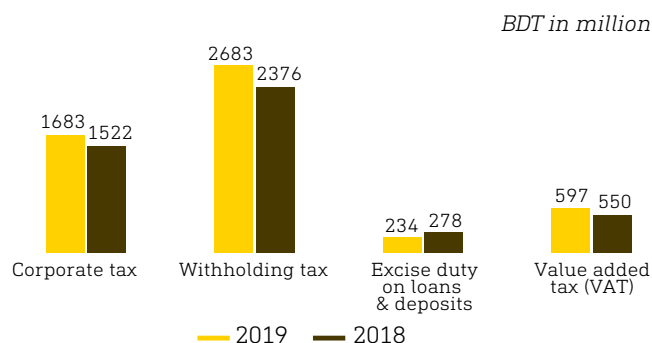


Md. Showkat Ali Chowdhury, Chairman of EBL hands over BDT 10 million to Prime Minister Sheikh Hasina for Prime Minister's Relief & Welfare Fund for the Chawk Bazar fire victims.

Contribution to national exchequer

Being a responsible and tax abiding corporate citizen, EBL regularly pays corporate tax on time, sometimes even before it falls due as withheld tax and VAT to govt. exchequer on time deducted from employees' salary as well as payment to customers and vendors.

Following graph shows our contribution-



Women empowerment

It is now globally accepted that empowering women facilitates economic growth. We are a great believer of women empowerment. We have special products for women entrepreneurs at special discounted loan pricing to provide growth support. Women clients can avail EBL Mukti loan up-to BDT 25 Lac without any collateral and up-to BDT 50 lac with collateral. EBL not only provides financing but also guides women clients on various business issues such as financial record keeping/accounting, sales routing through bank account, trade license, taxation, marketing, insurance etc. Moreover, to empower women, every year we celebrate international women's day to celebrate womanhood while calling for greater equality. In 2019, EBL also organized a function at the head office in Dhaka on March 08.

We had amongst us Jannatul Ferdous Oishee, Miss World Bangladesh 2018 and Kobori Sarwar, film actress and politician to share stories of their lives.



EBL Celebrates Womanhood at Head Office on 8th March, 2019



Women entrepreneurs at the SME business management training program

EBL Women Banking in association with SME Foundation arranged a 5-day comprehensive training program on SME business management for 30 women entrepreneurs. Through this training, women were taught the fundamentals of starting a business in an engaging and interactive manner, resulting in a complete business plan. They were also given enhanced training on credit management, database maintenance and monitoring business health. All trainees received certificates upon completion of the training from EBL.

Environment friendly Bank

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

The Bank also ensures that customers having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities. EBL is the first bank in Bangladesh to offer sustainable energy finance loan product with assistance from the South Asia Enterprise Development Facility (SEDF), managed by IFC in partnership with the UK Department for International Development and the Norwegian Agency for Development Cooperation to help companies implement energy-saving measures and boosting the competitiveness of private enterprises.



Environment friendly project financed by EBL

Disaster management

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



EBL distributes essential food and medicine among flood affected people of Tangail district.

Health care

At least half of the world's population cannot obtain essential health services, according to a new report from the World Bank and WHO. And each year, large number of households are being pushed into poverty because they must pay for health care out of their own pockets.

Our main objective is to facilitate medical facilities to patients through donation for life sustaining treatment so that they can live their lives and function in society. Therefore, we have been also working for the poor segment of the people to ensure proper health care facility and also serving people from all walks of people of the society, who have no such/less ability to get medication/ treatment.

Following that, we have extended our supporting hand for the medical treatment of a Joint District Judge, brain tumor treatment and kidney transplantation of respective patients. Besides, we have donated to TMSS Medical College & Rafatullah Community Hospital, 'Concert for Taoshik' for cancer treatment purpose, Dhruvotara Welfare Society (DWS) as humanitarian initiative for children with special needs and so on. We do the business keeping in mind that we need to serve our common people ensuring that underprivileged people get access to health care and nutrition which is fundamental to building human capital.



Way forward

- We will act as promoter of positive changes through our actions in educational development, healthcare, women empowerment, entrepreneurship and so on.
- Through sustainable finance, we will continue responsible lending.
- In any emergency situation of the country, we will try our best to extend out our support.
- We will be working for the underprivileged people of our society.
- We will enhance our engagement to foster the development of the community.

MANAGEMENT DISCUSSION AND ANALYSIS

The analysis and discussion of the important financial ratios, key strengths, major challenges and initiatives, market dynamics and strategic outlook provide an overview of the bank's internal mechanism and external environment and eventually help everyone understand the company better. It is like putting all significant ratios under microscope and making sense of the decisions taken.



Comparative Analysis of Financial Performance (2015-2019)

Our continuous efforts to diversify revenue sources armed us with shock absorption capacity to sail through good or bad times. Whenever our NII growth fell short of expectation, investment income from capital market or dividend income from subsidiaries or income/gain from treasury securities compensated the shortfall and vice versa.

The economy of Bangladesh has been growing consistently at a rate over 7% for last couple of years (more than 8% in fiscal year 2019). EBL has also been exhibiting consistent business and financial performance. However, the banking sector in Bangladesh experienced certain challenges in last couple of years reflected through higher NPL (9.32% as of December 31, 2019), liquidity crunch, regulatory changes, evolution of technology etc.

Despite facing numerous challenges, we have grown sustainably year on year navigating through difficult times and delivered superior financial performance.

- EBL recorded highest profit after tax (PAT) of BDT 4,008 million in 2019 which was BDT 2,221 million in 2015 registering 81% growth. Despite managing a moderate sized balance sheet, our efficiency in ALM practice has always been producing tangible results. In 2019, our Net Interest Income (NII) grew by 9% over that of 2018.
- Our continuous efforts to diversify revenue sources armed us with shock absorption capacity to sail through good or bad times. Whenever our NII growth fell short of expectation, investment income from capital market or dividend income from subsidiaries or income/gain from treasury securities compensated the shortfall and vice versa.
- In 2019, NII growth was 9% and non-interest income growth was 14% in comparison to last year whereas in 2018, NII growth was 31% and non-interest income growth was negative by 15% in comparison to 2017. Here lies the key to deliver consistent financial performance.
- Compared to year end 2015, our loan portfolio has grown by 78% or BDT 101,825 million and reached to BDT 232,051 million on 31/12/2019.
- Not to our satisfaction though, NPL ratio of EBL closed at 3.35% in 2019 (3.27% in 2014) which is way below the industry average of over 9%.
- Compared to year end 2015, deposit base has also grown by 88% or BDT 112,174 million and reached to BDT 240,164 million on 31/12/2019 with strong focus to increase the low cost CASA base.

- In 2019, Capital to risk weighted assets ratio (CRAR) was 14.74% (solo basis), well above against the requirement of 12.50% and over the years we have been able to maintain CRAR above the regulatory floor.
- From the shareholders' point of view, EBL has maintained an enviable consistency in dividend payment over the years (25% in 2019,* 30% in 2018, 20% in 2017, 25% in 2016 and 35% in 2015) and return on equity also increased from 10.95% in 2015 to 16.52% in 2019.

Technology and innovation is continuously reshaping financial service industry and banks must focus on technological agility and innovation timely to serve better. EBL has always been mindful to keep NPL at minimum, maintain higher liquidity, comply with regulations and serve customers digitally.

In last five years, EBL performed very well in the field of business growth, compliance, reaching customer digitally and delivering consistent financial performance. We expect to hold on to our track record in coming days through responsive banking. A review of the last five year financial progression is presented in the Stakeholder's section of the report where comparative analysis of financial performance is presented with different ratios and graphs.

In last five years, EBL performed very well in the field of business growth, compliance, reaching customer digitally and delivering consistent financial performance. We expect to hold on to our track record in coming days through responsive banking.

**Board recommended 25% cash dividend for the year 2019 on 05 April 2020. Subsequently Bangladesh Bank has set a cap on dividend (Total: 30%; cash 15%) vide DOS Circular No. 03 dated 11 May 2020. However, final dividend decision will be taken by the shareholders at the 28th AGM in compliance with respective rules and regulations.*

Corporate Banking

Bangladesh economy demonstrated its resilience and stability registering more than 8% GDP growth for the first time in FY 2019. Record remittance growth, export diversification, enhancement of FDI etc. played crucial role to achieve this feat. On the contrary, shrinking private sector credit growth, rise of NPL in financial sector, capital market woes, incremental government borrowing, wider trade deficit, low employment, slowdown in export growth in RMG etc. were areas of concern.


Despite all these challenges, corporate banking fared well with quality loan growth which stood at BDT 180,911 million at the end of 2019 with an NPL ratio of 2.67%. Trade volume exceeded USD 3.59 billion as well as deposits increased to BDT 63,427 million. Apart from these, noteworthy new bookings were made by the business which includes multinationals, public sector entities and large local corporates. We have played significant role in the development of agriculture, aviation, cement & steel, infrastructure, ready-made garments & textile, pharmaceutical, energy & power, telecom sector of the country.

Key facts & figures

 **+ 10%**
Growth in loans (2019 vs.2018)

 **+ 11%**
Growth in deposits (2019 vs.2018)

 Focused on
High-quality corporates

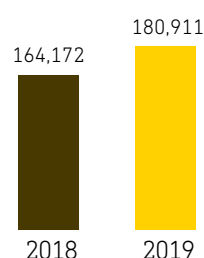
 **10**
Corporate Relationship units

 **2.67%**
NPL ratio (Corporate)

 Led by **dedicated, dynamic & professional team**

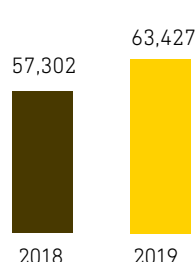
Loans & Advances

BDT in million



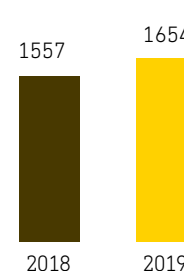
Deposits

BDT in million

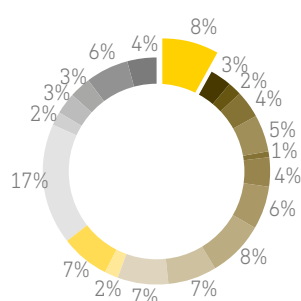


Export volume

USD in million



Portfolio mix



Agri & Micro credit through NGO
 Chemical, fertilizer, etc.
 Construction
 Electronics & Electrical Goods
 Metal & Steel Products
 Others
 Power and gas
 Rubber & Plastic Industries
 Sugar & Edible Oil Refinery
 Transport & E-communication

Cement and ceramic industries
 Commerce and Trading
 Crops, fisheries & live stocks
 Food and allied industries
 Other manufacturing or extractive industries
 Pharmaceutical industries
 Readymade Garments Industry
 Ship building & Ship breaking
 Textile Mills

Major deals

Structured finance



Arranged syndicated term loan of USD 67.25 million & BDT 920 million and working capital facility of BDT 4,165 million for Midland East Power Limited, a 150 MW power plant as Joint Mandated Lead Arranger.



Arranged syndicated term loan of BDT 4,656 million for Bangla Trac Power Unit-2 Limited to set up a 100 MW power plant in Noapara, Jashore.



Arranged cumulative redeemable preference share amounting to BDT 700 million for Confidence Power Rangpur Limited to setup a 113 MW power project on Build Own and Operate (BOO) basis located at Rangpur, Bangladesh.



Arranged syndicated term loan of BDT 878 million for Eco Ceramics Industries Limited – an environment friendly auto bricks manufacturer as part of our green banking initiatives.



BDT 2,086 million for Butterfly Manufacturing Company Ltd. arranged under syndicated term loan facility to construct a state-of-the-art energy efficient no-frost refrigerator manufacturing plant under the world-renowned brand name of LG.

International business & off-shore banking



Sourced USD 355.00 million FCY fund in the year 2019 from foreign Banks & DFIs for off-shore banking. Master Trade Agreement (MRTA) signed with Commerz Bank AG, Commercial Bank of Dubai, JP Morgan and Bank of Montreal. New arrangement with DBS Bank Singapore, Abu Dhabi Commercial Bank, Korea Development Bank and HDFC Bank, India.



Entered into Banking on Women – Global Trade Finance Program (GTFP), Performance Rebate Program of IFC, World Bank Group.



Opened "EBL Guangzhou Representative Office, China". This is the first footprint of any Bangladeshi Bank in China.



On-boarded new Development Financial Institutions: OPEC Fund for International Development (OFID) & Development Bank of the Republic of Austria (OeEB). Took drawdown of USD 20 million from OPEC Fund for International Development. Initiated new business deal with DEG & FMO for USD 40 million.



Fintech Initiatives:

- Signed block chain agreement for Interbank Information Network (IIN) - block chain based fintech solution.
- Entered into agreement with TRADEASSETS, a protected block-chain technology to buy and sell trade assets along with instigation of new transactions.
- Agreement with CCR Manager, Singapore to support buying and selling trade assets faster at better prices for customers.



Arranged confirmation, LC structuring and refinancing for 2068 no. of LCs for USD 595 million.



Entered into partnership agreement with JP Morgan Chase Bank N.A. to process letters of credit electronically.

Cash management



For the first time, EBL has started collecting VISA fees of the embassy of People's Republic of China.



EBL has entered into an agreement to collect gas bill of Karnaphuli Gas Distribution Company Limited (KGDCL).



Agreement signed with Rural Electrification Board (REB) to collect electricity bill through agent banking network of EBL.

Government mega development project



Becoming business partner of civil aviation, contributing aviation sector of Bangladesh by Chattogram Airport Extension Project under Civil Aviation Authority of Bangladesh (CAAB).



Assisting World Bank (WB) and Chattogram Water Supply and Sewerage Authority (WASA) in health and hygiene system in Chattogram WASA Project.



Taking part in the development of Chattogram City Corporation by providing banking service to Chattogram City Corporation project under Mayor Office.



Establishing banking relationship with Bangladesh Inland Water Transport Authority (BIWTA) in developing inland water way through construction of pontoon.



Presence of EBL in the largest economic zone of Bangladesh-Bangabandhu Sheikh Mujib Shilpa Nagar (Mirsarai, Chattogram).

New banking relationship



EBL has established relationship with Bangladesh Navy through Narayanganj Dockyard and Engineering Works Limited, Khulna Shipyard Limited, Chattogram Dry Dock and Bangladesh Coastguard Force.



Establishing banking relationship with Sena Kalyan Sangstha by providing banking services.

Strategic direction

Our strategy is to remain as the Bank of Choice when it comes to selection of financing requirement, investment advisory, fund arrangement, syndication related services for transactions in project finance as well as manufacturing and services sectors. We are also deepening our existing customer relationships to drive growth.

Challenges

Challenges include intense price competition among banks, management of credit portfolio and recovery of outstanding loans of the Bank. Besides, changing business environment locally and internationally demands specialized services from bankers and we are confident that we can face those challenges in a prudent way and serve our customers better.

Our strengths

Our dedicated team comprises of seasoned professionals with industry-specific skills that allow us to address the complex issues associated with each transaction. Over the years, our team has played a significant role in a wide variety of transactions covering a broad scope of asset classes and introduced a number of financial instruments which allowed the clients to avail alternate financing solutions over plain vanilla loans.

Our professionals have honed these skills working on varied transactions with the top tier corporate clients, prioritizing clients' concerns, risks and timelines, and emphasized on working collaboratively with stakeholders to increase efficiency of each transaction, offering insights gained from market observations and minimizing risks during the transaction life cycle.



Way forward

Bangladesh has made enormous strides by finding new market for its export by diversifying basket and attracts large numbers of foreign investors in new economic zones. The growth potential of the economy will certainly continue in 2020 counting the positivity emerging from implementation of mega projects, inclusion of young work force and gradual advancement in ICT sector. Private sector credit growth is also expected to bounce back with improved credit monitoring practices in general. A positive outlook can be justified in parallel to an expected fall in NPL ratio.

We all are geared up and competent enough to face the growing challenges in a world led by technology, and well-placed to offer better solutions for foreign currency financing, ECA (Export credit agency) backed financing for raising debt and mezzanine capital for our customers who seek innovative and creative packages bundled with customized products and services.

Corporate Banking Event Highlights



Inauguration of EBL Guangzhou Representative Office, China



Agreement signing between EBL and JP Morgan Chase Bank, N.A.



EBL signs agreement with Beza



EBL Signs Master Trade Loan Agreement (MRTA) with German Commerzbank



EBL Finance (HK) Ltd Customer Event in Hong Kong



EBL and IDCOL as Joint Lead Arrangers have arranged USD 67.25 million, BDT 920 million and Working Capital Facility of BDT 4,165 million for the Midland East Power Limited at Ashuganj, Brahmanbaria



Team EBL at Corporate Banking Conference 2019

Retail & SME Banking

Being awarded the 'Most Innovative Retail Bank-Bangladesh 2019' by the International Finance Magazine is an indication that we have held onto our position as a key player in the country's Retail Banking scene, by bringing forth front-line financial solutions and dynamic service propositions to our over 500 thousand valued customers and stakeholders. To keep up with the past 27 years' successful track, our aim is to uplift the standard achieved through improved productivity and excellence in customer service.

The Bank continued to ensure seamless customer service with upsurge in digital banking activities and other value propositions. Despite the fact that there exists market saturation and macro-economic challenges, we are able to hold onto our dominant position in the market by driving digitization, product innovation, service excellence and operational efficiencies.

Key facts & figures (2019 vs. 2018)



Growth in deposits

+24%



Growth in loans

+13%



Growth in credit card portfolio

+9%



Going Digital



Launched

Priority Infinity



Launching
Sub-branches

Launch of new products & services



EBL UnionPay Credit Card



Priority infinity



Two wheeler loans



Business Solution

Our performance in 2019

Deposits

We are continuously working to give the best possible experience to our 500 thousand plus existing customers. Treating deposit as the lifeblood of the bank, we diversified our deposit products, made special customer segmentation, deployed dedicated team and offered unique propositions to ensure the stable deposit growth that we see these days. In 2019, we crossed BDT 175 billion portfolio in deposit, which is a lion's share of the total deposit portfolio of the Bank.

Loans & advances

Retail and small business played a significant role in growth of Bank's total portfolio, as well as to diversify the portfolio and maximize the revenue. In 2019, assets grew substantially in mortgage loan and personal loan.

As a new segment, we have left excellent footsteps in supply chain financing with an YoY growth against budget of 116%. We explored into various industries and facilitated over 300 dealers and suppliers of several large corporates through supply chain financing. EBL is the first bank to execute ERP integrated state-of-the-art digital platform powered by VEEFIN, an end to end Supply Chain Financing Solution.

We have launched Two Wheeler loan, the country's first EMI based motorbike loan, as well as fully mortgage based SME loan named Business Solution which allows us to finance big SME clients. We have signed MOU with top notch real-estate companies for Home Loan, along with Supply Chain sign up with RUNNER Group, PRAN

RFL Group, Paragon Group, Gulf Oil Bangladesh Ltd., ACI Motors Ltd., NAMSS Motors Ltd., IFAD Autos etc. We have received the highest refinance facilities from Bangladesh Bank in the year 2019. We have also increased the SME portfolio in respect to Bank's total portfolio which is a regulatory requirement of the Bank. We are in better position to sell SME loans to the manufacturing sector as well as to SME women entrepreneurs.

Cards business

EBL's credit card portfolio hit almost BDT 6000 million in 2019, which showed a 9% plus growth from the previous year. The interest revenue grew by more than 30% from 2018. We also achieved a 28% growth in fees & charge related revenue. All of these equally contributed to the year-end net revenue, marking more than a 30% growth from the net revenue of 2018. Both our issuing and acquiring businesses went hand in hand and showed significant growth throughout the year.

Alongside achieving numbers, EBL has taken multiple projects in 2019 and introduced a host of new products and benefits. Some of the significant projects including the launching of EBL UnionPay Credit Card, MasterCard contactless acquiring, launching of EBL Lounge at Wholesale Club, a number of Co-brand cards like Basis Co-brand Prepaid Card, BATA Co-brand Prepaid card, system development for ZIP automation etc. Our journey with UnionPay International started with the acquiring in July, 2019 and soon after we launched EBL UnionPay Contactless Platinum Credit Card in December, 2019.

Priority banking

In 2019, Priority Banking of EBL stepped into a new horizon with over 46% contribution to the overall retail deposit portfolio of the Bank. This year, overall priority deposit portfolio of the Bank grew by more than 30%. On top of that, priority banking set a remarkable growth in the assets portfolio. The perfectly manoeuvred and well thought out value added life-style propositions accelerated the acceptance of EBL Priority amongst the customers resulting a whopping 30% growth of the Bank's priority customer base.

In 2019, EBL Priority Banking introduced a brand new segment named "Priority Infinity" with a host of privileges tailored to the life style need of the most valued customers of the Bank. Throughout the year, EBL arranged several customer engagement events for its priority customers which were immensely appreciated by the customers.

Women banking

EBL Women Banking is dealing with a latent but potential market where more awareness, investment and most importantly cohesive participation is highly required from the related parties whoever are involved with the process of empowering women.

Around the year, EBL Women Banking arranges different market responsive trainings in-house and with the help of SME Foundation, BWCCI (Bangladesh Women Chamber of Commerce and Industry), CWCCI (Chittagong Women Chamber of Commerce & Industry) and other renowned women bodies. It includes basic access to finance, business management, cash management and so on. Besides, on demand business documentation support, exclusive card discount propositions covering 360 degree lifestyle requirements, dedicated branch official in every branch, product exhibition: national and international fairs and booklet on every entrepreneurial aspects-are some of the exclusive services provided to our valued customers.

Agent banking

Since the inception of EBL Agent Banking in 2018, it came quite a long way in last one year. Starting from 2 outlets, we have grown to 26 with thousands of previously unreached customers. EBL Agents went through the rigorous process of Agent Selection, validated as per Bangladesh Bank and EBL's standard, and brought the state of the art banking facilities to the unreached.

The agent outlet currently offers all kinds of accounts, conducts transactions, bill payments, inward foreign remittance payment, fund transfer and very soon they will be fully operational with loan facility. We are focusing on having strategic affiliations with some Government/non-Government institutions as well as MNCs for better network at the union level to reach more customers nationwide.

Sub-branches

Under the directives of the Central Bank of Bangladesh to open up Sub-branch, EBL quickly moved to explore this exciting opportunity in prospective business hubs where EBL's presence was yet to be established. These sub-branches operate efficiently; facilitating all the services that a conventional branch can offer, including both cash and non-cash transactions. EBL opened its first Sub-Branch at Kanchpur, Narayanganj on November 4, 2019. In just 2 months, we have left our mark by opening multiple sub-branches and planning to increase sub-branches in years to come to serve more customers efficiently.

Student banking

We provide convenient banking services for students seeking financial support through a variety of products. With the aim of financial literacy and inclusion, the branches successfully conducted 90 road shows nationwide. In addition, we have been involved in a number of promotional/sponsoring activities in various educational fairs/expos/events hosted by different institutions etc.

Retail propositions

Retail Propositions offer quality lifestyle privilege for its valued customers to resonate and enrich the banking experience; encompassing a variety of benefits which differentiate us as a financial institution from the rest. We on-boarded top line partners such as Biman Bangladesh Airlines, Singapore Airlines, Unilever Bangladesh, Crocodile, The Westin Dhaka, Bangkok Hospital, Praava Health Intercontinental, Mount Elizabeth, Asgar Ali Hospital etc.

We have arranged exclusive events and remained persistent in providing exclusive lifestyle privileges for our valued customers which effectively contributed in building our brand value to stand out in the market. Over the last six years, Skylounge has truly built its brand image to be one of the most renowned lounges in the country. We served more than 150,000 visitors at EBL Skylounge in 2019.

Payroll banking

We are managing a promising portfolio to support large Corporate to mid-range businesses efficiently for employee salary and benefit payments. More than 60% of the payments of the employees are managed under hassle-free and secured digital platform. We have diversified payroll products that ensure the continuous growth while on-boarding renowned local large corporates, MNCs, health care facilities, RMGs and leading institutions and organizations. In 2019, we proactively conducted a total number of 370 roadshows hosted at our payroll clients' office premise to ensure quality support, showcase banking products and lifestyle propositions for the different segments of employees. Moreover, we have participated in several fairs along with telecom industry to promote our products and services. We have dedicated units for payroll account opening and issuing payroll cards for our customer's convenience. In order to ensure service delight, our payroll support team dedicatedly resolves concerns of our clients in the shortest possible time.

Digital banking

EBL SKYBANKING and Internet Banking

Many new features were introduced in the EBL SKYBANKING app in the year 2019 which made the overall digital banking experience of the customers easier and better than ever. Features like, self-registration using CASA, biometric fund transfer, fund transfer from credit and prepaid cards, fund transfer to bKash, utility bill payment (DPDC, DESCO, BTCL, Akash DTH), Augmented Reality (EBL AR), instant card block, etc. have made the app one of a kind in the banking industry of Bangladesh. App registration significantly increased in 2019 compared to the previous years. By the end of 2019, EBL SKYBANKING and Internet Banking conjointly had a total of more than 150,000 users. Compared to 2018, the total number of transactions has grown by 233% and the total volume of transactions increased by more than 150% via EBL SKYBANKING and Internet Banking

E-commerce

In 2019, EBL had strong market presence in the industry with the highest number of merchant funded campaigns in the industry. The revenue grew by 101% from 2018, while transaction volume grew by 150% from 2018. Throughout the year, over 150+ successful campaigns were run- some of which include campaigns with Daraz and ShareTrip. The number of merchants on boarded grew by 25% while focusing on the quality of merchant rather than quantity. Almost 300 merchants were on boarded, some of the top-line merchants being Grameenphone, Islami Bank Bangladesh Ltd, obhai and a2i. We were the most frequently used payment gateway in terms of number of transactions processed for both Visa and Mastercard. Alongside that, we established a premium payment gateway in the market with first to market features such as MOTO transactions.

M-commerce

267 campaigns were launched in 2019. We have also launched EBL AR (Augmented Reality), first augmented reality based service launched by any bank in Bangladesh. Alongside, bKash card bill payment project using Visa OCT (Original Credit Transfer) has been completed in November 2019. It is evident that social media is positively aiding digital marketing of the Bank. Customer communication has become a lot easier and popular for general queries through Facebook; where 16,000+ new customers were

catered with 150,000+ messages in 2019. Through other social media platforms, our interaction with our valued and potential customers has increased considerably; engagement of 135,000+ via Instagram, 629,788 Push Messages sent via Viber and the number of LinkedIn followers has crossed 50000.

EBL Digital Interactive Agent (DIA)

EBL DIA, the first ever social media banking chatbot of Bangladesh, has reduced significant traffic from EBL Contact Center and branches in 2019. Many customers preferred using EBL DIA for availing certain services, such as, checking account/card information, searching EBL product and contact information, recharging mobile, etc. instead of going to EBL branches or calling the Contact Center. In 2019, the total number of service requests in EBL DIA was almost 350,000. Moreover, almost 100,000 mobile recharges took place in EBL DIA in 2019, making life easier for our customers.

EBL 365 and DROPBOX

Fully equipped with latest advanced level anti-skimming and EMV technologies, all EBL ATMs are PCI DSS compliant. In 2019, EBL introduced ATM and Dropbox facilities at ICT Division, Govt. of Bangladesh and also launched Cash Recycling Machine (CRM) in its 100 Gulshan Head Office premise and Uttara Branch premise. In terms of transaction number and volume, EBL 365 broke all the records of previous years in 2019. Over 6 million transactions worth over BDT 50 billion took place via all EBL365s across the country.

Challenges and our approach

Challenges	Our approach
To retain & increase client base so that clients invest their money in banks, rather than other profitable alternatives, after enforcing 'single digit interest rate'.	We are working on diversifying our product portfolio, launching product and propositions catering to the customers' needs and will arrange various customer engagement programs.
Constant increase in non-performing loans across the industry.	We ensure both qualitative and quantitative measures in assessing and selecting loan proposals that's why our NPL ratio is one of the lowest in the banking industry. However, we will focus on frequent monitoring of our approved proposals to mitigate it further.
Deepening liquidity crunch	We have sound financial management tools and guidelines to tackle liquidity crunch. Besides, we are working on to ensure easy access to finance and create a strong culture of timely repayment of loans and advances.
A significant number of customers are yet to adapt, despite higher volume of transactions in online banking channels,	We will focus on getting most of our customers familiar with the digital platforms which would further reduce the requirement of conventional branch banking, while maintaining the customer due diligence properly.
To stay updated with the technologies whilst adhering to regulations.	We will work on various new services which would be new to the industry with the aid of up-to-date technologies.



Way forward

- We will be looking for ways to increase our customer-base despite a probable impact of single digit interest rate. Major challenge would be to face that smoothly and serve our customers better.
- We will be looking for ways to delve into unexplored markets, without compromising the quality of assets.
- To expand our business, we look forward to driving digitization, to help us reach a wider customer base. This will help us cater to more diverse customer segments; ranging from low-income to high net-worth, contributing to greater financial inclusion; leading to high deposit acquisition with our value added propositions and tailor-made products.
- We will explore more avenues to increase revenue by cross-selling products to our valued customers alongside bringing innovative banking solutions to our customers. Furthermore, we will work towards increasing the wallet-size of existing cardholders to ensure that they enjoy the full benefits of their cards.
- Keeping in line with the global technological innovation, we will strive to ensure that our customers get quality service through our digital platforms.

Retail & SME Banking Event Highlights



State Minister for ICT Division Zunaid Ahmed Palak inaugurates EBL's journey with Porichoy - the NID gateway



EBL introduces Unionpay credit card in Bangladesh



EBL partners with BASIS to launch co-branded USD card



EBL Priority Evening 2019



Launch of first sub branch at Kanchpur, Sonargaon, Narayanganj



Launch of Visa Credit Card Bill Payment Service with bKash



Team EBL at Retail Banking Conference 2019

Treasury

The banking sector of Bangladesh experienced several liquidity crunch and massive government borrowing in 2019 that somehow pushed private sector credit downward significantly. Shortage of revenue collection by National Board of Revenue (NBR) and sluggish growth in the sale of national savings certificate added to the cause of excessive government borrowing from banking sector to finance the ongoing large-scale multiple mega projects. These borrowing may have an impact on the government's long term monetary policy management.

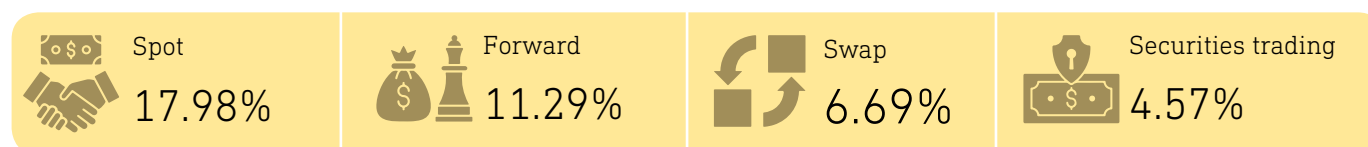
Regardless of an increase of 4.51 percent in country's foreign exchange reserve, Bangladeshi Taka kept on depreciating against US Dollar. This indicates scope for improvement in foreign exchange management in a prudent way.

Despite facing several challenges, we have been able to make significant contribution to the Bank's profitability, risk mitigation and liquidity management in the year 2019.

Key facts & figures (2019 vs.2018)



Market share of EBL



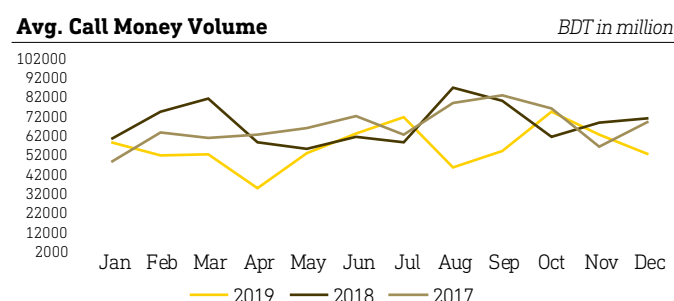
Market performance in 2019

Money market

Money market struggled throughout the year 2019 due to tight liquidity condition which started from 2018. Requirement of maintaining regulatory liquidity ratios, increased public sector growth to finance different mega projects, as well as Bangladesh Bank's instillation of USD in the market escalated the demand for money. Apart from these, massive rise in NPL and sluggish movement of deposits further added to the cause.

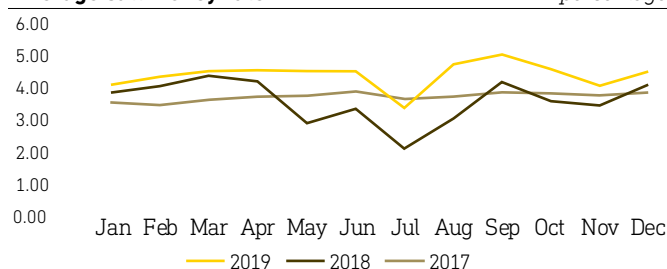
In order to maintain regulatory requirements and to overcome the liquidity crunch, private commercial banks showed high aggression and had to offer high interest rate to the depositors, though state owned banks suffered less liquidity crisis because of the greater public sector deposit access.

Throughout the year average call money rates hovered around 4.75% while most of the deals were settled around 4.50%. Of all these, we have managed money market liquidity very efficiently and contributed significantly to the overall profitability of the Bank. In 2019, income generated from money market activities grew by 71.38% in comparison to the previous year.



Average call money rate

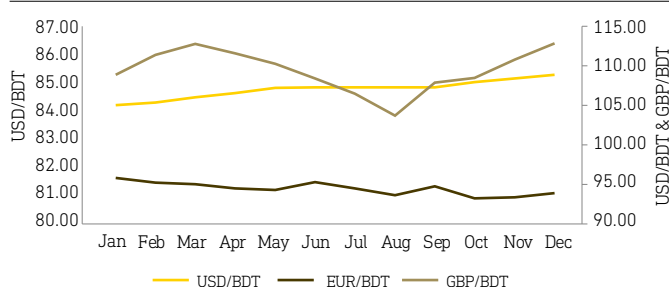
In percentage



Foreign exchange market

The trade gap between imports and exports continued to accelerate in the year 2019. To stabilize the gap, government allowed devaluation of taka against USD to remain competitive in international markets and to support local exporters to compete with other exporting countries, most of them who have already devalued their currency over the last couple of years. Alongside increasing exports, the imports also increased steadily. Several mega projects are being implemented in the country in addition to import of raw materials & other necessary commodities. The Central Bank of Bangladesh intervened to stabilize the market by injecting dollars and the growth of the USD/BDT rate was 1.15% throughout the year. Corporate houses hedged their positions with different banks. Despite curtailing margin, EBL achieved a growth in exchange gain by 18.03% from 2018 through trade and interbank activities.

Cross rate of major currencies against BDT 2019

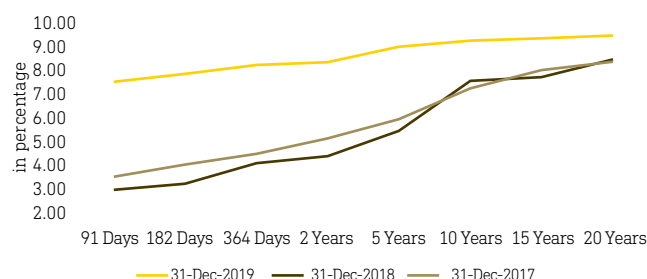


Fixed income securities market

Country's primary fixed income securities market was vibrant throughout the year 2019. From the beginning of 2019, the yield on government securities started to spike sharply. Decline in the sales of national savings certificate and inadequate revenue collection by NBR enforced government to borrow excessively from the banking sector to carry on the ongoing mega projects of the country. According to Bangladesh Bank statistics, trading volume of tradable government securities jumped by 96.36 percent in 2019. Total Treasury bill and Treasury bond trading volume was BDT 155.35 billion in 2019, which was BDT 79.11 billion in 2018. Increase in government borrowing, as well as the rise in trading volume pushed the yield curve upward significantly.

However, in 2019, EBL was listed as one of the top ten government securities trader of the market and was able to generate 36.30% more profit from the fixed income securities market comparing to the previous year.

Yield curve comparison of govt. securities

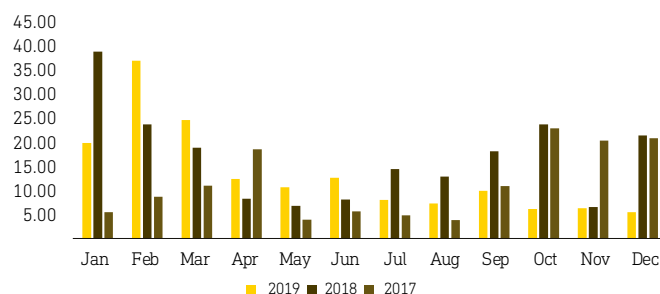


NRB business

In 2019, We have sourced inward remittance of USD 157.86 million through NRB business which was 27.61 percent of Bank's total inward remittance. We have also on-boarded Transfast USA to start foreign remittance service with EBL.

Inward remittance-NRB

USD in million



Challenges & our stance

The banking sector of our country has gone through several hiccups in terms of deposit mobilization, foreign exchange liquidity as well as the pressure of excessive government borrowing. Despite all these, we have been able to continue our growth trend and increased total treasury profitability by 59.75%. Effective asset liability management helped in getting favourable regulatory liquidity ratios throughout the year. Active presence in money market and foreign exchange market has been more focused to ensure significant profit contribution.



Way forward

- Introducing product to attract individual level securities trading.
- Efficient deposit mobilization through effective asset-liability pricing and management.
- Focusing on fixed income securities market to explore more trading opportunities.
- Offering customized FX and derivative products to corporate houses.

Review of EBL Subsidiaries

Operating environment

Amid better economic expectation and post-election buoyancy, the year started with a shining streak pushing benchmark index to reach as high as 5950 points within first 18 trading days of January 2019 (a sharp rise of 10.48%). But, the market failed to keep up the momentum and by the end of December, DSEX closed at 4453 points (17.3% fall Year-on-Year). The market cap fell by 12.3% (BDT 477.5 billion) and daily average turnover of the year dropped to BDT 4.80 billion or by 12.7% YoY in 2019.

World economic slowdown following protracted USA-China trade war and domestic macro-economic challenges shook investors' confidence. Moreover, lower than expected earning disclosure and dividend payout at the end of FY 2018-19 worsened the depressed situation of the market.

Key factors



World economic slowdown



Macro-economic challenges (tight liquidity, high interest rate, higher NPL in banking sector and liquidation of an NBFI)



Regulatory tussle and unsatisfactory performance of several large cap companies

Particulars	2019	2018	2017	2016	2015
Market Cap (BDT in billion)	3,396	3,873	4,229	3,412	3,160
DSEX Index	4,453	5,386	6,245	5,036	4,630
Avg. Daily Turnover (BDT in million)	4,803	5,510	8,748	4,944	4,227
Market P/E (times)	11.8	14.6	17.3	14.3	15.2

Meanwhile, DSE's net foreign investment continued to decline for last 10 consecutive months as foreign investors continued to pull out funds due to the prolonged bearish trend in the market and expectation of further currency devaluation. Ongoing payment dispute with Grameenphone and post dividend free fall of several large cap companies including Square Pharma, UPGDCL and BATBC continued to hurt the market. During 2019, capital raising through IPO was also lowest in last 11 years.

Market outlook for 2020

The global economy recorded its lowest growth of the decade in 2019, falling to 2.3% as a result of protracted trade disputes and a slowdown in domestic investment, but the clouds started to lift towards the end of the year with a modest uptick projected at 2.5% in 2020 and 2.7% in 2021 (UN Report). Going against the tide, Bangladesh has recorded highest GDP growth rate in its history and has been touted as one of the fastest growing economies in the world. But, the true performance of the economy was not fully reflected in the capital market. Hence, the market can now focus on the long-term fundamentals of the economy of Bangladesh. Strong corporate earnings and better economic performance can be expected from growing sectors like FMCG, Insurance, pharmaceuticals, and engineering sectors in the coming year. Moreover, as a result of the huge correction in 2019 most scrips might be trading at attractive prices and offering lucrative return potentiality for investors. Hence, capital market of Bangladesh has become a lucrative place for investment to investors from home and abroad with one of the lowest market PE (11.84) in the world, indicating higher expected market yield.

Recent initiatives like tax measures for encouraging dividend payout & cash dividend, reforms in IPO & MFs rules, introduction of new Index CNI-DSE Select Index (CDSET) from the beginning of 2020 for increased Chinese investments are expected to increase investors' confidence and bring back soundness in the capital market. Bangladesh Bank & Ministry of Finance are working for the development of the market and may approve a special fund for stabilization of the capital market. New executive bodies of Bangladesh Merchant Bankers Association (BMBA) and DSE Brokers Association (DBA) are also committed to work relentlessly with different stakeholders for the betterment of the market. BSEC reconstitution and appointment of new MDs for DSE & CSE will continue the market development initiatives. Overall, we expect a market reversal in 2020.

Key drivers



Attractive market valuation



Impressive economic growth prospect of Bangladesh and improvement in liquidity situation











Regulatory reforms shall win back investors' confidence and bring more institutional and foreign investment

EBL Securities Ltd. (EBLSL)

EBL Securities Ltd. (EBLSL) is one of the top 10 brokerage houses in Bangladesh and a fully owned subsidiary of Eastern Bank Limited (EBL). EBL Securities Limited is a TREC-holder of both Dhaka Stock Exchange Ltd. - DSE (TREC # 026) and Chittagong Stock Exchange Ltd. - CSE (TREC # 021) and holds both broker & dealer licenses.

Products & services

 Brokerage Services: DSE & CSE Error free & compliant trade execution and margin trading	 CDBL Services: Full Service DP BO account opening & maintenance, share transfer and transmission through CDBL	 Research Services Equity valuation, industry & macroeconomic review, daily & weekly market updates	 Daily Electronic Notification Daily portfolio statement, trade confirmation & research reports through email & SMS
 Foreign Trade Trading for foreign investors & NRBs	 Margin Loan Facilities Competitive rates and easy processing	 Panel Brokerage Special trading services/terminals for institutional investors	 Trade with Ease Trade instruction through DSE Mobile & Desktop App, Telephone, Email and Fax

Performance highlights

In December 2019, EBLSL won "Most Innovative Brokerage House" award from International Finance Magazine, UK for product and service innovation. As a part of business expansion, EBLSL has also signed research distribution agreements with several global platforms and improved its offline and online presence during the period.

Key financials

BDT in million

Particulars	2019	2018
Operating income	194.03	276.05
Operating profit	32.13	119.22
Net loss	(90.80)	(40.63)
Operating profit margin (%)	16.56%	43.19%



Way forward

- Identifying avenues of cross-selling opportunities by working together with Eastern Bank Limited, EBL Investments Limited and EBL Asset Management Limited.
- Increasing offline and online reach by opening up new branches at key locations, conducting customer outreach programs and connecting customers through online media.
- Ensuring service excellence throughout the organization by engaging all employees in product and service innovation process, and offering customers new-to-the-industry products and services.
- Enhancing capacity of equity research team and increasing its equity and industry coverage to attract more institutional and foreign clients.

EBL Investments Ltd. (EBLIL)

EBL Investments Limited (EBLIL) is a full-fledged merchant bank with a motive to expand its service horizon by offering a comprehensive range of financial solutions starting from debt to

equity through public offering, corporate advisory services, portfolio investment products and equity research.

Products & services



Issue
management



Corporate
advisory



Debt capital
management



Portfolio management (Discretionary
and non-discretionary)



Underwriting
(IPO, RPO, Rights)

Performance highlights

- 1 (one) IPO approved by BSEC where EBLIL worked as issue manager.
- 2 (two) subordinated bond approved by BSEC and Bangladesh Bank where EBLIL completed the fund raising of BDT 5000 million as arranger and worked as issue manager.
- Underwriting commitment given amounting BDT 35 million in issuance of IPO and rights share offering.
- Working as trustee in issuance of 11(eleven) bonds.
- Corporate advisory services given to Union Level and Accessories Limited.

- Portfolio turnover in discretionary, non-discretionary and own portfolio management amounting BDT 14,117 million.
- Introduced a discretionary product named "Puji" for high net worth investors

Key financials

BDT in million

Particulars	2019	2018
Operating income	27.54	50.81
Operating profit	3.22	28.38
Profit before tax	1.00	32.65
Profit after tax	(10.79)	22.48
Total assets	417.61	427.52



Way forward

- Firming up IPO floatation service both in fixed price and book building method.
- Strengthening debt issue service through private placement and trustee service in issuance of debt.
- Emphasis to gather investment under discretionary portfolio management services "EBLIL Puji".
- Keeping focus to enhance trustee services activities.
- Discretionary & non-discretionary portfolio management service.
- Equity investment in the prospective company yet to come in IPO.

EBL Asset Management Limited

EBL Asset Management Limited (EBLAML) was awarded asset management license from Bangladesh Securities & Exchange Commission (BSEC) on May 2017.

Product and services

- Mutual fund management
- Portfolio management for high-net-worth individuals
- Corporate advisory

Key financials

BDT in million

Particulars	2019	2018
Operating income	26.82	24.54
Operating profit	17.42	16.98
Profit after tax	0.604	9.82
Total assets	295.14	273.70

Key initiatives

EBL Asset Management Limited received registration certificate on December 2019 for EBLAML 1st Unit Fund (open-end). Initial size of the fund is BDT 300 million. Its operation will start after fulfilling all the regulatory formalities of BSEC. EBL Asset Management Limited is acting as sponsor and asset manager of the fund & ICB Capital Management Limited is acting as trustee & custodian of the fund.



Way forward

There is huge potential of growth in capital market and mutual fund industry. We have already applied to BSEC for getting license of alternative investment fund management in 2019 & hopeful to get approval in 2020.

EBL Finance (HK) Limited

EBL Finance (HK) Limited is a fully owned subsidiary of Eastern Bank Limited (EBL) established in the year 2013 to facilitate international trade business including advising letter of credits, handling documentary collections and bill financing (discounting) against letters of credit issued by EBL and other local banks in Bangladesh. This foreign subsidiary has not only created opportunities for expanding its business abroad but also paved the way for EBL to become a regional bank.

Market scenario & our approach

Due to the recent demonstrations in Hong Kong, the overall economy is facing tough situation and business activities have seen gradual decline. Overall competitiveness in the Hong Kong related business has also increased due to shrinking economy and competitive market. Even with all these major challenges, EBL Finance (HK) Limited has maintained its steady growth in terms of customer base and business volume remaining largest Bangladeshi financial

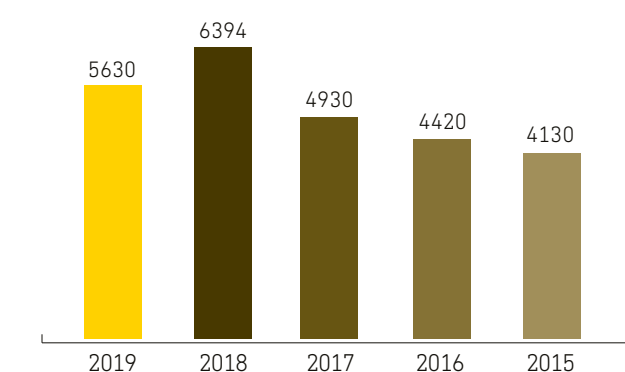
institution operating in Hong Kong through its timely business planning, efficient customer dealing, maintaining good relationship etc. EBL Finance (HK) Limited has also started gripping china-bound businesses after the inauguration of Eastern Bank Limited's representative office in china and looking for new opportunities.

Key financials

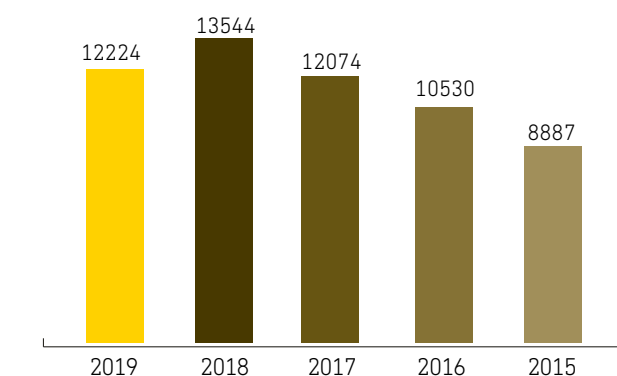
HKD in million

Indicators	2019	2018
Net assets	26.54	18.86
Revenue	41.35	41.89
Gross profit	24.56	24.68
Operating profit	19.22	19.74
Profit after tax	16.26	16.68

Export collection: number of documents



Advising: number of L/Cs and amendments



Way forward

EBL Finance (HK) Limited will continue to provide customized solutions, simple trade financing and service excellence to its stakeholders and also look for new facilities to meet different needs of the clients.

Operational Excellence

Operations carries out the bulk processing of daily works to make sure external customers are served well and the internal customers are responded timely and diligently. In 2019, EBL emphasized on building customer centric operational delivery model to provide superior customer experience. The Bank has envisioned to build digital platforms to enable customers initiate service transactions. Over the past couple of years, several operating models were digitized by combining four elements: smart technologies, end-to-end digital reengineering, customer-centered process design and agile delivery - an integrated approach namely, "Intelligent Operations".

Redesigned processes and pioneered service channels

A systematic, disciplined approach was followed in 2019 to examine, reassess, and redesign key processes. Consequently, the Bank was able to reduce arid organizational layers and eliminate non-value added activities. Reorganizing operational model into cross-functional units helped allocating end-to-end responsibility of each process to specific team. Changes were also made in both underlying practices and the way processes were executed.

Centralization and transformation of operating model

EBL's approach to centralization and transformation revolved around improving customer experience, streamlining processes, and reducing costs in all areas. The Bank executed a six phased model for bringing out distinctive operational capabilities:







- | | |
|--|---|
|  <p>1. Product and service simplification</p> <ul style="list-style-type: none"> Minimized customization of products evaluated to have no value added to customer experience. Implementation of dual cut-off times per day for electronic fund transfer (BEFTN) settlements increased same day processing of payment instructions, reduced turnaround time (TAT) and complaints. Cost rationalization in line with Cost Olympic Committee (COC) directives. |  <p>4. Digitization</p> <ul style="list-style-type: none"> Introduced app banking and web interfaces for better client interactions. Enhancements of EBL Sky Banking (mobile banking) application. Implemented straight-through processing (STP) in many processing jobs. Partnership with niche service providers to deploy digital capabilities. Digital archiving of documents increased ease and speed of retrieval. |
|  <p>2. Customer oriented process transformation</p> <ul style="list-style-type: none"> Redesigned end-to-end processes based on customer expectation. Revised operational process guidelines. Used structured, consistent methodologies to implement and drive change. Facilitating trade customers with additional document processing services to help attract new businesses. |  <p>5. Transparent Governance</p> <ul style="list-style-type: none"> Established clear accountabilities, decision rights, staff roles and delegations. Defined job descriptions (JDs) and incentives aligned with business strategy. Implemented a metrics-driven people management culture. |
|  <p>3. Centralization of operational delivery</p> <ul style="list-style-type: none"> Centralized reconciliation of transactional bank accounts maintained by remote EBL branches with central or other nationalized Banks. Centralized reconciliation activity of accounts maintained with other banks. Centralization of online reporting of Form C and TM form. |  <p>6. Delivery model optimization</p> <ul style="list-style-type: none"> Implemented process-centric operational capabilities. Integration of third-party providers into delivery model to add variation to cost and capabilities. |

Figure: Six-stage centralization and transformation of operating model adopted in 2019

Putting customer experience at the heart of Operations

EBL Operations has been relentlessly working to improve customer experience not just to stay in the competition but to capture new sources of value. The first step was to concentrate on optimizing individual touch points rather than tackling the customer experience as a whole. This began in 2019 by bringing in data and analytics-based insights from frontline and other stakeholders about what really mattered to customers and how best to deliver them. The objective

was to explicitly align customer experience to the relevant operational delivery, because if focus was given only to the front-end experience without support from operational units, the new experience was unlikely to be sustainable. Process simplification was undertaken to reduce turnaround time (TAT) for a host of services including lost card replacement and static data update requests from branches. Trainings were arranged for corporate customers in export business on the best practices to follow while processing documents.

Innovations for accelerated operational delivery

A number of automation projects were implemented in all major operational areas to reduce manual intervention, so that additional staff resources could be deployed in supporting business needs, thus improving delivery lead time.

Automations and/or system enhancements

- Enhanced Export Financial Analytics (EFA), an application for export financing
- Upgraded cheque processing system (CPS)
- Payroll payments to cards
- Visa Consumer Authentication Service (VCAS) enrollment
- Interfaced card management system (CMS) with core banking system (CBS)
- Bulk processing of card enrollment and maintenance
- Implemented card delivery and return management tool
- Loyalty points earning and redemption for cards

Outcome

- Reduction in operational printing and stationeries expenses
- Reduction in client onboarding lead time
- 22% manual steps eliminated
- Reduction in recruitment and training expenses
- Improvement of processing accuracy
- Efficient and clean record keeping
- Reduced processing complexity

Figure: Automations and system enhancements accomplished in 2019

Key business indicators

- Trade volume processed by EBL is projected to contribute 4% to country's Trade volume in FY19-20
- Number of export bills processed in 2019 was 15% higher than previous year
- Processed software export remittance of USD \$50 million
- 20% growth in OBU export bill and 25% growth in OBU import bill transactions
- Transaction and activity counts of account services activities increased by 10%
- Processed 25% additional payroll payments in 2019, compared to previous year
- e-commerce transaction processing have doubled in 2019
- 40% increase in card acquiring transactions, compared to 2018
- 20% growth in outward and 25% growth in inward remittance volume
- 60% growth in domestic payment processing volume
- Deal volume of Government securities doubled compared to 2018

Resource optimization and cost rationalization

EBL continued to introduce processes and implement expensive infrastructures over time. Such investments were necessary to negate the risks of falling out in competition, however these had led to increased costs over the years. In light of this, EBL Operations initiated a re-assessment of the operating model, systems, designs and

structures to optimize costs spanning from 2017 to 2019. The objective was to benefit from streamlined operating model, enhanced control environment and effective cost management. This led to increased efficiency, removal of non-value added processes and discontinuation of letters which will in turn contribute an estimated BDT 5 million savings a year to the Bank's greater cost rationalization agenda.



Figure: Timeline of resource optimization and cost rationalization exercise

Operational risk management (ORM) in 2019

Operational risks may arise from failures in internal controls, lapses in operational processes, limitations in systems, errors, breaches, interruption or damages. EBL has taken a comprehensive approach to ORM that recognized four broad areas:



People and processes: Regular knowledge sharing sessions with stakeholders and monthly meeting between cross-functional departments were conducted to prevent such risks. Existing operational controls were constantly revisited and heightened where appropriate, consequently an array of new controls were implemented and periodically monitored.



Operational structure: A constant effort is made to remove bureaucracy and unnecessary layers in decision making and thus promote employee empowerment.



Systems and tools: Systems can be compromised, hacked or breached; data can be corrupted or stolen. The Bank continues to adapt strong measures to protect it from such losses. The attainment of benchmark compliance to core security controls of SWIFT Customer Securities Program (CSP) was a demonstration of such defensive measures. Successful PCI-DSS (Payment Card Industry Data Security Standard) recertification was another instance of such measure.



Regulation: Since the regulators have increased the number and complexity of policies and rules that banks must comply, EBL continues to invest in training its people, improve its policies, procedures and systems that foster compliance. EBL has adapted new policies in line with Central Bank's circulars.

Operational quality assurance (QA) in 2019

EBL Operations made concerted effort to improve quality throughout the year 2019. Successful demonstration of continued effectiveness in all operational management systems for the scope of ISO 9001:2015 routine surveillance audit of 2019 was just an instance of upholding total quality and service excellence. Successfully also completed data cleaning project which will significantly contribute to improvement of data quality in core banking system (CBS). Few skill enhancement

sessions were conducted by Dun & Bradstreet (D&B) on pre-LC credit report analysis and trade based money laundering (TBML) case studies. Quarterly knowledge sharing and feedback sessions with branches were held. The operational leadership team and managers were trained on result oriented leadership techniques, methods for prevention of money laundering and terrorist financing, managing financial and non-financial risks, cyber security as well as many more emerging topics. These trainings enhanced their ingenuity to lead and survive during unfavorable circumstances.



Way forward

EBL will make further assessments to determine whether innovative technologies could be utilized to optimize costs whilst simultaneously enhancing controls. Manual, repetitive processes will be automated where possible for driving immediate and significant cost benefits. This will also enable existing resources to be re-assigned to more value added activities.

Customer experience

- Eliminate pain points
- Improve responsiveness to queries
- Streamline operating model
- Focus on quality
- Standardize KYC processes

Continuous improvement

- Promote process-oriented thinking and behavior
- Promote and reward collaboration
- Align operating model to changing regulations
- Reinforce standards

Cost reduction

- Reduce cost by eliminating unnecessary steps
- Create capacity and scale
- Adopt electronic channels
- Revisit old procedures

Risk mitigation

- Ensure consistent and compliant approaches
- Automate in all possible areas
- Improve controls
- Implement technology-enabled risk mitigation strategies

Service Excellence

Customers' feedback

"I have never felt unattended even if my designated RM was on leave.

I am more than satisfied with the services of EBL and have referred family and friends to must have a banking relationship with them."

SONYA PANNI TONDORF

A customer of EBL

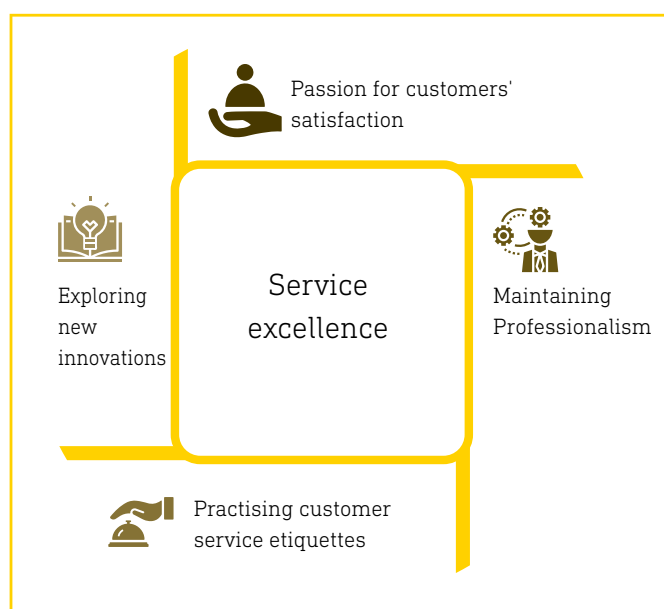
"It has been a delight being a customer of EBL. They have always served me with great efficiency and given not a single scope for dissatisfaction.

I want to say without a doubt that EBL has changed my perception of priority banking in the country. They are swift and smart individuals who cater to all the financial needs of a customer without delay."

HASSAN ZARIF IMAM

A customer of EBL

We have always been committed to provide best-in-class service to our valued customers and some of the basic strategies for service excellence we follow are stated below-



Our approach towards service excellence

- Arranging discussion session for process improvement and service gap minimization with business value centers and different support units.
- Conducting training sessions for improving the efficiency level of service channel people.
- Process improvement for minimizing customer dissatisfaction.
- Valuing customer feedback.
- Enhancing overall monitoring system for excellence in service channels.

Continuous development of the human resources

During the year 2019, we have focused on employee development to improve employee skills on customer service experience management



Workshop on "Leading for Results" for branch managers, priority centre managers and VC heads.

105
Participants



Ensuring service excellence sessions for all BSSM, BOM & RM groups

539
Participants



Briefing/discussion sessions on "Ensuring Service Excellence" for CSO/CSM Group

398
Participants



Briefing/discussion sessions on "Ensuring Service Excellence" for CST & BST group

159
Participants

Valuing customer feedback

We are always enthusiastic to value our customer feedback as it plays vital role to improve and address the needs of our customers. During 2019 we have carried out the following programs to access the customers' satisfaction over the product and services we are offering to our valued customers.



Mystery shopping survey

- To assess overall service performance.
- To monitor the service standard and customer satisfaction level.
- Total of 1,777 surveys were conducted to 85 branches.



Customers' feedback survey

- To know customers' recent experience with EBL.
- To get customer's expression about the satisfaction on EBL's Service Standard.
- 250 customers (New deposit account holders) have been surveyed from different product/service segments.



Credit card customer experience survey

- To scrutinize customer satisfaction with EBL credit card service & assess the quality of bank's sales force.
- 5000+ customers were requested to provide their feedback under this study.



Customers' satisfaction study

- To assess the customer satisfaction and loyalty over EBL.
- 500 customers have been surveyed under this program.
- Feedbacks are about the products and services availed from EBL and other peer banks.



Complainants' feedback survey

- To receive customer's feedback on bank's grievance management process.
- To assess the efficiency level of complaint management process.
- To identify whether any lapses are still persisting in any of the prevailing product and process.
- 50 complainants/customers have been surveyed under this study.

We have taken all the feedback positively with high importance and started working on them so that customers experience better service that will help to create and maintain strong bondage with our customers.

Channels to acknowledge customers' voice or complaints

At EBL, we do not restrict our customers to raise their voice or make their grievance through particular channels. Customers are free to communicate their feedback or grievances to any of the following channels:

Channels	Customers' preferred actions
24X7 Contact Center	Contact Center: 16230 Contact Center: 028332232
Branch	Visiting branch or giving a call
Website	Access website: https://www.ebl.com.bd/regulatory/complaintcell
E-mail	ccs.cmc@ebl-bd.com info@ebl-bd.com info@ebl.com.bd cardsteam@ebl.com.bd
Mobile application	Through EBL SKYBANKING app complain can be raised or feedback can be given.
Letter	Sending letter to: Branch / Head office

Management of customer grievances

Most of the complaints are resolved at the point from which they originate. And, after that, being a responsible bank, we are very keen to act deliberately in addressing and resolving the customer complaints as follows-

- Adopt a positive attitude
- Reassure the customer
- Establish empathy
- Offer an apology, if the mistakes happen from our end
- Identify the problem and the cause
- Guide the customer
- Request or offer alternative solutions
- Communicate the steps to follow
- Solve the problem
- Communicate this with the customer and close the issue.

In the year 2019, a total of 803 customer complaints received directly from customers and regulatory bodies have been successfully resolved.



Way forward

To provide best-in-class service experience to our customers in a hassle-free way, EBL always thrives for easy going strategies that enable the Bank to unlock the best ideas. In the coming years, our priority is to bring digital perspective at process level so that customers can feel more comfortable when dealing with the Bank.

EBL: Home of Happiness

We treat our people as sensible human, not just an employee. The culture we have nested over the years is based on mutual respect and trust, and a firm commitment to provide a great place to work where our people feel comfortable at workplace. We believe our people are happier than those of other workplaces and that is why they are more efficient, less stressing, with fewer absences and lower fluctuation. We, therefore, call EBL: Home of Happiness.

It is our practice to connect all employees of the Bank regardless of their role through proactive HR campaigns featuring employees talking about the work they do, why they do it and the subsequent impact. We help our colleagues in all phases of shaping their career – from inspiring them to work at EBL, creating a real learning environment, providing required training to build up skills, developing them through modern performance management system and finally showing them a sustainable career path.

Performance highlights in 2019

- Reviewed EBL People Management Policy.
- Upgradation of Human Resource Information System (HRIS).
- Conducted “EBL Friends of Earth” as part of corporate social responsibility.
- Upgradation of automated employee services.
- Revamp of e-learning program.
- Revision of all KPIs.
- Revision of incentive structure.
- New reward policy is in place.
- New Code of Conduct is implemented.
- Identified competency based training need for all jobs.
- 282 learning & development programs were arranged for 11,371 participants.
- Conducted e-learning for 3,691 participants.
- Onboarded 73 future leaders under future leader development program.

Creating value for employees

At EBL we have created an environment where employees feel valued for the work they do, have pride in what they do; and enjoy the people they work with, hence feel encouraged to work for the Bank. For greater value for employees we have arranged employee appreciation day because they feel valued when they are appreciated.

We have always focused on growth for our employees both in terms of their rewards and the skills they need to deliver top performance. We take care of our people by actively listening to them and we respect them by treating them fairly. We invest in our people for their career development and we pay one of the highest end of service benefits in the industry to ensure our employees have a happy and financially sound retired life. Our lucrative compensation and benefits help us to attract, retain and motivate good resources. EBL is renowned for high performance culture along with market competitiveness as well as fast track career growth for real performers.

Equal opportunity, career progression & diversity

At EBL, we ensure equal opportunity for all employees. They are treated equally and fairly. We don't have discrimination on the grounds of gender, age, racial origin, religious affiliation, disability or marital status. This approach reflects combined efforts, equal participation and shared responsibilities regardless

of gender, ethnicity, disability and sexuality. We review our people management policy every two years to eliminate discrimination in the policies and work practices. Moreover, at EBL so much time, energy and thought are put into the people management process to make sure that rewards and recognitions are allocated in a transparent and fair way.

Recruitment



At EBL we treat all job applicants appropriately and fairly, and nobody is rejected because of discriminatory reason(s).

- We set job description to evaluate all candidates.
- We advertise the vacancy in a variety of locations (online, in the press, internal job watch, social media, etc.) to reach maximum number of audiences.
- We conduct assessment centers, engage global recruitment partners and conduct panel interviews so that the views of more than one person are taken into consideration when deciding on who gets the position.

Promotion



Our promotion policy is performance driven. At EBL, we encourage and ensure that discussions are regularly held with all members of staffs, in which employees can talk about how they see their career developing, and ask for any training and support required to progress into more senior roles in the Bank. These discussions happen one-to-one basis, or in people management sessions for conducting performance appraisals and personal development discussions.

Pay



Our pay policy is strictly performance based and we are great believer of maintaining both internal and external equity. That is why we regularly conduct market survey to determine our position in terms of compensation and benefits.

Diversity



We value diversity and try to tap into ideas and expertise from people with different backgrounds and experiences. Our Managing Director & CEO encourages us to, “**Imagine without fear**”. Thus, we encourage people to bring their differences to the workplace. That is why we have been able to develop a diverse group of human resources which offer a wide range of skills and ideas that give the business a competitive edge.

Learning & development

We are focusing on number of key areas in terms of learning and development

- Advice and support for early career development, including foundation program, job rotation and on the job learning.
- Learning & development processes are integrated into other core HR functions such as induction, probation, performance review and promotion.
- Deliver staff development programs in a more cost effective and creative way.
- Support career development through the use of digital knowledge center.

In 2019, Learning & Development team arranged 282 learning and development programs where 11,371 participants were trained to upgrade their knowledge. In 2019 EBL people received 96,371 man-hour training that is 32 man-hour (4 days) training per person in 2019.

This year 32 persons have received functional and soft skills trainings from aboard and 160 people have received soft skills training by foreign trainer. Apart from the above, 3,691 employees participated in the e-learning evaluations in two phases.

Our emphasis is on developing more and more home grown people. We build them in a way so that they can own entire culture and norms of EBL and lead the Bank in future to grow more and move forward positively.

Our code of conduct and ethical guidelines

EBL code of conduct and ethical guideline is the guide of principles designed to help EBL employees to work honestly and with integrity. EBL code of conduct and ethical guideline outlined the mission and values of EBL, how professionals are supposed to approach problems, and the standards to which the EBL standard of professionalism is benchmarked.

We regularly arrange open discussions about ethical issues to promote accountability and transparency across the Bank. For EBL employees, violating the EBL code of conduct and ethical guideline can result in disciplinary action including dismissal or termination.

Work-life balance

We believe work life balance can play a very vital role for making positive relationship between employees and employers. When employees feel a greater sense of control and ownership over their own lives, they tend to have better relationships with management and are able to leave work issues at work and home issues at home. An employee having right work-life balance tends to feel more motivated and less stressed out at work. Thereby, it increases Bank's productivity and reduces the number of conflicts among co-workers and management. Our management is putting in tremendous efforts for employees to maintain work-life balance by instituting policies, procedures and actions that enable them to pursue more balanced lives.

Succession planning

Our succession planning is the process whereby EBL ensures that employees are recruited and developed to fill each key role within the Bank. Our succession planning focuses on identifying and growing talent to fill business-critical positions in the future. Our succession planning sits inside a very much wider set of resourcing and development processes and that is why we call it 'succession management' which includes management resourcing strategy, aggregate analysis of demand/supply (human resource planning and auditing), skills analysis, the job filling process, and management development including graduate and high-flyer programs.

Performance appraisal

At EBL, performance appraisal is the process of assessing employee performance by way of comparing present performance with already established objectives and KPIs; which have been already communicated to the employees and subsequently providing feedback to the employees about their performance level for the purpose of improving their performance as needed by Bank. It is based on a culture of trust and openness.

Grievance management

Our disciplinary and grievance handling procedures provide clear structures for dealing with difficulties which may arise as part of the working relationship, from either the employer's or employee's perspective. We make sure every individual is treated in the same way in similar circumstances and we deal with issues fairly and reasonably. We ensure our employees are aware of what is expected of them in terms of standards of code of conduct and the likely consequences of continued failure to meet the code of conduct. At EBL, we have established a good practice to respond and deal with all complaints appropriately within a certain time frame.

Remuneration and benefits

EBL remuneration and benefits policy is based on two pillars – equity and return on investment. By ensuring internal and external equity we keep our people motivated. On the other hand, we always have an eye on the return on investment – and that is why starting from recruitment to training our people related investment is backed by proper justification. We invest on right people that results in higher productivity and sustainability.

Human rights, health & safety

"People First" is what we believe. We have arranged several employee wellness programs namely 'The art of Physiotherapy', 'Child Psychology, Behavior & Parenting', 'Bone Checkup', 'cancer is a word, not a death sentence' and so on to build awareness among employees. We encourage mothers to give more time to their children – we allow them proper maternity leave and reimburse relevant hospital expenses. We have invested good amount of money for day care center, so that employee can feel safe and secure for the children. We have flexi hours to support employees managing their personal life with work life. We have insurance policy for staff house building loan scheme and superannuation fund for supporting employees with accidental death and disability. At EBL, we do believe that effective management of health and safety, the environment and human rights is essential to grow our business in a sustainable and responsible manner, where our management pays always high attention.



Way forward

- Implementation of new performance management tools
- To introduce new employee engagement program
- Compensation and benefit survey
- Review of pay scale
- Review of employee loan facilities
- Review people management policy of subsidiaries to align with EBL people management policy

EBL HR Event Highlights



Chairman of EBL Md. Showkat Ali Chowdhury and Managing Director & CEO Ali Reza Iftekhar are present at the Outstanding Performers Award Program.



The Annual Employee Recognition Program to congratulate our employees.



ebHR organizes EBL Friends of Earth Program as a part of its wellness initiatives.



Managing Director & CEO talking about different people management issues at a session organized by ebHR.



Managing Director & CEO is posing for a photograph with the new joiners of EBL at the Coffee with MD Program.



Managing Director & CEO of EBL is seen with the participants of Leadership Program.



EBL Banker's Chef Program organized as part of people engagement initiative.



Wellness session on "Healthy Heart Healthy Life" by Prof. Dr. AHM Waliul Islam, Associate Consultant - Clinical & Interventional Cardiologist, Apollo Hospitals Dhaka.

Information Technology–The Business Differentiator

In this era of digitalization, Information Technology (IT) is driving changes and making all the differences in the financial sector, especially in the banking sector. These changes and differentiations are happening with the ever-increasing use of smartphones, automation to improve operations/processes, cloud computing to collaborate, data analysis to extract insights, securing transactions over cyber space, etc.

At EBL, we have been continuously trying to embrace new initiatives to increase operational efficiency by automating and digitalizing internal operational processes, introduce new service features in existing banking service channels for customer convenience and delight, and enhance transaction security to give our customers comfort.

Key projects in 2019

- ISO 27001 (Information Security Management System-ISMS) certification
- PCI DSS (Payment Card Industry Data Security Standard) recertification
- Mastercard PayPass acquiring & issuing
- China UnionPay (UPI) acquiring & issuing
- Fund transfer through ATM using National Payment Switch Bangladesh (NPSB) as the channel
- Account balance information through missed call
- Implementation of BACH (Bangladesh Automated Clearing House)-II
- Implementation of Cash Recycler Machine
- Platform, feature and security up-gradation of SWIFT system
- NID verification service with porichoy.com
- Feature enhancement of EBL Connect—Internet Banking services for corporates
- Self-enrolment and service enhancement of EBL Skybanking mobile application
- Initiation of Core Banking System up-gradation including hardware for faster and easier processing
- Introduction of Insta Banking application

Our approach towards managing ICT risk

To improve ICT environment within the Bank, process is underway to procure and implement 24x7 Security Operation Centre (SOC) to respond to security threats. We do vulnerability assessment and penetration testing regularly to discover vulnerabilities and system loopholes. The process is followed in case of launching any new software or major release of a software. To introduce a new system, application, appliance, or any other device into the network, we maintain a hardening process to remove any unnecessary functionality and to configure what is left in a secure manner.

To protect our most sensitive data, we have implemented log analyser tools such as Security Information and Event Management (SIEM), File Integrity Monitoring (FIM), etc. which will help to monitoring IT systems in real-time. To safeguard the Bank's IT assets from ransom ware or malware attacks, we are taking all necessary backup of data so that data can be retrieved in the event

of emergency situation. We have conducted ICT awareness training among all employees of EBL.

Bank's IT operation runs from an industry standard data centre which is properly monitored and maintained to meet business requirement. As part of card payment security, we have achieved PCI DSS certification for the 4th time in a row for implementing global information security standards. Bank's IT Division is ISO/IEC 27001:2013 certified for its compliance with Information Security Management System (ISMS) which is an international risk management framework. ISO certification shows our commitment to improve internal systems, structure and day-to-day processes and procedures. We are also working on upgrading the current core banking solution to provide improved customer experience and enhanced operational efficiency.



Way forward

In 2020 we will focus on latest tech trends like robotic process automation (RPA), rule-based and business process management-led automation, Application Programming Interface (API)-driven straight through processing, automation through artificial intelligence and machine learning, API based integrations, blockchain based networks, cloud computing, etc. in order to deliver intra- and inter-organizational process improvements.

FINANCIAL REPORTS

Financial Reports give a comprehensive picture of financial health of the company. As a good corporate, our prime concern has always been to ensure integrity of our financial statements. We meticulously prepare our financial statements in accordance with International Financial Reporting Standards and in compliance with the reporting criteria of our key regulatory bodies.



Statement on Integrity of Financial Statements by MD & CEO and CFO

31 March 2020

The Board of Directors
Eastern Bank Limited
100 Gulshan Avenue
Dhaka -1212.

Subject: Declaration on Financial Statements for the year ended on 31 December 2019

Dear Sir,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Eastern Bank Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

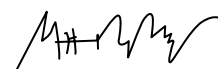
In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Ali Reza Iftekhar
Managing Director & CEO



Masudul Hoque Sardar
Chief Financial Officer

Independent auditor's report to the shareholders of Eastern Bank Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated financial statements of Eastern Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Eastern Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheet as at 31 December 2019, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank (the "financial statements") give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2019, and of its consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and its consolidated and separate cash flow statement for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the rules and regulations issued by the Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), rules & regulations issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the financial year 2019. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter described below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
01. Transition to International Financial Reporting Standard 16 Leases (IFRS 16) from International Accounting Standard 17 Leases (IAS 17)	
<p>With reference to Note 8 and 13.11 to the financial statements, 'IFRS 16 Leases' becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing standard IAS 17. Eastern Bank Limited decided to implement the modified retrospective approach for the transition accounting. The application of new lease standard resulted in the recognition, for the 31 December 2019 closing balance sheet, right of use assets of BDT 797,116,150 (net value) and an increase in lease liabilities of BDT 622,832,947 to the financial statements of the Group.</p> <p>We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction to summarize the lease data for input into their lease calculation model.</p>	<p>We obtained an understanding of the management's processes for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We adopted a substantive strategy for lease accounts. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included understanding of the management processes and controls for leases, performing walkthrough procedures and substantive audit procedures, including:</p> <ul style="list-style-type: none"> ▶ Obtained and read the accounting policy for compliance with IFRS 16 Leases; ▶ Obtained listing of all contracts from the management and tested the contracts to determine the impact under IFRS 16. In respect of the testing lease agreements and related right of use assets and lease liabilities: <ul style="list-style-type: none"> ▶ Obtained and read bank borrowing rates correspondence; ▶ Tested the assumptions used in the calculation model for the sample contracts selected for testing; ▶ Tested the completeness of additions and changes to the leases population; ▶ Performed test of details for measurement and valuation of the right of use asset and lease liability; ▶ Assessed the disclosure within the financial statements.
02. Measurement of provision for loans and advances	
<p>With reference to Note 13.4 to the financial statements, the process for calculating the provision for loans and advances portfolio associated with credit risk is significant and complex. The bank calculates provision for loans and advances by considering various factors such as rate of provision, loan category, expiry date, outstanding balance, interest suspense amount, value of eligible collateral as per BRPD circular no. 14 dated 23 September 2012 and its subsequent amendments.</p> <p>In Bangladesh, non-performing loans have been increasing day by day. Banks need to maintain provision for additional non-performing loans in line with guidelines of the central bank. The bank identifies impaired loan accounts and calculates required provision manually. Furthermore, management has incentive to maintain lower provision for loan and advances to overstate profit.</p> <p>Considering these factors, we have considered measurement of provision for loans and advances as significant risk as well as a key audit matter.</p> <p>At year end of 2019 the Group reported total gross loans and advances of BDT 239.09 billion (2018: BDT 217.38 billion) and the Bank reported total gross loans and advances of BDT 232.05 billion (2018: BDT 209.31 billion) whereas at the year end of 2019 the Group reported total provision for loans and advances of BDT 9.44 billion (2018: BDT 7.49 billion) and the Bank reported total provision for loans and advances of BDT 9.36 billion (2018: BDT 7.41 billion).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ▶ Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; ▶ Tested the controls related to provision for loans and advances; <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> ▶ Tested the Group and the Bank's general and specific provisions; ▶ Assessed quarterly classification ledger of loans and advances (CL); ▶ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; <p>Assessed the presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

Other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 (as amended up to date) and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's and Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Banking Companies Act, 1991, and the rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987, 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. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and the Bank;
- III. financial statements of Eastern Bank Limited's subsidiaries namely, EBL Securities Limited, EBL Investments Limited and EBL Asset Management Limited have been audited by ACNABIN, Chartered Accountants and EBL Finance (HK) Limited has been audited by Kingston C.P.A. Limited, Certified Public Accountants, Hong Kong and have been properly reflected in the consolidated financial statements;
- IV. in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- V. the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- VI. the expenditures incurred and payments made were for the purpose of the Group's and Bank's business for the year;

- VII. the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- VIII. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- 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 spent over 2,670 man hours; and
- XII. capital to risk-weighted assets ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 05 April 2020


A. Qasem & Co.
Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2019

Amount in BDT

	Notes	2019	2018
PROPERTY AND ASSETS			
Cash			
Cash in hand (including foreign currencies)	3		
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.1	3,088,367,831	2,624,983,711
	3.2	16,601,918,975	13,713,276,245
		19,690,286,806	16,338,259,956
Balances with other banks and financial institutions			
In Bangladesh	4		
Outside Bangladesh	4.1	19,963,271,483	9,071,891,789
	4.2	4,405,925,232	2,374,410,405
		24,369,196,715	11,446,302,194
Money at call and short notice			
	5	594,300,000	-
Investments			
Government	6		
Others	6.1	31,927,657,258	22,221,712,390
	6.2	10,138,813,514	7,665,907,401
		42,066,470,771	29,887,619,791
Loans and advances			
Loans, cash credits, overdraft etc.	7		
Bills discounted and purchased	7.1	218,070,540,410	194,873,643,755
	7.2	21,024,167,598	22,506,614,674
		239,094,708,008	217,380,258,429
Fixed assets including land, building, furniture and fixtures			
	8	7,407,132,303	6,681,971,998
Other assets			
	9	4,869,888,926	3,631,641,087
Non banking assets			
	10	108,736,495	134,016,495
TOTAL ASSETS		338,200,720,023	285,500,069,950
LIABILITIES AND CAPITAL			
Borrowing from banks, financial institutions and agents			
Non-convertible subordinated bond	11		
Borrowing from other Banks, FIs, Agents etc.	11.1.a	6,500,000,000	2,000,000,000
		46,348,235,988	47,066,095,646
		52,848,235,988	49,066,095,646
Deposits and other accounts			
Current deposits & other accounts, etc.	12		
Bills payable	12.1	24,837,018,432	21,011,202,434
Savings bank deposits	12.2	1,131,830,685	916,901,298
Fixed deposits	12.3	50,214,304,541	46,053,721,505
Other deposits- special notice (SND) account	12.4	131,735,401,586	105,826,485,905
Bearer certificates of deposits		32,061,412,240	25,347,276,928
		-	-
		239,979,967,484	199,155,588,069
Other liabilities	13	19,410,763,266	13,902,926,147
TOTAL LIABILITIES		312,238,966,739	262,124,609,862
SHAREHOLDERS' EQUITY			
Paid-up capital	14	8,117,995,470	7,379,995,890
Statutory reserve	15	8,117,995,470	7,379,995,890
Dividend equalisation reserve	16	356,040,000	356,040,000
Assets revaluation reserve (Land and other assets)	17	2,758,085,528	2,693,094,373
General reserve	18	603,493,370	603,493,370
Foreign currency translation difference	19	5,365,748	3,291,012
Surplus in profit and loss account	20	6,002,777,699	4,959,549,553
TOTAL SHAREHOLDERS' EQUITY		25,961,753,285	23,375,460,088
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		338,200,720,023	285,500,069,950

Eastern Bank Limited and its subsidiaries

Consolidated Balance Sheet

as at 31 December 2019

Amount in BDT

	Notes	2019	2018
OFF BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	21.1	45,008,741,219	57,033,419,112
Letters of guarantees	21.2	23,321,243,725	27,299,063,024
Irrevocable letters of credit	21.3	23,139,697,761	24,913,788,504
Bills for collection	21.4	7,963,765,179	7,676,005,477
Others (Securities holding SC-Agrabad branch)		-	378,933,000
		99,433,447,884	117,301,209,116
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	21.5	347,552,793	327,629,500
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		347,552,793	327,629,500
TOTAL OFF-BALANCE SHEET ITEMS		99,781,000,677	117,628,838,616

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO



Director



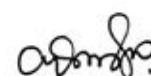
Director



Director

Signed as per our annexed report of same date.

Dhaka, 05 April 2020


A. Qasem & Co.

Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Profit and Loss Account

for the year ended 31 December 2019

Amount in BDT

	Notes	2019	2018
Interest income	22	23,583,269,636	20,188,213,661
Interest paid on deposits and borrowings	23	(15,306,369,064)	(12,577,183,349)
Net interest income		8,276,900,572	7,611,030,312
Income from investments	24	2,699,084,429	2,312,348,542
Fees, commission and brokerage	25	3,785,461,173	3,467,718,223
Other operating income	26	258,386,812	223,462,947
		6,742,932,414	6,003,529,712
Total operating income		15,019,832,986	13,614,560,024
Salary & allowances (excluding those of MD)	27	3,895,272,859	3,586,927,426
Rent, taxes, insurance, utilities etc.	28	615,896,173	813,513,602
Legal & professional expenses	29	118,015,990	101,443,119
Postage, stamp, telecommunication etc.	30	145,322,839	145,005,015
Stationery, printing, advertisement, business promotion etc.	31	358,335,602	346,806,843
Managing Director's salary and allowances (Bank only)	32	24,618,065	23,015,710
Directors' fees & expenses	33	5,144,029	4,965,971
Audit fees	34	2,344,092	2,100,364
Depreciation and repair of bank's assets	35	781,598,098	575,952,524
Other operating expenses	36	695,313,414	635,058,454
Total operating expenses		6,641,861,161	6,234,789,027
Profit before provisions		8,377,971,824	7,379,770,997
Provision for loans and off-balance sheet exposures:	13.4.1		
Specific provision (net of w/off recovery)		1,254,816,341	1,910,730,079
General provision for loans and advances		174,331,665	286,754,762
General provision for off-balance sheet exposures		(117,854,862)	40,147,338
		1,311,293,144	2,237,632,179
Other provision	37	723,320,312	414,549,579
Total provisions		2,034,613,456	2,652,181,759
Profit before tax for the year		6,343,358,368	4,727,589,238
Current tax expense for the year	13.3.1	3,017,426,997	1,697,229,180
Deferred tax income (net)	38	(664,461,960)	(80,416,846)
Total provision for taxation		2,352,965,037	1,616,812,333
Profit after tax for the year		3,990,393,330	3,110,776,905
Appropriation			
Statutory reserve	15	(737,999,580)	-
General reserve		-	-
		(737,999,580)	-
Retained earnings carried forward		3,252,393,750	3,110,776,907
Earnings per share (EPS) (restated)	39	4.92	3.83

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO



Director

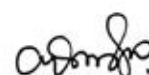


Director



Director

Signed as per our annexed report of same date.



A. Qasem & Co.

Chartered Accountants

Dhaka, 05 April 2020

Eastern Bank Limited and its subsidiaries

Consolidated Cash Flow Statement

for the year ended 31 December 2019

Amount in BDT

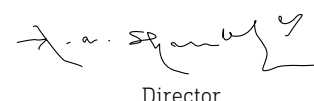
	Notes	2019	2018
A) Cash flows from operating activities			
Interest receipts in cash		23,102,781,408	19,840,289,526
Interest payments		(14,130,563,008)	(11,417,419,674)
Dividend receipts		166,905,205	72,987,733
Fees and commission receipts in cash		3,746,487,786	3,528,318,223
Income from investment (other than dividend received)		2,391,733,141	2,385,319,253
Recoveries on loans previously written off	13.4.1	635,666,487	422,762,114
Cash payment to employees (including directors)		(3,834,141,757)	(3,586,781,117)
Cash payment to suppliers		(1,512,903,210)	(1,711,847,890)
Income taxes paid	13.3.2	(1,739,041,304)	(1,623,088,509)
Receipts from other operating activities		258,386,812	223,462,947
Payments for other operating activities		(695,313,413)	(635,058,454)
Cash flow from operating profit before changes in operating assets and liabilities		8,389,998,147	7,498,944,152
Increase/(decrease) in Operating Assets & Liabilities			
(Purchase)/sale of trading securities		(8,685,063,525)	1,229,934,969
Loans and advances to customers (other than banks)		(21,382,230,138)	(25,431,309,021)
Other assets	40	(910,559,581)	1,653,885,538
Deposits from other Banks	12.b.1	2,556,967,216	6,729,604,720
Deposits from customers (other than banks)		37,107,731,426	24,350,598,041
Payment against BCCI deposits		-	(169,364,523)
Liability for tax		(613,923,734)	6,276,176
Liabilities for provision		(2,670,279,943)	(3,074,943,873)
Other liabilities	41	5,398,474,549	(890,629,513)
Cash generated from operating assets and liabilities		10,801,116,270	4,404,052,514
Net cash received from operating activities		19,191,114,417	11,902,996,666
B) Cash flows from investing activities			
(Purchase-net) of non-trading securities		(3,402,335,600)	(5,013,597,395)
(Purchase-net) of property, plant and equipment		(1,231,425,798)	(1,054,549,753)
Net cash (used in) investing activities		(4,633,761,398)	(6,068,147,148)
C) Cash flows from financing activities			
Borrowings from banks, financial institutions and agents		3,782,140,342	(3,381,188,707)
Dividend paid (cash dividend)		(1,475,999,178)	(1,475,999,178)
Net cash received from/(used in) financing activities		2,306,141,164	(4,857,187,885)
D) Net increase in cash and cash equivalents (A+B+C)		16,863,494,183	977,661,633
E) Effects of exchange rate changes on cash and cash equivalents		6,907,889	8,726,025
F) Opening cash and cash equivalents		27,787,746,049	26,801,358,391
G) Closing cash and cash equivalents (D+E+F)*		44,658,148,121	27,787,746,049
*Closing cash and cash equivalents			
Cash in hand (including foreign currencies)	3.1	3,088,367,831	2,624,983,711
Balances with Bangladesh Bank and its agent bank (s)	3.2	16,601,918,975	13,713,276,245
Balances with other Banks and Financial Institutions	4	24,369,196,715	11,446,302,193
Money at call and short notice	5	594,300,000	-
Prize bonds	6.1	4,364,600	3,183,900
		44,658,148,121	27,787,746,049

These financial statements should be read in conjunction with the annexed notes.


 Managing Director & CEO

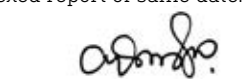

 Director


 Director


 Director

Signed as per our annexed report of same date.

Dhaka, 05 April 2020


A. Qasem & Co.
 Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Assets revaluation reserve (land and other assets)	General reserve	Foreign currency translation difference	Surplus in profit and loss account	Amount in BDT	
								Total	
Balance as on 1 January 2019	7,379,995,890	7,379,995,890	356,040,000	2,693,094,373	603,493,370	3,291,012	4,959,549,553	23,375,460,088	
Bonus share issued for 2018	737,999,580	-	-	-	-	-	(737,999,580)	-	
Cash dividend paid for 2018	-	-	-	-	-	-	(1,475,999,178)	(1,475,999,178)	
Net profit for the year	-	-	-	-	-	-	3,990,393,330	3,990,393,330	
Transfer to statutory reserve	-	737,999,580	-	-	-	-	(737,999,580)	-	
Adjustment of revaluation of treasury securities (HFT)	-	-	-	(2,626,661)	-	-	-	(2,626,661)	
Reserve for amortisation of treasury securities (HTM)	-	-	-	92,897,816	-	-	-	92,897,816	
Adjustment of reserve for non banking assets	-	-	-	(25,280,000)	-	-	-	(25,280,000)	
Foreign currency translation difference	-	-	-	-	-	2,074,736	-	2,074,736	
Currency adjustment for Offshore banking operation	-	-	-	-	-	-	4,833,152	4,833,152	
Balance as at 31 December 2019	8,117,995,470	8,117,995,470	356,040,000	2,758,085,528	603,493,370	5,365,748	6,002,777,699	25,961,753,285	
Balance as at 31 December 2018	7,379,995,890	7,379,995,890	356,040,000	2,693,094,373	603,493,370	3,291,012	4,959,549,553	23,375,460,088	

These financial statements should be read in conjunction with the annexed notes.


Managing Director & CEO


Director


Director


Director

Signed as per our annexed report of same date.

Dhaka, 05 April 2020


A. Qasem & Co.
Chartered Accountants

Eastern Bank Limited and its subsidiaries

Consolidated Liquidity Statement (Asset and Liability Maturity Analysis)

as at 31 December 2019

Amount in BDT

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	19,690,286,806	-	-	-	-	19,690,286,806
Balances with other banks and financial institutions	11,201,066,715	5,700,000,000	7,468,130,000	-	-	24,369,196,715
Money at call and short notice	594,300,000	-	-	-	-	594,300,000
Investments	1,999,288,781	745,412,250	18,198,163,013	10,604,735,545	10,518,871,183	42,066,470,771
Loans and advances	24,706,612,401	38,834,261,238	89,155,165,781	73,700,748,782	12,697,919,805	239,094,708,008
Fixed assets including land, building, furniture and fixtures	39,914,808	112,538,614	380,359,944	1,290,867,253	5,583,451,684	7,407,132,303
Other assets	793,604,414	3,780,386	560,396,073	1,631,030,362	1,881,077,690	4,869,888,926
Non-banking assets	-	-	6,320,000	102,416,495	-	108,736,495
Total Assets	59,025,073,924	45,395,992,489	115,768,534,810	87,329,798,437	30,681,320,363	338,200,720,023
Liabilities						
Borrowing from other banks, financial institutions and agents	7,922,406,236	15,226,306,606	18,593,409,209	8,620,542,698	2,485,571,239	52,848,235,988
Deposits and other accounts	31,108,240,443	40,868,984,433	65,656,799,778	100,593,029,942	1,752,912,890	239,979,967,484
Provisions & other liabilities	150,098,231	2,339,633,685	2,035,759,066	11,645,158,014	3,240,114,271	19,410,763,266
Total Liabilities	39,180,744,910	58,434,924,723	86,285,968,053	120,858,730,654	7,478,598,400	312,238,966,739
Net Liquidity Gap	19,844,329,014	(13,038,932,234)	29,482,566,758	(33,528,932,216)	23,202,721,963	25,961,753,285
Cumulative Net Liquidity Gap	19,844,329,014	6,805,396,780	36,287,963,538	2,759,031,322	25,961,753,285	-

as at 31 December 2019

2018

Eastern Bank Limited

Balance Sheet

as at 31 December 2019

Amount in BDT

	Notes	2019	2018
OFF BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	21.1	45,008,741,219	57,033,419,112
Letters of guarantees	21.2	23,321,243,725	27,299,063,024
Irrevocable letters of credit	21.3	23,139,697,761	24,913,788,504
Bills for collection	21.4	7,963,765,179	7,676,005,477
Others (Securities holding SC-Agrabad branch)		-	378,933,000
		99,433,447,884	117,301,209,116
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed	21.5	347,552,793	327,629,500
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		347,552,793	327,629,500
TOTAL OFF-BALANCE SHEET ITEMS		99,781,000,677	117,628,838,616


These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO



Director



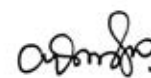
Director



Director

Signed as per our annexed report of same date.

Dhaka, 05 April 2020


A. Qasem & Co.

Chartered Accountants

Eastern Bank Limited

Profit and Loss Account

for the year ended 31 December 2019

Amount in BDT

	Notes	2019	2018
Interest income	22	23,163,605,820	19,821,280,127
Interest paid on deposits and borrowings	23	(15,004,895,177)	(12,315,063,258)
Net interest income		8,158,710,642	7,506,216,869
Income from investments	24	2,751,634,005	2,317,871,538
Fees, commission and brokerage	25	3,448,216,291	3,110,377,876
Other operating income	26	238,812,687	204,759,927
Total operating income		6,438,662,983	5,633,009,341
		14,597,373,625	13,139,226,210
Salary & allowances (excluding those of MD)	27	3,739,079,717	3,443,184,398
Rent, taxes, insurance, utilities etc.	28	598,044,720	778,275,765
Legal & professional expenses	29	117,123,508	100,561,805
Postage, stamp, telecommunication etc.	30	136,968,876	136,027,531
Stationery, printing, advertisement, business promotion etc.	31	353,473,079	336,584,734
Managing Director's salary and allowances	32	24,618,065	23,015,710
Directors' fees & expenses	33	4,956,529	4,730,221
Audit fees	34	1,367,345	1,128,750
Repairs, maintenance and depreciation	35	740,495,162	561,935,384
Other operating expenses	36	671,284,857	609,871,527
Total operating expenses		6,387,411,859	5,995,315,823
Profit before provisions		8,209,961,766	7,143,910,387
Provision for loans and off-balance sheet exposures	13.4.1		
Specific provision (net off w/off recovery)		1,254,816,341	1,860,694,162
General provision for loans and advances		174,331,665	286,754,762
General provision for off-balance sheet exposures		(117,854,862)	40,147,338
		1,311,293,144	2,187,596,262
Other provision	37	642,503,542	370,460,944
Total provisions		1,953,796,686	2,558,057,206
Profit before tax for the year		6,256,165,080	4,585,853,181
Current tax expense for the year	13.3.1	2,912,484,915	1,585,493,108
Deferred tax income (net)	38	(664,461,960)	(80,416,846)
Total provision for taxation		2,248,022,955	1,505,076,262
Profit after tax for the year		4,008,142,125	3,080,776,920
Appropriation			
Statutory reserve	15	(737,999,580)	-
General reserve		-	-
		(737,999,580)	-
Retained earnings carried forward		3,270,142,545	3,080,776,920
Earnings per share (EPS) (restated)	39	4.94	3.79

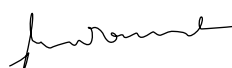
These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO



Director

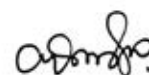


Director



Director

Signed as per our annexed report of same date.



A. Qasem & Co.

Chartered Accountants

Dhaka, 05 April 2020

Eastern Bank Limited

Cash Flow Statement

for the year ended 31 December 2019

Amount in BDT

	Notes	2019	2018
A) Cash flows from operating activities			
Interest receipts in cash		22,578,916,030	19,499,470,735
Interest payments		(13,827,167,931)	(11,157,450,746)
Dividend receipts		254,384,533	581,626,937
Fees and commission receipts in cash		3,409,242,904	3,170,977,876
Income from investment (other than dividend)		2,356,803,389	1,882,203,046
Recovery on loans previously written off	13.4.1	635,666,487	422,762,114
Cash payment to employees (including directors)		(3,674,574,810)	(3,444,641,730)
Cash payment to suppliers		(1,452,167,776)	(1,652,120,859)
Income taxes paid	13.3.2	(1,683,595,759)	(1,521,839,090)
Receipts from other operating activities		238,812,687	204,759,927
Payments for other operating activities		(671,284,857)	(609,871,527)
Cash flow from operating activities before changes in operating assets and liabilities		8,165,034,897	7,375,876,683
Increase/(decrease) in Operating Assets & Liabilities			
(Purchase)/sale of trading securities		(8,598,344,096)	1,657,050,814
Loans and advances to customers (other than banks)		(22,371,888,375)	(25,036,764,054)
Other assets	40	(867,873,731)	986,803,867
Deposits from other Banks	12.b.1	(4,172,637,504)	6,633,742,482
Deposits from customers (other than banks)		43,548,178,422	24,530,131,223
Payment against BCCI deposits		-	(169,364,523)
Liability for tax		(564,427,197)	16,762,829
Liabilities for provision		(2,589,463,173)	(2,980,819,320)
Other liabilities	41	5,373,686,014	(80,827,484)
Cash generated from operating assets and liabilities		9,757,230,361	5,556,715,834
Net Cash from operating activities		17,922,265,258	12,932,592,517
B) Cash flows from investing activities			
(Purchase-net) of non-trading securities		(3,387,266,595)	(5,018,097,360)
(Purchase-net) of property, plant and equipment		(1,206,371,630)	(1,034,067,112)
Net cash (used in) investing activities		(4,593,638,225)	(6,052,164,472)
C) Cash flows from financing activities			
Borrowings from banks, financial institutions and agents		4,088,886,409	(4,265,789,805)
Dividend paid (cash dividend)		(1,475,999,178)	(1,475,999,178)
Net cash received from/(used in) financing activities		2,612,887,231	(5,741,788,983)
D) Net increase in cash and cash equivalents (A+B+C)		15,941,514,264	1,138,639,062
E) Effects of exchange rate changes on cash and cash equivalents		4,092,884	5,580,088
F) Opening cash and cash equivalents		33,300,174,418	32,155,955,268
G) Closing cash and cash equivalents (D+E+F)*		49,245,781,566	33,300,174,418
*Closing cash and cash equivalents:			
Cash in hand (including foreign currencies)	3.1	3,088,303,685	2,624,689,253
Balances with Bangladesh Bank and its agent bank (s)	3.2	16,601,918,975	13,713,276,245
Balances with other Banks and Financial Institutions	4	28,956,894,306	16,959,025,020
Money at call and short notice	5	594,300,000	-
Prize bonds	6.1	4,364,600	3,183,900
		49,245,781,566	33,300,174,418

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO



Director



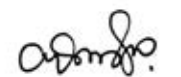
Director



Director

Signed as per our annexed report of same date.

Dhaka, 05 April 2020



A. Qasem & Co.
Chartered Accountants

Eastern Bank Limited

Statement of Changes in Equity

for the year ended 31 December 2019

Particulars	Paid-up capital	Statutory reserve	Dividend equalisation reserve	Assets revaluation reserve (land and other assets)	General reserve	Foreign currency translation difference	Retained earnings	Total
Balance as at 1 January 2019	7,379,995,890	7,379,995,890	356,040,000	2,607,676,006	603,493,370	1,500,273	4,637,557,933	22,966,259,362
Bonus share issued for 2018	737,999,580	-	-	-	-	-	(737,999,580)	-
Cash dividend paid for 2018	-	-	-	-	-	-	(1,475,999,178)	(1,475,999,178)
Net profit for the year	-	-	-	-	-	-	4,008,142,125	4,008,142,125
Transfer to statutory reserve	-	737,999,580	-	-	-	-	(737,999,580)	-
Adjustment for revaluation of treasury securities (HFT)	-	-	-	(2,626,661)	-	-	-	(2,626,661)
Reserve for amortisation of treasury securities (HTM)	-	-	-	92,897,816	-	-	-	92,897,816
Adjustment of reserved for non banking assets	-	-	-	(25,280,000)	-	-	-	(25,280,000)
Currency translation difference	-	-	-	-	-	550,428	-	550,428
Currency adjustment for Offshore banking operation	-	-	-	-	-	-	3,542,459	3,542,459
Balance as at 31 December 2019	8,117,995,470	8,117,995,470	356,040,000	2,672,667,161	603,493,370	2,050,701	5,697,244,179	25,567,486,351
Balance as at 31 December 2018	7,379,995,890	7,379,995,890	356,040,000	2,607,676,006	603,493,370	1,500,273	4,637,557,933	22,966,259,362

These financial statements should be read in conjunction with the annexed notes.


Managing Director & CEO


Director


Director


Director

Signed as per our annexed report of same date.

Dhaka, 05 April 2020


A. Qasem & Co.
Chartered Accountants

Eastern Bank Limited

Liquidity Statement (Asset and Liability Maturity Analysis)

as at 31 December 2019

Amount in BDT

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	19,690,222,660	-	-	-	-	19,690,222,660
Balances with other banks and financial institutions	15,788,764,306	5,700,000,000	7,468,130,000	-	-	28,956,894,306
Money at call and short notice	594,300,000	-	-	-	-	594,300,000
Investments	1,999,288,781	745,412,250	15,964,696,258	10,568,743,475	10,518,871,183	39,797,011,948
Loans and advances	24,448,109,593	38,476,442,638	82,727,813,945	73,700,748,782	12,697,919,805	232,051,034,763
Fixed assets including land, building, furniture and fixtures	39,914,808	103,390,636	359,233,268	1,263,060,834	5,583,451,684	7,349,051,230
Other assets	1,067,660,525	3,780,386	754,902,561	2,257,693,700	2,532,179,151	6,616,216,324
Non-banking assets	-	-	6,320,000	102,416,495	-	108,736,495
Total Assets	63,628,260,672	45,029,025,910	107,281,096,032	87,892,663,287	31,332,421,823	335,163,467,725
Liabilities						
Borrowing from other banks, financial institutions and agents	7,344,958,456	15,226,306,606	17,143,409,209	8,620,542,698	2,485,571,239	50,820,788,208
Deposits and other accounts	31,146,103,866	40,869,315,922	65,657,665,332	100,594,779,468	1,896,263,514	240,164,128,102
Provisions & other liabilities	144,583,755	2,243,603,031	1,951,914,462	11,167,214,649	3,103,749,167	18,611,065,064
Total Liabilities	38,635,646,077	58,339,225,559	84,752,989,004	120,382,536,814	7,485,583,920	309,595,981,374
Net Liquidity Gap	24,992,614,595	(13,310,199,649)	22,528,107,028	(32,489,873,527)	23,846,837,903	25,567,486,351
Cumulative Net Liquidity Gap	24,992,614,595	11,682,414,946	34,210,521,974	1,720,648,447	25,567,486,351	-

Eastern Bank Limited and its subsidiaries

Notes to the financial statements

as at and for the year ended 31 December 2019

1 The Bank and its activities

1.1 Eastern Bank Limited was incorporated in Bangladesh as a public limited company to carry out all kinds of banking business in and outside Bangladesh. The Bank took over the business, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited (hereinafter referred to as BCCI) as they stood after reduction or adjustments in accordance with the provisions of the BCCI (Reconstruction) Scheme, 1992. The Bank commenced operations from 16 August 1992 and at present it has 85 branches, 3 sub-branches and 26 agent banking outlets across Bangladesh. The shares of the Bank is listed with both Dhaka Stock Exchange (DSE) Limited and Chittagong Stock Exchange (CSE) Limited. The registered office of the Bank is located at 100 Gulshan Avenue, Dhaka-1212.

The principal activities of the Bank are to provide a comprehensive range of financial products (loans and deposits) and services, personal and commercial banking, trade services, cash management, treasury, securities and custodial services.

1.2 Offshore Banking Unit (OBU)

EBL has one Offshore Banking Unit ("OBU" or "the Unit") which runs through a separate desk under control and supervision of the Offshore Banking Division. The unit and all activities of the division are governed under the permission by Bangladesh Bank vide letter no. BRPD(P)744(89)/2004-303 dated 25 January 2004 and subsequent approvals for continuation by Bangladesh Bank vide letter no. BRPD(P)744(89)/2020-2254 & 2255 dated 25 February 2020 in line with the offshore banking policy issued by Bangladesh Bank vide BRPD circular no. 02 dated 25th Feb 2019 and amendments thereon. The activities of the unit is to provide both funded and non-funded facilities and to accept savings/current/term deposits in freely convertible foreign currencies to and from non-resident person/institutions, fully foreign owned enterprises (Type 'A') in EPZs, PEPZs, EZs and Hi-Tech Parks, etc. Besides, OBU offers short term loan facility to the Type 'B' industrial enterprise in EPZs, PEPZs, EZs and Hi-Tech Parks. In addition, OBU discounts/purchases accepted usance/deferred bills against import from abroad and accepted usance/deferred export bills against direct and deemed exports of products produced in Bangladesh of persons resident in Bangladesh. Offshore Banking conducts banking business activities in foreign currencies. The unit commenced its operations on 19 May 2004 and its office is located at 100 Gulshan Avenue, Dhaka-1212.

1.3 Representative office and agent banking operation of the Bank

Representative Office:

The bank has two Representative Offices (ROs) abroad, one in Myanmar named 'EBL Yangon Representative Office (YRO)' and another one in China named 'EBL Guangzhou Representative Office (GRO)', which were established in 2014 and 2019 respectively with a view to extend its trade businesses by providing banking and business information to the business people of the these countries. Registered office of YRO is at Room (2B/2C), 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon, Myanmar; and GRO is at Unit G, 22 Floor, Jianhe Center, No.111 Tiayuxi Road, Tianhe District, Guangzhou, Guangdong Province, China.

Agent Banking Outlet:

The bank has started agent banking operation in 2018 with a view to reach unbanked population particularly in the geographically dispersed area and offer banking services to potential customers who are currently out of traditional banking periphery. EBL has launched this banking service with 2 outlets in 2018, which is now 26 across the country with thousands of new customers. This service includes offering all types of deposit accounts and other banking transactions including bill payments, inward foreign remittance payment, fund transfer etc.

1.4 Subsidiaries of the Bank

The Bank has four fully owned subsidiaries as on the reporting date. These are EBL Securities Limited, EBL Investments Limited, EBL Finance (HK) Limited and EBL Asset Management Limited. All subsidiaries of the Bank have been incorporated in Bangladesh except for EBL Finance (HK) Limited which is incorporated in Hong Kong.

EBL Securities Limited

EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRECs (Trading Right Entitlement Certificate) and ordinary shares of both the bourses i.e. Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. The principal activities of this subsidiary are buying, selling and settling of securities on behalf of investors and its own portfolio. Registered office of EBLSL is located at Jiban Bima Bhavan, 10 Dilkusha CA, Dhaka-1000, Bangladesh.

EBL Investments Limited

EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from BSEC in January 2013 and started full fledged operations of merchant banking, portfolio management, underwriting etc. from June 2013. Registered office of EBLIL is located at Jiban Bima Bhaban, 10 Dilkusha CA, Dhaka-1000, Bangladesh.

EBL Finance (HK) Limited

EBL Finance (HK) Limited, the first foreign subsidiary of EBL, was incorporated on 28 November 2011 with Hong Kong (HK) authority. This subsidiary started its full fledged business operations (i.e. offshore trade finance, advising, documents collection etc.) in Hong Kong during 2013 after obtaining all the required licenses from Bangladesh and HK authority. Registered office of EBL Finance (HK) Limited is Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

EBL Asset Management Limited

EBL Asset Management Limited (EBLAML) was incorporated on 9 January 2011 to carry out asset management business, capital market operation, equity investment etc. It has been registered under BSEC on 25 May 2017 to run full-fledged business operations. Registered office of EBLAML is located at Bangladesh Shipping Corporation Tower, 2-3 Rajuk Avenue (4th Floor), Motijheel C/A, Dhaka-1000, Bangladesh.

2 Basis of preparation and significant accounting policies

Basis of preparation**Separate and consolidated financial statements**

The separate financial statements of the Bank as at and for the year ended 31 December 2019 comprise those of Domestic Banking (Main operation including representative offices) and Offshore Banking (OBU) operations, and the consolidated financial statements of the group comprise those of 'the Bank' (parent company) and its subsidiaries (together referred to as 'the group' and individually referred to as 'group entities/subsidiaries').

There was no significant change in the nature of principal business activities of the Bank and the subsidiaries during the financial year.

2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as banks. The Banking Companies Act, 1991 was amended to require banks to prepare their financial statements under such financial reporting standards.

As the FRS is yet to be issued as per the provisions of the FRA, the consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and the requirements of the Banking Companies Act, 1991 (as amended upto date), the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Banking Companies Act, 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Banking Companies Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRSs are as follows:

i) Presentation of financial statements

IFRSs: As per IAS 1 (Presentation of financial statements), financial statements shall comprise a statement of financial position as at the end of the period, a statement of profit or loss and other comprehensive income for the period, a statement of changes in equity for the period, a statement of cash flows for the period, notes - comprising significant accounting policies and other explanatory information. As per IAS 1, the entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the First Schedule (section 38) of the Banking Companies Act, 1991 (as amended upto date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) Investments in Equity Instruments (Shares, Mutual funds, etc.)

IFRSs: As per requirements of IFRS 9 (Financial instruments), all equity investments (shares and mutual funds) are to be measured at fair value with value changes recognised in profit or loss account and other comprehensive income for the period, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income (OCI)'. If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it through OCI with only dividend income recognised in profit or loss account.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted and unquoted shares are revalued on the bases of year-end market price and Net Assets Value (NAV) of last audited balance sheet respectively. As per instruction of another DOS circular letter no. 3 dated 12 March 2015, investment in mutual fund (closed-end) is revalued 'at lower of cost and (higher of market value and 85% of NAV)'. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognised at costs.

The Bank reviews its investment in shares & MFs at each quarter-end on mark-to-market basis and has maintained a cumulative provision of BDT 901.31 million as of 31 December 2019 as per BB instructions (note 13.8).

iii) Revaluation gain/loss on government securities

IFRSs: As per IFRS 9 (Financial instruments), Treasury bills (T-bills)/Treasury bonds (T-bonds) are measured at fair value through other comprehensive income where gains or losses shall be recognised in other comprehensive income (OCI), except for impairment gains or losses and foreign exchange gains and losses. The loss allowance arisen from impairment shall be recognised in OCI and shall not reduce the carrying amount of financial assets in the Financial Position. Interest calculated using the effective interest method shall be recognised in profit or loss account.

Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2009, amortisation gain/loss is charged to profit and loss account, mark-to-market loss on revaluation of government securities (T-bills/T-bonds) categorised as Held for Trading (HFT) is charged to profit and loss account, but any unrealised trading gain on such revaluation is recognised to revaluation reserve account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method but income/gain is recognised through equity.

The Bank recognised revaluation loss of BDT 161.63 million and amortisation expense of BDT 128.23 million in profit and loss account in 2019 against its investment in government treasury securities categorised as HFT and HTM respectively. Unrealised gain of BDT 0.21 million arising from revaluation of HFT securities and BDT 100 million arising from amortisation gain have been booked in equity as reserve in compliance with BB guidelines (note 17.02 & 17.03).

iv) Provision on loans and advances

IFRSs: As per IFRS 9 (Financial instruments), Loans and advances shall be recognised and measured at amortised cost (net of any write down for impairment). When any objective evidence of impairment (a loss allowance for expected credit losses) exists for such financial assets, impairment assessment should be undertaken individually or portfolio basis (when assets are not individually significant).

Bangladesh Bank: As per BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 8 dated 2 August 2015, BRPD circular no. 03 dated 21 April 2019, a general provision @ 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) should be maintained regardless of objective evidence of impairment. And specific provision for sub-standard/doubtful/bad-loss loans should be made at 20%, 50% and 100% respectively on loans net off eligible securities (if any). Also, a general provision @ 0.5% - 1% should be provided for certain off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

The Bank charged to its profit and loss account a general provision of BDT 56.48 million (BDT 174.33 million against unclassified loans & advances, and released BDT 117.85 million for off-balance sheet exposures) in 2019 (note 13.4.1).

v) Other comprehensive income and appropriation of profit

IFRSs: As per IAS 1 (Presentation of financial statements), Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income (OCI) Statement. IFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

Bangladesh Bank: The templates of financial statements issued by BB do not include other comprehensive income nor are the elements of other comprehensive income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.

vi) Financial instruments - presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorised, recognised, measured and presented differently from those prescribed in IFRS 7: Financial Instruments- Disclosure and IFRS 9: Financial Instruments. As such some disclosures and presentation requirements of IFRS 7 and IFRS 9 cannot be fully made in these financial statements.

vii) REPO transactions

IFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a collateralised borrowing and the underlying asset continues to be recognised in the entity's financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BB circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sale transaction and the financial assets should be derecognised in the seller's book and recognised in the buyer's book.

viii) Financial guarantees

IFRSs: As per IFRS 9 (Financial instruments), financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the instrument. Financial guarantee liabilities are recognised initially at their fair value and is amortised over the life of the instrument. Any such liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as LC & LG should be treated as off-balance sheet items. No liability is recognised for such guarantee except the cash margin. However, a general provision @ 0.5% -1% is provided against such guarantee.

ix) Cash and cash equivalents

IFRSs: Cash and cash equivalent items should be reported as cash item as per IAS 7 (Statements of Cash Flows).

Bangladesh Bank: Some highly liquid assets such as money at call and short notice, T-bills/T-bonds, prize bonds are not prescribed to be shown as cash and cash equivalents; rather shown as face item in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash in hand, balance with BB and other banks.

x) Non-banking assets

IFRSs: No indication of non-banking assets is found in any IASs/IFRSs.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, there exists a face item named non-banking assets.

xi) Cash flow statement

IFRSs: Cash flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flow information in a manner that is most suitable for the business or industry. Whichever method selected should be applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow statement is to be prepared following a mixture of direct and indirect method.

xii) Balance with Bangladesh Bank (cash reserve requirement)

IFRSs: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day-to-day operations as per IAS 7 (Statements of Cash Flows).

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

xiii) Off-balance sheet items

IFRSs: No concept of off-balance sheet items in any IFRS/IAS/IFRIC; so nothing to disclose as off-balance sheet items.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, off-balance sheet items i.e. Letter of Credit (LC), Letter of Guarantee (LG), acceptance should be disclosed separately on the face of the balance sheet.

xiv) Presentation of loans and advance net of provision

IFRSs: Loans and advances shall be presented at amortised cost net of any write down for impairment (expected credit losses that result from all possible default events over the life of the financial instrument).

Bangladesh Bank: As per BRPD circular 14 dated 25 June 2003, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.

xv) Recognition of interest in suspense

IFRSs: Loans and advances to customers are generally classified as non-derivative financial assets measured at amorised cost as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is to be recognised in profit and loss account on the same basis on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012 and BRPD Circular no. 03 dated 21 April 2019 , once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

xvi) Presentation of intangible asset

IFRSs: An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38 (Intangible asset).

Bangladesh Bank: There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

*Please refer to note 2.10 compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) for further details.

2.2 Basis of measurement

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared on the historical cost basis except for the following material items:

- Government treasury bills and bonds designated as 'Held for Trading (HFT)' are marked-to-market weekly with resulting gain credited to revaluation reserve account but loss charged to profit and loss account.
- Government treasury bills and bonds designated as 'Held to Maturity (HTM)' are amortised yearly with resulting gain credited to amortisation reserve account but loss charged to profit and loss account.
- Land is recognised at cost at the time of acquisition and subsequently measured at fair value as per IAS 16 'Property, Plant & Equipment' and BSEC notification no. SEC/CMRRCD/2009-193/150/Admin/51 dated 18 August 2013.

2.3 Going concern basis of accounting

These financial statements have been prepared on the basis of assessment of the Bank's ability to continue as a going concern. EBL has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to exhibit a healthy trend for couple of years. The rating outlook of the Bank as denoted by both the rating agencies (CRISL and Moody's) is 'stable'. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements of the Group and the separate financial statements of the Bank in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Key estimates include the following:

- Loan loss provision
- Revaluation of land
- Deferred tax assets/liabilities
- Gratuity & superannuation fund
- Useful lives of depreciable assets

2.5 Foreign currency transactions and translations

Functional and presentation currency

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

Conversion of foreign currency transactions

Foreign currency transactions of the Bank and its subsidiaries are converted into respective functional currencies (Bangladesh Taka in case of EBL Domestic Banking operation, US Dollar in case of OBU and HKD in case of EBL Finance (HK) Limited) at the rate of exchange ruling on the day of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at standard mid-rate of exchange ruling at the reporting date. Effects of exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the Bank are recorded in the profit and loss account as per IAS 21 (The Effect of Changes in Foreign Exchange Rates).

Translation of foreign currency financial statements

Assets and liabilities of OBU and EBL Finance (HK) Limited have been translated into Taka (functional currency of the Bank) using year-end standard mid-rate of exchange (i.e. the closing rate) whereas income and expenses are translated using monthly average rate of standard mid-rates of exchange of the Bank. The cumulative amount of net exchange rate differences has been presented separately as a component of equity as per IAS 21 (The effect of changes in foreign exchange rate).

2.6 Basis of consolidation

- Subsidiaries (investees) are entities controlled by the parent (the Bank). Control exists when the Bank has the power over the subsidiaries that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the subsidiaries, and the ability to use its power over the subsidiaries to affect the amount of the Bank's returns.
- The consolidated financial statements incorporate the financial statements of the Bank and its subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the parent (the Bank) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.
- Financial assets and liabilities are offset and the net amount reported in the consolidated financial statements only when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Items are not offset in the consolidated financial statements unless required or permitted by accounting standards and regulators.
- Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of control

Upon loss of control of a subsidiary the group derecognises the assets (including any goodwill) and liabilities of the subsidiary at carrying amount, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss account. If the group retains any interest in the former/previous/ex-subsidiary, then such interest is measured at fair value at the date that the control is lost. However, the group has neither lost control nor derecognised any asset or liability of any of its subsidiaries in the reporting period.

Business Combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition and identifiable net assets acquired are measured at fair value. Any goodwill that arises is annually tested for impairment. Any gain on bargain purchase is recognised in Group's profit or loss account immediately. Transaction costs are expensed as incurred except if they are related to the issue of debt or equity securities.

2.7 Cash flow statement

Cash flow statement has been prepared in accordance with IAS 7 (Statement of Cash Flow) 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.

2.8 Reporting period

These financial statements of the Group, the Bank and its subsidiaries, cover one calendar year from 1 January to 31 December.

2.9 Liquidity statement

The liquidity statement has been prepared mainly on the basis of remaining maturity grouping of assets and liabilities as at the close of the year as per following bases:

Particulars	Basis of use
Cash, balance with other banks and financial institutions, money at call and short notice, etc.	Stated maturity/observed behavioral trend.
Investments	Residual maturity term.
Loans and advances	Repayment/maturity schedule and behavioral trend (non-maturity products).
Fixed assets	Useful life.
Other assets	Realisation/amortisation basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Settlement/adjustment schedule basis.

2.10 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by Bangladesh Bank as the prime regulator.

Accounting policies of subsidiaries

The financial statements of subsidiaries which are included in the consolidated financial statements of the Group have been prepared using uniform accounting policies of the Bank (the Parent) for transactions and other events of similar nature unless there is any instruction by regulators. There is no significant restriction on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans and advances.

A. Assets and basis of their valuation

i) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, at vault and at ATM, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice and prize bonds which are not ordinarily susceptible to change in value.

Amount withdrawn/transferred by customers after year-end process are properly addressed, reconciled and adjusted with ATM balance and Customers deposit to reflect the actual balance of ATM and deposits as of the reporting date.

ii) Investments

All investments are initially recognised at cost, including acquisition charges associated with the investment. Investments classified as government/BB treasury securities (categorised as HTM or/and HFT) are subsequently measured as per DOS circular no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009. Investments classified as non-government treasury securities are subsequently measured either at cost or market value less any recoverable cost. Details are given below:

Held to Maturity (HTM)

Investments which are intended to be held till maturity are classified as Held to Maturity (HTM). These are measured at amortised cost at each year-end by taking into account any discount or premium on acquisition. Premiums are amortised and discounts are accredited, using the effective or historical yield. Any increase in value of securities is booked to equity but decrease to profit and loss account. Income is recognised to profit and loss account on earned basis as per BB guideline.

Held for Trading (HFT)

These are investments primarily held for selling or trading. After initial recognition, investments are marked-to-market on weekly basis. Any decrease in revaluation of securities is recognised to profit and loss account, but any increase of value of securities is booked to revaluation reserve account as per BB DOS circular no. 5 dated 28 January 2009. Income is recognised to profit and loss account on earned basis as per BB guideline.

REPO and reverse REPO

The Bank has been recording transactions of REPO and reverse REPO following DOS circular no. 6 dated 15 July 2010 of BB. In case of REPO of both coupon and non-coupon bearing (treasury bill) securities, the Bank adjusts the revaluation reserve account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank does not accrue interest during REPO period.

Investments – Initial recognition and subsequent measurement at a glance

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds - Held For Trading (HFT)	Cost	Fair value	Revaluation loss to profit and loss account, but gain to revaluation reserve account.
Govt. T-bills/T-bonds - Held To Maturity (HTM)	Cost	Amortised cost	Increase in value of securities is booked to equity as amortization gain, but decrease to profit and loss account.
Debenture/bond	Cost	Cost	At realizable value. Unrealised loss to profit and loss account.
Shares (quoted) *	Cost	Lower of cost or market value (portfolio basis)	Provision for revaluation loss (net off gain) is charged to profit and loss account but no unrealised gain booking.
Shares (unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Provision for unrealised loss to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost or (higher of market value or 85% of NAV)	Provisin for unrealised loss (net) to profit and loss account but no unrealised gain booking.
Prize bond	Cost	Cost	None

* Provision for shares against unrealised loss (gain net off) has been made as per DOS circular no. 4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

Investment in subsidiaries

Investment in subsidiaries are accounted for under the cost method of accounting in accordance with IAS 27 'Consolidated and Separate Financial Statements', IFRS 3 'Business Combination' and IFRS 10 'Consolidated Financial Statements'. Impairment of investment in subsidiaries is made as per the provision of IAS 36 'Impairment of Assets'.

The bank has done impairment assessment of its investment in the largest subsidiary company EBL Securities Limited by external auditors in addition to the statutory auditor. As value in use (using discounted cash flow method) is higher than carrying value of investment, no impairment is required to be recognised as on balance sheet date.

iii) Loans, advances and provisions**Loans and advances (initial recognition):**

Loans and advances comprise of non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. These are recognised at gross amount on the date on which they are originated. The group has not designated any 'loans and advances' upon initial recognition as at fair value through profit and loss account or other comprehensive income.

After initial recognition, 'loans, advances and interest receivables' are subsequently measured at amortised cost using effective interest rate (EIR) over the relevant periods. The amortised cost of a financial asset is the amount at which the asset is measured at initial recognition less principal repayments, using EIR method. The EIR is the rate that exactly discounts estimated future cash receipts (estimates cash flows considering all contractual terms of the instrument but not future credit losses) during the expected life of the financial instrument.

Loans and advances (provisioning):

General provisions @ 0.25% to 5% under different categories on unclassified loans (standard/SMA) and @ 0.5% to 1% on certain off balance-sheet exposures, and specific provisions @ 20%, 50% & 100% on classified (substandard/doubtful/bad-loss) and some rescheduled loans are made on the basis of quarter end review by the management and in compliance with BRPD Circular no.14 dated 23 September 2012, BRPD circular no 8 dated 2 August 2015, BRPD circular no 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular letter no 1 dated 03 January 2018 and BRPD circular no 01 dated 20 February 2018, BRPD circular no 07 dated 21 June 2018, BRPD circular no 13 dated 18 October 2018 and BRPD Circular no. 03 dated 21 April 2019. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of the Banking Companies Act, 1991 (as amended upto date), instead of netting off with loans.

Heads	Rates of provision
General provision on:	
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) Loans to BHs/MBs/SDs against shares etc.	2%
Unclassified (including SMA) loans for housing finance	1%
Unclassified consumer financing other than housing finance, credit card and loans for professionals	5%
Unclassified (including SMA) loans for credit card and loans for professionals	2%
Unclassified (including SMA) other loans and advances	1%
Short term agri credit and micro credit	1%
Off-balance sheet exposures (excluding Bills for collection)	0.5%-1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard & Doubtful short term agri credit and micro credit	5%
Bad/Loss short term agri credit and micro credit	100%

Loans and advances (write-off):

Loans and advance are written off to the extent that there is no realistic prospect of recovery in the proximate future, classified as bad/loss for 3 years at a stretch, and adequate provision is maintained as per BRPD circular no. 01 dated 6 February 2019. No loans and advances are written off partially and without prior approval of the board of directors in compliance with the said circular. At each reporting period end, the bank assesses loans and advances to be written off as per Bank's own process in compliance with BB guideline. However, in 2019, no loan and advance was written off as there was no loan account outstanding as Bad/loss consecutively for 3 years from the date of classification. Details of loans and advances written off are given in the note 7.b.12.a.(ii) and 7.b.14 in the financial statements.

Loans and advances (recovery from written off):

The bank puts continuous effort for recovery from written off loans and advances in compliance with Section 28ka of the Banking Companies Act 1991 and BRPD circular no. 01 dated 6 February 2019. The bank takes necessary legal measures against default borrowers for recovery against written off loans and advances as per relevant BB guidelines and Artha Rin Adalat Act-2003. Legal cost incurred against those borrowers are initially charged to the profit and loss account of the bank. However, recovery including any legal cost against written off loans and advances are recognised in profit and loss account as earned and on settlement basis.

In 2019, the bank recorded BDT 635.66 million from recovery against written off loans and advances in profit and loss account netting off with specific provision. Details of recovery are given in note 7.b.12.a.(iii) and 7.b.13.

iv) Fixed assets (other than lease items)

The group applies the accounting requirements of IAS 16 'Property, Plant and Equipment' for its own assets which are held for current and future use in the business and are expected to be used for more than one year.

Recognition and measurement

Fixed assets except land are stated at cost less accumulated depreciation as per IAS 16. Land is recognised at cost at the time of acquisition and subsequently measured at revalued amounts which are the fair value at the time of revaluation done by independent valuer and any surplus on revaluation is shown as equity component until the asset is disposed off.

The cost of an item of fixed assets is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

The cost of an item of fixed assets comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs

Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the costs will flow to the entity and cost can be measured reliably. The carrying amount of the replaced portion is derecognised. The costs of day to day servicing of fixed assets, i.e. repairs and maintenance is charged to profit and loss account as expense when incurred.

Depreciation

Depreciation is charged at the rates stated below on all the items of fixed assets on the basis of estimated useful lives as determined in the fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation is charged on building under construction until the usage of the assets.

The rates and useful lives at which fixed assets are depreciated for current and comparative years are given below:

Category	Estimated useful lives (Years)	Rate of depreciation/ amortisation per annum
Buildings and floor spaces	40	2.50%
Furnitures and fixtures	10	10.00%
Machineries and equipments	5	20.00%
Electromechanical equipments	20	5.00%
Digital banking equipments	8	12.50%
Computer and network equipments	5	20.00%
Vehicles	5	20.00%
Software	5	20.00%

Repairs and maintenance are charged to profit and loss account as expense when incurred.

Capital work in progress

Cost incurred for software development, construction/development work on EBL land properties are recognised as capital work in progress as per IAS 16, until the development or construction work is completed and the asset is ready for intended use. This asset is stated at cost and depreciation/amortisation of the asset is charged from the date of its intended use.

Derecognition of fixed assets

The carrying amount of an item of fixed assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of fixed assets is to be recorded in profit or loss when the item is derecognised.

Details of fixed assets are presented in note 8 and 'Annexure - A' of these financial statements.

vi) Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. The Group classifies its intangible assets as per IAS 38 'Intangible Assets' which comprises the value of all licensed computer software including core banking software of the Bank, cards management software, cheque processing software (i.e. BEFTN), software of subsidiaries and other integrated customised software for call center, ATM service, Finance and HR operations i.e. PMS, FAR, HRMS, Payroll Management System etc.

Recognition, subsequent expenditure and measurement

The Group recognises an intangible asset if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with IAS 38 'Intangible Assets'. The Group does not have any intangible assets with indefinite useful lives.

Subsequent expenditure on intangible asset of the Group is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates; otherwise is charged as expense when incurred.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceed and the carrying amount of that intangible asset and are recognised in profit and loss account.

Core banking software of EBL

The core banking software used by EBL (not by subsidiaries) represents the value of application software licensed for the use of the Bank. The value of the software is carried at cost less accumulated amortisation. Initial cost comprises license fees paid at the time of purchase and other directly attributable costs incurred for customising the software for its intended use. The value of the software is amortised using the straight line method over the estimated useful life of 5 (five) years commencing from the month at which the application of the software is made available for use.

vii) Leases

EBL has applied IFRS 16 (Leases) for the first time with the date of initial application of 01 January 2019. As IFRS 16 supersedes IAS 17 (Lease), the bank has made recognition, measurement and disclosure in the financial statements-2019 both as Lessee and Lessor as per IFRS 16.

Bank as lessee:

The bank assesses at initiation of a contract whether the contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration, then the bank consider the contract as a lease contract. The bank as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases, or, and lease of low value of assets. The bank recognises lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets.

If tenor of a lease contract does not exceed twelve months from the date of initiation/application, the bank considers the lease period as short term in line with the recognition threshold of ROU assets as per FA policy of the bank. In case of low value of lease assets, the bank has set a materiality threshold which is 0.10 % of Total capital of the Bank. However, as it's adopted for the first time, the bank used a flat threshold of 'BDT 20 million and above' which is 0.065 % of total capital of the bank as of 31-12-2019.

The reason behind considering the materiality threshold of BDT 20 million and above is that the bank operates many ATM booths, sub-branches with short and single contracts; recording of which as ROU assets would inflate the balance sheet both in assets and liabilities. Moreover, frequent changes of those establishments would create misreporting as well as complexity in recording.

Right-of-use assets (ROU):

The bank recognises the right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted for any measurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term.

The bank assessed all lease contracts live in 2019 and recognised as ROU of assets of all leases, except short term and low value of assets as per Bank's own policy set as per IAS 16 and IFRS 16. As leases under IFRS 16 has been first time adopted by the bank, the bank has followed modified retrospective approach of adoption with the date of initial application of 01 January 2019. Therefore, the bank considered a cut-off date beginning of the year 2019 and reassessed unadjusted advance payment and remaining lease period of each contract, and recognised those in the financial statements for the year ended 31 December 2019 without giving retrospective impact in earlier presentation. The ROU assets are presented in the note 8.0 of these financial statements.

Lease Liabilities (Bank as a lessee):

At the commencement of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the bank and payment of penalties for terminating the lease.

In 2019, the bank reassessed all lease payment of existing contracts for remaining period considering a cut-off date i.e. 01 January 2019. The lease liabilities are presented in the note 13.11 of these financial statements.

Bank as a lessor:

Leases where the bank does not transfer substantially all of the risk and benefit of ownership of any asset are classified as operating assets. Rental income is recorded as earned based on the contractual term of the lease. However, the bank did not hold any such assets in 2019.

Recognition of consideration made under contract in exchange of use of rental premises/assets:

As per IFRS 16, when consideration is made by the bank under contract in exchange of use of rental premises or assets for a period not exceeding a period of twelve months, and or, the present value of the obligation plus initial payment under contract does not exceed the threshold limit of the bank, and substantially all the risk and benefit of ownership of those rental premises/assets does not transfer to the bank, then the bank considers the payment (other than advance payment) as rental expense under IFRS 15 'Revenue from contracts with customers'.

Therefore, in 2019, EBL recognised those payment against contracts that do not qualify as lease item under IFRS 16 as rental expense which is presented in note 28 of the financial statements for the year ended 31 December 2019. These are short term and low value contracts for ATM booths, godown and small/ sub-branch premises that do not meet the materiality threshold for recognition of lease assets.

vii) Other assets

As per BRPD circular no. 14 dated 25 June 2003, other assets/item(s) have been shown separately as 'income generating' and 'non-income generating' in the relevant notes to the financial statements. Other assets include investment in subsidiaries, TREC of DSE & CSE, advance for revenue and capital expenditure, stocks of stationary and stamps, security deposits to government agencies, other receivables etc.

viii) Non-banking assets

Non-banking assets were acquired due to failure of borrowers to repay the loan in time taken against mortgaged properties. The Bank was awarded absolute ownership on few mortgaged properties (mostly land) through the verdict of the honourable court under section 33 (7) of the Artharin Adalat Act 2003. The value of the properties has been recognised in the financial statements on the basis of third party valuation and reported as non-earning assets. Value of the assets received in addition to the loan outstanding has been kept as reserve against non-banking assets. Party wise details (including possession date) of the properties are separately presented in note 10 and 'Annexure - D1'.

ix) Impairment of assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36 'Impairment of Assets'. At the end of each reporting period, the Bank and its subsidiaries review the carrying value of financial and non-financial assets (other than investment in subsidiaries) and assess whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the bank and the subsidiaries make an estimate of the recoverable amount of the asset. The carrying value of the asset is reduced to its recoverable amount if the recoverable amount is less than its carrying amount with associated impairment losses recognised in the profit and loss account. However, impairment of any financial assets is guided by relevant BB circulars/instructions and IFRS 9.

B. Liabilities and provisions**i) Borrowing from other banks, financial institutions and agents**

Borrowing from other banks, financial institutions and agents include interest bearing borrowings which are stated in the financial statements at principal amount. However, interest payable on such borrowings are reported under other liabilities.

ii) Debt securities (subordinated debt)

The Bank issued 7-year non-convertible floating rate subordinated debts in two phases mainly to increase Tier-2 capital having received required approval from Bangladesh Bank and BSEC. Principal amount outstanding against the debt is reported under long term borrowing and interest payable of which is reported under other liabilities. Details of subordinated debt is given in note 11.1.a of the financial statements.

iii) Deposits and other accounts

Deposits and other accounts include non-interest bearing current deposits redeemable at call, interest bearing short-term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties.

iv) Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognised as per the guidelines of Bangladesh Bank (BB) and International Financial Reporting Standards (IFRSs).

v) Dividend payments

Interim dividend is recognised only when the shareholders' right to receive payment is established. Final dividend is recognised when it is approved by the shareholders in AGM. However, the proposed dividend for the year 2019 has not been recognised as a liability in the balance sheet in accordance with IAS 10: 'Events after the Reporting Period'. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

vi) Provision for loans and advances

Provision for classified loans and advances is made on the basis of quarter-end review by the management and in compliance with BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 3 dated 21 April 2019. Details of provisioning are stated in note 13.4 of these financial statements.

vii) Provision against investment in capital market

Provision for diminution of value of quoted shares and mutual funds (closed-end) has been made on portfolio basis (gain net off) as per DOS circular No. 4 dated 24 November 2011 and DOS circular letter no. 3 dated 12 March 2015 and placed under other liabilities. For unquoted shares provision has been made on the basis of available Net Asset Value (NAV) of shares. As on the reporting date, the Bank does not hold any open-end mutual fund. Details are stated in note 13.8 of these financial statements.

viii) Provision for off-balance sheet exposures

In compliance with BRPD circular no. 14 dated 23 September 2012 and related earlier circulars, the Bank has been maintaining provision @ 0% to 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

ix) Provision for other assets

Provision for other assets is made following BRPD circular No. 14 dated 25 June 2001. Full provision is kept on other assets which are outstanding for one year or more or classified as Bad/Loss.

x) Provision for nostro accounts

Provision for unsettled transactions in nostro accounts is made as per FEPD circular no. FEPD (FEMO)/01/2005-677 dated 13 September 2005 of Bangladesh Bank. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

xi) Provision for liabilities and accrued expenses

In compliance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions for other liabilities and accrued expenses are recognised in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

xii) Retirement/post-employment benefits

The Bank contributes to a defined contribution plan (Provident Fund) and two defined benefit plans (gratuity fund and superannuation fund) in compliance with the provisions of IAS 19 (Employee Benefits). Two subsidiaries i.e. EBLSL & EBLIL of the Bank have also been maintaining 'provident fund' and 'gratuity fund' from March 2015.

Defined contribution plans

Post-employment benefit plans under which rate of contributions into the plan is fixed. Any payment out of the plan to eligible outgoing members is based on the size of the 'fund' that comprises cumulative contributions made into the scheme and investment returns on scheme assets. The Group maintains one funded defined contribution plan i.e. 'Provident fund' for its employees under a trustee board.

Provident fund

The Bank operates a contributory provident fund (recognised by National Board of Revenue or NBR on 31 July 1997) for its permanent employees funded by the employees (10% of basic salary) and the Bank equally. the Bank's contribution is made each month and recorded under salary and allowances. This fund is managed by a separate trustee board i.e. 'EBL Employees Provident Fund Trust' and any investment decision out of this fund is made separately by that independent Board of Trustees. Subsidiaries (EBLSL & EBLIL) of the Bank also operate two separate contributory provident funds for its permanent employees funded by both the employees and organisation equally.

Amount charged in profit and loss account as expense on defined contribution plan of the group is detailed in note 27 of these financial statements.

Defined benefit plans

Post-employment benefit plans those define the amount that outgoing members will receive from the plans on separation on the bases of length of service and salary levels.

Contributions are made by the Bank into the scheme based on actuarial valuation. The Bank has an obligation to make up any shortfall in the plan, thereby bearing the risk of the plan under performing. The Bank maintains two defined benefit plans i.e. 'Gratuity fund' and 'Superannuation fund' for its employees under two separate trustee boards. Two subsidiaries (EBLSL & EBLIL) also maintain a funded defined benefit plan i.e. 'Gratuity fund' under separate trustee boards from 1 March 2015.

Gratuity fund

The Bank operates a funded gratuity scheme recognised by NBR with effect from 1 January 1997. This fund is managed separately by 'EBL Employees Gratuity Fund Trust' and any investment decision out of this fund is also made by this Board of Trustees. The benefit is paid on separation to the eligible employees i.e. who have completed at least 5 (five) years of continuous service. As per the Bank's policy, eligible employees are provided with the benefit equal to the latest monthly basic salary multiplied by applicable rates that varies as per service length.

Provision for gratuity is made monthly on the basis of actuarial valuation made once in three years, or immediately after any major change in the salary structure that could impact the periodic amount of contributions. Last actuarial valuation was done based on 30 September 2018. As per this valuation, effective from 1 October 2018, a contribution of 18.13% of basic salary is transferred to the fund per month until the next actuarial review is carried out. Contribution for the year 2019 has been made @18.13% of basic salary.

Superannuation fund

The Bank operates a recognised superannuation fund effective from 20 November 1999 which is governed by the trust deed of 'EBL Employees Superannuation Fund Trust'. As per the trust deed, benefit is payable to the eligible employees of the Bank as per their grade, length of service etc. Last actuarial valuation of the fund was carried out based on 30 September 2018. As per the valuation, effective from 1 October 2018, BDT 0.7 million is to be contributed to the fund each month until the next actuarial valuation is done. During 2019, BDT 8.4 million has been contributed into the fund by the Bank.

Details i.e. actuarial liability, valuation method, service cost, required contribution etc. of defined benefit plans and amount recognised in profit & loss account are stated in note 27.1 & 27.2 of these financial statements.

Workers Profit Participation Fund

Consistent with widely accepted industry practice and in line with section 11(1) of the Banking Companies Act, 1991 (as amended upto date) and subsequent clarification given by Bank & Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers Profit Participation Fund (WPPF).

Other long-term benefits

The Bank's obligation in respect of long term benefit other than 'Gratuity fund' and 'Superannuation fund' is the amount of future benefits that employees have earned i.e. 'Earned Leave Encashment' in return for their service in the current and prior periods. The nature of this benefit to the eligible employees is encashment of earned leave up to maximum 90 days which is calculated based on last Basic Salary, House rent and Medical allowance and is paid at the time of paying end service benefit. The Bank has kept required provision against liability for earned leave encashment as per actuarial valuation.

The Group does not have any other long term employee benefit plans.

Short term benefits

Short term employee benefits i.e. group insurance policy, hospitalisation facilities etc. are expensed as the related service is provided to the eligible employees as per 'EBL People Management Policy' of EBL. Liability is recognised only for the amount expected to be paid if the Group has a present legal or constructive obligation to pay any amount as a result of past service provided by the employee and the obligation can be estimated reliably.

xiii) Contingent liabilities

Contingent liabilities which include certain guarantees and letters of credit pledged as collateral are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank. Contingent liabilities are not recognised in the financial statements as per IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. However, disclosure on contingent liabilities have been made on the face of balance sheet under 'Off-balance Sheet Items' as per the guidelines of BRPD circular No. 14 dated 25 June 2003.

C. Share capital and reserves**i) Authorised and issued capital**

The authorised capital of the Bank is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association to issue (allocate) among shareholders. This amount can be changed by shareholders' approval upon fulfilment of relevant provisions of the Companies Act 1994. Part of the authorised capital usually remains unissued. The part of the authorised capital already issued to shareholders is referred to as the issued share capital of the Bank.

ii) Paid-up capital

The paid-up capital represents the amount of bank's capital that has been contributed by ordinary shareholders. The ordinary shareholders are entitled to receive dividend as recommended by the Board and subsequently approved by the shareholders from time to time in the Annual General Meeting (AGM).

iii) Share premium

The Share premium represents the excess amount received by the Bank from its shareholders over the nominal/par value of its share. The amount of share premium can be utilised as per the provision of section 57 of the Companies Act 1994. Currently, the Bank does not have any share premium.

iv) Statutory reserve

In compliance with the provision of section 24 of the Banking Companies Act 1991 (as amended upto date), the Bank is to transfer at least 20% of its profit before tax (PBT) to 'statutory reserve' each year until the sum of statutory reserve and share premium (if any) equal to the paid up capital of the Bank. In 2019, the bank transferred BDT 737,999,580 to statutory reserve account in compliance with the said provision of the Banking Companies Act (as amended upto date). Details are stated in note 15 of these financial statements.

v) Asset revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount (netting off deferred tax liability) which may arise against such revaluation gain as per IAS 12 (Income Tax), is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 (Property, Plant and Equipment). Apart from financial assets, the Bank revalues its lands following relevant circulars of Bangladesh Bank and Bangladesh Securities & Exchange Commission.

vi) Reserve for amortisation/revaluation of securities

When the value of a government treasury security categorised as HTM increases as a result of amortisation, the amount thus increased is recognised directly to equity as 'reserve for amortisation'. However, any increase in the value of such securities categorised as HFT as a result of 'mark to market' is booked under equity as 'revaluation reserve' but any decrease is directly charged to profit and loss account as per Bangladesh Bank DOS circular letter no. 5 dated 26 May 2008 & DOS circular letter no. 5 dated 28 January 2009.

D. Revenue recognition

i) Interest income

Interest on unclassified loans and advances (except those of rescheduled and stay order accounts) is recognised as income on accrual basis, interest on classified loans and advances (including rescheduled and stay order accounts) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 16 dated 18 November 2014 and BRPD circular no. 03 dated 21 April 2019.

ii) Income from investments (interest and others)

Income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis as per the provisions of IFRS 15 'Revenue from Contracts with Customers' and relevant BB guidelines.

iii) Fees and commission income

Fees and commission income arising from services provided by the Bank are recognised as income on earned basis as per IFRS 15 'Revenue from Contracts with Customers'. Fees and Commission charged to customers on trade finance i.e. L/C, L/G, Acceptance and other general banking services i.e. card services, management fees, arrangement fees, locker charges etc. are recognised as income when a performance obligation is satisfied by transferring a promised service to customer by the bank, and at the time of effecting the transactions except those which are received in advance.

iv) Income from investments (Non-interest Income)

Non-interest investment income i.e. gain/loss arising from trading in government securities (HFT), quoted and unquoted shares & MFs are recognised in profit and loss account at the time of effecting the transactions except those which are restricted by Bangladesh Bank.

v) Foreign exchange gain/(loss)

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

vi) Dividend income

Dividend income from investments in quoted and unquoted securities including subsidiaries is recognised at the time when it is declared, ascertained and right to receive the payment is established.

vii) Interest paid on borrowings, deposits and others

Interest paid on borrowings and deposits are calculated on 360 days basis (except for some treasury instruments which are calculated on 364 days basis) in a year and recognised on accrual basis. Interest on lease liabilities are accounted for as per IFRS-16 (Leases).

viii) Management and other expenses

Expenses incurred by the Bank are recognised on accrual basis when a performance obligation is satisfied by receiving a promised service by the bank as per IFRS 15 (Revenue from Contracts with Customers).

ix) Taxation

The expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

a. Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to the tax payable in respect of previous years.

Provision for current income tax of the Bank has been made on taxable income @ 37.5% considering major disallowances of expenses and concessional rates on certain incomes (0% on gain from govt. securities, 10% on capital gain of shares & MFs and 20% on dividend income) as per Income Tax Ordinance (ITO) 1984. Tax provision of the Group entities is made on taxable income of subsidiaries at different rates applicable as per the ITO 1984 and the tax authority of the country where it is incorporated.

b. Deferred tax

Deferred tax assets or liabilities are recognised by the Bank on deductible or taxable temporary differences between the carrying amount of assets and liabilities used for financial reporting and the amount used for taxation purpose as required by IAS 12 (Income Taxes) and BRPD circular no.11 dated 12 December 2011. Deferred tax assets is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are reviewed at each reporting period and are measured at the applicable tax rate as per tax laws that are expected to be applied when the assets is realised and liability is settled. Any unrecognised deferred tax assets or liabilities are reassessed at each reporting period and recognised only if that has become probable that future taxable profit or loss will be available against which they can be used or settled.

In reality, buyers bear the tax on behalf of sellers at the time of land registration and taxes paid at the time of land registration are final discharge of related tax liability of the seller (Bank). Hence, no deferred tax liability has been recognised on land revaluation reserve of the Bank.

Details of deferred tax assets or liabilities and amount recognised in profit and loss account for deferred tax income or expense are given in note 9.10 in the financial statements.

c. Assessment for uncertainty over income tax treatments (under IFRIC 23):

At reporting date, the Bank assessed to consider uncertain tax treatment separately or together in line with Income Tax ordinance and rules 1984. The Bank applies significant judgement and past records of tax assessment and demand in identifying uncertainties over income tax treatments. Since, the Bank is being operated as complex financial intermediary to provide a comprehensive financial solutions to customers, it assessed whether the Interpretation of IFRIC 23 (uncertainty over income tax treatments) had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Bank considered whether it has any uncertain tax positions, particularly those relating to transfer pricing, payment under credit facilities etc. The Bank determined, on its tax compliance and best practice, it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Bank.

E. Others**i) Materiality and aggregation**

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

ii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Advance tax paid and provision for tax of the Bank is presented on net basis as a liability item if the liability is higher than asset and as an asset item if the asset is higher than liability. Card revenues and expenses earned and incurred on shared basis and are directly attributable to are presented on net off basis i.e interchange reimbursement (IRF) & acquiring fees, risk assurance premium & merchant service commission. However, details breakup of cards revenue and expense are given in note 25.1.a.

iii) Comparative information

Comparative information including narrative and descriptive one is disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements.

Certain comparative amounts in the financial statements are reclassified and rearranged where relevant, to conform to the current year's presentation.

iv) Earnings per share (EPS)

As per IAS 33 (Earnings per Share) the Bank has been reporting basic earnings per share as there has been no dilution possibilities during the year. Basic EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the period. Bonus shares issued (if any) in current period are considered for number of ordinary shares outstanding for preceding period to present comparative EPS with retrospective adjustment i.e. restated EPS.

v) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24 'Related Party Disclosures', Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in 'Annexure - C and Annexure - C1'. The Bank carries out business with related parties in the ordinary course of business on an arm's length basis at commercial rates except for those transactions that the key management personnel have availed at concessionary rates which is applicable to all the eligible staffs. The Bank did not have any related party transaction exceeding this threshold as at the end of 2019.

Transactions between the Bank and its subsidiaries and outstanding amount within the group have been disclosed in 'Annexure - C1'.

vi) Reconciliation of books of account

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the unreconciled balances within non-material level.

vii) Events after the reporting period

While the overall effect of COVID 19 global pandemic on Bank's business in the post years is still evolving at this point, there has been limited impact assessed on the business since the outbreak. The board and management are regularly monitoring the potential impact of the pandemic on the Bank as the situation continues to deteriorate but are assured that any foreseeable adverse impact can be reasonably managed.

All the material events after the reporting period have been considered and appropriate adjustments/disclosures have been made in the financial statements as per IAS 10 (Events after the Reporting Period). Board's recommendation for dividend distribution is a common item presented in the note 42.

viii) Operating segments

The Group has identified following six reportable segments which are the Group's major strategic business units/entities. The strategic business units offer different products and services, and are managed separately based on the management and internal reporting structure of the group. For each of the strategic business units, the Group's/Bank's Management Committee reviews internal management reports on quarterly basis. The following summary describes the operations in each of the reportable segments:

	Segment Name	Description
Solo	DBO (Domestic Banking Operations)	Deals with the full range of commercial banking products and services offered by four different business units: Corporate, Commercial, Retail Banking and Treasury.
	OBU (Offshore Banking Unit)	Deals with loans, deposits and other transactions and balances in freely convertible currencies with eligible Corporate customers.
Consol	EBL Securities Limited (EBLSL)	It buys, sells and deals in shares, debentures and other securities on behalf of customers and does margin lending etc.
	EBL Investments Limited (EBLIL)	It offers all kinds of merchant banking activities i.e. issue management, underwriting, portfolio management and other transactions.
	EBL Finance (HK) Limited (EBLFHKL)	It deals with trade finance and off-shore banking business in Hong Kong.
	EBL Asset Management Limited (EBLAML)	It is to carry out business on asset management, portfolio management, capital market operation, equity investment, financial services i.e. corporate advisory, merger & acquisition, corporate restructuring etc.

Information regarding the results of each reportable segment is included in 'Annexure - E'. Performance is measured based on segment revenue and profit, as included in the internal management reports that are reviewed by the Management Committee of the Bank. Segment profit is used to measure performance as management believes that such information is relevant in evaluating the results of certain segments.

ix) Risk management and other related matters

Financial Institutions are in the business of taking calculative risk and it is important how a bank decides on its risk appetite. EBL firmly believes that robust risk management is the core function that makes its business sustainable. The risk management systems in place at the Bank are discussed below:

a) Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Board of Directors is the apex body for credit approval of the Bank. However, they delegate authority to the Managing Director & CEO or other officers of the Credit Risk Management (CRM) Division. The Board also sets credit policies to the management for setting procedures, which together has structured the CRM framework in the bank. The Credit Policy Manual (CPM) contains the core principles for identifying, measuring, approving and managing credit risk in the bank. The policy covers corporate, retail, Small and Medium Enterprise (SME) exposures. Policies and procedures together have structured and standardised CRM process both in obligor and portfolio level. There is a comprehensive credit appraisal procedure that covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk, and account performance risk. Management, at least once in a quarter, reviews credit exposures and portfolio performance of corporate and SME (M) under a clearly set out 'early alert' policy. If early alerts are raised, account plans are then re-evaluated; remedial actions are agreed and monitored. Remedial action includes, but not limited to exposure reduction, security enhancement, exit of relationship or immediate movement of our Special Asset Management Division (SAMD).

The bank follows the criteria for loan classification and provisioning requirement as stipulated in the BRPD Circular no.14 dated 23 September 2012, BRPD circular no 8 dated 2 August 2015, BRPD circular no 12 dated 20 August 2017, BRPD circular no 15 dated 27 September 2017, BRPD circular letter no 1 dated 03 January 2018, BRPD circular no 01 dated 20 February 2018, BRPD circular no 07 dated 21 June 2018, BRPD circular no 13 dated 18 October 2018 and BRPD Circular No. 03 dated 21 April 2019. Adequate provision has been maintained against impaired loans as well as unclassified loans following relevant circulars of Bangladesh Bank. Details of which are stated in note 13.4 to the financial statements.

b) Liquidity risk

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc. ALCO also monitors concentration of deposits on large institutional depositors which is volatile in nature. In addition to these ratios, Bank prepares structural liquidity profile, maturity profile of term deposit, cash flow modelling and contingency funding plan on monthly basis, which are analysed in ALCO meeting to ensure liquidity at the level acceptable to the bank and regulators.

c) Market risk

Risk Management Division (RMD) is responsible for overall monitoring, control and reporting of market risk. Treasury mid office of RMD is an integral part of market risk management which independently evaluates and monitors treasury department's transaction from risk perspective. Overall risk parameters and exposures of the bank are monitored by RMD and periodically reported to Executive Risk Management Committee (ERMC). Market risk can be subdivided into three categories depending on risk factors: interest rate risk, foreign exchange risk, and equity price risk.

d) Interest rate risk

Interest rate risk is the risk to earnings or capital of the bank arising from movement of interest rates. The movement of interest rates affects bank's reported earnings and capital by changing:

- Net interest income
- The market value of trading accounts (and other instruments accounted for by market value), and
- Other interest sensitive income and expenses.

To manage interest rate risk, ALCO regularly monitors various ratios and parameters. The Bank deploys several analysis techniques (e.g. rate sensitive gap analysis, duration gap analysis) to measure interest rate risk, its impact on net interest income and takes insight about course of actions.

e) Foreign exchange risk

Foreign exchange risk is the risk that a bank's financial performance or position will be affected by fluctuations in the exchange rates between currencies and implied volatility on foreign exchange options. Bank makes import payment and outward remittance as its outflow, whereas it gets foreign currency inflow as export receipts and inward remittance. Exchange rate risk arises, if, on a particular day, these inflow-outflows don't match and bank runs its position long/short from these customer driven activities. Bank also faces foreign exchange risk if it sources its funding in one currency by converting fund from another currency. Currently, the Bank is facing such transaction exposure in foreign currency for its off-shore banking unit. But these transactions exposure is always hedged. The Bank computes VaR (Value at Risk) on its foreign exchange position arising from customer driven foreign exchange transactions at 95% confidence level on daily basis. The Bank maintains various nostro accounts in order to conduct operations in different currencies. The position maintained by the Bank at the end of the day is within the stipulated limit prescribed by the Bangladesh Bank.

f) Equity price risk

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by a bank subsidiary; changes in the value of listed shares used as collateral for loans whether the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares. Mark to Market is the tool bank applies for making full provision against losses arisen from changes in market price of securities. As of 31 December 2019, the Bank sets aside BDT 901.31 million charging its profit and loss account over the periods to cover unrealised loss against quoted securities. EBL is also computing Equity VaR (Value at Risk) on its equity exposure at 95% and 99% confidence level.

g) Operational risk

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk.

In 2019, Risk Management Division (RMD) enriched the scope of risk matrix/KRI for Operational Risk compiling both quantitative and qualitative parameters as in regulatory frameworks and in the bank's risk appetite. This department collects required information from different sources in different frequencies from monthly to yearly interval. Based on source data RMD plots the results in the risk matrix and escalate the 'critical' and 'High Risk' issues to MANCOM, ERMC and RMC of the board for guidance and to implement mitigation measures.

h) Monitoring activities and corrective measures

Operational risks are analyzed through review of various control tools like Departmental Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Check List (LDCL), and Self-Assessment Anti-Fraud Internal Control Check list etc., and also assessed the effectiveness of these control mechanism which are self-assessment process for detecting high risk areas and findings to mitigate identified risks. The effectiveness of the Bank's internal control are monitored on an ongoing basis, high/low risk items are identified, monitored and annihilate as part of daily activities. Monitoring department under Internal Control & Compliance Division (ICCD) is primarily responsible for risk identification, assessment of effectiveness of internal control system, and risk mitigation including reporting of unresolved operational risk issues to the higher authority.

i) Prevention of money laundering and terrorist financing

Banks undertake a series of activities in assessing, monitoring and disclosing risk related to transactions done by customers with 'zero-tolerance' on issues like Anti-money Laundering (AML) and Combatting Financing of Terrorist (CFT). The bank established a control framework for strict compliance with all regulatory directives issued from Bangladesh Financial Intelligence Unit with regard to AML & CFT. For prevention of Money Laundering and Terrorist Financing, the bank has Board approved a comprehensive guideline on assessment and management of Money Laundering and Terrorist Financing Risk. The CEO's formal annual commitment on combatting Money Laundering (ML) and Financing of Terrorism (FT) is issued to emphasize on greater due diligence and compliance at all levels of the bank. The bank has replaced CCU by CCC (Central Compliance Committee) under the leadership of CAMLCO as per BFIU Circular No. 19 (dated September 17, 2017) to broaden its horizon and make it more representative to better handle AML and CFT issues collectively in participation with departments like HR, Trade Operations, Offshore Banking Unit, IT, Cards Operations, Business Units etc.

j) Information and communication technology risk

EBL adheres to the IT Security policies and procedures in line with ICT Security guideline of Bangladesh Bank. EBL has been certified by international accreditation certification on data security i.e. Payment Card Industry Data Security Standard (PCI DSS) in 2016 and maintaining the compliance since then. In the year 2019, EBL achieved ISO 27001:2013 Standard Compliance Certification as recognition of maintaining confidentiality, integrity and availability of IT systems and data in quality manner. To prevent attack from Cyber criminals/fraudsters, EBL IT has established standard physical and logical security measures for all sensitive IT infrastructures (e.g., Data Centre, Disaster Recovery Site, Power Rooms, Server Rooms, etc.). Besides, EBL has standard logical IT security measures like access control system, intrusion detection, access log and periodic security assessment for all systems. To better monitor security incidents EBL has implemented SIEM (Security Information & Event Management) solution. Vulnerability assessment exercises, both internally and externally, are conducted regularly to identify security weakness and establish control for mitigation. EBL has Business Continuity Management (BCM) to manage any manmade or natural incident/disaster. IT Security team has also taken initiatives to create awareness about cybersecurity among all EBL employees and customers through retail and corporate channels. We have separate information system audit to identify control gaps and improve continually.

k) Internal audit

The Bank has established an independent internal audit function with the head of Internal Control & Compliance (ICC). The internal audit team performs risk based audit on various business and operational areas of the Bank on continuous basis. The audit committee and the Board regularly reviews the internal audit reports as well as monitor progress of previous findings. However, the Head of Audit being part of internal control & compliance, report to audit committee of the Board and is responsible to audit committee of the Board.

l) Prevention of fraud

The bank has a Board approved policy titled 'EBL Fraud and Theft Risk Prevention and Management Policy' to minimize the incidence and impact of fraud. Incidence of fraud or theft has become one of the inherent risks in banking business but can very well be avoided or minimized by creating a highly regimented environment and harnessing a culture and value of transparency, accountability, trust and teamwork. With this endeavour to encourage all employees to report perceived unethical or illegal conduct of employees to appropriate authorities in a confidential manner without any fear of harassment, a "Speak Up Policy" has been approved by the Board.

2A Credit rating of the Bank

As per BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the audited financial statements as at and for the year ended 31 December 2018. The following ratings have been awarded:

Particulars	Periods	Date of rating	Long term	Short term
Entity rating	January to December 2018	26 June 2019	AA+	ST-1
Entity rating	January to December 2017	28 June 2018	AA+	ST-2
Entity rating	January to December 2016	29 June 2017	AA+	ST-2

2B Compliance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

The Bank has complied with following IASs & IFRSs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the preparation of financial statements as at and for the year ended 31 December 2019.

Name of BASs/IFRSs	BASs / IFRSs	No.	Status
Presentation of Financial Statements	IAS	1	*Applied
Inventories	IAS	2	N/A
Statement of Cash Flows	IAS	7	*Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS	8	Applied
Events after the Reporting Period	IAS	10	Applied
Income Taxes	IAS	12	Applied
Property, Plant and Equipment	IAS	16	Applied
Employee Benefits	IAS	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS	20	N/A
The Effects of Changes in Foreign Exchange Rates	IAS	21	Applied
Borrowing Costs	IAS	23	N/A
Related Party Disclosures	IAS	24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS	26	N/A
Separate Financial Statements	IAS	27	Applied
Investments in Associates	IAS	28	N/A
Interests in Joint Ventures	IAS	31	N/A
Earnings per share	IAS	33	Applied
Interim Financial Reporting	IAS	34	Applied
Impairment of Assets	IAS	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS	37	*Applied
Intangible Assets	IAS	38	Applied
Financial Instruments: Recognition and Measurement	IAS	39	*Applied (for Hedge Accounting)
Investment Property	IAS	40	N/A
Agriculture	IAS	41	N/A
First-time Adoption of International Financial Reporting Standards	IFRS	1	Applied
Share-based Payment	IFRS	2	N/A
Business Combinations	IFRS	3	Applied
Insurance Contracts	IFRS	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS	5	*Applied
Exploration for and Evaluation of Mineral Resources	IFRS	6	N/A
Financial Instruments: Disclosures	IFRS	7	*Applied
Operating Segments	IFRS	8	Applied
Financial Instruments	IFRS	9	*Applied
Consolidated Financial Statements	IFRS	10	Applied
Joint Arrangements	IFRS	11	N/A
Disclosure of Interests in Other Entities	IFRS	12	Applied
Fair Value Measurement	IFRS	13	*Applied
Regulatory Deferral Accounts	IFRS	14	N/A
Revenue from Contracts with Customers	IFRS	15	Applied
Leases	IFRS	16	Applied

* Subject to departure described in note 2.1

N/A = Not Applicable

2B.1 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

IFRS 17: Insurance Contracts**Summary of the requirements**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. Amended in 2016, the new IFRS will replace the existing guidance in IFRS 4 Insurance Contracts.

The standard is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before the date of initial application of IFRS 17.

Possible impact on financial statements

The Bank is assessing the potential impact on its financial statements resulting from the application of IFRS 17.

2C Audit Committee disclosures

Please refer to "Report of the Audit Committee" for details disclosures on audit committee presented in other information in the annual report.

2.11 Approval of financial statements

These financial statements were reviewed by the audit committee of the Board of the Bank in its 123 meeting held on 05 April 2020 and was subsequently approved by the Board in its 667 meeting held on the same date.

Amount in BDT

	Note	Consolidated		Bank	
		2019	2018	2019	2018
3 Cash					
Cash in hand (including foreign currencies)	3.1	3,088,367,831	2,624,983,711	3,088,303,685	2,624,689,253
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	16,601,918,975	13,713,276,245	16,601,918,975	13,713,276,245
		19,690,286,806	16,338,259,956	19,690,222,660	16,337,965,498
3.1 Cash in hand (including foreign currencies)					
Local currency	3.1.1	3,039,840,720	2,576,123,899	3,039,776,574	2,575,829,441
Foreign currencies		48,527,111	48,859,812	48,527,111	48,859,812
		3,088,367,831	2,624,983,711	3,088,303,685	2,624,689,253
3.1.1 Local currency					
With Bank		3,039,776,574	2,575,829,441	3,039,776,574	2,575,829,441
With Subsidiaries		64,146	294,458	-	-
		3,039,840,720	2,576,123,899	3,039,776,574	2,575,829,441
3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)					
Bangladesh Bank					
Local currency		13,896,913,623	10,442,932,280	13,896,913,623	10,442,932,280
Foreign currencies		2,371,704,071	2,991,436,103	2,371,704,071	2,991,436,103
		16,268,617,694	13,434,368,383	16,268,617,694	13,434,368,383
Sonali Bank (An agent of Bangladesh Bank) - local currency		333,301,281	278,907,862	333,301,281	278,907,862
		16,601,918,975	13,713,276,245	16,601,918,975	13,713,276,245
3.a Cash Reserve Ratio (CRR):					
As per section 33 of the Banking Companies Act, 1991 (as amended upto date), MPD circular No. 01 dated 03 April 2018 and DOS circular letter no. 26 dated 19 August 2019 issued by Bangladesh Bank, EBL has been maintaining 5.0% CRR on daily basis and 5.5% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2019 is maintained on the basis of weekly ATDTL of October 2019). Reserve maintained by the bank as at 31 December is as follows:					
Average total demand and time liabilities of October (excluding inter-bank deposit)		255,306,804,400	184,664,740,880		
Daily basis:					
Required reserve (5.0% of ATDTL)		12,765,340,220	9,233,237,044		
Actual reserve held with Bangladesh Bank*		14,366,004,280	10,505,857,220		
Surplus		1,600,664,060	1,272,620,176		
Bi-weekly basis:					
The bank maintained excess cash reserve of BDT 507.90 million in the last fortnight of 2019 (BDT 10,879.12 million in 2018) calculated by summing up excess cash reserve maintained over required CRR on daily basis.					
3.b Statutory Liquidity Ratio (SLR):					
Pursuant to section 33 of the Banking Companies Act, 1991 (as amended upto date), MPD circular no. 02 dated 10 December 2013 and DOS circular letter no. 26 dated 19 August 2019 issued by Bangladesh Bank, EBL has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2019 is based on weekly ATDTL of October 2019). Reserve maintained by the bank as at 31 December is as follows:					
Required reserve (13% of ATDTL)		33,189,884,572	24,006,416,314		
Actual reserve held (Note 3.c)		35,669,027,661	25,471,422,077		
Surplus		2,479,143,089	1,465,005,762		
3.c Actual reserve held					
Excess cash reserve (note 3.c.1)		324,130,038	349,296,472		
Cash held		3,088,303,685	2,624,689,253		
Balance with Sonali Bank		333,301,281	278,907,862		
Unencumbered approved securities (HFT)		8,120,908,402	49,509,160		
Unencumbered approved securities (HTM)		23,802,384,256	22,169,019,329		
		35,669,027,661	25,471,422,077		

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

3.c.1 Excess cash reserve:

Balance with Bangladesh Bank *			14,366,004,280	10,505,857,220
Less: Required cash reserve on bi-weekly average basis (5.5% of ATDTL)			14,041,874,242	10,156,560,748
Excess of cash reserve as on the reporting date			324,130,038	349,296,472

*As per Bangladesh Bank Local & Foreign Currency Statement (for 2019 only).

As per DOS circular no. 01 dated 19 January 2014, MPD circular No. 01 dated 03 April 2018 and DOS circular letter no. 26 dated 19 August 2019 issued by Bangladesh Bank, daily excess reserve (if any) is considered an eligible component of Statutory Liquidity Ratio (SLR) for that particular day.

4 Balances with other banks and financial institutions

Balance in Bangladesh	4.1	19,963,271,483	9,071,891,789	19,309,748,914	8,521,927,315
Balance outside Bangladesh	4.2	4,405,925,232	2,374,410,405	9,647,145,392	8,437,097,705
		24,369,196,715	11,446,302,194	28,956,894,306	16,959,025,020

4.1 Balance in Bangladesh**In Current Deposit Accounts with:**

Banks		188,159,141	225,925,155	81,348,463	28,076,790
Non-Bank Financial Institutions (NBFIs)		-	-	-	-
		188,159,141	225,925,155	81,348,463	28,076,790
Less: Inter company elimination (with deposit account)		(99,404,947)	(188,952,885)	-	-
		88,754,194	36,972,270	81,348,463	28,076,790

In Special Notice Deposit Accounts with:

Banks		736,772,959	827,008,429	5,900,450	15,350,524
NBFIs		-	-	-	-
		736,772,959	827,008,429	5,900,450	15,350,524
Less: Inter company elimination (with deposit account)		(84,755,671)	(270,588,911)	-	-
		652,017,288	556,419,518	5,900,450	15,350,524

In Fixed Deposit Accounts with:

Banks		18,407,491,061	9,195,404,298	18,407,491,061	9,195,404,298
NBFIs		7,922,500,000	6,720,000,000	7,922,500,000	6,720,000,000
		26,329,991,061	15,915,404,298	26,329,991,061	15,915,404,298
Less: Inter unit/company elimination (with borrowings)		(7,107,491,061)	(7,436,904,298)	(7,107,491,061)	(7,436,904,298)
		19,222,500,000	8,478,500,000	19,222,500,000	8,478,500,000
Total		19,963,271,483	9,071,891,789	19,309,748,914	8,521,927,315

4.2 Balance outside Bangladesh

In Deposit account (non-interest bearing) with

AB Bank Limited, India		1,284,487	1,247,407	1,284,487	1,247,407
Al-Rajhi Bank, KSA		860,581	4,819,579	860,581	4,819,579
Bank of Bhutan, Bhutan		4,986,090	1,965,808	4,986,090	1,965,808
Bank of China, China		1,054,971	330,325	1,054,971	330,325
Bank of Tokyo Mitshubishi, India		-	565,234	-	565,234
Bank of Toyko Mitshubishi, Japan		2,389,151	2,360,586	2,389,151	2,360,586
Citibank NA, USA		1,154,415,375	-	1,154,415,375	-
Commerz Bank AG, Germany		29,751,925	-	29,751,925	-
Habib American Bank, USA		36,979,770	-	36,979,770	-
HDFC Bank Limited, Hongkong		17,331,310	-	-	-
ICICI Bank Limited, India		55,420,253	-	55,420,253	-
ICICI Bank Limited, Hongkong		317,222,032	16,593,686	167,643,501	13,310,987
JP Morgan Chase Bank NA, London		3,544,065	11,245,311	3,544,065	11,245,311
JP Morgan Chase Bank NA, Sydney		1,218,748	1,489,026	1,218,748	1,489,026
JP Morgan Chase Bank, USA		562,487,529	2,249,886,801	562,487,529	2,249,886,801
JP Morgan Chase Bank, Germany		254,520	-	254,520	-
Mashreq Bank, USA		779,732,371	2,770,993	779,732,371	2,770,993
Mashreq Bank, UAE		1,113,429	2,569,905	1,113,429	2,569,905
Nepal Bngladesh Bank Limited, Nepal		10,689,501	1,699,139	10,689,501	1,699,139

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
NIB Bank Limied, Pakistan	170,866,269	20,856,577	170,866,269	20,856,577
Nordea Bank, Norway	771,861	545,480	771,861	545,480
Standard Chartered Bank, Srilanka	2,319,292	1,308,931	2,319,292	1,308,931
Standard Chartered Bank, India	88,487,172	-	88,487,172	-
Standard Chartered Bank, USA	930,676,591	51,184,145	930,676,591	51,184,145
Standard Chartered Bank, Singapore	2,752,250	759,149	2,752,250	759,149
Standard Chartered Bank, Germany	10,614,112	787,277	10,614,112	787,277
Wachovia Bank NA, USA	216,365,960	-	216,365,960	-
Zuercher Kantonal Bank, Zurich, Switzerland	2,335,618	1,425,046	2,335,618	1,425,046
	4,405,925,232	2,374,410,405	4,239,015,392	2,371,127,705
Placement by OBU (interest bearing) with:				
EBL Finance (HK) Limited	5,408,130,000	6,065,970,000	5,408,130,000	6,065,970,000
Less: Inter company elimination (with borrowings)	(5,408,130,000)	(6,065,970,000)	-	-
Total	4,405,925,232	2,374,410,405	9,647,145,392	8,437,097,705

Details of Foreign currency amounts and exchange rates are presented in 'Annexure-B'.

4.a With Eastern Bank Limited (eliminated as intra group balance)

EBL Securities Limited	14,087,134	215,241,524
EBL Investments Limited	19,279,767	55,347,732
EBL Finance (HK) Limited	99,404,602	188,952,539
EBL Asset Management Limited	51,389,115	13,776,547
	184,160,618	473,318,342

With other banks & NBFIs

Banks	820,432,409	553,247,173
NBFIs	-	-
	820,432,409	553,247,173
Total	1,004,593,027	1,026,565,515

4.b Consolidated balance with Banks and FIs by group entities:

Eastern Bank Limited (Parent)	28,956,894,306	16,959,025,020
EBL Securities Limited	667,555,812	765,153,128
EBL Investments Limited	19,333,658	55,400,602
EBL Finance (HK) Limited	266,314,442	192,235,238
EBL Asset Management Limited	51,389,116	13,776,548
	29,961,487,334	17,985,590,535
Less: Inter company elimination	(5,592,290,619)	(6,539,288,341)
Total	24,369,196,715	11,446,302,194

4.c Balance with banks and FIs (according to remaining maturity grouping)

Receivable				
On demand	75,348,463	22,102,365	75,348,463	22,102,365
In not more than one month	11,125,718,251	2,549,179,828	15,713,415,842	8,061,902,655
In more than one months but not more than three months	5,700,000,000	8,365,020,000	5,700,000,000	8,365,020,000
In more than three months but not more than one year	7,468,130,000	510,000,000	7,468,130,000	510,000,000
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	24,369,196,715	11,446,302,194	28,956,894,306	16,959,025,020

5 Money at call and short notice

Bank	594,300,000	-	594,300,000	-
	594,300,000	-	594,300,000	-

6 Investments

Government	6.1	31,927,657,258	22,221,712,390	31,927,657,258	22,221,712,390
Others	6.2	10,138,813,513	7,665,907,401	7,869,354,690	5,498,237,011
		42,066,470,771	29,887,619,791	39,797,011,948	27,719,949,401

Amount in BDT

		Consolidated		Bank	
Note		2019	2018	2019	2018
6.a Consolidated investments by group entities:					
	Eastern Bank Limited (Parent)	39,797,011,947	27,719,949,401		
	EBL Securities Limited	2,034,543,238	1,965,755,378		
	EBL Investments Limited	169,449,579	164,066,481		
	EBL Asset Management Limited	65,466,007	37,848,531		
		42,066,470,771	29,887,619,791		
	Less: Inter company elimination	-	-		
		42,066,470,771	29,887,619,791		
6.1 Government (Investment in govt. securities)					
	Treasury Bills	12,647,862,640	3,991,298,135	12,647,862,640	3,991,298,135
	Treasury Bonds	19,275,430,018	18,227,230,355	19,275,430,017	18,227,230,354
	Prize Bonds	4,364,600	3,183,900	4,364,600	3,183,900
		31,927,657,258	22,221,712,390	31,927,657,258	22,221,712,390
6.1.1 Treasury Bills					
	Held for Trading (HFT)	8,120,908,402	-	8,120,908,402	-
	Held to Maturity (HTM)	4,526,954,238	3,991,298,135	4,526,954,238	3,991,298,135
		12,647,862,640	3,991,298,135	12,647,862,640	3,991,298,135
6.1.1.a Treasury Bills (Tenor wise holding)					
	Unencumbered				
	91- day treasury bills	1,745,513,000	3,991,298,135	1,745,513,000	3,991,298,135
	182- day treasury bills	249,411,181	-	249,411,181	-
	364- day treasury bills	10,652,938,459	-	10,652,938,459	-
		12,647,862,640	3,991,298,135	12,647,862,640	3,991,298,135
6.1.2 Treasury Bonds					
	Held for Trading (HFT)	-	49,509,160	-	49,509,160
	Held to Maturity (HTM)	19,275,430,017	18,177,721,194	19,275,430,017	18,177,721,194
		19,275,430,017	18,227,230,354	19,275,430,017	18,227,230,354
6.1.2.a Treasury Bonds (Tenor wise holding)					
	Unencumbered				
	2- year Treasury bonds	2,301,255,523	1,317,440,822	2,301,255,523	1,317,440,822
	5- year Treasury bonds	1,842,679,359	1,909,718,354	1,842,679,359	1,909,718,354
	10- year Treasury bonds	10,780,940,548	11,269,402,103	10,780,940,548	11,269,402,103
	15- year Treasury bonds	3,068,270,071	2,697,202,921	3,068,270,071	2,697,202,921
	20- year Treasury bonds	1,282,284,517	1,033,466,154	1,282,284,517	1,033,466,154
		19,275,430,017	18,227,230,354	19,275,430,017	18,227,230,354
Disclosure on REPO and Reverse Repo transactions is made in 'Annexure- D'.					
6.2 Others (Investment in securities other than govt)					
	Subordinated bonds (issued by other banks)	3,700,000,000	1,850,000,000	3,700,000,000	1,850,000,000
	Ordinary Shares & Mutual Funds (MFs)-Quoted and Unquoted	6,438,813,514	5,815,907,401	4,169,354,690	3,648,237,011
		10,138,813,514	7,665,907,401	7,869,354,690	5,498,237,011
6.2.1 Subordinated bonds (issued by other banks)					
	United Commercial Bank Subordinated Bond	1,300,000,000	400,000,000	1,300,000,000	400,000,000
	Jamuna Bank Subordinated Bond	400,000,000	400,000,000	400,000,000	400,000,000
	MTBL Subordinated Bond	300,000,000	300,000,000	300,000,000	300,000,000
	SIBL 2nd Mudaraba Subordinated Bond	200,000,000	250,000,000	200,000,000	250,000,000
	Standard Bank Subordinated Bond	500,000,000	500,000,000	500,000,000	500,000,000
	Bank Asia Subordinated Bond	1,000,000,000	-	1,000,000,000	-
		3,700,000,000	1,850,000,000	3,700,000,000	1,850,000,000

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
6.2.2 Ordinary Shares & MFs (Quoted and Unquoted) - at cost				
Quoted shares & MFs				
Quoted shares (sector wise)				
Banks	1,107,782,335	691,903,202	670,547,641	302,003,981
NBFIs	1,092,592,560	1,038,749,375	423,710,043	400,087,061
Insurance	32,950,169	28,376,197	19,183,063	28,376,197
Fuel & Power	843,525,423	851,151,859	692,433,785	568,783,481
Chemicals & Pharmaceuticals	746,262,869	682,212,052	327,500,994	287,481,594
Cement & Ceramics	3,449,440	26,308,132	3,449,440	26,308,132
Engineering	605,530,920	364,702,924	298,090,547	177,518,595
Others	795,392,627	928,691,862	589,695,794	709,734,074
	5,227,486,344	4,612,095,603	3,024,611,308	2,500,293,115
Mutual Funds:				
EBL Sponsored MFs:				
EBL First Mutual Fund	19,999,990	19,999,990	19,999,990	19,999,990
EBL NRB Mutual Fund	252,654,649	252,654,042	250,973,470	250,973,470
First Bangladesh Fixed Income Fund	756,731,020	750,000,000	750,000,000	750,000,000
Other Mutual Funds	104,006,961	114,987,057	91,404,412	91,404,412
	1,133,392,619	1,137,641,088	1,112,377,871	1,112,377,871
Total Quoted shares & MFs	6,360,878,964	5,749,736,691	4,136,989,180	3,612,670,986
Unquoted shares & MFs				
Shares	77,934,550	66,170,710	32,365,510	35,566,025
	77,934,550	66,170,710	32,365,510	35,566,025
Total Ordinary Shares & MFs (Quoted and Unquoted)	6,438,813,514	5,815,907,401	4,169,354,690	3,648,237,011

6.2.2.1 Market Value of Quoted Shares and MFs (as on 31 December)

Quoted Shares & MFs:				
Banks	865,614,651	513,872,325	542,190,809	232,524,802
NBFIs	796,942,714	922,413,093	345,067,190	410,315,794
Insurance	25,525,589	15,551,840	12,488,290	15,551,840
Fuel & Power	604,500,765	687,349,292	503,394,577	482,638,447
Chemicals & Pharmaceuticals	493,846,778	586,372,529	206,993,072	238,546,304
Cement & Ceramics	883,175	32,097,662	883,175	32,097,662
Engineering	306,383,763	307,556,721	151,213,121	130,560,482
Others	490,171,814	830,271,792	370,538,239	600,400,649
	3,583,869,248	3,895,485,253	2,132,768,472	2,142,635,980
Mutual Funds	668,955,455	775,278,765	655,502,020	757,258,524
Total	4,252,824,703	4,670,764,018	2,788,270,492	2,899,894,504

* Lock in status of Shares & Mutual Funds	Trading Started	Lock in period	Lock in expiry
EBL First Mutual Fund (Sponsor Unit)	19/8/2009	20 Years	18/8/2029
EBL NRB Mutual Fund (Sponsor Unit)	23/5/2011	20 Years	22/5/2031
First Bangladesh Fixed Income Fund (Sponsor Unit)	19/3/2012	20 Years	18/3/2032

10% of all three EBL sponsored MFs are to be under lock-in status for 20 years (initially it was 10 years which was subsequently extended upto 20 years) from the date of prospectus issued.

6.a.2 Remaining maturity grouping of investments

On demand	4,364,600	3,183,900	4,364,600	3,183,900
In not more than one month	1,994,924,181	3,991,298,135	1,994,924,181	3,991,298,135
In more than one month but not more than three months	745,412,250	170,990,144	745,412,250	170,990,144
In more than three months but not more than one year	18,198,163,013	6,618,056,600	15,964,696,258	4,470,386,210
In more than one year but not more than five years	10,604,735,545	8,088,839,085	10,568,743,475	8,068,839,085
In more than five years	10,518,871,183	11,015,251,927	10,518,871,183	11,015,251,927
	42,066,470,771	29,887,619,791	39,797,011,948	27,719,949,401

7 Loans and advances

Loans, cash credits, overdrafts etc.	7.1	218,070,540,410	194,873,643,755	216,620,580,285	193,014,394,181
Bills purchased and discounted	7.2	21,024,167,598	22,506,614,674	15,430,454,478	16,291,856,566
		239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

7.a Consolidated loans and advances by group entities:

Eastern Bank Limited (Parent)	232,051,034,763	209,306,250,747
EBL Securities Limited	2,783,604,732	2,650,197,470
EBL Investments Limited	217,292,800	191,019,426
EBL Finance (HK) Limited	5,593,713,120	6,214,758,108
EBL Asset Management Limited	155,000,000	207,000,000
	240,800,645,415	218,569,225,750
Less: Inter company elimination	(1,705,937,407)	(1,188,967,321)
	239,094,708,008	217,380,258,429

7.1 Loans, cash credits, overdrafts etc.**Inside Bangladesh**

Loans - general	193,309,197,364	171,629,904,024	193,154,197,364	171,402,904,024
Cash credit	729,202,922	590,385,177	729,202,922	590,385,177
Overdraft	25,738,077,531	23,842,321,875	22,737,179,999	21,021,104,980
	219,776,477,817	196,062,611,076	216,620,580,285	193,014,394,181
Less: Inter company elimination	(1,705,937,407)	(1,188,967,321)	-	-
	218,070,540,410	194,873,643,755	216,620,580,285	193,014,394,181

7.2 Bills purchased and discounted**Inside Bangladesh**

Local bills /documents	15,391,174,559	16,240,239,390	15,391,174,559	16,240,239,390
Foreign bills /documents	39,279,919	51,617,176	39,279,919	51,617,176
	15,430,454,478	16,291,856,566	15,430,454,478	16,291,856,566

Outside Bangladesh

Bills financed & UPAS (by EBL Finance HK Ltd)	5,593,713,120	6,214,758,108	-	-
	21,024,167,598	22,506,614,674	15,430,454,478	16,291,856,566

**7.2.1 Bills purchased and discounted
(on the basis of residual maturity grouping)**

On demand	362,490,699	529,363,974	362,490,699	529,363,974
Within one month	3,406,682,855	4,135,644,432	2,403,730,092	2,954,546,231
In more than one month but less than three months	8,395,389,826	7,486,184,261	6,161,820,177	5,365,399,140
In more than three months but less than six months	7,631,310,210	5,883,558,987	5,600,792,347	3,932,367,453
Above six months	1,228,294,008	4,471,863,020	901,621,162	3,510,179,769
	21,024,167,598	22,506,614,674	15,430,454,478	16,291,856,566

**7.a.1 Residual maturity grouping of loans and advances
(including bills purchased & discounted)****Receivable**

On demand	6,441,774,943	4,735,103,418	6,441,774,943	4,735,103,418
In not more than one month	18,264,837,458	24,266,201,243	18,006,334,650	23,644,725,432
In more than one month but not more than three months	38,834,261,238	40,830,241,914	38,476,442,638	36,766,073,397
In more than three months but not more than one year	89,155,165,781	71,027,591,386	82,727,813,945	67,639,228,032
In more than one year but not more than five years	73,700,748,782	65,664,856,815	73,700,748,782	65,664,856,815
In more than five years	12,697,919,805	10,856,263,652	12,697,919,805	10,856,263,652
	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747

7.b Loans and advances on the basis of significant concentration:**7.b.1 Loans and advances to Directors, executives and others**

Advance to Directors and their allied concerns	-	-	-	-
Advances to Managing Director & CEO	13,604,345	14,507,477	13,604,345	14,507,477
Advances to other executives and staffs	1,514,272,499	1,526,001,345	1,514,272,499	1,526,001,345
Advances to customers (Group wise)	183,486,092,158	168,358,539,176	176,442,418,914	160,284,531,497
Industrial loans and advances	54,080,739,005	47,481,210,431	54,080,739,005	47,481,210,428
	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

7.b.2 Large loan details (Loans and advances extended to any customer exceeding 10% of the Bank's total capital)

* Total Loans and Advances (BDT million)			104,833	116,955
Number of Customers			24	28
Classified amount thereon			-	73

* This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding BDT 3,056.86 million which is equivalent to 10% of total capital of the bank as at 31 December 2019.

7.b.3 Industry-wise concentration of loans and advances (including bills purchased and discounted)

Agri and micro credit through NGO	15,353,432,976	10,606,274,534	15,353,432,976	10,606,274,534
Commercial and trading	26,298,765,184	27,155,207,081	26,298,765,184	27,155,207,081
Construction	9,270,126,520	7,970,764,167	9,270,126,520	7,970,764,167
Cement and ceramic industries	5,839,332,314	5,027,085,940	5,839,332,314	5,027,085,940
Chemical and fertilizer	2,910,679,026	2,519,144,333	2,910,679,026	2,519,144,333
Crops, fisheries and livestock	2,301,710,579	2,353,920,692	2,301,710,579	2,353,920,692
Electronics and electrical goods	6,669,263,200	3,552,670,690	6,669,263,200	3,552,670,690
Food and allied industries	11,277,309,990	11,364,322,008	11,277,309,990	11,364,322,008
Individuals	31,099,694,970	28,795,887,959	28,098,797,438	25,974,671,064
Metal and steel products	14,348,256,710	13,915,305,522	14,348,256,710	13,915,305,522
Pharmaceutical industries	3,075,911,833	3,656,452,772	3,075,911,833	3,656,452,772
Power and fuel	13,110,120,254	8,196,199,084	13,110,120,254	8,196,199,084
Rubber and plastic industries	3,695,121,107	3,850,593,904	3,695,121,107	3,850,593,904
Readymade garments industry	36,834,790,813	35,656,784,966	31,241,077,693	29,442,026,858
Ship building & breaking industry	6,004,109,013	7,891,409,566	6,004,109,013	7,891,409,566
Sugar and edible oil refinery	5,359,780,848	6,104,451,792	5,359,780,848	6,104,451,792
Transport and e-communication	7,218,428,270	8,155,188,650	7,218,428,270	8,155,188,650
Textile mills	11,556,853,698	11,769,479,371	11,556,853,698	11,769,479,371
Other manufacturing or extractive industries	13,323,331,199	6,579,703,173	13,323,331,199	6,579,703,173
Others	13,547,689,503	12,259,412,227	15,098,626,910	13,221,379,548
	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747

7.b.4 Sector - wise concentration of loans and advances (including bills purchased and discounted)

Government sector	-	-	-	-
Public sector	599,796,887	690,252,282	599,796,887	690,252,282
Private sector	238,494,911,121	216,690,006,147	231,451,237,876	208,615,998,465
	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,748

7.b.5 Geographic location-wise concentration of loans and advances (including bills purchased and discounted)

Inside Bangladesh

Dhaka Division	178,677,236,844	157,160,137,582	177,227,276,719	155,300,888,007
Chattogram Division	43,959,798,691	45,137,996,507	43,959,798,691	45,137,996,507
Sylhet Division	1,981,450,622	1,298,871,323	1,981,450,622	1,298,871,323
Rajshahi Division	3,745,965,955	2,812,909,377	3,745,965,955	2,812,909,377
Khulna Division	3,655,621,238	2,921,318,841	3,655,621,238	2,921,318,841
Rangpur Division	642,082,115	537,855,141	642,082,115	537,855,141
Barishal Division	349,441,780	283,829,147	349,441,780	283,829,147
Mymensingh Division	489,397,643	1,012,582,404	489,397,643	1,012,582,404
	233,500,994,888	211,165,500,321	232,051,034,763	209,306,250,747

Outside Bangladesh

Bills financed & UPAS (by EBL Finance HK Ltd)	5,593,713,120	6,214,758,108	-	-
	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747

7.b.6 Geographic location and business segment-wise concentration of loans and advances

Amount in BDT

(including bills purchased and discounted) as on 31-12-2019**Division**

	Corporate	Commercial	Retail and SME (S) banking (including staff)	Total Bank (Solo)
Dhaka Division	135,594,300,190	8,155,033,341	33,477,943,188	177,227,276,719
Chattogram Division	30,669,707,345	2,593,592,895	10,696,498,451	43,959,798,691
Sylhet Division	-	71,193,296	1,910,257,327	1,981,450,622
Rajshahi Division	1,950,019,068	472,083,363	1,323,863,524	3,745,965,955
Khulna Division	-	1,405,461,677	2,250,159,561	3,655,621,238
Rangpur Division	-	-	642,082,115	642,082,115
Barishal Division	-	-	349,441,780	349,441,780
Mymensingh Division	-	-	489,397,643	489,397,643
Total	168,214,026,603	12,697,364,571	51,139,643,589	232,051,034,763

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

7.b.7 Business segment - wise concentration of loans and advances**(including bills purchased and discounted)**

Corporate banking	164,576,194,737	150,311,372,779	157,532,521,492	142,237,365,097
Offshore banking	23,378,869,682	21,934,385,060	23,378,869,682	21,934,385,060
Retail and SME (S) banking	49,611,766,745	43,593,991,768	49,611,766,745	43,593,991,769
Executives & Staffs	1,527,876,844	1,540,508,822	1,527,876,844	1,540,508,822
Total	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,748

7.b.8 Loans and advances (As categorised in CL Statement)**Inside Bangladesh****Continuous loan (CL-2)**

Consumer Financing (CF)	8,845,328,188	8,072,679,866	5,844,430,658	5,251,462,970
Small & Medium Enterprise (SME)	3,055,795,697	2,756,535,836	3,055,795,697	2,756,535,836
Loans to BHs/MBs/SDs against Shares	-	-	1,550,937,407	961,967,321
Other than SMEF, CF, BHs/MBs/SDs	12,994,086,480	12,632,947,714	12,994,086,480	12,632,947,714
Total	24,895,210,365	23,462,163,416	23,445,250,242	21,602,913,841

Demand loan (CL-3)

Small & Medium Enterprise (SME)	7,963,462,196	1,903,535,883	7,963,462,196	1,903,535,883
Other than SMEF, CF, BHs/MBs/SDs	101,860,604,429	99,058,069,994	101,860,604,429	99,058,069,994
Total	109,824,066,625	100,961,605,877	109,824,066,625	100,961,605,877

Term loan (CL-4)

Consumer Financing (including staff, other than HF)	11,310,358,576	10,399,138,454	11,310,358,576	10,399,138,454
Housing Financing (HF)	2,245,618,170	1,864,975,948	2,245,618,170	1,864,975,948
Small & Medium Enterprise	16,698,875,636	11,873,258,839	16,698,875,636	11,873,258,839
Other than SMEF, CF, BHs/MBs/SDs	64,575,409,426	58,589,180,631	64,575,409,426	58,589,180,631
Total	94,830,261,808	82,726,553,872	94,830,261,808	82,726,553,872

Short term agri credit and microcredit (CL-5)

Short term agri credit	3,951,456,089	4,015,177,156	3,951,456,087	4,015,177,156
Total	3,951,456,089	4,015,177,156	3,951,456,087	4,015,177,156

Outside Bangladesh

Loans, cash credits, overdrafts etc.	5,593,713,120	6,214,758,108	-	-
Total	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747

7.b.9 Security/ Collateral - wise concentration of loans and advances**(including bills purchased and discounted)**

Collateral of movable/immovable assets	94,326,110,351	75,675,992,251	94,326,110,351	75,675,992,251
Local banks and financial institutions guarantee	13,128,573,819	13,609,667,901	7,534,860,698	7,394,909,794
Government guarantee	599,796,887	690,252,282	599,796,887	690,252,282
Export documents	15,463,626,522	14,625,499,247	15,463,626,522	14,625,499,247
Fixed deposit receipts (FDR)-own bank	16,895,511,010	12,745,184,245	16,895,511,010	12,745,184,245
FDR of other banks	-	667,557,455	-	667,557,455
Personal guarantee	15,858,438,640	14,401,367,127	15,858,438,640	14,401,367,127
Other securities (Hypothecation charges)	82,822,650,779	84,964,737,920	81,372,690,655	83,105,488,346
Total	239,094,708,007	217,380,258,429	232,051,034,763	209,306,250,747

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
7.b.10 Classification status of loans and advances				
Unclassified				
Standard (Excluding Staff Loan)	226,825,242,029	206,455,856,768	220,039,803,668	198,458,722,961
Special Mention Accounts (SMA)	2,711,879,375	4,380,791,725	2,711,879,375	4,380,791,725
	229,537,121,404	210,836,648,492	222,751,683,043	202,839,514,686
Classified				
Sub-standard	1,122,379,049	1,070,625,442	1,122,379,049	1,070,625,442
Doubtful	371,518,878	633,086,778	371,518,878	633,086,778
Bad/Loss	6,535,811,833	3,299,388,895	6,277,576,949	3,222,515,019
7.b.11	8,029,709,761	5,003,101,115	7,771,474,876	4,926,227,239
Executives & Staffs	1,527,876,844	1,540,508,822	1,527,876,844	1,540,508,822
Total	239,094,708,008	217,380,258,429	232,051,034,763	209,306,250,747
Percentage of Classified Loans & Advances	3.36%	2.30%	3.35%	2.35%

7.b.10.a The amount reported above under SMA category includes certain loan accounts with an aggregate outstanding of BDT 1,227.40 million as at 31-12-2019 (BDT 2,130.70 million as at 31-12-2018) which has not been reported as classified as at year-end on the basis of stay order from the Honorable High Court Division of the Supreme Court of Bangladesh. As at year-end 2019, an aggregate amount of BDT 539.30 million has been kept as specific provision treating all those customers as bad/loss.

7.b.11 Movements of classified loans and advances

Opening balance	5,003,101,115	4,627,158,709	4,926,227,238	4,600,320,749
Addition during the year	4,320,296,953	3,407,930,071	4,138,935,944	3,357,894,154
Reduction during the year	(1,293,688,308)	(3,031,987,664)	(1,293,688,307)	(3,031,987,664)
Closing balance	8,029,709,761	5,003,101,115	7,771,474,876	4,926,227,239

7.b.11.a Business segment - wise Classified Loans & Advances (Bank only)

	2019		2018	
	BDT	%	BDT	%
Corporate Banking	5,868,224,717	75.51%	3,826,722,965	77.68%
Retail and SME (S) banking	1,903,250,160	24.49%	1,099,504,273	22.32%
	7,771,474,877	100.00%	4,926,227,239	100.00%

7.b.11.b Industry- wise concentration of Classified Loans & Advances (Bank only)

	2019		2018	
	BDT	%	BDT	%
Commercial and trading	2,642,435,201	34.00%	1,834,855,036	37.25%
Crops, fisheries & livestock	6,354,553	0.08%	3,815,066	0.08%
Electronics & electrical goods	20,761,549	0.27%	20,761,549	0.42%
Individuals	545,653,755	7.02%	328,699,792	6.67%
Metal & steel products	153,225,169	1.97%	632,021	0.01%
Readymade garments industry	342,260,969	4.40%	244,620,240	4.97%
Ship breaking industry	2,063,668,755	26.55%	1,840,072,033	37.35%
Sugar, edible oil refinery & food processing	93,962,749	1.21%	11,597,262	0.24%
Transport & ecommunication	102,108,913	1.31%	139,229,426	2.83%
Textile mills	1,244,783,395	16.02%	403,212,268	8.19%
Others	556,259,867	7.16%	98,732,547	2.00%
	7,771,474,877	100.00%	4,926,227,239	100.00%

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
	▼		▼	
7.b.12 Particulars of loans and advances				
i) Debts considered good in respect of which the bank is fully secured	223,624,730,783	203,410,362,904	216,581,057,538	195,336,355,221
ii) Debts considered good for which the bank holds no other security than the debtor's personal security	5,844,071,853	5,251,104,166	5,844,071,853	5,251,104,166
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	9,625,905,372	8,718,791,363	9,625,905,372	8,718,791,363
iv) Debts adversely classified; for which no provision is created.	-	-	-	-
	239,094,708,008	217,380,258,433	232,051,034,763	209,306,250,751
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	1,527,894,631	1,540,508,822	1,527,894,631	1,540,508,822
vi) Debts due by companies and firms in which the directors of the bank have interests as directors, partners or managing agent or in case of private companies as members.	-	-	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons.	1,527,894,631	1,540,508,822	1,527,894,631	1,540,508,822
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	8,029,709,761	5,003,101,115	7,771,474,876	4,926,227,239
(i) (Decrease)/Increase of provision (specific)	1,890,482,828	2,283,456,276	1,890,482,828	2,283,456,276
(ii) Amount of loans written off	-	3,633,553,915	-	3,633,553,915
(iii) Amount recovered from loans written off	635,666,487	422,762,114	635,666,487	422,762,114
b) Amount of provision kept against loans classified as bad/loss	5,279,378,514	3,721,492,923	5,279,378,514	3,644,619,051
c) Amount of interest creditable to the interest suspense account	1,823,520,136	1,348,450,204	1,653,910,317	1,178,840,386
xi) Cumulative amount of written off loans:				
Opening Balance	13,465,399,498	9,831,845,583	13,465,399,498	9,831,845,583
Amount written off during the year:				
Principal amount	-	3,098,313,330	-	3,098,313,330
Interest suspense	-	535,240,585	-	535,240,585
Balance of written off loans and advances	13,465,399,498	13,465,399,498	13,465,399,498	13,465,399,498

As there was no loan account outstanding as Bad/loss consecutively for three years, no loan account was written off in 2019 in compliance with the BRPD circular no. 01 dated 06 February 2019.

7.b.13 Cumulative amount of recovery from written off loans (including BCCI loans)	3,206,408,545	2,570,742,058	3,206,408,545	2,570,742,058
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Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
7.b.14 Cumulative amount of written off loans for which law suits have been filed (note 7.b.14.1)	15,618,345,039	15,618,345,039	15,618,345,040	15,618,345,040
7.b.14.1 Cumulative amount of written off loans (including legal and other charges)	7.b.14.1a			
Opening balance	15,618,345,039	11,501,561,017	15,618,345,040	11,501,561,018
During the year	-	4,116,784,022	-	4,116,784,022
	15,618,345,039	15,618,345,039	15,618,345,040	15,618,345,040
7.b.14.1a Cumulative number of written off loan accounts against which lawsuits have been filed				
Opening balance			8,173	7,191
During the year			-	982
			8,173	8,173

As there was no loan account outstanding as Bad/loss consecutively for three years, no loan account was written off in 2019 in compliance with the BRPD circular no. 01 dated 06 February 2019.

8 Fixed assets including land, building, furniture and fixtures

At Cost (revalued amount in case of lands):

Freehold lands and land development	3,986,656,786	3,986,656,786	3,986,656,786	3,986,656,786
Buildings and floor spaces	1,407,955,522	1,407,955,522	1,407,955,522	1,407,955,522
Capital work in progress *	75,714,267	20,104,672	75,714,267	20,104,672
General machineries and equipments	656,521,761	893,548,349	644,555,994	882,416,005
Computer and network equipments	739,037,097	718,294,009	724,895,657	705,057,095
Digital banking equipments	251,415,620	-	251,415,620	-
Electromechanical equipments	342,555,675	342,555,675	342,555,675	342,555,675
Furniture and fixtures	708,980,619	705,376,481	676,713,189	678,558,777
Vehicles	205,977,959	180,051,215	180,931,604	157,979,760
Right of use assets (Lease assets)	987,186,815	-	950,537,957	-
Softwares	570,809,172	528,242,547	566,873,549	524,366,924
Total cost	9,932,811,293	8,782,785,257	9,808,805,820	8,705,651,216
Accumulated depreciation and amortization	(2,525,678,989)	(2,100,813,260)	(2,459,754,590)	(2,069,034,050)
Written down value at 31 december	7,407,132,303	6,681,971,998	7,349,051,230	6,636,617,167

* Initial development cost incurred for proposed training academy and bank's software are recognised as capital work in progress as per IAS 16, until the development or construction work is completed and the asset is ready for intended use. These assets are stated at cost and depreciation of these assets will be charged from the date of intended use.

Details of the fixed assets are presented in 'Annexure-A'.

8.01 Right of use assets (Lease assets)

Present value of lease liabilities (obligation)	755,495,155	-	719,593,373	-
Initial payment (advance rent)	231,691,660	-	230,944,584	-
	987,186,815	-	950,537,957	-

The cost of the right of use assets comprises lease liabilities which is present value of lease payments less incentive, plus initial direct payment and dismantling cost etc. The bank, as lessee, on lease-by-lease basis, elected a single threshold less than BDT 20 million to consider low value asset on the basis of materiality (less than 1%) of Bank's total capital BDT 30,568 million. Hence, any payment made by the bank under contract for use of any rental premises or assets for a period not exceeding twelve months, and or, falls as low value asset, and substantially risks and benefits of ownership of those rental premises/assets do not transfer to the bank, are recognised as expense as per IFRS 15 'Revenue from contracts with customers' instead of recognising as ROU assets.

8.a Consolidated fixed assets of group entities:

Eastern Bank Limited (Parent)	7,349,051,230	6,636,617,166
EBL Securities Limited	42,605,053	37,906,965
EBL Investments Limited	6,980,196	5,281,844
EBL Finance (HK) Limited	3,518,955	1,027,657
EBL Asset Management Limited	4,976,869	1,138,365
	7,407,132,303	6,681,971,998
Less: Inter company elimination	-	-
Total	7,407,132,303	6,681,971,998

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
9 Other assets				
Income generating:				
Investment in subsidiary-EBL Securities Limited	9.1	-	1,967,400,000	1,967,400,000
Investment in subsidiary-EBL Investments Limited	9.2	-	299,999,900	299,999,900
Investment in subsidiary-EBL Finance (HK) Limited	9.3	-	14,779,352	14,779,352
Investment in subsidiary-EBL Asset Management Limited	9.4	-	249,999,900	249,999,900
Fair value of TREC to EBLSL and Shares of DSE	9.5.a	595,337,112	-	-
Fair value of TREC to EBLSL and Shares of CSE	9.5.b	245,379,755	-	-
Non- Income generating:				
Receivable from subsidiaries	9.6	-	3,527,436	6,794,437
Stock of stationeries		15,097,285	15,097,285	17,130,137
Stamps on hand		5,600,093	5,582,843	5,588,511
Advance to staff for expenses	9.7	301,986	252,950	3,356,626
Security deposits with govt./non govt. agencies		11,637,804	7,359,364	7,319,364
Interest, fees and dividend receivables	9.8	964,781,342	1,046,980,398	698,189,196
Sundry receivables	9.9	755,995,261	754,902,561	450,440,214
Advance rent		216,938,429	216,800,826	331,998,090
Prepayments and advance to vendors		161,824,574	158,371,686	93,433,386
Deferred tax assets (net of liabilities)	9.10	1,875,161,824	1,875,161,824	1,210,699,864
Other assets of subsidiaries	9.11	21,833,460	-	-
		4,869,888,926	6,616,216,324	5,357,128,978

9.a Consolidated other assets of group entities:

Eastern Bank Limited (Parent)	6,616,216,326	5,357,128,978
EBL Securities Limited	885,449,555	920,411,270
EBL Investments Limited	4,553,103	11,686,498
EBL Finance (HK) Limited	1,967,116	1,927,910
EBL Asset Management Limited	11,267,587	12,269,290
	7,519,453,687	6,303,423,946
Less: Inter company elimination	(2,649,564,761)	(2,671,782,859)
Total	4,869,888,926	3,631,641,087

9.1 Investment in subsidiary-EBL Securities Limited

EBL acquired its securities brokerage subsidiary fully in two phases at a total cost of BDT 479.90 million and injected afterwards BDT 1,487.50 million as fresh capital.

9.2 Investment in subsidiary-EBL Investments Limited

This fully owned subsidiary of EBL was incorporated on 30 December 2009 with an initial authorized capital of BDT 1,000 million and paid up capital of BDT 300 million. It was awarded merchant banking license by BSEC on January 2013 and started its full fledged merchant banking operations since then.

9.3 Investment in subsidiary-EBL Finance (HK) Limited

EBL Finance (HK) Limited, the fully owned foreign subsidiary of EBL, was incorporated on 28 November 2011 with an initial authorized capital of HKD 1.41 million (equivalent to BDT 14.78 million). Afterwards, in 2019 HKD 10.00 million was transferred to capital account from retained earnings. This subsidiary commenced its full fledged operations in Hongkong from early 2013.

9.4 Investment in subsidiary-EBL Asset Management Limited

Another fully owned subsidiary of EBL incorporated on 9 January 2011 with an initial authorized capital of BDT 250 million. It has fully subscribed paid up capital of BDT 250 million and has been registered under BSEC on 25 May 2017. It started full fledged operations on asset management, capital market, equity investment etc since then.

9.5 Fair value measurement of TREC and Shares of both DSE and CSE (held by EBLSL)

As per Exchange Demutualization Act 2013, EBLSL was awarded Trading Right Entitlement Certificate (TREC) as well as ordinary shares of both the bourses i.e. DSE and CSE in exchange of membership licenses under Demutualization Scheme ('the Scheme'). Subsequently, under a purchase agreement between demutualized DSE and strategic partner China Consortium, EBLSL sold out 25% of its holding to China Consortium at a negotiated price of BDT 21 per share (Face value: BDT 10 each). As of 31-12-2019, Share composition of DSE and CSE held by EBLSL was as follows:

Particulars	No of Shares held	Face Value (BDT)
Dhaka Stock Exchange Limited	5,411,329	10.00
Chittagong Stock Exchange Limited	4,287,330	10.00
Total	9,698,659	10.00

In 2018, EBLSL carried out a valuation by ACNABIN, chartered accountants, to determine the fair value of TREC and Shares of both the bourses i.e. DSE and CSE. The value of TREC was determined applying varying weights to the results of three valuation approaches i.e. Cost approach, Market approach and Income approach. Fair value of DSE shares was determined on the basis of recent transaction price made between DSE and China Consortium but face value of CSE shares was taken as fair value as there was no offer price from any third party. However, EBL management expects the fair value of TREC and Shares of DSE and CSE altogether is to be similar to net realizable value in line with present growth pattern of business and outlook of EBLSL. The valuation result of TREC and Shares held by EBLSL under the above methodologies are as follows:

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
9.5.a Fair value of DSE-TREC and Shares (held by EBLSL)				
Value of TREC (Trading Right Entitlement Certificate) held by EBLSL	481,427,540	481,427,540		
Value of Shares (5,411,329 Ns @BDT 21.05, face value is BDT 10 each)	113,909,572	113,909,572		
	595,337,112	595,337,112		
9.5.b Fair value of CSE-TREC and Shares (held by EBLSL)				
Value of TREC (Trading Right Entitlement Certificate) held by EBLSL	201,500,000	201,500,000		
Value of Shares (4,287,330 Ns @BDT 10.23, face value is BDT 10 each)	43,879,755	43,879,755		
	245,379,755	245,379,755		
9.6 Receivable from Subsidiaries				
EBL Securities Limited (in trading account)			3,527,436	5,729,505
EBL Investments Limited			-	1,064,932
			3,527,436	6,794,437
9.7 Advance to staff for expenses				
Due for				
Less than three months	301,986	3,474,945	252,950	3,356,626
More than three months but less than six months	-	-	-	-
More than six months but less than nine months	-	-	-	-
More than nine months but less than twelve months	-	-	-	-
More than twelve months	-	-	-	-
	301,986	3,474,945	252,950	3,356,626
9.8 Interest, fees and dividend receivables				
Interest receivable on placement/ margin loans *	426,527,692	224,724,577	416,289,692	207,396,251
Income receivable on government securities	464,882,605	350,655,797	464,882,605	350,655,797
Interest receivable on non-government securities	83,823,756	57,604,481	83,823,756	57,604,481
Fees receivable	41,937,768	301,807	38,973,386	-
Dividend receivable	82,754,891	128,734,534	65,059,456	107,481,872
	1,099,926,713	762,021,196	1,069,028,896	723,138,401
Less: Inter unit/company elimination (with borrowings)	(135,145,371)	(145,374,967)	(22,048,498)	(24,949,205)
	964,781,342	616,646,229	1,046,980,398	698,189,196

* Margin loans by subsidiaries.

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
9.9 Sundry receivables				
Excise duty receivable from customers	86,516,007	106,235,580	86,516,007	106,235,580
Protested Bills to be recovered	105,824,995	8,410,000	105,824,995	8,410,000
AIT recoverable from customers	76,500,000	76,500,000	76,500,000	76,500,000
Cards and ATM acquiring/transactional account Receivable (net off) from Bangladesh Bank for SP, WEDB, DIB, DPB etc.	143,409,776	125,050,902	143,409,776	125,050,902
Other receivables (Margin, remittance, Bidding Money, IPO Subscription etc)	185,387,509	-	185,387,509	-
	158,356,974	149,443,731	157,264,274	134,243,731
	755,995,261	465,640,214	754,902,561	450,440,214
9.9.a Receivable (net off) from Bangladesh Bank for SP, WEDB, DIB, DPB etc.				
Receivable from Bangladesh Bank for SP, WEDB, DIB, DPB etc:				
For sale of Sanchaypatra	200,369,273	-	200,369,273	-
For sale of WEDB, DIB, DPB etc.	10,905,686	-	10,905,686	-
	211,274,959	-	211,274,959	-
Payable to Bangladesh Bank:				
For encashment of Sanchaypatra	19,600,000	-	19,600,000	-
For encashment of WEDB, DIB & DPB	6,287,450	-	6,287,450	-
	25,887,450	-	25,887,450	-
Closing balance	185,387,509	-	185,387,509	-
9.10 Deferred tax asset (net of liability)				
Deferred tax asset	9.10.a 1,979,766,943	1,285,844,977	1,979,766,943	1,285,844,977
Deferred tax liability	9.10.b 104,605,118	75,145,113	104,605,118	75,145,113
	1,875,161,824	1,210,699,864	1,875,161,824	1,210,699,864

9.10.a Deferred tax asset

Temporary timing difference between specific provision charged and B/L loans written off:

Cumulative provision made against Bad/Loss loans	5,279,378,514	5,973,003,903
Adjustment of corresponding provision on write off	-	2,544,083,964
Deductible temporary difference	5,279,378,514	3,428,919,939
Tax rate	37.50%	37.50%
Deferred tax asset	1,979,766,943	1,285,844,977
Opening deferred tax asset	1,285,844,977	1,148,084,112
Deferred tax (income)	(693,921,965)	(137,760,865)

There was no loan written off in 2019 in compliance with BRPD circular no 01, dated 06 February 2019.

9.10.b Deferred tax liability

Temporary timing difference in written down value of fixed assets between tax base and carrying value:

Carrying amount of fixed assets	2,485,478,255	2,613,245,069
Tax base	2,206,531,273	2,412,858,101
Taxable temporary difference	278,946,982	200,386,968
Tax rate	37.50%	37.50%
Deferred tax liability	104,605,118	75,145,113
Opening deferred tax liability	75,145,113	17,801,094
Deferred tax expense	29,460,005	57,344,019

Deferred tax assets/(liabilities) have been recognised and measured as per IAS-12: Income Taxes and BRPD circular # 11 dated 12 December 2011.

No deferred tax liability has been recognised on land revaluation reserve due to the fact that taxes paid at the time of land registration are final discharge of related tax liability. There is no other material temporary timing difference in classified assets/liabilities for which deferred tax asset/liability is required to be accounted for in the year.

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
9.11 Other assets of subsidiaries				
Trade receivable from DSE & CSE	21,830,780	24,559,178		
Other receivables (trade account etc.)	763,980	24,102,742		
	22,594,760	48,661,920		
Less: Inter company elimination (with deposit account)	(761,300)	(17,475,521)		
	21,833,460	31,186,399		

10 Non-banking assets

The Bank was awarded absolute ownership on few mortgaged properties through the verdict of honorable court under section 33(7) of the Artharin Adalat Act 2003. These were recorded as non banking assets (carrying value of which was BDT 108,736,495 as on reporting date) as per valuation report submitted by professional valuation firm and recording of transactions were certified by the then external auditors Rahman Rahman Huq. Value of the assets received in addition to the loan outstanding/written off loans was kept as reserve against non banking assets. Following are the details:

Non earning assets

Name of Parties	Entitlement Date				
M/S Safa Garments Ltd *	18.01.2005	8,727,000	8,727,000	8,727,000	8,727,000
Arshim & co	27.03.2007	4,200,000	4,200,000	4,200,000	4,200,000
M/s Innovative Computer Ltd.	07.06.2007	262,000	262,000	262,000	262,000
North American Computer Dynamics and ors.	22.07.2007	6,320,000	31,600,000	6,320,000	31,600,000
M/s Computer Bazar Network	23.06.2009	1,696,000	1,696,000	1,696,000	1,696,000
Stec Fashions Ltd.	26.01.2009	1,904,495	1,904,495	1,904,495	1,904,495
Royals Paper Store	21.05.2009	7,727,000	7,727,000	7,727,000	7,727,000
Sabbir Ahmed	10.05.2007	600,000	600,000	600,000	600,000
M/s. Tri Angle Trading Associates	29.04.2007	6,600,000	6,600,000	6,600,000	6,600,000
M/S Unicorn Bangladesh Ltd.	22.11.2007	15,000,000	15,000,000	15,000,000	15,000,000
HM Yunus	10.01.2008	55,700,000	55,700,000	55,700,000	55,700,000
		108,736,495	134,016,495	108,736,495	134,016,495

*M/S Safa Garments Ltd: After expiry of initial 7 years holding period in 2012 as allowed by Bank Company Act 1991 (amended upto 2013), the Bank was granted extension of 1 year (till 17.01.2013) by Bangladesh Bank (BB). After expiry of that extended period, the Bank again applied to BB for extension but BB advised the Bank to take absolute possession and dispose the property as soon as possible. Subsequently, EBL published sales notice several times to dispose the property but no bidder participated yet.

For rest of the properties, EBL has obtained time extension from BB after expiry of initial 7 years. Meanwhile, EBL has published general sales notice to dispose those properties at earliest. Subsequently, a bidder participated for North American Computer Dynamics and Ors. and paid BDT 4.00 million against sales value of BDT 5.00 million, and therefore, this NBA will be disposed after receiving the full payment. The Bank has maintained required amount of provision (Book value of NBA minus Reserve against NBA) to avoid any further loss on impairment in future due to complexity in taking absolute possession and/or selling the same.

The carrying value of NBAs are reviewed at each reporting period to determine whether there is any indication of impairment. As per last valuation report by interdependent valuer, market value of NBAs is BDT 668.98 million and forced sale value is BDT 534.49 million. However, due to complexity in selling of these properties the bank avoided any upward booking in 2019.

Details of NBAs awarded to the Bank under section 33(7) & 33(5) of Artharin Adalat Act, 2003 as at 31 December 2019 are in 'Annexure- D1'.

11 Borrowing from banks, financial institutions and agents

Inside Bangladesh (including subordinated bond)	11.1	25,997,093,814	32,739,934,157	23,969,646,034	30,405,740,310
Outside Bangladesh	11.2	26,851,142,174	16,326,161,489	26,851,142,174	16,326,161,490
		52,848,235,988	49,066,095,646	50,820,788,208	46,731,901,800

11.a Consolidated borrowings from Banks, FIs by group entities:

Eastern Bank Limited (Parent)	50,820,788,208	46,731,901,799
EBL Securities Limited	3,733,385,187	3,523,161,168
EBL Finance (HK) Limited	5,408,109,743	6,065,955,106
	59,962,283,138	56,321,018,073
Less: Inter company elimination	(7,114,047,150)	(7,254,922,427)
Total	52,848,235,988	49,066,095,646

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
11.1 Borrowing from - Inside Bangladesh				
Demand Borrowing:				
Banks	6,265,759,549	9,501,915,436	4,167,374,362	7,436,904,268
NBFIs	185,000,000	-	-	-
	6,450,759,549	9,501,915,436	4,167,374,362	7,436,904,268
Less: Inter unit/company elimination (with borrowings)	(5,873,311,769)	(8,625,871,589)	(4,167,374,362)	(7,436,904,268)
	577,447,780	876,043,847	-	-
Term Borrowing:				
Banks	8,348,226,444	16,608,061,126	2,940,116,701	10,542,106,020
NBFIs	1,450,000,000	1,458,150,000	-	-
	9,798,226,444	18,066,211,126	2,940,116,701	10,542,106,020
Less: Inter unit/company elimination (with borrowings)	(8,348,226,444)	(6,065,955,106)	(2,940,116,701)	-
	1,450,000,000	12,000,256,020	-	10,542,106,020
Subordinated bond & other borrowings under schemes:				
From Bangladesh Bank & others				
Investment Promotion & Financing Facility (IPFF)	347,981,400	434,035,407	347,981,400	434,035,407
Export Development Fund (EDF)	13,638,909,605	13,459,744,707	13,638,909,605	13,459,744,707
Refinance scheme under BADP	388,336,199	517,781,599	388,336,199	517,781,599
Refinance scheme under SMESPD	750,064,859	1,051,922,919	750,064,859	1,051,922,919
Second Crop Diversification Project	866,463,650	968,400,550	866,463,650	968,400,550
SME Foundation Pre-finance	19,500,000	34,000,000	19,500,000	34,000,000
Long Term Financing Facility (LTFF)	1,458,390,321	1,397,749,108	1,458,390,321	1,397,749,108
Non-Convertible Subordinated Bond	6,500,000,000	2,000,000,000	6,500,000,000	2,000,000,000
11.1.a	23,969,646,035	19,863,634,290	23,969,646,035	19,863,634,290
	25,997,093,814	32,739,934,157	23,969,646,034	30,405,740,310

11.1.a Non-Convertible Subordinated Bond

The bank with due approval from Bangladesh Bank and BSEC issued 7-year unsecured and non-convertible 1st Subordinated Bond of BDT 2,500 million in 2015 and 2nd Subordinated Bond of BDT 5,000 million in 2019 through private placement to enhance Tier-II capital. These Bonds are redeemable at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% per year. Coupon rates of the both instruments are variable with a floor and ceiling rate. These two instruments have been rated and awarded AA and AA2 by CRISL and CRAB respectively in the long term. Although these are recognized component of Tier -II capital, the outstanding amount of these Bonds is shown as borrowing as per BB guidelines/instruction. Following is the list of subscribers to these Bonds on current outstanding basis:

EBL 1st Subordinated Bond:

Agrani Bank Limited	120,000,000	160,000,000	120,000,000	160,000,000
Brac Bank Limited	60,000,000	80,000,000	60,000,000	80,000,000
Janata Bank Limited	150,000,000	200,000,000	150,000,000	200,000,000
Mercantile Bank Limited	150,000,000	200,000,000	150,000,000	200,000,000
One Bank Limited	360,000,000	480,000,000	360,000,000	480,000,000
Rupali Bank Limited	360,000,000	480,000,000	360,000,000	480,000,000
Sonali Bank Limited	300,000,000	400,000,000	300,000,000	400,000,000
	1,500,000,000	2,000,000,000	1,500,000,000	2,000,000,000

EBL 2nd Subordinated Bond:

Sadharan Bima Corporation	50,000,000	-	50,000,000	-
Pubali Bank Limited	1,000,000,000	-	1,000,000,000	-
Janata Bank Limited	500,000,000	-	500,000,000	-
National Life Insurance Co. Limited	500,000,000	-	500,000,000	-
Sonali Bank Limited	500,000,000	-	500,000,000	-
Agrani Bank Limited	1,500,000,000	-	1,500,000,000	-
Dhaka Bank Limited	200,000,000	-	200,000,000	-
Agrani Bank Limited	750,000,000	-	750,000,000	-
	5,000,000,000	-	5,000,000,000	-
	6,500,000,000	2,000,000,000	6,500,000,000	2,000,000,000

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
11.2 Borrowing from - Outside Bangladesh				
Non-interest bearing:				
Citibank NA, USA	-	909,867,554	-	909,867,554
CommerzBank AG, Germany	-	16,816,829	-	16,816,829
Habib American Bank, USA	-	4,790,646	-	4,790,646
ICIC Bank, India	-	112,008,951	-	112,008,951
JP Morgan AG, Germany	-	12,296,069	-	12,296,069
Standard Chartered Bank, USA	-	19,275,661	-	19,275,661
Standard Chartered Bank, India	-	195,727,707	-	195,727,707
Wachovia Bank NA, USA	-	301,891,311	-	301,891,311
	-	1,572,674,727	-	1,572,674,727
Interest bearing:				
Abu Dhabi Commercial Bank, UAE	4,242,215,372	2,579,482,428	4,242,215,372	2,579,482,428
Asian Development Bank (ADB)	1,298,470,588	1,771,897,818	1,298,470,588	1,771,897,818
Bank One Limited, Mauritius	-	509,571,298	-	509,571,298
Bank of Montreal, Canada	498,704,311	352,380,000	498,704,311	352,380,000
Commerz Bank, Frankfurt	2,176,144,957	-	2,176,144,957	-
Deutsche Investitions-und	2,716,800,000	4,027,200,000	2,716,800,000	4,027,200,000
Entwicklungsgesellschaft MBH (DEG)	3,334,392,035	-	3,334,392,035	-
DBS Bank, Singapore	1,642,815,000	1,153,625,000	1,642,815,000	1,153,625,000
HDFC Bank, Mumbai	1,141,173,157	759,192,182	1,141,173,157	759,192,182
ICICI Bank, India	136,164,301	403,681,442	136,164,301	403,681,442
International Finance Corporation (IFC)	175,110,027	-	175,110,027	-
International Islamic Trade Finance	3,077,119,161	-	3,077,119,161	-
Corporation (ITFC), KSA	1,257,702,722	781,062,706	1,257,702,722	781,062,706
Korea Development Bank, Singapore	2,122,500,000	-	2,122,500,000	-
National Bank of Ras Al-Khaimah, KSA	771,818,184	1,067,818,183	771,818,184	1,067,818,183
Opec fund for International Development	2,260,012,361	931,882,264	2,260,012,361	931,882,264
PROPARCO, France	-	415,693,441	-	415,693,441
Standard Chartered Bank, Singapore				
Wells Fargo, USA				
	26,851,142,174	14,753,486,762	26,851,142,174	14,753,486,762
	26,851,142,174	16,326,161,489	26,851,142,174	16,326,161,490

11.a Remaining maturity grouping of Borrowings Payable

On demand	705,527,736	876,043,847	128,079,956	-
In not more than one month	7,216,878,501	16,100,440,018	7,216,878,501	15,567,219,398
In more than one month but not more than three months	15,226,306,606	12,021,975,970	15,226,306,606	11,220,414,269
In more than three months but not more than one year	18,593,409,209	11,249,064,281	17,143,409,209	12,000,586,602
In more than one year but not more than five years	8,620,542,698	7,996,271,174	8,620,542,698	7,121,381,174
In more than five years	2,485,571,239	822,300,356	2,485,571,239	822,300,357
	52,848,235,988	49,066,095,646	50,820,788,208	46,731,901,800

12 Deposits and other accounts

Current deposits and other accounts etc.	12.1	24,837,018,432	21,011,202,434	24,936,423,379	21,200,155,318
Bills payable	12.2	1,131,830,685	916,901,298	1,131,830,685	916,901,298
Savings bank deposits	12.3	50,214,304,541	46,053,721,505	50,214,304,541	46,053,721,505
Fixed deposits	12.4	131,735,401,586	105,826,485,905	131,735,401,586	105,826,485,905
Special notice deposit (SND) account		32,061,412,240	25,347,276,928	32,146,167,911	25,631,642,386
		239,979,967,484	199,155,588,069	240,164,128,102	199,628,906,411

As on the reporting date, the bank had no Bearer certificates of deposits.

12.a Group entity- wise consolidated deposits and other accounts:

Eastern Bank Limited (Parent)	240,164,128,102	199,628,906,411
Subsidiary Companies	-	-
	240,164,128,102	199,628,906,411
Less: Inter company elimination	(184,160,618)	(473,318,342)
	239,979,967,484	199,155,588,069

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
12.1 Current deposits and other accounts				
Current deposits	14,870,014,217	13,279,315,761	14,969,419,164	13,468,268,645
Margin on facilities (LC, LG, Acceptance etc.)	6,128,743,553	5,053,306,783	6,128,743,553	5,053,306,783
Interest accrued on deposits	3,838,260,662	2,678,579,889	3,838,260,662	2,678,579,889
	24,837,018,432	21,011,202,434	24,936,423,379	21,200,155,318
12.2 Bills payable				
Payment order issued	1,126,909,709	911,980,322	1,126,909,709	911,980,322
Demand draft issued	4,920,976	4,920,976	4,920,976	4,920,976
	1,131,830,685	916,901,298	1,131,830,685	916,901,298
12.3 Savings bank deposits				
Transactional deposit accounts	39,910,578,841	37,033,856,762	39,910,578,841	37,033,856,762
Scheme deposit accounts	10,303,725,700	9,019,864,743	10,303,725,700	9,019,864,743
	50,214,304,541	46,053,721,505	50,214,304,541	46,053,721,505
12.3.a Scheme deposit accounts:				
EBL confidence account	5,290,943,082	4,892,799,961	5,290,943,082	4,892,799,961
EBL secure account	-	5,088,362	-	5,088,362
EBL child future plan account	721,403,624	615,214,035	721,403,624	615,214,035
EBL millionaire scheme account	3,092,099,933	2,839,224,153	3,092,099,933	2,839,224,153
EBL millionaire scheme women account	91,188,959	-	91,188,959	-
EBL aspire account	28,624,862	13,765,199	28,624,862	13,765,199
EBL kotipoti account	343,846,505	170,513,573	343,846,505	170,513,573
EBL multiplier account	487,619,229	191,685,502	487,619,229	191,685,502
Retail equity builder account	247,999,506	291,573,958	247,999,506	291,573,958
	10,303,725,700	9,019,864,743	10,303,725,700	9,019,864,743
12.4 Fixed deposits				
Term deposit account	131,652,336,865	105,727,945,051	131,652,336,865	105,727,945,051
RFCD account	5,287,808	5,451,752	5,287,808	5,451,752
NFCD account	77,776,914	93,089,101	77,776,914	93,089,101
	131,735,401,586	105,826,485,905	131,735,401,586	105,826,485,905
12.b Deposit concentration				
Deposit from banks	2,556,967,216	6,729,604,720	2,556,967,216	6,729,604,720
Deposit from other than banks	237,423,000,268	192,425,983,349	237,607,160,886	192,899,301,691
	239,979,967,484	199,155,588,069	240,164,128,102	199,628,906,411
12.b.1 Deposit from banks				
Bangladesh Development Bank Limited	803,475	97,240	803,475	97,240
Community Bank Bangladesh Limited	1,818,749,324	-	1,818,749,324	-
First Security Islami Bank Limited	1,636,393	311,897	1,636,393	311,897
Janata Bank Limited	39,977	40,762	39,977	40,762
Meghna Bank Limited	489,151	1,247,155	489,151	1,247,155
Midland Bank Limited	3,089,114	3,078,436	3,089,114	3,078,436
Modhumoti Bank Limited	6,035,183	1,041,630	6,035,183	1,041,630
National Bank Limited	156,576	156,468	156,576	156,468
NCC Bank Limited	525,286	524,115	525,286	524,115
NRB Bank Limited	47,850,909	21,475,855	47,850,909	21,475,855
NRB Commercial Bank Limited	35,878,657	1,016,914	35,878,657	1,016,914
One Bank Limited	553,070	710,348	553,070	710,348
Rupali Bank Limited	-	4,008,201,389	-	4,008,201,389
Shimanto Bank Limited	638,221,028	681,252,681	638,221,028	681,252,681
Southeast Bank Limited	25,430	26,345	25,430	26,345
SBAC Bank Limited	2,913,512	7,895,013	2,913,512	7,895,013
Standard Bank Limited	131	695	131	695
Trust Bank Limited	-	2,002,527,778	-	2,002,527,778
	2,556,967,216	6,729,604,720	2,556,967,216	6,729,604,720

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

12.c Deposits on the basis of significant concentration:

12.c.1 Sector - wise concentration of Deposits and other accounts

Government sector	3,851,753,266	2,546,045,575	3,851,753,266	2,546,045,575
Other public sector	12,369,280,029	8,437,212,927	12,369,280,029	8,437,212,927
Private sector	223,758,934,189	188,172,329,567	223,943,094,807	188,645,647,909
	239,979,967,484	199,155,588,069	240,164,128,102	199,628,906,411

12.c.2 Business segment - wise concentration of Deposits and other accounts

Corporate banking	62,920,837,358	56,525,931,937	63,104,997,976	56,999,250,279
Offshore banking	322,291,809	302,420,884	322,291,809	302,420,884
Retail and SME (S) banking	175,605,007,632	141,410,333,950	175,605,007,632	141,410,333,950
Others- Bills Payables	1,131,830,685	916,901,298	1,131,830,685	916,901,298
	239,979,967,484	199,155,588,069	240,164,128,102	199,628,906,411

12.d Residual maturity grouping of Deposits

From banks

Payable:

On demand	153,709,792	10,606,405	153,709,792	10,606,405
Within one month	1,606,439,641	438,706,648	1,606,439,641	438,706,648
In more than one month but less than six months	207,304,581	6,280,291,667	207,304,581	6,280,291,667
In more than six months but less than one year	7,119,114	-	7,119,114	-
In more than one year but within five years	582,362,226	-	582,362,226	-
In more than five years but within ten years	-	-	-	-
	2,556,935,354	6,729,604,720	2,556,935,354	6,729,604,720

From other than banks

Payable:

On demand	13,089,445,074	11,181,017,396	13,089,445,074	11,181,017,396
Within one month	16,258,645,936	9,983,119,573	16,296,509,359	10,172,072,457
In more than one month but less than three months	40,868,984,433	32,401,944,478	40,869,315,922	32,401,944,478
In more than three months but less than one year	65,442,376,083	47,606,597,186	65,443,241,638	47,890,962,644
In more than one year but within five years	100,010,667,716	89,616,032,365	100,012,417,242	89,616,032,365
In more than five years but within ten years	1,752,912,890	1,637,272,351	1,896,263,514	1,637,272,351
	237,423,032,131	192,425,983,349	237,607,192,748	192,899,301,691

Total

	239,979,967,485	199,155,588,069	240,164,128,102	199,628,906,411
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Unclaimed deposit aging 10 years or more

	6,420,902	2,159,577	6,420,902	2,159,577
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13 Other liabilities

Privileged creditors	13.1	594,132,711	483,476,704	594,132,711	483,476,704
Acquirer liabilities	13.2	954,182,205	733,163,686	954,182,205	733,163,686
Sundry creditors		75,526,803	47,280,131	75,526,803	47,280,131
Security deposit		6,067,856	15,472,476	6,067,856	15,472,476
Current tax liability/(assets)	13.3	2,778,993,401	1,515,399,023	2,714,070,821	1,485,181,664
Provision for loans, advances and OBS exposures (excluding OBU)	13.4	9,188,404,604	7,252,795,569	9,111,530,725	7,175,921,693
Provision for loans, advances and OBS exposures (OBU)		246,897,402	232,712,071	246,897,402	232,712,071
Interest suspense account	13.5	1,823,520,136	1,348,450,204	1,653,910,317	1,178,840,387
Provision for protested bill and others	13.6	145,373,498	52,516,000	145,373,498	52,516,000
Provision for non-banking assets		12,345,330	12,345,330	12,345,330	12,345,330
Provision for rebate to good borrowers	13.7	46,100,257	36,100,257	46,100,257	36,100,257
Provision for loss on revaluation of shares (net)	13.8	1,067,654,623	447,191,812	901,313,537	361,667,493
Advance interest/commission received		46,060,672	37,972,162	36,379,504	25,361,010
Expenses payable		512,872,100	480,297,229	490,287,580	446,296,976
Interest payable on borrowing	13.9	545,663,660	529,538,377	544,808,104	526,761,631

Amount in BDT

	Note	Consolidated		Bank	
		2019	2018	2019	2018
Miscellaneous liabilities/payables	13.10	477,122,524	319,207,757	469,321,632	310,788,222
Lease liabilities (present value of lease payments)	13.11	622,832,947	-	608,816,783	-
Other liabilities of subsidiaries	13.12	267,012,538	359,007,358	-	-
		19,410,763,266	13,902,926,147	18,611,065,064	13,123,885,732
13.a Group entity- wise consolidated other liabilities:					
Eastern Bank Limited (Parent)		18,611,065,064	13,123,885,732		
EBL Securities Limited		632,090,854	677,356,722		
EBL Investments Limited		94,899,817	94,018,559		
EBL Finance (HK) Limited		167,276,293	139,958,634		
EBL Asset Management Limited		22,816,847	7,310,206		
		19,528,148,875	14,042,529,853		
Less: Inter company elimination		(117,385,609)	(139,603,706)		
		19,410,763,266	13,902,926,147		
13.1 Privileged creditors (payable to government)					
Tax deducted at source (TDS)		183,609,341	197,812,815	183,609,341	197,812,815
VAT deducted at source (VDS)		58,106,438	51,852,480	58,106,438	51,852,480
Excise duty deducted from customer accounts		352,416,932	233,811,409	352,416,932	233,811,409
		594,132,711	483,476,704	594,132,711	483,476,704
13.2 Acquirer liabilities					
These liabilities are temporary in nature arisen from prepaid, debit and credit card transactions. Transactions are settled next day with relevant parties and reconciled monthly. Major balance includes 'Acquirer Cash' which is a liability to relevant parties arisen due to withdrawal of cash by EBL cardholders from Q-Cash/VISA ATMs (Not owned by EBL):					
Prepaid (Lifestyle, travel etc) card liability		626,995,996	473,106,001	626,995,996	473,106,001
Credit card liability		43,806,024	56,367,318	43,806,024	56,367,318
Debit card liability		123,870,181	108,621,014	123,870,181	108,621,014
Acquirer cash and other liabilities		159,510,004	95,069,353	159,510,004	95,069,353
		954,182,205	733,163,686	954,182,205	733,163,686
13.3 Current tax liability / (assets)					
Provision for tax					
Opening balance		2,689,851,171	2,559,191,878	2,448,046,465	2,389,106,652
Settlement/adjustments for previous years		(1,782,482,621)	(1,566,569,887)	(1,631,332,206)	(1,526,553,295)
Provision for tax made during the year	13.3.1	3,017,426,997	1,697,229,180	2,912,484,915	1,585,493,108
		3,924,795,548	2,689,851,171	3,729,199,174	2,448,046,465
Balance of income tax paid					
Opening balance		1,174,452,147	1,091,546,736	962,864,801	967,579,006
Settlement/adjustment for previous years		(1,767,691,305)	(1,540,183,098)	(1,631,332,206)	(1,526,553,295)
Paid during the year	13.3.2	1,739,041,304	1,623,088,509	1,683,595,759	1,521,839,090
		1,145,802,146	1,174,452,147	1,015,128,354	962,864,801
		2,778,993,402	1,515,399,024	2,714,070,821	1,485,181,664
13.3.1 Income tax expenses / Provision for tax					
Current tax expenses					
Current year		3,233,663,495	1,859,740,589	3,137,184,915	1,747,589,129
Adjustment for prior years		(216,236,498)	(162,511,409)	(224,700,000)	(162,096,021)
Total income tax expenses		3,017,426,997	1,697,229,180	2,912,484,915	1,585,493,108
13.3.2 Income tax paid during the year					
Withholding tax deducted at source		228,497,403	291,026,947	179,919,697	232,027,698
Advance tax paid in cash		1,510,543,901	1,332,061,562	1,503,676,062	1,289,811,392
Advance income tax paid		1,739,041,304	1,623,088,509	1,683,595,759	1,521,839,090

13.3.a Reconciliation of effective tax rate (Bank only)

	2019		2018	
	%	BDT	%	BDT
Profit before income tax as per profit and loss account		6,256,165,081		4,585,853,181
Income tax as per applicable tax rate	37.5%	2,346,061,905	37.5%	1,719,694,943
Factors affecting the tax charged in current year				
On non deductible expenses (netting off DT income)	6.05%	378,714,920	1.38%	63,182,160
Tax exempted income (on govt. treasury securities)	-3.21%	(200,577,158)	-0.10%	(4,377,136)
Tax savings from reduced tax rates (on dividend income)	-0.59%	(37,093,370)	-0.93%	(42,594,775)
Tax savings from reduced tax rates (on gain on sale of quoted securities)	-0.23%	(14,367,989)	-1.50%	(68,632,910)
Prior year adjustment (for reduction of tax rate by 2.5% and increased threshold of excess perquisite from BDT 4.75 lac to 5.5 lac per employee)	0.00%	-	-2.54%	(116,561,499)
Prior year adjustment (released provision for the IY 2014 & 2015 and IY 2013)	-3.59%	(224,715,352)	-1.00%	(45,634,522)
Total income tax expenses	35.93%	2,248,022,956	32.82%	1,505,076,261

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

13.4 Provision for loans, advances and OBS exposures (excluding OBU)

A) Specific provision movement

Opening balance	4,195,269,733	4,405,837,967	4,118,395,862	4,379,000,007
On fully provided debt written off during the year	-	(2,544,060,422)	-	(2,544,060,422)
On recovery from loans written off earlier	635,666,487	422,762,114	635,666,487	422,762,114
Specific provision charged (net of recovery) for the year	1,254,816,341	1,910,730,074	1,254,816,341	1,860,694,162
Provision held at the end of the year	6,085,752,561	4,195,269,733	6,008,878,690	4,118,395,861

B) General provision movement on loans and advances

Opening balance	2,081,407,593	1,744,956,507	2,081,407,589	1,744,956,505
Provision made during the year	162,564,461	336,451,086	162,564,461	336,451,086
Provision held at the end of the year	2,243,972,054	2,081,407,593	2,243,972,050	2,081,407,591

C) General provision movement on off-balance sheet exposures

Opening balance	976,118,243	934,348,992	976,118,239	934,348,990
Provision made during the year	(117,438,254)	41,769,251	(117,438,254)	41,769,251
Provision held at the end of the year	858,679,989	976,118,243	858,679,985	976,118,241

Total provision for loans, advances and OBS exposures (excluding OBU)

9,188,404,604	7,252,795,569	9,111,530,725	7,175,921,693
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13.4.a Provision for loans, advances and OBS exposures (OBU only)

General provision on loans and advances	233,788,697	219,343,851	233,788,697	219,343,851
General provision on off-balance sheet exposures	13,108,706	13,368,221	13,108,706	13,368,221
	246,897,402	232,712,071	246,897,402	232,712,071

Total provision for loans, advances and OBS exposures (including OBU) (Note: 13.4+13.4.a)

9,435,302,006	7,485,507,640	9,358,428,127	7,408,633,764
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13.4.a.1 Provision for loans, advances and OBS exposures (including OBU):

General provision on loans and advances	2,477,760,751	2,300,751,444	2,477,760,747	2,300,751,442
General provision on off-balance sheet exposures	871,788,695	989,486,464	871,788,691	989,486,462
Specific provision on loans and advances	6,085,752,561	4,195,269,733	6,008,878,690	4,118,395,861
	9,435,302,006	7,485,507,641	9,358,428,127	7,408,633,765

Amount in BDT

13.4.1 Provision for loans and advances charged during the year	2019 (Bank- Solo)		2019	2018
	Onshore	Offshore	Total	Total
General Provision on loans and advances	162,564,461	11,767,205	174,331,665	286,754,762
General Provision on off-balance sheet exposures	(117,438,254)	(416,608)	(117,854,862)	40,147,338
General Provision charged during the year	45,126,207	11,350,597	56,476,804	326,902,100
Specific Provision charged during the year	1,890,482,828	-	1,890,482,828	2,283,456,276
Recovery from loans written off earlier	(635,666,487)	-	(635,666,487)	(422,762,114)
Specific Provision (net of recovery) for the year *	1,254,816,341	-	1,254,816,341	1,860,694,162
Total Provision for loans and advances charged during the year	1,299,942,548	11,350,597	1,311,293,145	2,187,596,262

* Specific provision charged during the year has been presented after netting of recovery from written off loans in the current year as per BRPD circular no. 14, dated 25 June 2003.

13.4.2 Calculation of provision for loans and advances (Solo)

Amount in BDT

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision	Surplus / (Shortage)
Standard	220,039,803,669	494,777,153	-	220,086,003,837	2,461,542,198	2,461,542,198	-
SMA (Special Mention Account)	2,711,879,375	138,265,762	-	1,621,996,411	16,218,550	16,218,550	-
SS (Substandard)	1,122,379,049	115,109,851	290,236,320	676,205,308	180,265,285	180,265,285	-
DF (Doubtful)	371,518,878	35,176,270	112,103,265	259,048,499	549,234,890	549,234,890	-
BL (Bad/Loss)	6,277,576,949	870,581,282	1,483,291,997	4,505,129,942	5,039,453,514	5,279,378,514	239,925,000
Staff loan	1,527,876,844	-	-	-	-	-	-
Total funded exposures	232,051,034,762	1,653,910,318	1,885,631,582	227,148,383,997	8,246,714,437	8,486,639,437	239,925,000
Off-balance sheet exposures	99,781,000,677	-	-	-	871,788,691	871,788,691	-
Total exposures	331,832,035,439	1,653,910,318	1,885,631,582	227,148,383,997	9,118,503,127	9,358,428,127	239,925,000
Domestic Banking Unit					8,871,605,725	9,111,530,725	239,925,000
Offshore Banking Unit					246,897,402	246,897,402	-
Total provision for loans and advances & OBS exposures					9,118,503,127	9,358,428,127	239,925,000

* Specific provision maintained BDT 240 million on qualitative ground for certain loan accounts in addition to the requirement to strengthen the base for provision of the bank.

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
13.5 Interest suspense account				
Opening balance	1,348,450,204	1,478,980,025	1,178,840,386	1,372,871,626
Amount transferred during the year	970,813,015	945,122,820	970,813,015	881,621,402
Amount recovered during the year	(495,743,084)	(540,412,058)	(495,743,084)	(540,412,058)
Amount written off during the year	-	(535,240,585)	-	(535,240,585)
	1,823,520,135	1,348,450,203	1,653,910,317	1,178,840,386

Interest suspense on margin loan (extended by subsidiaries) under negative equity is included in the consolidated Interest suspense account.

13.6 Provision for protested bill and others

Opening balance	52,516,000	10,770,000	52,516,000	10,770,000
Provision made during the year	92,857,498	42,026,000	92,857,498	42,026,000
Adjusted during the year	-	(280,000)	-	(280,000)
	145,373,498	52,516,000	145,373,498	52,516,000

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

13.7 Provision for rebate to good borrowers

Opening balance	36,100,257	36,100,257	36,100,257	36,100,257
Provision made during the year	10,000,000	-	10,000,000	-
	46,100,257	36,100,257	46,100,257	36,100,257

13.8 Provision for diminution of value of quoted securities

Opening balance	447,191,812	74,668,232	361,667,493	33,232,549
Provision charged during the year	620,462,811	372,523,580	539,646,044	328,434,944
	1,067,654,623	447,191,812	901,313,537	361,667,493

Provision for diminution (gain net of) of value of quoted shares has been made as per DOS circular no. 4, dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no. 03 dated 12 March 2015 of Bangladesh Bank.

13.9 Interest payable on borrowings

Interest payable on borrowing (including subordinated bond)	438,773,941	336,721,699	364,155,524	319,752,411
Interest payable on borrowing-Offshore	202,701,077	254,291,852	202,701,077	231,958,426
	641,475,019	591,013,550	566,856,602	551,710,836
Less: Inter unit/ company elimination (with int. receivable account)	(95,811,359)	(61,475,173)	(22,048,498)	(24,949,205)
	545,663,660	529,538,377	544,808,104	526,761,631

13.10 Miscellaneous liabilities/payables

Payable (net off) to Bangladesh Bank for SP, WEDB, DIB, DPB etc.	13.10.a	-	85,507,535	-	85,507,535
Received under compromise settlement of classified & w/off loans		57,033,777	62,767,881	57,033,777	62,767,881
Other liabilities (FDD payable, unclaimed instrument etc.)		420,088,747	170,932,341	412,287,855	162,512,806
		477,122,524	319,207,757	469,321,632	310,788,222

13.10.a Payable (net of receivable) to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.

Payable to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.					
For sale of Sanchaypatra	-	361,070,000	-	361,070,000	
For sale of WEDB, DIB, DPB etc.	-	6,542,400	-	6,542,400	
	-	367,612,400	-	367,612,400	
Receivable from Bangladesh Bank:					
For encashment of Sanchaypatra	-	273,129,995	-	273,129,995	
For encashment of WEDB, DIB & DPB etc.	-	8,974,870	-	8,974,870	
	-	282,104,865	-	282,104,865	
Closing balance	-	85,507,535	-	85,507,535	

13.11 Lease liabilities (present value of lease payments)

The bank recognised lease liabilities which is present value of lease payments to be made over the lease term from the date of commencement or 01 January 2019 (date of initial application). The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the bank and payment of penalties for terminating the lease. The lease payment has been discounted using Treasury bill/bond rate supporting lease tenor 3 -10 years as implicit borrowing rate. For example, 5 years T-bill/bond rate 5.93% of January 19 has been used for those contracts having weighted average lease tenor of 5 years or more implemented from the date of initial application (01 January 2019).

13.12 Other liabilities of subsidiaries

Accounts payable (trading)	259,896,168	365,292,283
Sundry creditors	720,340	606,187
Dividend payable	39,335,760	83,899,794
Provision for Employees Gratuity Fund	10,683,018	6,980,580
	310,635,286	456,778,844

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
Less: Intra group outstanding balances				
Share trading account	(4,286,988)	(13,871,692)		
Dividend account	(39,335,760)	(83,899,794)		
	(43,622,748)	(97,771,486)		
Net other liabilities	267,012,538	359,007,358		

13.b Nostro Reconciliation

The Bank is not required to keep provision on the unreconciled debit balance as at balance sheet date as there was no debit entry aging more than three months.

14 Share Capital

A) Authorized capital

1,200,000,000 ordinary shares of BDT 10 each

12,000,000,000	12,000,000,000	12,000,000,000	12,000,000,000
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B) Issued, subscribed and

Number of shares

fully paid up capital	2019	2018				
Issued against cash	129,345,000	129,345,000	1,293,450,000	1,293,450,000	1,293,450,000	1,293,450,000
Issued as bonus share	682,454,547	608,654,589	6,824,545,470	6,086,545,890	6,824,545,470	6,086,545,890
	811,799,547	737,999,589	8,117,995,470	7,379,995,890	8,117,995,470	7,379,995,890

14.1 Slab wise list as on 31 December

Pursuant to clause (cha) of the Memorandum of Association and Article 4 of the Articles of Association of the Bank and clause 4 of BCCI Reconstruction Scheme 1992, the Authorised Capital of the Bank is BDT 12,000,000,000 and issued/subscribed/fully paid up capital is BDT 8,117,995,470 denominated by BDT 10 per share. Detailed break up of paid up capital of BDT 8,117,995,470 as on 31 December 2019 is as follows:

Percentage of group wise shareholding:

Shareholders group	2019			2018		
	No. of shares	% of shareholding	BDT	No of Shares	% of shareholding	BDT
Directors	256,202,162	31.56%	2,562,021,620	232,911,064	31.56%	2,329,110,640
General Public	467,477,192	57.59%	4,674,771,920	428,773,387	58.10%	4,281,561,630
Financial Institutions	88,120,193	10.85%	881,201,930	76,315,138	10.34%	769,323,620
Total	811,799,547	100.00%	8,117,995,470	737,999,589	100.00%	7,379,995,890

Range-wise distribution of the subscribed shares is given below as per regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited:

Range	No. of shareholders	No. of shares	(%) of shareholding
001-500	3,406	532,611	0.07%
501-5,000	2,718	4,416,106	0.54%
5,001-10,000	331	2,332,964	0.29%
10,001-20,000	266	3,697,215	0.46%
20,001-30,000	75	1,860,391	0.23%
30,001-40,000	36	1,261,995	0.16%
40,001-50,000	31	1,416,070	0.17%
50,001-100,000	100	6,653,098	0.82%
100,001-1,000,000	166	52,740,532	6.50%
1,000,001 and above	88	736,888,565	90.77%
Total	7,217	811,799,547	100.00%

Status of shareholding (shares of EBL) as on 31 December 2019 by CEO, CS, CFO, Head of Internal Control and Compliance and top five salaried executives is shown in the following table:

Name	Designation	No. of shares of EBL held
CEO, CS, CFO & HoICC and their spouses & minor children:		
Ali Reza Iftekhar	Managing Director & CEO	195,800
S M Akhtaruzzaman Chowdhury	Head of ICC	-
Masudul Hoque Sardar	Chief Financial Officer	-
Md. Abdullah Al Mamun	Company Secretary (Acting)	-
Executives (Top five salaried executives other than CEO, CS, CFO & HoICC)		
Hassan O. Rashid	Additional Managing Director	-
Ahmed Shaheen	Deputy Managing Director - Corporate Banking	-
Riad Mahmud Chowdhury	SEVP & Unit Head, Corporate Banking	8,550
Mehdi Zaman	SEVP & Head of Treasury	-
Md. Humayun Kabir	SEVP & Unit Head, Corporate Banking	-
Shares held by any shareholder to the extent of 10% or more		Nil

Amount in BDT

14.2 Capital to risk weighted assets ratio (CRAR):

Common Equity Tier -1 Capital

Note	Consolidated 2019	2018	Bank 2019	2018
Paid up capital	8,117,995,470	7,379,995,890	8,117,995,470	7,379,995,890
Statutory reserve	8,117,995,470	7,379,995,890	8,117,995,470	7,379,995,890
General reserve	603,493,370	603,493,370	603,493,370	603,493,370
Dividend equalization reserve	356,040,000	356,040,000	356,040,000	356,040,000
Retained earnings	6,002,777,699	4,959,549,554	5,697,244,179	4,637,557,933
	23,198,302,009	20,679,074,704	22,892,768,489	20,357,083,083

Regulatory adjustments:

Goodwill and all other intangible assets (WDV of Software)	(191,733,870)	(210,170,274)	(191,039,431)	(209,246,521)
Reciprocal crossholdings in the CET 1 capital	(157,139,616)	(5,475,900)	(78,983,436)	(4,680,900)
Investment in own CET1 capital (mutual fund)	(22,867,930)	(13,339,260)	(22,867,930)	(13,339,260)
Deferred tax asset (95% as per BB Circular)	(1,880,778,596)	(1,221,552,728)	(1,880,778,596)	(1,221,552,728)
	20,945,781,997	19,228,536,542	20,719,099,096	18,908,263,674

Tier -2 Capital

General provision	3,349,549,437	3,290,237,904	3,349,549,437	3,290,237,904
Subordinated bond	6,500,000,000	2,000,000,000	6,500,000,000	2,000,000,000
Revaluation reserves	2,247,343,035	2,247,343,035	2,247,343,035	2,247,343,035
	12,096,892,473	7,537,580,939	12,096,892,473	7,537,580,939

Regulatory adjustment:

Revaluation reserves for fixed assets & securities (100% in 2019 & 80% in 2018)	(2,247,343,035)	(1,797,874,428)	(2,247,343,035)	(1,797,874,428)
	9,849,549,437	5,739,706,511	9,849,549,437	5,739,706,511

A. Total regulatory capital

B. Total risk weighted assets (RWA)	211,624,070,089	207,716,569,584	207,437,099,388	202,655,010,057
C. Minimum capital requirement (MCR) (10% on B)	21,162,407,009	20,771,656,958	20,743,709,939	20,265,501,005
D. Surplus/(deficiency) [A - C]	9,632,924,425	4,196,586,095	9,824,938,595	4,382,469,180

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
Capital to risk weighted assets ratio (CRAR)				
	Minimum Requirement			
	2019	2018		
On Tier-1 capital to RWA	6.00%	6.00%	9.90%	9.26%
Capital to RWA ratio (CRAR)	Against standard of minimum 10% plus capital conservation buffer 2.50%	10% plus capital conservation buffer 1.875%	9.99%	9.33%
			14.74%	12.16%

15 Statutory Reserve

Opening balance	7,379,995,890	7,379,995,890	7,379,995,890	7,379,995,890
Transferred from profit during the year	737,999,580	-	737,999,580	-
Closing balance	8,117,995,470	7,379,995,890	8,117,995,470	7,379,995,890

16 Dividend equalization reserve

As per BRPD Circular No. 18 dated 20 October 2002, Banks are required to transfer an equal amount of net profit (amount by which cash dividend exceeds 20%) to Dividend Equalization Account while paying cash dividend in excess of 20%. This is treated as 'Core Capital' of the Bank.

17 Assets revaluation reserve (land and other assets)

Reserve for revaluation of land properties	17.01	2,476,074,358	2,476,074,358	2,476,074,358	2,476,074,358
Reserve for revaluation of treasury securities (HFT)	17.02	211,787	2,838,449	211,787	2,838,450
Reserve for amortization of treasury securities (HTM)	17.03	99,989,850	7,092,034	99,989,850	7,092,034
Reserve against non-banking assets	17.04	96,391,165	121,671,165	96,391,165	121,671,165
Reserve for fair value of TRECs to EBLSL and Shares of DSE and CSE	17.05	85,418,367	85,418,367	-	-
		2,758,085,528	2,693,094,373	2,672,667,161	2,607,676,006

17.01 Reserve for revaluation of land properties

Opening balance	2,476,074,358	2,534,874,738	2,476,074,358	2,534,874,738
Adjustment for impairment made during the year	-	(58,800,380)	-	(58,800,380)
Closing balance	2,476,074,358	2,476,074,358	2,476,074,358	2,476,074,358

This revaluation reserve is made against land properties only. In reality, buyers bear the tax on behalf of sellers at the time of land registration and taxes paid at the time of land registration are final discharge of related tax liability of the seller (bank). Hence, no deferred tax liability has been recognised on land revaluation reserve of the bank. There is no other material temporary timing difference in classified assets/liabilities for which deferred tax asset/liability is required to be accounted for in the year.

17.02 Reserve for revaluation of treasury securities (HFT)

Opening balance	2,838,449	1,465,284	2,838,449	1,465,284
Addition during the year	166,739,430	33,763,308	166,739,430	33,763,308
Adjustment made during the year	(169,366,092)	(32,390,143)	(169,366,092)	(32,390,143)
Closing balance	211,787	2,838,449	211,787	2,838,449

As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

17.03 Reserve for amortization of treasury securities (HTM)

Opening balance	7,092,034	9,964,360	7,092,034	9,964,360
Addition during the year	99,035,199	2,797,380	99,035,199	2,797,380
Adjustment made during the year	(6,137,383)	(5,669,706)	(6,137,383)	(5,669,706)
Closing balance	99,989,850	7,092,034	99,989,850	7,092,034

As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

17.04 Reserve against non-banking assets

Opening balance	121,671,165	121,671,165	121,671,165	121,671,165
Adjustment made during the year	(25,280,000)	-	(25,280,000)	-
Closing balance	96,391,165	121,671,165	96,391,165	121,671,165

Amount in BDT

Note	Consolidated		Bank		
	2019	2018	2019	2018	
17.05 Reserve for fair value of TRECs to EBLSL and Shares of DSE and CSE					
(held by EBLSL under Demutualization Scheme)					
Fair value of DSE-TREC held by EBLSL	481,427,540	481,427,540			
Fair value of CSE-TREC held by EBLSL	201,500,000	201,500,000			
Fair value of Shares of DSE (5,411,329 shares @ BDT 10)	113,909,572	113,909,572			
Fair value of Shares of CSE (4,287,330 shares @ BDT 10)	43,879,755	43,879,755			
	840,716,867	840,716,867			
Less:					
Value of DSE Membership booked earlier	553,798,500	553,798,500			
Value of CSE Membership booked earlier	201,500,000	201,500,000			
	755,298,500	755,298,500			
Closing balance	85,418,367	85,418,367			
18 General reserve					
Opening balance	603,493,370	130,000,000	603,493,370	130,000,000	
Transfer of residual balance of Pre-take over loss- BCCI	-	473,493,370	-	473,493,370	
Closing balance	603,493,370	603,493,370	603,493,370	603,493,370	
As per the BCCI scheme and subsequent approval from Bangladesh Bank, residual balance BDT 473 million of reserve against BCCI pre take-over loss (after adjusting pre take-over loss BDT 912 million and surrendering customer deposit BDT 169 million to Bangladesh Bank under special permission) was transferred to General Reserve account.					
19 Foreign currency translation difference: [gain/(loss)]					
Assets and liabilities of EBL Offshore Banking Unit and EBL Finance (HK) Ltd (for Consolidation) have been presented into Taka (which is the functional currency of the Bank) using year-end standard mid rate of exchange of the Bank @ USD 1 = BDT 84.90 and HKD 1= BDT 10.9266. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1= BDT 84.4458 & HKD 1 =BDT 10.8682). The net cumulative result of the exchange differences has been presented separately as equity component as per para 39 of IAS 21.					
20 Surplus in profit and loss account					
Opening balance	4,959,549,553	3,305,226,375	4,637,557,933	3,019,572,916	
Profit for the year	3,990,393,331	3,110,776,906	4,008,142,125	3,080,776,920	
Transfer to statutory reserve	(737,999,580)	-	(737,999,580)	-	
Bonus share issued	(737,999,580)	-	(737,999,580)	-	
Cash dividend paid	(1,475,999,178)	(1,475,999,178)	(1,475,999,178)	(1,475,999,178)	
Foreign currency adjustment for offshore	4,833,152	19,545,450	3,542,459	13,207,275	
Closing balance	6,002,777,699	4,959,549,553	5,697,244,179	4,637,557,933	
21 Contingent liabilities:					
Acceptance and endorsements	21.1	45,008,741,219	57,033,419,112	45,008,741,219	57,033,419,112
Letters of guarantee	21.2	23,321,243,725	27,299,063,024	23,321,243,725	27,299,063,024
Irrevocable letters of credit	21.3	23,139,697,761	24,913,788,504	23,139,697,761	24,913,788,504
Bills for collection	21.4	7,963,765,179	7,676,005,477	7,963,765,179	7,676,005,477
Others (Securities holding SC-Agrabad branch)		-	378,933,000	-	378,933,000
Forward assets purchased and forward deposits placed	21.5	347,552,793	327,629,500	347,552,793	327,629,500
		99,781,000,677	117,628,838,616	99,781,000,677	117,628,838,616
21.1 Acceptance and endorsements					
Acceptances (Back to Back)		9,282,415,697	9,852,345,271	9,282,415,697	9,852,345,271
Acceptances (ULC-Cash)		34,994,149,697	46,551,399,143	34,994,149,697	46,551,399,143
Acceptances (Against Contract-Agrabad branch)		-	81,849,552	-	81,849,552
		44,276,565,394	56,485,593,965	44,276,565,394	56,485,593,965
Acceptances (ULC-Cash)- Offshore Banking Unit		732,175,825	547,825,146	732,175,825	547,825,146
		45,008,741,219	57,033,419,112	45,008,741,219	57,033,419,112

As per BRPD circular letter no 01 dated 03 January 2018, 1% general provision on Letter of Credit issued in favour of Fast Track Power Projects against LOI under BPDB has been waived. As such, on the reporting date, no general provision on outstanding Acceptance value of BDT 487.137 million issued on account of Fast Track Power Projects has been maintained.

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
21.2 Letters of guarantees				
Directors	-	-	-	-
Government	514,396,327	514,331,129	514,396,327	514,331,129
Banks and other financial institutions	9,767,536,433	12,561,447,080	9,767,536,433	12,561,447,080
Others (Customers etc.)	13,039,310,965	14,223,284,815	13,039,310,965	14,223,284,815
	23,321,243,725	27,299,063,024	23,321,243,725	27,299,063,024
Letters of guarantee-Offshore Banking Unit	-	-	-	-
	23,321,243,725	27,299,063,024	23,321,243,725	27,299,063,024

As per BRPD circular no 13 dated 18 October 2018, 1% General provision has been maintained against Letter of Guarantee, except those against which counter guarantee has been issued by Multilateral Development Banks/International Banks having BB rating grade equivalent 1 to 4 of which a provision 0% - 0.75% is required to be maintained.

21.3 Irrevocable letters of credit				
Letters of credit - Cash sight	4,120,630,652	4,645,520,552	4,120,630,652	4,645,520,552
Letters of credit - Cash usance	10,268,405,671	12,641,153,713	10,268,405,671	12,641,153,713
Letters of credit - Back to back	8,171,966,709	6,838,117,300	8,171,966,709	6,838,117,300
	22,561,003,033	24,124,791,565	22,561,003,033	24,124,791,565
Letters of credit (Cash sight)-Offshore Banking Unit	116,301,830	223,862,502	116,301,830	223,862,502
Letters of credit (Cash usance)-Offshore Banking Unit	462,392,898	565,134,436	462,392,898	565,134,436
	23,139,697,761	24,913,788,504	23,139,697,761	24,913,788,504

As per BRPD circular letter no 01 dated 03 January 2018, 1% general provision on Letter of Credit issued in favour of Fast Track Power Projects against LOI under BPDB has been waived.

21.4 Bills for collection				
Foreign documentary bills collection	3,158,467,141	2,922,347,368	3,158,467,141	2,922,347,368
Local documentary bills collection	3,903,674,421	4,094,546,697	3,903,674,421	4,094,546,697
	7,062,141,562	7,016,894,065	7,062,141,562	7,016,894,065
Bills for collection- Offshore Banking Unit	901,623,617	659,111,412	901,623,617	659,111,412
	7,963,765,179	7,676,005,477	7,963,765,179	7,676,005,477

As per BRPD circular no 07 dated 21 June 2018, 1% general provision on Bills for Collection has been waived. As such no general provision on outstanding Bills for Collection worth BDT 7,963.76 million has been maintained as on the reporting date.

21.5 Forward assets purchased and forward deposits placed (against FCY)				
Forward assets purchased	347,552,793	327,629,500	347,552,793	327,629,500
Forward deposits placed	-	-	-	-
	347,552,793	327,629,500	347,552,793	327,629,500

As per BRPD instruction, 1% general provision on outstanding Forward Assets Purchased worth BDT 347.55 million has been maintained.

22 Interest income				
Interest on loans and advances	21,956,591,405	19,064,717,142	21,215,537,730	18,417,196,385
Interest on money at call and short notice	31,117,985	12,209,406	30,637,367	12,209,406
Interest on placement with Banks and FIs	2,271,859,576	1,638,032,431	2,256,391,854	1,616,492,442
Interest on foreign currency balances	90,585,501	27,348,652	90,585,501	27,348,652
	24,350,154,466	20,742,307,631	23,593,152,451	20,073,246,885
Less: Inter unit/company elimination	(766,884,830)	(554,093,970)	(429,546,631)	(251,966,758)
	23,583,269,636	20,188,213,661	23,163,605,820	19,821,280,127

23	Interest paid on deposits, borrowings and others					
	Interest on deposits	23.01	12,660,570,773	9,946,097,534	12,660,570,773	9,946,097,534
	Interest on borrowings from Banks & FIs	23.02	2,711,457,065	2,591,699,184	2,073,909,058	2,027,451,881
	Interest on borrowings from BB & others	23.03	665,766,277	592,804,418	665,766,277	592,804,418
	Interest on lease liabilities		34,783,596	-	33,519,517	-
	Interest on Margin		676,183	676,183	676,183	676,183
			16,073,253,894	13,131,277,319	15,434,441,808	12,567,030,016
	Less: Inter unit/company elimination		(766,884,830)	(554,093,970)	(429,546,631)	(251,966,758)
			15,306,369,064	12,577,183,349	15,004,895,177	12,315,063,258

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
23.01 Interest on deposits				
Interest on Savings Deposits	1,719,665,429	1,642,257,295	1,719,665,429	1,642,257,295
Interest on Special Notice Deposits (SND)	1,753,891,770	1,471,554,538	1,753,891,770	1,471,554,538
Interest on Term Deposits	9,187,013,573	6,832,285,701	9,187,013,573	6,832,285,701
	12,660,570,773	9,946,097,534	12,660,570,773	9,946,097,534
23.02 Interest on borrowings from Banks & FIs				
Interest on demand borrowing	934,797,567	561,991,170	501,524,348	348,397,583
Interest on term borrowing	1,317,126,167	1,781,676,822	1,112,851,379	1,431,023,106
Interest on Subordinated Bond	445,712,494	241,417,809	445,712,494	241,417,809
Inter-bank Repo (Repurchase agreement)	13,820,837	6,613,384	13,820,837	6,613,384
	2,711,457,065	2,591,699,184	2,073,909,058	2,027,451,881
23.03 Interest on borrowings from BB & others				
Borrowing under IPFF	2,231,976	5,293,013	2,231,976	5,293,013
Borrowing under EDF	497,306,329	421,041,699	497,306,329	421,041,699
Borrowing under LTFF	79,746,779	62,227,370	79,746,779	62,227,370
Borrowing under BADP (refinance scheme)	15,215,228	19,808,742	15,215,228	19,808,742
Borrowing under SMESPD (refinance scheme)	43,108,303	53,084,517	43,108,303	53,084,517
Second Crop Diversification Project	27,140,700	29,040,384	27,140,700	29,040,384
Borrowing from SME Foundation	1,016,963	1,490,556	1,016,963	1,490,556
Borrowing under ALS	-	818,137	-	818,137
	665,766,277	592,804,418	665,766,277	592,804,418
24 Investment income				
Dividend Income	24.1 162,940,753	154,696,097	211,962,117	243,398,713
Interest on reverse REPO	184,932,373	24,073,926	184,932,373	24,073,926
Interest on commercial paper	-	2,409,333	-	2,409,333
Interest on corporate bonds	208,387,717	185,918,730	208,387,717	185,918,730
Interest on treasury bonds	1,559,232,144	1,550,801,722	1,559,232,144	1,550,801,722
Gain from government securities	24.2 696,506,501	87,780,952	696,506,501	87,780,952
(Loss) on revaluation of treasury securities (HFT)*	(161,634,079)	(26,086,054)	(161,634,079)	(26,086,054)
Net Gain/(Loss) on sale of quoted securities	48,719,019	332,753,837	52,247,232	249,574,217
	2,699,084,429	2,312,348,542	2,751,634,005	2,317,871,538
*As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
24.1 Dividend Income				
Eastern bank limited (Parent)	211,962,117	243,398,713		
EBL securities limited	39,959,282	47,712,904		
EBL investments limited	3,420,445	4,257,238		
EBL asset management limited	1,095,323	472,998		
	256,437,166	295,841,853		
Less: Elimination-Dividend from EBL finance (HK) limited	(93,496,413)	(141,145,756)		
	162,940,753	154,696,097		
24.2 Gain from government securities				
Gain from trading in govt. treasury bills/bonds	178,086,606	37,758,418	178,086,606	37,758,418
Gain from amortization in govt. treasury bills	518,419,895	50,022,534	518,419,895	50,022,534
	696,506,501	87,780,952	696,506,501	87,780,952

As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

Amount in BDT

		Consolidated		Bank	
Note		2019	2018	2019	2018
		▼		▼	
25 Commission, exchange and brokerage					
Fees, commission and charges	25.1	2,341,920,529	2,195,765,294	2,235,112,790	2,090,284,857
Exchange gain (net of exchange loss)	25.2	1,215,012,691	1,020,945,370	1,213,103,501	1,020,093,019
Brokerage commission	25.3	228,527,953	251,007,559	-	-
		3,785,461,173	3,467,718,223	3,448,216,291	3,110,377,876
25.1 Fees, commission and charges:					
Loan processing fees		304,427,702	237,031,109	304,427,702	237,031,109
Service charges (Periodic & Adhoc)		421,329,339	334,809,530	349,814,224	334,840,610
Early settlement fees		49,359,270	44,269,474	49,359,270	44,269,474
Cards fees & charges (net of cards direct expenses)	25.1.a	668,091,727	499,923,216	668,091,727	499,923,216
Commission on general banking (PO, FDD, remittance, etc)		100,448,689	99,232,432	100,448,689	99,232,432
Commission on trade business (LG, LC, Acceptance)		798,263,803	980,499,534	762,971,179	874,988,017
		2,341,920,529	2,195,765,294	2,235,112,790	2,090,284,857
25.1.a Cards fees and charges (net of cards direct expenses):					
Cards fees and charges:					
Fees and charges (Debit, Prepaid Cards, etc.)		190,673,524	151,548,255	190,673,524	151,548,255
Fees and charges (Credit cards):					
Annual and transactional fees		222,052,233	141,144,387	222,052,233	141,144,387
Late payment and overlimit fees		265,429,683	181,951,591	265,429,683	181,951,591
Cash advance fees		19,907,562	25,057,422	19,907,562	25,057,422
Interchange reimbursement (IRF) and acquiring fees		203,539,765	163,658,876	203,539,765	163,658,876
Risk assurance premium		106,910,694	85,775,753	106,910,694	85,775,753
Merchant service commission		113,741,310	83,076,904	113,741,310	83,076,904
Card cheque fees		26,952,792	49,534,129	26,952,792	49,534,129
Replacement fees and others		19,897,028	28,250,144	19,897,028	28,250,144
		1,169,104,592	909,997,462	1,169,104,592	909,997,462
Cards direct expenses					
Membership and Priority Pass		281,583,640	172,729,377	281,583,640	172,729,377
Acquiring and IRF charges		87,014,972	68,207,134	87,014,972	68,207,134
Insurance expense		53,387,302	94,870,038	53,387,302	94,870,038
Other service charges (ATM card usage, cash back, reward etc)		79,026,950	74,267,697	79,026,950	74,267,697
		501,012,865	410,074,246	501,012,865	410,074,246
Total cards fees and charges (net of direct expenses)		668,091,727	499,923,216	668,091,727	499,923,216
25.2 Exchange gain (net of exchange loss)					
Gain on exchange trading (other than cards business)		7,447,457,354	2,859,205,802	7,416,310,509	2,832,093,342
Less: Exchange loss		6,340,396,628	1,931,313,720	6,311,158,973	1,905,053,611
		1,107,060,726	927,892,082	1,105,151,536	927,039,731
Exchange gain from cards business		158,531,281	133,290,331	158,531,281	133,290,331
Less: Exchange loss		50,579,316	40,237,043	50,579,316	40,237,043
		107,951,965	93,053,288	107,951,965	93,053,288
Total		1,215,012,691	1,020,945,370	1,213,103,501	1,020,093,019
25.3 Brokerage commission					
Brokerage commission (DSE and CSE)		203,499,748	254,705,737		
Brokerage commission (Dealer)		1,565,698	3,181,579		
Settlement fees & commission		22,542,993	20,638,280		
Management & trustee fees		27,521,923	7,063,497		
		255,130,362	285,589,093		
Less: Direct expenses					
Laga and Howla charges		18,194,970	22,551,283		
CDBL charges		8,407,439	12,030,251		
		26,602,409	34,581,534		
		228,527,953	251,007,559		

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
26 Other operating income				
Rebate earnings	102,463,009	94,274,583	102,463,009	94,274,583
Postage charges recovered	36,017,962	34,778,838	16,574,457	16,135,706
Swift charges recovered	62,506,557	63,179,953	62,506,557	63,179,953
Service charges (others)	9,722,757	8,500,934	9,722,757	8,500,934
Locker rent	18,652,125	18,052,600	18,652,125	18,052,600
(Loss)/gain on disposal of fixed assets	19,164,696	(11,414,348)	19,164,696	(11,427,666)
Other earnings	9,859,706	16,090,386	9,729,086	16,043,816
	258,386,812	223,462,947	238,812,687	204,759,927

Commission, fees and charges received against export and export related services are VAT exempted as per service code S056 of SRO 189-AIN/2019/46-MUSHAK, dated 13 June 2019.

27 Salary & allowances (excluding those of MD)				
Basic salary	1,305,884,665	1,205,170,116	1,223,555,460	1,131,765,236
Other salary & allowances	1,720,743,544	1,583,425,741	1,671,616,727	1,539,747,240
Festival bonus	208,126,649	194,014,865	201,722,158	188,515,567
Performance bonus	301,935,525	290,211,556	292,830,367	279,000,000
Contribution to provident fund	120,924,841	111,421,536	116,387,937	108,453,323
Contribution to gratuity fund	27.1 229,257,635	187,173,612	224,567,067	180,193,032
Contribution to superannuation fund	27.2 8,400,000	15,510,000	8,400,000	15,510,000
	3,895,272,859	3,586,927,426	3,739,079,717	3,443,184,398

*The number of regular employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 p.a. or above were 1,877 at the end of December 2019 and 1,870 at the end of December 2018.

27.1 Contribution to gratuity fund (bank only)

Contribution to gratuity fund is made as per actuarial valuation of the fund. Valuation is carried out on 'Projected unit credit method' as recommended by International Accounting Standard (IAS) 19 'Employee Benefits'. Under this method the valuation is done considering both 'future service cost' which an employee shall obtain in normal course of service and 'past service cost' which is the difference between assets built up from past contributions and accrued liabilities (i.e. benefits earned by members as a result of service as of valuation date).

The latest valuation was carried out on 30 September 2018 effective from 01 October 2018. Actuary recommended that the bank will continue to contribute at least 18.13% of basic salary into the fund each year until the next actuarial review is done. The bank is maintaining recommended contribution from the effective date.

Calculation of service cost as per actuarial valuation:

Current Service Cost	10.91%
Past Service Cost	7.22%
	18.13%

27.1.a Contribution to Gratuity fund during the year Required contribution for the year (18.13% on basic salary from January-December'19)

Maintained during the year	224,567,067
Surplus / (shortage)	-

27.2 Contribution to superannuation fund (bank only)

Contribution to superannuation fund is made as per actuarial valuation of the fund. Valuation is carried out on 'Projected unit credit method' as per International Accounting Standard (IAS) 19 'Employee Benefits' to determine the present value of obligations and the related current service cost and, where applicable past service cost. The amount of obligation is determined on the occurrence of certain pre-defined events which is related with employee rank (not salary) and certain threshold level of service being reached i.e. survival or withdrawal probabilities.

The latest valuation was carried out on 30 September 2018 effective from 01 October 2018. The actuary recommended a contribution of at least BDT 0.70 million per month into the fund until the next actuarial investigation is carried out.

27.2.a Contribution to Superannuation fund during the year

Required contribution for the year	8,400,000
Maintained during the year	8,400,000
Surplus / (shortage)	-

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
28 Rent, taxes, insurance, utilities etc.				
Rents, rates and taxes - Premises & Equipments *	339,661,460	568,717,538	330,179,356	539,759,368
Insurance premium**	136,661,262	123,729,888	135,891,180	122,986,797
Utilities (except telecommunication)	139,573,451	121,066,176	131,974,184	115,529,600
	615,896,173	813,513,602	598,044,720	778,275,765
* While implementing IFRS 16 (leases), the bank recorded interest expense on lease liabilities (note 23) and depreciation on ROU assets (note 35) instead of charging rental expense of BDT 190,396,539 (excluding VAT) in 2019 against those rental premises that have been treated as lease assets (ROU) and shown in the balance sheet under IFRS 16.				
** The major portion of insurance premium (BDT 124 million in 2019 and BDT 112 million in 2018) was paid to Bangladesh Bank as per DOS circular letter no 1 dated 10 January 2007 and Circular no. DID-02/2012 dated 02 October 2012 in exchange of coverage of deposits up to certain threshold in case the bank goes bankrupt. The rest of the premium covers Property, Cash security etc.				
29 Legal & professional expenses				
Professional fees (Consultancy, advisory, certification, etc.)	21,667,070	21,069,759	20,774,588	20,791,023
Professional fees (Loan recovery & Contact point verification)	1,593,975	1,771,725	1,593,975	1,771,725
Lawyers' professional fees	34,854,430	25,332,882	34,854,430	24,871,932
Other legal expenses (Court expense, auction notice, etc.)	59,900,515	53,268,752	59,900,515	53,127,124
	118,015,990	101,443,119	117,123,508	100,561,805
30 Postage, stamp, telecommunication etc.				
Telephone - office (including SMS service)	50,027,183	46,471,319	49,724,352	46,048,135
Network link, Internet, swift and DR maintenance cost	57,554,803	61,362,790	54,901,975	59,318,096
Postage and courier charges	36,970,778	36,411,191	31,572,474	29,901,585
Stamp and court fees	770,075	759,714	770,075	759,714
	145,322,839	145,005,015	136,968,876	136,027,531
31 Stationery, printing, advertisement, business promotion etc.				
Printing and stationery	77,888,361	77,370,321	75,889,945	76,493,931
Advertisement (Print & electronic media, POC materials etc.)	48,944,138	57,427,516	48,707,228	56,943,238
Business promotional expenses for Skylounge	168,295,684	148,340,320	168,295,684	148,340,320
Business promotional expenses for Priority and others	63,207,419	63,668,686	60,580,222	54,807,245
	358,335,602	346,806,843	353,473,079	336,584,734
32 Managing Director's salary and allowances (Bank only)				
Basic salary	15,093,548	13,650,645	15,093,548	13,650,645
Allowances	4,595,162	4,800,000	4,595,162	4,800,000
Bonus (Festival and Performance)	3,420,000	3,200,000	3,420,000	3,200,000
Bank's contribution to provident fund	1,509,355	1,365,065	1,509,355	1,365,065
	24,618,065	23,015,710	24,618,065	23,015,710
33 Directors' fees and expenses				
Meeting attendance fees	2,333,302	2,452,950	2,145,802	2,217,200
Other expenses (refreshment, conveyance etc.)	2,810,727	2,513,021	2,810,727	2,513,021
	5,144,029	4,965,971	4,956,529	4,730,221
Each director of the Bank is paid for BDT 8,000 as per BRPD circular letter no. 11 dated 4 October 2015 per board or board committee meeting attended in 2019.				
34 Audit Fees				
Statutory and corporate governance audit fees	2,186,592	1,954,701	1,232,345	1,008,750
VAT on audit fees (i.e. 15%)	157,500	145,663	135,000	120,000
	2,344,092	2,100,364	1,367,345	1,128,750
Audit fees includes BDT 332,345 incurred for EBL Yangon RO, Myanmar.				

Amount in BDT

35 Repairs, maintenance and depreciation

Depreciation: (Annexure 'A')

Note	Consolidated		Bank	
	2019	2018	2019	2018
Building and floor spaces	35,198,889	22,632,036	35,198,889	22,632,036
Machinery and equipments	57,163,139	75,154,843	55,600,116	74,128,996
Computer and network equipments	62,577,219	55,559,233	59,778,850	53,143,178
Digital banking equipments	18,041,302	-	18,041,302	-
Electromechanical equipments	17,127,780	4,281,945	17,127,780	4,281,945
Vehicles	30,289,208	23,908,941	25,577,427	19,772,588
Furniture and fixtures	54,366,234	34,971,207	51,381,764	33,199,961
Software	61,003,027	54,365,010	60,713,714	54,105,656
Right of use assets (Lease assets)	190,070,665	-	170,517,727	-

525,837,464 270,873,215 493,937,570 261,264,360

Repairs, maintenance and spare parts

Machinery and equipments	45,250,946	71,124,686	44,798,800	69,926,765
Vehicles	3,705,642	12,693,589	2,856,615	12,371,653
Furniture and fixtures	11,084,978	19,533,911	10,834,173	19,530,144
Rented premises- general	73,307,769	70,063,132	70,793,921	67,968,416
Rented premises-electricity & lighting	11,208,642	18,633,825	11,100,642	18,633,825
Software maintenance	111,202,657	113,030,166	106,173,441	112,240,221

255,760,634 305,079,309 246,557,592 300,671,024

Total 781,598,098 575,952,524 740,495,162 561,935,384

36 Other expenses

Business travelling and conveyance	63,808,513	60,817,577	61,485,295	58,570,749
Bank charges	66,032,912	64,483,177	64,160,720	63,330,358
Cards production cost	18,461,667	30,298,500	18,461,667	30,298,500
POS acquiring expenses	19,651,978	20,900,000	19,651,978	20,900,000
CSR expenses (including donation)	151,223,386	81,227,950	151,169,045	81,088,044
Fees and subscriptions	4,760,809	3,979,442	3,690,719	3,741,068
Recruitment and training expenses	21,018,801	25,581,696	19,980,355	25,101,034
Entertainment and recreation	44,782,171	46,429,762	38,398,057	40,147,931
Office securities (Cash carrying, office premises etc.)	135,882,109	135,094,105	135,156,689	134,339,333
Business and internal events	17,595,324	18,622,993	17,595,324	18,622,993
Reward and recognition	11,926,995	9,178,258	11,926,995	9,178,258
Sales and collection commision (DST, Agency, Dealers)	105,030,129	102,922,811	105,030,129	102,922,811
Expense for EBL Sub-ordinated bond	6,461,299	3,809,893	6,461,299	3,809,893
Other operating expenses (uniform, freight, books, shares etc)	18,150,932	17,949,556	18,116,584	17,820,554
Other expenses of subsidiaries 36.1	10,526,387	13,762,733	-	-

695,313,414 635,058,454 671,284,857 609,871,527

36.1 Other expenses of subsidiaries

Registration, renewal & IPO expense	436,911	1,232,404
Guarantee premium	9,609,688	12,158,854
Other administration expenses	479,788	371,475

10,526,387 13,762,733

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per VAT and Supplementary Duty Act 2012 and rules 2016.

37 Other provisions

Provision charged for protested bill & others	13.6	92,857,498	42,026,000	92,857,498	42,026,000
Provision for rebate to good borrowers	13.7	10,000,000	-	10,000,000	-
Provision on revaluation of quoted securities	13.8	620,462,814	372,523,579	539,646,044	328,434,944

723,320,312 414,549,579 642,503,542 370,460,944

38 Deferred tax expense/(income) (net)

Deferred tax (income) arisen for charging specific provision	9.10.a	(693,921,965)	(137,760,865)	(693,921,965)	(137,760,865)
Deferred tax expense in WDV of Fixed Assets	9.10.b	29,460,005	57,344,019	29,460,005	57,344,019

(664,461,960) (80,416,846) (664,461,960) (80,416,846)

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018

39 Earnings per share

Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 December 2019 as per IAS- 33 "Earnings Per Share". Diluted EPS was not required to calculate as there was no dilution possibilities during the year.

Number of shares before bonus share issued	737,999,589	737,999,589	737,999,589	737,999,589
Bonus shares issued in 2019	73,799,958	73,799,958	73,799,958	73,799,958
A. Weighted average number of ordinary shares outstanding :	811,799,547	811,799,547	811,799,547	811,799,547
B. Earnings Per Share (EPS) :				
Net profit attributable to the shareholders of EBL	3,990,393,330	3,110,776,905	4,008,142,125	3,080,776,920
Number of ordinary shares outstanding :	811,799,547	811,799,547	811,799,547	811,799,547
Earnings per share (EPS) (restated)	4.92	3.83	4.94	3.79

40 Changes in other assets (Cash flow items)**Opening Balance:**

TREC of DSE (in exchange of membership license)	595,337,112	553,800,000	-	-
TREC of CSE (in exchange of membership license)	245,379,755	201,500,000	-	-
Receivable from subsidiaries	-	-	6,794,437	17,494,671
Stock of stationeries	17,130,137	13,162,729	17,130,137	13,162,729
Stamps on hand	5,628,561	7,232,388	5,588,511	7,185,688
Advance to staff for expenses	3,474,945	754,509	3,356,626	754,509
Security deposits-govt. agencies	11,596,802	12,080,611	7,319,364	6,004,564
Interest and dividend receivables	616,646,229	711,849,402	698,189,196	1,163,352,334
Sundry receivables	465,640,214	350,909,425	450,440,214	345,355,945
Advance rent	334,548,100	324,847,799	331,998,090	323,730,799
Prepayments and advance to vendors	94,372,970	937,051,222	93,433,386	931,364,350
Deferred tax assets (net of liabilities)	1,210,699,864	1,130,283,018	1,210,699,864	1,130,283,018
Other assets of subsidiaries	31,186,399	1,079,685,431	-	-
	3,631,641,088	5,323,156,535	2,824,949,825	3,938,688,608

Closing Balance:

Investment in DSE (TREC and Shares of DSE)	595,337,112	595,337,112	-	-
Investment in CSE (TREC and Shares of CSE)	245,379,755	245,379,755	-	-
Receivable from subsidiaries	-	-	3,527,436	6,794,437
Stock of stationeries	15,097,285	17,130,137	15,097,285	17,130,137
Stamps on hand	5,600,093	5,628,561	5,588,511	5,588,511
Advance to staff for expenses	301,986	3,474,945	252,950	3,356,626
Security deposits-govt. agencies	11,637,804	11,596,802	7,359,364	7,319,364
Interest and dividend receivables	964,781,342	616,646,229	1,046,980,398	698,189,196
Sundry receivables	755,995,261	465,640,214	754,902,561	450,440,214
Advance rent	216,938,429	334,548,100	216,800,826	331,998,090
Prepayments and advance to vendors	161,824,574	94,372,970	158,371,686	93,433,386
Deferred tax assets (net of liabilities)	1,875,161,824	1,210,699,864	1,875,161,824	1,210,699,864
Other assets of subsidiaries	21,833,460	31,186,399	-	-
	4,869,888,926	3,631,641,088	4,084,037,173	2,824,949,825
Adjustment for other non-cash items	327,688,257	(37,629,909)	391,213,618	(126,934,915)
Net cash changes in other assets	(910,559,581)	1,653,885,538	(867,873,731)	986,803,868

41 Changes in other liabilities (Cash flow items)**Opening balances**

Privileged creditors	483,476,704	422,890,252	483,476,704	422,890,252
Acquirer liabilities	733,163,686	601,799,164	733,163,686	601,799,164
Sundry creditors	47,280,130	62,107,724	47,280,130	62,107,724
Security deposit	15,472,476	52,615,151	15,472,476	52,587,551
Current tax liability/(assets)	1,515,399,023	1,467,645,142	1,485,181,664	1,421,527,646
Provision for loans, advances and OBS exposures (excluding OBU)	7,252,795,569	7,085,143,461	7,175,921,693	7,058,305,501
Provision for loans, advances and OBS exposures (OBU)	232,712,071	280,235,064	232,712,071	280,235,064
Interest suspense account	1,348,450,204	1,478,980,025	1,178,840,387	1,372,871,626

Amount in BDT

Note	Consolidated		Bank	
	2019	2018	2019	2018
Provision for protested bill & others	52,516,000	10,770,000	52,516,000	10,770,000
Provision for non-banking assets	12,345,330	12,345,330	12,345,330	12,345,330
Provision for rebate to good borrowers	36,100,257	36,100,257	36,100,257	36,100,257
Provision for loss on revaluation of shares (net)	447,191,812	74,668,232	361,667,493	33,232,549
Advance interest/commission received	37,972,162	27,115,409	25,361,010	21,144,001
Expenses payable	480,297,229	499,102,150	446,296,976	458,006,884
Interest payable on borrowing including OBU	529,538,377	493,540,084	526,761,631	485,986,805
Miscellaneous liabilities	319,207,757	806,610,679	310,788,222	806,610,679
Other liabilities of subsidiaries	359,007,358	1,308,733,186	-	-
	13,902,926,145	14,720,401,310	13,123,885,730	13,136,521,033
Closing balances				
Privileged creditors	594,132,711	483,476,704	594,132,711	483,476,704
Acquirer liabilities	954,182,205	733,163,686	954,182,205	733,163,686
Sundry creditors	75,526,803	47,280,130	75,526,803	47,280,130
Security deposit	6,067,856	15,472,476	6,067,856	15,472,476
Current tax liability/(assets)	2,778,993,401	1,515,399,023	2,714,070,821	1,485,181,664
Provision for loans, advances and OBS exposures (excluding OBU)	9,188,404,604	7,252,795,569	9,111,530,725	7,175,921,693
Provision for loans, advances and OBS exposures (OBU)	246,897,402	232,712,071	246,897,402	232,712,071
Interest suspense account	1,823,520,136	1,348,450,204	1,653,910,317	1,178,840,387
Provision for protested bill & others	145,373,498	52,516,000	145,373,498	52,516,000
Provision for non-banking assets	12,345,330	12,345,330	12,345,330	12,345,330
Provision for rebate to good borrowers	46,100,257	36,100,257	46,100,257	36,100,257
Provision for loss on revaluation of shares (net)	1,067,654,623	447,191,812	901,313,537	361,667,493
Advance interest/commission received	46,060,675	37,972,162	36,379,504	25,361,010
Expenses payable	512,872,100	480,297,229	490,287,580	446,296,976
Interest payable on borrowing including OBU	545,663,660	529,538,377	544,808,104	526,761,631
Miscellaneous liabilities	477,122,524	319,207,757	469,321,632	310,788,222
Lease liabilities (present value of lease payments)	622,832,947	-	608,816,783	-
Other liabilities of subsidiaries	267,012,538	359,007,358	-	-
	19,410,763,269	13,902,926,145	18,611,065,064	13,123,885,730
Adjustment for other non cash items	(109,362,574)	(73,154,348)	(113,493,320)	(68,192,181)
Net cash changes in other liabilities	5,398,474,549	(890,629,513)	5,373,686,014	(80,827,484)

42 Events after the reporting period

The Board of Directors of Eastern Bank Limited recommended 25 % cash dividend in 667 board meeting held on 05 April 2020 for the year 2019. Eligible shareholders (who holds EBL shares on the record date i. e. 3 May 2020) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is BDT 2,029,498,867.

Schedule of Fixed Assets

as at 31 December 2019

Amount in BDT

Particulars	Cost					Accumulated Depreciation & Amortization					Net book value at 31 December 2019	
	Balance on 01 January 2019	Revaluation Reserve	Additions during the year	Transfer during the year	Disposals during the year	Balance at 31 December 2019	Balance on 01 January 2019	Charge for the year	Transfer during the year	On disposals during the year		Balance at 31 December 2019
Tangible assets:												
Land	3,986,656,786	-	-	-	-	3,986,656,786	-	-	-	-	-	3,986,656,786
Building and floor spaces	1,407,955,522	-	-	-	-	1,407,955,522	120,635,652	35,198,889	-	-	155,834,541	1,252,120,981
Capital work in progress	20,104,672	-	57,236,151	-	(1,626,555)	75,714,268	-	-	-	-	-	75,714,268
Machinery and equipments	882,416,005	-	25,236,741	(237,475,620)	(25,621,132)	644,555,994	702,174,400	56,441,575	(180,870,130)	(25,596,884)	552,148,961	92,407,033
Digital banking equipments	-	-	13,940,000	237,475,620	-	251,415,620	-	17,199,844	180,870,130	-	198,069,974	53,345,646
Electromechanical equipments	342,555,675	-	-	-	-	342,555,675	4,281,945	17,127,779	-	-	21,409,724	321,145,951
Computer and network equipments	705,057,095	-	32,188,340	-	(12,349,778)	724,895,657	510,712,573	59,778,850	-	(12,349,587)	558,141,836	166,753,820
Vehicles	157,979,760	-	65,159,631	-	(42,207,787)	180,931,604	100,723,822	25,577,425	-	(42,207,759)	84,093,488	96,838,116
Furniture and fixtures	678,558,777	-	23,320,598	-	(25,166,187)	676,713,188	315,385,254	51,381,764	-	(23,062,798)	343,704,220	333,008,969
Right of use assets (Lease assets)	-	-	950,537,957	-	-	950,537,957	-	170,517,727	-	-	170,517,727	780,020,230
Intangible assets:												
Software	524,366,924	-	42,506,625	-	-	566,873,549	315,120,404	60,713,714	-	-	375,834,118	191,039,431
At 31 December 2019	8,705,651,216	-	1,210,126,043	-	(106,971,439)	9,808,805,820	2,069,034,050	493,937,567	-	(103,217,028)	2,459,754,590	7,349,051,230
At 31 December 2018	7,865,317,567	(58,800,380)	1,735,933,005	-	(836,798,976)	8,705,651,216	1,942,702,772	261,264,360	-	(134,933,083)	2,069,034,050	6,636,617,167

Schedule of Fixed Assets Disposals

as at 31 December 2019

Amount in BDT

Date	Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Tax & VAT	Gain/(Loss)	Mode of Disposal	Buyer/ Highest bidder
09.01.2019	Five Motor Cycles	460,700	460,695	5	149,336	(12,330)	136,997	Open Tender	Shahjahan Karim
28.03.2019	Furniture & Fixtures	9,422,242	9,349,301	72,941	-	-	(72,941)	-	Jiban Bima Bhaban
07.04.2019	Furniture & Fixtures	738,616	692,690	45,926	110,000	(9,731)	54,343	-	Jiban Bima Bhaban
07.04.2019	Machinery & Equipments	314,970	314,957	13	40,500	(3,645)	36,816	Open Tender	M/S Alif Electrical Engineering & Paint
15.04.2019	Computer & Network Equipments	1,482,825	1,482,799	26	-	-	-	-	Disposed
30.04.2019	Construction materials	517,197	-	517,197	-	-	-	-	Disposed
30.04.2019	Machinery & Equipments	16,775,015	16,774,567	448	587,150	(52,844)	533,847	Open Tender	Moon Moon Pipe Corner
01.09.2019	Computer & Network Equipments	1,414,790	1,414,779	11	-	-	-	-	Disposed
01.09.2019	Sedan Car	3,485,000	3,484,999	1	1,687,500	(187,500)	1,499,999	Open Tender	Md. Morshed Haroon
01.09.2019	Sedan Car	3,000,000	2,999,999	1	1,251,338	(139,037)	1,112,300	Open Tender	A.K.M Kaiser
20.10.2019	Sedan Car	2,186,000	2,185,999	1	998,157	(110,906)	887,250	Open Tender	Md. Akramuzzaman Chowdhury
20.10.2019	Sedan Car	2,226,000	2,225,999	1	1,046,250	(116,250)	929,999	Open Tender	Abdullahish Shafi
20.10.2019	Sedan Car	3,500,000	3,499,999	1	1,743,863	(193,763)	1,550,099	Open Tender	Khandaker Nurul Afser
20.10.2019	Sedan Car	2,186,000	2,185,999	1	1,018,125	(113,125)	904,999	Open Tender	Mohammad Ali
04.11.2019	Machinery & Equipments	2,019,000	2,018,986	14	125,000	(13,888)	111,098	Open Tender	Giasuddin Howlader
05.11.2019	Sedan Car	1,094,000	1,093,999	1	568,238	(63,137)	505,100	Open Tender	Golam Kawser
11.11.2019	Machinery & Equipments	4,558,595	4,541,530	17,065	376,875	(41,875)	317,935	Open Tender	Asaduzzaman
14.11.2019	Construction materials	1,109,358	-	1,109,358	-	-	-	-	Disposed
20.11.2019	Four Sedan Cars	7,780,000	7,779,996	4	3,975,760	(441,751)	3,534,005	Open Tender	Mostafa Shisham Rahman
	Sedan Car	1,620,762	1,620,761	1	618,750	(68,750)	549,999	Open Tender	Rashedul Hoque
28.11.2019	Sedan Car	947,000	946,999	1	474,638	(52,737)	421,900	Open Tender	Syed Ferdous Ullah Rahman
	Sedan Car	947,000	946,999	1	478,688	(53,287)	425,400	Open Tender	Mohammad Ali Rahman
	Sedan Cars	2,350,000	2,349,998	2	1,524,825	(169,425)	1,355,398	Open Tender	Md. Badal
05.12.2019	Sedan Car	947,000	946,999	1	500,625	(55,625)	444,999	Open Tender	Mohammad Mahmudur Rahman
	Toyota Harrier Jeep	3,619,325	3,619,324	1	1,610,929	(178,991)	1,431,937	Open Tender	Md. Saifur Rahman
	Four Sedan Cars	5,859,000	5,858,996	4	3,536,775	(392,975)	3,143,796	Open Tender	Md. Saifur Rahman
10.12.2019	Furniture & Fixtures	7,256,664	7,254,986	1,678	304,932	(33,881)	269,373	Open Tender	Nice Gain Trading
29.12.2019	Furniture & Fixtures	7,748,665	5,765,821	1,982,844	1,175,501	(105,750)	(919,954)	Open Tender	The Exchangers
	Machinery & Equipments	11,405,683	11,398,822	6,861	-	-	-	-	Disposed
	Grand Total: Gain/(Loss)	106,971,439	103,217,028	3,754,408	23,903,755	(2,611,203)	19,164,696		

Eastern Bank Limited and its subsidiaries

Annexure-B

Balance with other Banks and Financial Institutions (Consolidated)

as at 31 December 2019

Outside Bangladesh - (note-4.2)

Name of Banks and FIs	Currency	2019			2018		
		Foreign Currency	Exch. rate	Amount in BDT	Foreign Currency	Exch. rate	Amount in BDT
In demand deposit account (non interest bearing) with :							
AB Bank Limited, India	USD	15,129	84.90	1,284,487	14,868	83.90	1,247,407
Al-Rajhi Bank, KSA	SAR	38,020	22.64	860,581	215,520	22.36	4,819,579
Bank of Bhutan, Bhutan	USD	58,729	84.90	4,986,090	23,430	83.90	1,965,808
Bank of China	CNY	86,925	12.14	1,054,971	27,105	12.19	330,325
Bank of Tokyo Mitshubishi, India	USD	-	-	-	6,737	83.90	565,234
Bank Toykyo Mitshubishi, Japan	JPY	3,078,803	0.78	2,389,151	3,132,828	0.75	2,360,586
Citibank N. A., USA	USD	13,597,354	84.90	1,154,415,375	-	-	-
Commerz Bank AG, Germany	EURO	313,504	94.90	29,751,925	-	-	-
Habib American Bank, USA	USD	435,569	84.90	36,979,770	-	-	-
HDFC Bank Limited, Hongkong	USD	201,894	84.90	17,140,838	-	-	-
HDFC Bank Limited, Hongkong	HKD	17,432	10.93	190,472	-	-	-
ICICI Bank Limited, Hongkong	HKD	590,407	10.93	6,451,141	153,175	10.82	1,657,171
ICICI Bank Limited, Hongkong	USD	3,660,435	84.90	310,770,891	178,028	83.90	14,936,515
ICICI Bank, India	USD	652,771	84.90	55,420,253	-	-	-
JP Morgan Chase Bank N.A., UK	GBP	31,917	111.04	3,544,065	106,072	106.02	11,245,311
JP Morgan Chase Bank N.A., USA	USD	6,625,295	84.90	562,487,529	26,816,291	83.90	2,249,886,801
JP Morgan Chase Bank NA, Australia	AUD	20,569	59.25	1,218,748	25,103	59.32	1,489,026
JP Morgan Chase Bank, Germany	EURO	2,681.95	94.90	254,520	-	-	-
Mashreq Bank, UAE	USD	13,115	84.90	1,113,429	30,631	83.90	2,569,905
Mashreqbank, USA	USD	9,184,127	84.90	779,732,371	33,027	83.90	2,770,993
MCB Bank Limited	USD	2,012,559	84.90	170,866,269	-	-	-
Nepal Bangladesh Bank Ltd., Nepal	USD	125,907	84.90	10,689,501	20,252	83.90	1,699,139
NIB Bank Limited, Pakistan	USD	-	-	-	248,588.52	83.90	20,856,576.83
Nordea Bank, Norway	NOK	80,635	9.57	771,861	56,985	9.57	545,480
Standard Chartered Bank, USA - OBU	USD	7,719,789	84.90	655,410,118	610,061	83.90	51,184,145
Standard Chartered Bank, Srilanka	USD	27,318	84.90	2,319,292	15,601	83.90	1,308,931
Standard Chartered Bank, Germany	EURO	111,845	94.90	10,614,112	8,264	95.27	787,277
Standard Chartered Bank, India	USD	1,042,252	84.90	88,487,172	-	-	-
Standard Chartered Bank, USA	USD	3,240,557	84.94	275,266,474	-	-	-
Standard Chartered Bank, Singapore	SGD	43,812	62.82	2,752,250	12,411	61.17	759,149
Wells Fargo Bank, USA	USD	2,548,480	84.90	216,365,960	-	-	-
Zurcher Kantonal Bank, Zurich, Switzerland	CHF	26,817	87.09	2,335,618	16,910	84.27	1,425,046
Total				4,405,925,232			2,374,410,405

Borrowing from Banks and Financial Institutions (Consolidated)

as at 31 December 2019

Outside Bangladesh - (note-11.2)

Name of Banks and FIs	Currency	2019			2018		
		Foreign Currency	Exch. rate	Amount in BDT	Foreign Currency	Exch. rate	Amount in BDT
Abu Dhabi Commercial Bank, Dubai	USD	49,967,201	84.90	4,242,215,372	30,744,725	83.90	2,579,482,428
Asian Development Bank (ADB)	USD	15,294,118	84.90	1,298,470,588	21,119,164	83.90	1,771,897,818
Bank of Montreal	USD	5,874,020	84.90	498,704,311	4,200,000	83.90	352,380,000
Bank One Limited, Mauritius	USD	-	-	-	6,073,555	83.90	509,571,298
Citibank NA	USD	-	-	-	10,844,667	83.90	909,867,554
COMMERZBANK AG, Germany	USD	25,631,861	84.90	2,176,144,957	200,439	83.90	16,816,829
DBS Bank, Singapore	USD	39,274,347	84.90	3,334,392,035	-	-	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	32,000,000	84.90	2,716,800,000	48,000,000	83.90	4,027,200,000
Habib American Bank, USA	USD	-	-	-	57,099	83.90	4,790,646
HDFC Bank, India	USD	19,350,000	84.90	1,642,815,000	13,750,000	83.90	1,153,625,000
ICICI Bank Ltd. India	USD	-	-	-	1,335,029	83.90	112,008,951
ICICI Bank, India	USD	13,441,380	84.90	1,141,173,157	9,048,775	83.90	759,192,182
International Finance Corporation (IFC)	USD	1,603,820	84.90	136,164,301	4,811,459	83.90	403,681,442
International Islamic Trade Finance Corporation (ITFC), KSA	USD	2,062,544	84.90	175,110,027	-	-	-
J.P. Morgan AG, Germany	USD	-	-	-	146,556	83.90	12,296,069
Korea Development Bank, Singapore	USD	36,244,042	84.90	3,077,119,161	-	-	-
National Bank of Ras Al-Khaimah	USD	14,813,931	84.90	1,257,702,722	9,309,448	83.90	781,062,706
Opec fund for International Development	USD	25,000,000	84.90	2,122,500,000	-	-	-
PROPARCO, France	USD	9,090,909	84.90	771,818,184	12,727,273	83.90	1,067,818,183
Standard Chartered Bank, India	USD	-	-	-	2,332,869	83.90	195,727,707
Standard Chartered Bank, USA	USD	-	-	-	229,746	83.90	19,275,661
Standard Chartered Bank, Singapore	USD	26,619,698	84.90	2,260,012,361	11,107,059	83.90	931,882,264
Wachovia Bank NA, USA	USD	-	-	-	3,598,228	83.90	301,891,311
Wells Fargo, USA	USD	-	-	-	4,954,630	83.90	415,693,441
Total				26,851,142,174			16,326,161,489

Related party disclosures

Annexure-C

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party informations are given below.

1) Directors' interest in different entities

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of holding/ interest in the concern
Md. Showkat Ali Chowdhury	Chairman	Need Fashion Wear & Textile Ltd.	Chairman	35.00%
		Chittagong Properties Holding Ltd.	Chairman	50.00%
		Finlay (International) Ltd.	Chairman	81.00%
		KAPS Bangladesh Ltd.	Chairman	12.50%
		JF (Bangladesh) Ltd.	Chairman	81.00%
		Port Link Housing Ltd.	Chairman	50.00%
		Finlay Properties Ltd.	Chairman	55.00%
		Legend Property Development Ltd.	Managing Director	50.00%
		Z.N. Enterprise Ltd.	Managing Director	50.00%
		Z.S. Holding Ltd.	Managing Director	50.00%
		Zaran Off Dock Ltd.	Managing Director	30.00%
		Namreen Enterprise Ltd	Managing Director	50.00%
		Namreen Power Ltd	Managing Director	50.00%
		ABC Steel Enterprise Ltd.	Managing Director	80.00%
		S.L. Steels Ltd.	Managing Director	50.00%
		Unique Refineries Ltd.	Managing Director	55.00%
		Port Link Logistics Centre Ltd.	Managing Director	25.00%
		South Asia Securities Ltd.	Director	7.10%
		Peninsula Housing & Development Ltd	Director	36.00%
		Consolidated Tea & Plantation Ltd.	Director	6.25%
		Consolidated Tea & Lands Co. (BD) Ltd.	Director	6.25%
		Baraora (Sylhet) Tea Co. (BD) Ltd.	Director	6.25%
		Eastern Industries Ltd.	Director	25.00%
		Bay Hill Hotel and Ressorts Ltd.	Director	40.00%
		S.N. Corporation	Partner	50.00%
M. Ghaziul Haque	Director	MGH Logistics Ltd.	Chairman	5.00%
		Portlink Logistics Centre Ltd.	Chairman	0.02%
Mir Nasir Hossain	Director	Mir Akther Hossain Ltd.	Managing Director	18.00%
		Mir Ceramic Ltd.	Managing Director	88.00%
		Mir Telecom Ltd.	Managing Director	32.50%
		Mir Holdings Ltd.	Managing Director	50.00%
		Mir Pharmaceuticals Ltd.	Managing Director	50.00%
		Bangla Telecom Ltd.	Managing Director	40.00%
		Coloasia Limited	Managing Director	40.00%
		BTS Communications (BD) Ltd.	Managing Director	40.00%
		MIR LPG Limited	Managing Director	40.00%
		Mir Communications Ltd.	Chairman	40.00%
		Mir Energy Ltd.	Chairman	40.00%
		Global Fair Communications Ltd.	Chairman	40.00%
		Mir Denim Ltd.	Chairman	50.00%
		Agrani Insurance Co. Ltd.	Shareholder	3.72%
		Chaldal Ltd.	Representative	11.20%
		M.N Poultry	Director	
		Jupiter Technology	Proprietorship	100.00%
			Proprietorship	100.00%

Name of Directors	Status with the Bank	Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage of Holding/ interest in the concern
A. M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd. Samorita Hospital Ltd.	Chairman Director	20.00% 3.10%
Salina Ali	Director	Unique Group of Companies Ltd. Unique Hotel & Resorts Ltd. Borak Real Estate Ltd. Unique Ceramic Ind. Pvt. Ltd. Borak Travels Ltd. Unique Eastern Pvt. Ltd. Unique Vocational Training Center Ltd. Borak Shipping Ltd. Unique Property Development Ltd. Unique Share Management Ltd. Unique Shakti Ltd. Crescent Commercial Center Ltd. Sonargaon Economic Zone Ltd. Gulshan Clinic Ltd.	Chairperson Chairperson Chairperson Chairperson Chairperson Chairperson Chairperson Chairperson Chairperson Managing Director Managing Director Managing Director Chairperson Director	12.25% 5.71% 12.00% 12.25% 50.00% 10.42% 12.00% 7.50% 12.00% 12.00% 20.00% 20.00% 5.00% 25.00%
Anis Ahmed	Director	MGH Logistics Pvt. Ltd. MGH Holdings Ltd. MGH Restaurants (Pvt.) Ltd. MGH Healthcare Ltd. Galileo Bangladesh Ltd. One World Aviation Ltd. RAS Holidays Ltd. MGH Global Forwarding Ltd. Transmarine Logistics Ltd. Total Transportation Ltd. Tricon Global Logistics Ltd. Global Freight Ltd. International Brands Ltd. Integrated Transportation Services Ltd. Emirates Shipping Lines Bangladesh Ltd. Radio Foorti Ltd. Portlink Housing Ltd. Portlink Logistics Centre Ltd. DC ByPass Ltd. MGH Global Airlines Ltd.(BD. Port management Ser. Ltd) Peninsular Shipping Services Ltd. Obhai Solutions Ltd. Jatra. Com Ltd. Bangladesh Express Co. Ltd. MGX.Com Ltd.	Managing Director Managing Director	95.00% 80.00% 95.00% 99.00% 80.00% 67.00% 95.00% 97.00% 75.00% 100.00% 80.00% 97.00% 100.00% 99.00% 78.00% 95.00% 50.00% 50.00% 90.00% 2.00% 40.00% 30.00% 30.00% 20.00% 95.00%
Meah Mohammed Abdur Rahim (Independent Director)	Director	Ancient Steamship Company Ltd. Hudig Meah (BD) Ltd.	Managing Director Managing Director	44.36% 51.00%
Mufakkharul Islam Khasru	Director	Finlay Properties Ltd.	Managing Director	15.00%
Ormaan Rafay Nizam (Independent Director)	Director	National Brokers Ltd. Chittagong Warehouses Ltd.	Shareholder Director	15.40% Nil
Gazi Md. Shakhawat Hossain	Director	M/s Purnima Construction Pvt. Ltd. Bay Hill Hotel & Resorts Ltd. Unique Hotel and Resorts Ltd General Electric Company (BD) Ltd.	Managing Director Representative Director Representative Director	0.099% 40.00% 4.03% 0.00%
Ali Reza Iftekhar	MD & CEO	EBL Investments Ltd. EBL Securities Ltd. EBL Finance (HK) Ltd.	Director Director Director	0.00003% 0.000067% -

- 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 -C1
- 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 Banking Companies Act 1991:** Nil
- vii) **Investments in the Securities of Directors and their related concern :** Nil

Related party disclosures

Annexure-C1

Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24 Related Party Disclosures. The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in International Accounting Standards (IAS)-24 (Related party disclosures) and as defined in the BRPD circular no 14, dated 25 June 2003.

1 The significant related party transactions during the year were as follows:

1.a Non-funded facilities:

Amount in BDT

Name of the organization	Representing Directors	Nature of Interest of the Directors with the borrowing firm / individual	Nature of Facilities	Sanctioned Amount	Outstanding as at 01-01-2019	Outstanding as at 31-12-2019	Amount Overdue
Z. N. Enterprise Ltd. Customer ID-100397	Md. Showkat Ali Chowdhury Chairman, EBL	MD	LG- Performance Bond-SME (Expired)	193,100	192,900	192,900	-
Unique Enterprise Customer ID- 100711	Mohd. Noor Ali Spouse of Director, EBL		LG- Performance Bond-SME (Closed)	787,360	787,360	-	-

1.b Credit card facilities:

Amount in BDT

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 01-01-2019	Outstanding as at 31-12-2019
A.M. Shaikat Ali	Director	500,000	-	17,787
Mir Nasir Hossain	Director	500,000	-	-
Md. Showkat Ali Chowdhury	Chairman	250,000	-	-
Mohd. Noor Ali	Spouse of Director	500,000	385,546	-

2) Transactions relating to procurement, service & rent:

Amount in BDT

Name of the Company/ Person	Related Directors of EBL	Nature of transactions	Transaction made in 2019	Outstanding as at 31-12-2019
Coloasia Limited	Mir Nasir Hossain	Monthly recurring charge for EBL Data Center at Jashore.	2,001,000	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Monthly internet connectivity services.	5,397,184	-
Bangladesh Express Co. Ltd	Anis Ahmed	Monthly courier service payment.	4,535,942	-
Unique Hotel & Resorts Limited	Salina Ali	Security Deposit against lease rental agreement for ATM booth at The Westin, Gulshan, Dhaka.	-	438,900
Unique Hotel & Resorts Limited	Salina Ali	Rental payment for ATM booth at The Westin, Gulshan, Dhaka.	264,000	-
Borak Real Estate Limited	Salina Ali	Advance rent for EBL ATM at Borak Mehenur, Banani, Dhaka.	-	547,200
Borak Real Estate Limited	Salina Ali	Rental payment for EBL ATM at Borak Mehenur, Banani, Dhaka.	480,000	-
The Consolidated Tea and Land Co. (Bangladesh) Limited	Md. Showkat Ali Chowdhury	Supply of monthly refrestment items.	412,390	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office, ATM Booth, Godown, Generator and Garages at Dhanmondi, Dhaka.	-	6,211,802
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office, ATM Booth, Godown, Generator and Garages at Dhanmondi, Dhaka.	6,567,283	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL ATM at New Market Branch, Chattogram.	-	11,641,500
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL New Market Branch, ATM Booth and Godown at New Market, Chattogram.	8,041,500	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance rent for EBL office premisses (for CAD, SAMD & ATM Booth) at ZN Tower, Gulshan, Dhaka. (Ground Floor, 1st Floor, 2nd to 6th Floor)	-	56,613,174
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL office premisses at ZN Tower, Gulshan, Dhaka. (Ground Floor, 1st Floor, 2nd to 6th Floor)	74,260,862	-

3 Inter-company balances between EBL and Subsidiaries:

Amount in BDT

Name of subsidiaries	Nature of account	Balance as at 31-12-2019
EBL Securities Limited	In special notice deposit (SND) account	14,087,134
EBL Investments Limited	In current deposit (CD) account	345
	In special notice deposit (SND) account	19,279,422
EBL Finance (HK) Limited	In nostro account	99,404,602
	Short term finance	5,408,109,743
	Dividend receivable account	39,335,760
EBL Asset Management Limited	In special notice deposit (SND) account	51,389,115

4 Compensation of key management personnel:

Refer to note : 32

Annexure-D**a Disclosure regarding outstanding REPO as on 31 December 2019**

Sl	Counterparty name	Agreement date	Reversal date	Amount (Cash Con 1st Leg cash consideration)
				NIL

There is no outstanding REPO as on 31 December 2019

Disclosure regarding outstanding Reverse REPO as on 31 December 2019

Sl	Counterparty name	Agreement date	Reversal date	Amount (Cash Con 1st Leg cash consideration)
				NIL

There is no outstanding Reverse REPO as on 31 December 2019

b. Disclosure regarding overall transaction of REPO and reverse REPO

Amount in BDT

Particulars	Min Outstanding during the year	Max Outstanding during the year	Daily average outstanding during the year
Securities sold under REPO			
With Bangladesh Bank	987,912,000	3,675,168,028	66,372,842
With other Banks & Financial Institutions	471,533,500	2,242,523,750	269,682,406
Securities purchased under Reverse REPO			
With Bangladesh Bank	-	-	-
With other Banks & Financial Institutions	9,546,500	8,391,746,555	2,793,329,058

Eastern Bank Limited

Annexure-D1

Details of NBA obtained u/s 33 (7) & 33(5): as of 31-12-2019

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
1	Mr. Sabbir Ahmmed, Dhaka	Recognised	U/S 33(7)	10/5/2007	Land Area: 06 decimal, Mouza- Digun, Mirpur, Dhaka.	58.00	72.72	Physical possession is yet to be completed.
2	Innovative Computer, Dhaka	Recognised	U/S 33(7)	7/6/2007	Land Area: 06.20 decimal, 4. Sidderganj, Mouza- Jalkuri, Dhaka. Land Area: 09.32 decimal, 5. Sidderganj, Mouza- Jalkuri, Dhaka.	22.00	27.30	Do
3	M/s Safa Garments, Dhaka	Recognised	U/S 33(7)	18/1/2005	Land Area: 18 decimal Mouza - Vatara, Gulshan, Dhaka.	576.00	720.00	Do
4	Arshim & Com, Dhaka	Recognised	U/S 33(7)	27/3/2007	Land Area: 19.8 decimal Mouza- Lala Sarai, Cantonment, Dhaka.	336.00	420.00	Do
5	H.M. Younus, Dhaka	Recognised	U/S 33(7)	10/1/2008	Land Area: 184 decimal Mouza- Shibrampur, Joydebpur, Gazipur.	883.20	1,104.00	Do
6	Tri Angle Trading Associate, Dhaka	Recognised	U/S 33(7)	29/4/2007	Land Area: 33 decimal Mouza- Pathalia, Savar, Dhaka.	16.00	20.00	Do
7	Stec Fashion Ltd., Dhaka	Recognised	U/S 33(7)	26/1/2009	Land Area: 25 decimal. Mouza- Dokkhin Khan, Dhaka. (5.03 decimal land of Goran Chat bari Mouza, Mirpur, Dhaka has been sold through auction)	59.50	73.72	Do
8	North American Computing, Dhaka	Recognised	U/S 33(7)	22/7/2007	Land Area: 6.5 decimal Mouza- Uttar Sona Tang gar, Mohammadpur, Dhaka.	7.28	9.10	The property was sold at BDT 50.00 lac out of which BDT 40.00 lac was received and rest of BDT 10.00 lac will be received after completion of documentation along with registraton. Title suit No.338/19 filed in the Court of 3rd Joint District Judge, Dhaka for record correction which is pending.
9	M/s Unicorn Bangladesh Ltd, Dhaka	Recognised	U/S 33(7)	22/11/2007	Land Area: 16.5 decimal Mouza- Bhola Samair, Gulshan, Dhaka.	3,300.00	4,125.00	Physical possession is yet to be completed.
10	Royal Paper Store, Dhaka	Recognised	U/S 33(7)	21/5/2009	Land Area: 106.5 decimal Mouza- Shrikhondo, Dhanmondi, Dhaka.	70.00	96.82	Do
11	M/s Computer Bazar Network, Dhaka	Recognised	U/S 33(7)	23/6/2009	Land Area: 14 decimal Mouza- Nandipara, Sabuzbag, Dhaka.	17.00	21.21	Do

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
12	M/s Sylcar Plaza, Sylhet	Not recognised	U/S 33(7)	27/5/2012	Land Area: 21 & 14 decimal, Mouza- Sylhet Sadar, Sylhet.	212.80	266.00	Do
13	Orion Fishing Limited, Dhaka	Not recognised	U/S 33(7)	13/5/2012	Land Area: 3.5 & 20.83 katha at Dhaka and Chattogram.	1,384.95	1,731.19	Do
14	Al Karim Traders, Chattogram.	Not recognised	U/S 33(7)	19/1/2012	Land Area: 8 decimal Dokkhin Pahartoli, Double Mooring, Chattogram.	140.00	165.00	Do
15	Bhuiyan (Any & Amy) Corporation, Dhaka	Not recognised	U/S 33(7)	7/6/2007	Land Area: 3 Katha, Bhola Samair, Gulshan, Dhaka.	84.00	105.00	Do
16	Ariful Karim, Chattogram	Not recognised	U/S 33(7)	5/11/2008	Land Area: 148 decimal with 4 storied building, West Nasirabad, Chattogram.	1,258.00	1,480.00	Do
17	Miner International, Dhaka	Not recognised	U/S 33(7)	15/3/2006	Land Area: 18 decimal, Jatrabari, Demra, Dhaka.	108.00	248.73	Title Suit No. 1479/08 filed by Md. Abdul Monnaf is pending in the 7th joint district judge court, Dhaka. Physical possession is also yet to be completed.
18	M/s Altaf Hossain, Chattogram	Not recognised	U/S 33(5)	10/10/2011	Land Area: 18 decimal, Jatrabari, Demra, Dhaka.	142.00	168.00	Physical possession is yet to be completed.
19	M/s Janata Trading, Chattogram	Not recognised	U/S 33(5)	1/11/2011	Land Area: 125.28 Sft Chandgao, Bakalia, Chattogram.	8.50	10.00	Do
20	M/s Nurain Trade International, Gazipur	Not recognised	U/S 33(5)	2/8/2015	Land Area: 2.05 Acre Sreepur, Mouza-Dhanuya, Gazipur.	200.00	248.40	Do
21	M/s Austin & Co. and M/s M.R Enterprise	Not recognised	U/S 33(5)	16/11/2015	A) Land Area: 1.40 acres, Mouza Kathaldia, P.S-Gulshan, Dhaka. B) Land Area: 0.99 acres, Mouza Kathaldia, P.S-Gulshan, Dhaka. C) Land Area: 0.8031 acres Mouza Haridia, P.S-Lohajang, Munshiganj.	2,383.17	2,978.97	Do
22	Latif Apparels (Pvt) Ltd, Dhaka	Not recognised	U/S 33(5)	17/11/2015	Land Area: 3.75 decimal, Mouza Uttarkhan, Uttara, Dhaka.	93.60	117.00	Do
23	Sheuly Fashion, Dhaka	Not recognised	U/S 33(5)	15/3/2016	Land Area: 0240 Ajutangsha, Mouza Lalbag, Gour sundar Roy lane, Dhaka.	117.30	146.60	Do
24	M/s Eastern Industries, Sylhet	Not recognised	U/S 33(7)	11/6/2012	Land Area: 1.5 decimal Mouza- Sylhet Sadar, Sylhet.	9.60	12.00	A Misc. Case is pending in the Artha Rin Adalat, Sylhet.

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
25	M/s M.A. Rob, Khulna	Not recognised	U/S 33(7)	23/11/2011	Land Area: 200 Sq.Yds & 51 decimal, Goalpara, Khulna & Puratan Kasba, Jessore.	84.02	98.85	Writ Petition No. 2401/2014 disposed of in favor of the bank on 03-12-2019.
26	Maruti Enterprise, Bagura	Not recognised	U/S 33(7)	3/10/2012	Land Area: 41.5 decimal & 0.37 decimal Mouza- Betgari, Bagura sadar.	519.54	649.42	Writ Petition No. 8010/2016 has been vacated and discharged the rule on 12-11-2018 in favor of bank. Thereafter auction purchaser filed Civil Petition for Leave to Appeal No.1560/2019 on the Appealate Division which is pending for hearing.
27	Calix International, Dhaka	Not recognised	U/S 33(7)	28/11/2004	Land Area: 0.0992 Ajudangso, Kotowali, Dhaka	120.00	150.00	First Appeal No.116/2003 is pending for hearing.
28	Hanif Enterprise, Dhaka	Not recognised	U/S 33(5)	16/9/2008	Land Area: 1) 15.20 decimal, Mouza Tezkunipara, Tejgaon, Dhaka. 2) 20 decimal, Mouza Mirerbag, Keranigonj, Dhaka.	617.80	772.25	On 12-03-2018 the Writ Petition No. 7454/2009 has been disposed of. Execution 8/2009 is pending in 3rd Artharin Court, Dhaka, filed by National Bank.
29	Al Hossain (Pvt) Ltd. Dhaka	Not recognised	U/S 33(5)	22/5/2013	Land Area: 10.33 Katha Mouza- Paikpara, Mirpur, Dhaka.	779.92	974.90	On 05-07-2018 the Writ Petition No. 5467/2014 has been disposed of.
30	Friends Associates, Chattogram	Not recognised	U/S 33(5)	18/1/2012	Land Area: 20 decimal Chandgao, Panchlish, Chattogram.	96.00	120.00	Scheduled mortgaged property has already been acquired by the Government A Criminal case (1627/2012) against the Borrower, Guarantors and Beneficiary was filed, which is pending for hearing in the court and also an execution case (24/2011) is pending in the Artha Rin Court. [the Ld. Court Convicted Judgment Debtors for a period of 2 months of imprisonment.]

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
31	M/s Shati Traders, Chattogram	Not recognised	U/S 33(5)	2/2/2010	Land Area: 28 decimal Bakalia, Bandar, Chattogram.	35.00	35.00	Scheduled mortgaged property has already been acquired by the Government. A Criminal case (172/2012) against the Borrower, Guarantors and Beneficiary was filed which is pending for hearing in the court and also an execution case (154/2015) is pending in the Artha Rin Court.
32	Talukder Group [Pasi pasu with HSBC]	Not recognised	U/S 33(5)	09/12/2019	Apartment size: 2250 sft including 1 (one) Car Parking space of a 6 (six) storied building located at Plot No. 11, Road No. 02, Sector No. 3, Uttara R/A, Dhaka	182.00	202.50	We have only obtained certificate in respect of a flat situated in Uttara, Dhaka and for the property situated at Jashore, Arth Execution case 06/19 is pending for disposal.
33	Moon light Traders	Not recognised	U/S 33(5)	02/15/2018	i) Land Area: 0.900 (nine hundred) Ajutansho, Mouza : Sutrapur, Gendaria, Dhaka ii) Land Area: 2 (two dec.): Mouza : Tejkunipara, Dhaka	456.85	571.06	Physical possession is yet to be completed.
34	R.K Agro Products Ltd.	Not recognised	U/S 33(7)	7/8/2018	Land Area: 1) 44.22 Decimal, mouza - Paity, Demra, District Dhaka. 2) 41.50 Decimal, mouza - Paity, Demra, District Dhaka.	411.46	514.32	The Property was sold at BDT 310.00 lac out of which BDT 93.00 lac was received and rest amount is yet to be received after completion of documentation with registraton. A petition case No. 53/19 filed by borrower in pending in executive Magistrate Court, Dhaka.

SL	Name of the accounts	Status of NBA	Obtained u/s 33(7)/33(5)	Entitlement Date	Asset Details	Forced Sale Value (BDT in Lac)	Market Value (BDT in Lac)	Legal Status
35	Liberty Fashion Wears Ltd.	Not recognised	U/S 33(5)	29/5/2019	Land Area: 1) 237 decimal, mouza - Tenguri, Savar, District Dhaka. 2) 8.28 decimal, mouza - Senpara Parbata, Mirpur Housing Estate, Sec-2, Plot-9, R-3, District Dhaka. 3) 1467.57 sft. apartment alongwith 1/2 decimal land at Uttara Model Town, R#31,S-7,plot 5, Dhaka.	5739.27	7174.09	Physical possession is yet to be completed.
36	M/s Sidique Traders	Not recognised	U/S 33(5)	9/10/2019	1) Land Area: 12 decimal, Mouza Bakoila, Bakolia, Chattogram. 02) Land Area: 30 decimal, Mouza South Kattali, Pahartali, Chattogram. 03) Land Area: 23 decimal, Mouza South Kattali, Pahartali, Chattogram. 04) Land Area: 35 decimal, Mouza North Halishahar, Halishahar, Chattogram.	601.54	707.70	Physical possession is yet to be completed.
37	M/s Alif Traders	Not recognized	U/S 33(7)	13/2/2011	Land Area: 16 decimal, Mouza-Muzgunni, PS- Daulatpur, Dist- Khulna.	13.60	16.00	We have got certificate under 33(7) for the execution suit. Then we filed 2nd ex.suit and W/A issued. Customer is traceless and mortgage property is in other's grip as they bought it from Krishi bank (also mortgaged with BKB).

Eastern Bank Limited and its subsidiaries

Annexure-E

Business segmental profit and loss account

for the year ended 31 December 2019

BDT in million

Particulars	Bank (Solo)			Subsidiaries					Bank (Consol)
	DBO	OBU	Solo	EBLSL	EBLIL	BLFHKL	EBLAML	Elimination	
Interest income	21,839	1,754	23,164	402	12	323	21	(337)	23,583
Interest expense	14,063	1,371	15,005	456	0.1	182	0	(337)	15,306
Net Interest Income	7,776	383	8,159	(54)	11	141	20	-	8,277
Investment income	2,752	-	2,752	61	(26)	-	6	(93)	2,699
Fees, commission and brokerage	2,209	24	2,234	186	42	109	-	(0)	2,571
FX Income	1,213	2	1,215	-	-	-	-	-	1,215
Other operating income	218	21	239	-	0	19	-	-	258
Total operating income	14,168	430	14,597	193	27	269	27	(94)	15,020
Salary and allowances	3,739	-	3,739	98	14	39	6	-	3,895
Rent, taxes, insurance, utilities etc.	598	-	598	9	1	7	1	-	616
Legal and professional expenses	117	-	117	0	0.2	0.5	0.02	-	118
Postage, stamp, telecommunication etc.	137	-	137	2	0.2	6	0	-	145
Stationery, printing, advertisement, etc.	353	-	353	4	0.3	1	0.04	-	358
Managing Director's salary and allowances	25	-	25	-	-	-	-	-	25
Directors' fees and expenses	5	-	5	0.1	0.1	-	-	-	5
Audit fees	1	-	1	0.1	-	1	0.1	-	2
Repairs, maintenance and depreciation	740	-	740	31	7	1	2.1	-	782
Other operating expenses	634	37	671	17	1	5	0.6	(0.03)	695
Total operating expense	6,350	37	6,387	161	24	60	9	(0.03)	6,642
Profit before provisions	7,817	393	8,210	32	3	209	17	(93)	8,378
Provisions:									
Provision for loans, advances & OBS exposures	1,300	11	1,311	-	-	-	-	-	1,311
Other Provisions	643	-	643	66	2	-	12	-	723
Total Provisions	1,942	11	1,954	66	2	-	12	-	2,035
Profit before tax	5,875	381	6,256	(34)	1	209	5	(93)	6,343
Tax Provision	2,248	-	2,248	56	12	32	5	-	2,353
Profit after tax	3,627	381	4,008	(91)	(11)	177	1	(93)	3,990

Business segmental balance sheet

as at 31 December 2019

Annexure-E1

BDT in million

Particulars	Bank (Solo)			Subsidiaries				Bank (Consol)
	DBO	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
Assets								
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	19,690	-	19,690	0.06	0.002	-	-	19,690
Balances with other banks and financial institutions	27,050	9,014	28,957	668	19	266	51	24,369
Money at call and short notice	594	-	594	-	-	-	-	594
Investments	39,797	-	39,797	2,035	169	-	65	42,066
Loans and advances	208,672	23,379	232,051	2,784	217	5,594	155	239,095
Fixed assets including land, building, furniture and fixtures	7,349	-	7,349	43	7	4	5	7,407
Other assets	6,547	91	6,616	885	5	2	11	4,870
Non-banking assets	109	-	109	-	-	-	-	109
Total Assets	309,809	32,484	335,163	6,414	418	5,866	288	338,201
Liabilities								
Borrowing from other banks, financial institutions and agents	26,600	31,328	50,821	3,733	-	5,408	-	52,848
Deposits and other accounts	239,842	322	240,164	-	-	-	-	239,980
Provisions & other liabilities	18,183	450	18,611	632	95	167	23	19,411
Total Liabilities	284,625	32,101	309,596	4,365	95	5,575	23	312,239
Total Shareholders' Equity	25,184	383	25,567	2,048	323	290	265	25,962
Total Liabilities & Shareholders' Equity	309,809	32,484	335,163	6,414	418	5,866	288	338,201

Highlights on the overall Activities /Performance

Sl No	Particulars		2019	2018
1	Paid up capital	BDT	8,117,995,470	7,379,995,890
2	Total capital (Tier-1 & 2)	BDT	30,568,648,533	24,647,970,185
3	Surplus/(shortage) capital	BDT	9,824,938,595	4,382,469,180
4	Total assets	BDT	335,163,467,725	282,450,953,306
5	Total deposits	BDT	240,164,128,102	199,628,906,412
6	Total loans and advances	BDT	232,051,034,763	209,306,250,747
7	Total contingent liabilities	BDT	99,781,000,677	117,628,838,616
8	Loans to deposits ratio (Total loans/Total deposits)	%	96.62	104.85
9	% of classified loans against total loans and advances	%	3.35	2.35
10	Profit after tax and provisions	BDT	4,008,142,125	3,080,776,920
11	Loans classified during the year (Gross)	BDT	4,138,935,944	3,357,894,154
12	Provision held against classified loans	BDT	6,008,878,690	4,118,395,861
13	Surplus of provision	BDT	239,925,000	-
14	Cost of fund (Interest expense/Simple average borrowing and deposits)	%	5.58	5.30
15	Interest bearing assets	BDT	292,905,157,871	247,934,599,761
16	Non-interest bearing assets	BDT	42,258,309,854	34,516,353,546
17	Return on assets (ROA) (PAT/Average assets)	%	1.30	1.15
18	Income from investments	BDT	2,751,634,005	2,317,871,538
19	Return on investment or ROI (PAT/Average equity, long term borrowings and deposits)	%	2.37	1.93
20	Earnings per share (PAT/Weighted average number of shares) (2018 restated)	BDT	4.94	3.79
21	Operating profit per share (Net Operating profit/Weighted average number of shares) (2018 restated)	BDT	10.11	9.68
22	Price earning ratio (2018 restated)	Times	6.72	9.49

Eastern Bank Limited
Offshore Banking Unit, Bangladesh

Annexure-G

Balance Sheet

as at 31 December 2019

Note	2019		2018	
	USD	BDT	USD	BDT
	▼	▼		
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)	-	-	-	-
With Bangladesh Bank (including foreign currencies)	-	-	-	-
	-	-	-	-
Balance with other Banks and FIs (on current and other accounts)				
3				
In Bangladesh	34,630,350	2,940,116,701	35,341,604	2,965,160,560
Outside Bangladesh	71,544,808	6,074,154,230	72,919,445	6,117,941,422
	106,175,158	9,014,270,931	108,261,049	9,083,101,983
Money at call and short notice				
	-	-	-	-
Investment				
	-	-	-	-
Loans and Advances:				
4				
Loans, cash credits, overdrafts etc.	133,196,615	11,308,392,602	104,956,038	8,805,811,567
Bills purchased and discounted	142,172,875	12,070,477,080	156,478,826	13,128,573,493
	275,369,490	23,378,869,682	261,434,864	21,934,385,060
Fixed Assets				
	-	-	-	-
Other Assets				
5	1,073,123	91,108,104	1,773,631	148,807,619
Non Banking Assets				
	-	-	-	-
TOTAL ASSETS				
	382,617,771	32,484,248,718	371,469,543	31,166,294,662
CAPITAL AND LIABILITIES				
Borrowing from other banks, financial institutions and agents				
6				
Bangladesh Bank	-	-	-	-
Other Banks and FIs				
6.1	49,085,682	4,167,374,362	53,298,495	4,471,743,708
Term Borrowing	319,915,720	27,160,844,639	305,592,612	25,639,220,166
	369,001,402	31,328,219,001	358,891,107	30,110,963,874
	369,001,402	31,328,219,001	358,891,107	30,110,963,875
Deposits and other accounts				
7				
Current deposits and other accounts	3,796,134	322,291,809	3,604,540	302,420,884
Term deposits	-	-	-	-
	3,796,134	322,291,809	3,604,540	302,420,884
Other Liabilities	5,305,264	450,416,922	5,570,306	467,348,705
TOTAL LIABILITIES				
	378,102,800	32,100,927,732	368,065,953	30,880,733,464
CAPITAL/SHAREHOLDERS' EQUITY				
Share capital- Paid up capital	-	-	-	-
Foreign currency translation difference	-	2,050,697	-	1,500,303
Profit and loss account- retained earnings	4,514,971	381,270,290	3,403,590	284,060,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
	382,617,771	32,484,248,718	371,469,543	31,166,294,662

Note	2019		2018	
	USD	BDT	USD	BDT
	▼	▼		
OFF BALANCE SHEET ITEMS:				
Contingent liabilities:				
Acceptance and endorsements	8,623,979	732,175,825	6,529,501	547,825,146
Letter of guarantee	-	-	-	-
Bills for collection	10,619,831	901,623,617	7,855,917	659,111,412
Irrevocable letters of credit	6,816,192	578,694,728	9,404,016	788,996,938
Other Commitments	-	-	-	-
	26,060,002	2,212,494,170	23,789,434	1,995,933,497

The annexed notes 1 to 20 form an integral part of these financial statements.

Eastern Bank Limited
Offshore Banking Unit, Bangladesh

Profit and Loss Account

for the year ended 31 December 2019

	Note	2019		2018	
		USD	BDT	USD	BDT
		▼	▼		
Interest income	10	20,772,768	1,754,173,020	20,523,509	1,712,875,675
Interest paid on deposits and borrowings	11	16,237,933	1,371,225,254	17,842,619	1,489,130,742
Net interest income		4,534,835	382,947,766	2,680,890	223,744,933
Commission, exchange and brokerage	12	306,235	25,860,240	320,497	26,748,457
Other operating Income	13	247,020	20,859,799	227,908	19,021,032
Total operating income		5,088,090	429,667,805	3,229,296	269,514,422
Operating expenses	14	438,706	37,046,919	440,596	36,771,763
Profit before provision		4,649,383	392,620,886	2,788,700	232,742,659
Less :Provision for unclassified Loans and Advances (Including provision for off Balance Sheet items)	15	134,413	11,350,597	(614,890)	(51,318,237)
Profit before income tax		4,514,970	381,270,290	3,403,590	284,060,896
Less. Provision for income tax		-	-	-	-
Net Profit after tax		4,514,970	381,270,290	3,403,590	284,060,896
Balance of profit brought forward from previous year		-	-	-	-
Retained earnings carried forward	16	4,514,970	381,270,290	3,403,590	284,060,896

The annexed notes 1 to 20 form an integral part of these financial statements.

Eastern Bank Limited
Offshore Banking Unit, Bangladesh

Cash Flow Statement

for the year ended 31 December 2019

Note	2019		2018	
	USD	BDT	USD	BDT
A) Cash flow from operating activities				
Interest received	20,262,303	1,707,751,275	20,457,424	1,704,745,341
Interest paid	(16,003,365)	(1,337,966,788)	(17,230,877)	(1,426,614,928)
Commission, exchange and brokerage	306,235	25,860,240	320,497	26,748,457
Received from other operating activities	247,020	20,859,799	227,908	19,021,032
Paid for operating expenses	(438,706)	(37,046,919)	(440,596)	(36,771,763)
Operating profit before changes in operating assets and liabilities: (Increase)/decrease in operating assets:	4,373,486	379,457,607	3,334,357	287,128,139
Loan and advances to customers	(13,934,626)	(1,444,484,622)	59,545,652	4,610,703,545
Other Assets	1,210,973	104,121,260	(634,421)	(51,929,896)
Increase/(decrease) in operating liabilities:				
Customers' deposits and other accounts	(42,974)	(13,387,541)	716,052	51,618,179
Other liabilities	(399,456)	(28,282,380)	23,641	9,106,368
	(13,166,082)	(1,382,033,284)	59,650,924	4,619,498,196
Net cash flow from operating activities	(8,792,596)	(1,002,575,676)	62,985,280	4,906,626,335
B) Cash flow from investing activities	-	-	-	-
C) Cash flow from financing activities				
Borrowing from other banks, financial institutions and agents	10,110,296	1,217,255,127	(62,082,362)	(4,703,542,065)
Net profit transferred to main operations	(3,403,590)	(284,060,896)	(4,079,803)	(328,272,210)
Net cash flow from financing activities	6,706,705	933,194,230	(66,162,164)	(5,031,814,275)
D) Net (decrease)/increase in cash (A+B+C)	(2,085,891)	(69,381,444)	(3,176,884)	(125,187,939)
E) Effects of exchange rate changes on cash and cash equivalents	-	550,391	-	(7,627,170)
F) Opening cash and cash-equivalents	108,261,049	9,083,101,983	111,437,933	9,215,917,091
G) Closing cash and cash equivalent (D+E+F)	106,175,158	9,014,270,931	108,261,049	9,083,101,983
Closing cash and cash equivalents				
Cash in hand (including foreign currencies)	-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)	-	-	-	-
Balances with other Banks and Financial Institutions	106,175,158	9,014,270,931	108,261,049	9,083,101,983
Money at call and short notice	-	-	-	-
Prize bonds	-	-	-	-
	106,175,158	9,014,270,931	108,261,049	9,083,101,983

The annexed notes 1 to 20 form an integral part of these financial statements.

Eastern Bank Limited
Offshore Banking Unit

Notes to the Financial Statements

as at and for the year ended 31 December 2019

1 Nature of business

EBL has one Offshore Banking Unit ("OBU" or "the Unit") which runs through a separate desk under control and supervision of the Offshore Banking Division. The unit and all activities of the division are governed under the permission by Bangladesh Bank vide letter no. BRPD(P)744(89)/2004-303 dated 25 January 2004 and subsequent approvals for continuation by Bangladesh Bank vide letter no. BRPD(P)744(89)/2020-2254 & 2255 dated 25 February 2020 in line with the offshore banking policy issued by Bangladesh Bank vide BRPD circular no. 02 dated 25th Feb 2019 and amendments thereon. The activities of the unit is to provide both funded and non-funded facilities and to accept savings/current/term deposits in freely convertible foreign currencies to and from non-resident person/institutions, fully foreign owned enterprises (Type 'A') in EPZs, PEPZs, EZs and Hi-Tech Parks, etc. Besides, OBU offers short term loan facility to the Type 'B' industrial enterprise in EPZs, PEPZs, EZs and Hi-Tech Parks. In addition, OBU discounts/purchases accepted usance/deferred bills against import from abroad and accepted usance/deferred export bills against direct and deemed exports of products produced in Bangladesh of persons resident in Bangladesh. Offshore Banking conducts banking business activities in foreign currencies.

The unit commenced its operations on 19 May 2004 and its office is located at 100 Gulshan Avenue, Dhaka-1212.

2 Significant accounting policies and basis of preparations

Basis of preparation

2.1 Statement of compliance

The financial statements of the Unit as at and for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRSs), the "First Schedule" (section 38) of the Banking Companies Act 1991. The accounting policies set out in the financial statements of main operation of the Bank have been applied consistently in these financial statements of the Unit except otherwise instructed by the Central Bank as prime regulator.

2.2 Loans and advances

- a) These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.
- b) Provision for Loans and Advances is made on the basis of year end review by the management and of instructions contained in BRPD circulars issued by Bangladesh Bank.

2.3 General

Allocation of common expenses

Operating expenses in the nature of rent, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages, stamps, telecommunication and audit fees are accounted for in Account of the Main Operation of the Bank.

Fixed Assets and depreciation

Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit and Loss Account of the main operation of the Bank.

Certain corresponding figures in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

These financial statements of the unit cover one calendar year from 1 January 2019 to 31 December 2019.

Note	2019		2018		
	USD	BDT	USD	BDT	
3	Balance with other Banks and Financial Institutions				
Inside Bangladesh					
In interest bearing account					
	34,630,350	2,940,116,701	35,341,604	2,965,160,560	
Eastern Bank Limited	-	-	-	-	
Islami Bank Bangladesh Limited	-	-	-	-	
Modhumoti Bank Limited	-	-	-	-	
Commercial Bank of Ceylon plc	-	-	-	-	
Premier Bank Limited	-	-	-	-	
	34,630,350	2,940,116,701	35,341,604	2,965,160,560	
Outside Bangladesh					
In interest bearing account					
EBL Finance (HK) Limited	63,700,000	5,408,130,000	72,300,000	6,065,970,000	
	63,700,000	5,408,130,000	72,300,000	6,065,970,000	
In-non interest bearing account					
Standard Chartered Bank, USA	7,719,789	655,410,118	610,061	51,184,145	
Standard Chartered Bank, Germany	125,019	10,614,112	9,384	787,277	
	7,844,808	666,024,230	619,445	51,971,422	
	71,544,808	6,074,154,230	72,919,445	6,117,941,422	
	106,175,158	9,014,270,931	108,261,049	9,083,101,983	
4	Loans and advances				
i) Loans, cash credits, overdrafts, etc.	4.1	133,196,615	11,308,392,602	104,956,038	8,805,811,567
ii) Bills discounted and purchased	4.2	142,172,875	12,070,477,080	156,478,826	13,128,573,493
		275,369,490	23,378,869,682	261,434,864	21,934,385,060
4.1	Loans, Cash Credit, Overdraft etc.				
Inside Bangladesh :					
Loans		129,936,526	11,031,611,071	100,016,191	8,391,358,450
Overdraft		3,260,089	276,781,531	4,939,846	414,453,117
		133,196,615	11,308,392,602	104,956,038	8,805,811,567
Outside Bangladesh :					
		-	-	-	-
		-	-	-	-
		133,196,615	11,308,392,602	104,956,038	8,805,811,567
4.2	Bills Purchased and Discounted				
Inside Bangladesh :					
Bills Discounted		-	-	-	-
Bills Financed		142,172,875	12,070,477,080	156,478,826	13,128,573,493
		142,172,875	12,070,477,080	156,478,826	13,128,573,493
Outside Bangladesh :					
		-	-	-	-
		-	-	-	-
		142,172,875	12,070,477,080	156,478,826	13,128,573,493
5	Other Assets				
Prepayments		65,183	5,534,007	59,224	4,968,913
Interest Receivable on Term Placement		1,007,940	85,574,098	563,560	47,282,687
Receivable from Customer under structured bill finance		-	-	1,150,846	96,556,020
		1,073,123	91,108,104	1,773,631	148,807,619
6	Borrowings from other banks, financial institutions and agents				
Demand Borrowings	6.1	49,085,682	4,167,374,362	53,298,495	4,471,743,708
Term Borrowings	6.2	319,915,720	27,160,844,639	305,592,612	25,639,220,166
		369,001,402	31,328,219,001	358,891,107	30,110,963,874
6.1	Demand Borrowings				
In interest bearing account					
Eastern Bank Limited (DBU)		49,085,682	4,167,374,362	53,298,495	4,471,743,708
		49,085,682	4,167,374,362	53,298,495	4,471,743,708

Note	2019		2018		
	USD	BDT	USD	BDT	
6.2 Term Borrowings					
Borrowing inside Bangladesh					
Bank Asia Limited	-	-	22,000,000	1,845,800,000	
Bank Al-Falah Limited	-	-	5,000,000	419,500,000	
Bangladesh Krishi Bank	-	-	1,000,000	83,900,000	
Commercial Bank of Ceylon plc	-	-	12,000,000	1,006,800,000	
Dhaka Bank Limited	-	-	30,000,000	2,517,000,000	
National Bank Limited	-	-	1,000,000	83,900,000	
National Credit and Commerce Bank Limited	-	-	5,500,000	461,450,000	
Pubali Bank Limited	-	-	12,000,000	1,006,800,000	
Rupali Bank Limited	-	-	28,000,000	2,349,200,000	
Southeast Bank Ltd.	-	-	7,000,000	587,300,000	
The City Bank Limited	-	-	2,150,846	180,456,020	
Investment Promotion & Financing Facility (IPFF)	3,647,850	309,702,465	4,095,678	343,627,384	
	3,647,850	309,702,465	129,746,524	10,885,733,404	
Borrowing outside Bangladesh					
Abu Dhabi Commercial Bank, Dubai	49,967,201	4,242,215,372	30,744,725	2,579,482,428	
Asian Development Bank (ADB)	15,294,118	1,298,470,588	21,119,164	1,771,897,818	
Bank One Limited, Mauritius	-	-	6,073,555	509,571,298	
Bank of Montreal, Canada	5,874,020	498,704,311	4,200,000	352,380,000	
Commerz Bank, Frankfurt	25,631,861	2,176,144,957	-	-	
DBS Bank, Singapore	39,274,347	3,334,392,035	-	-	
Deutsche Investitions-Und Entwicklungsgesellschaft MbH	32,000,000	2,716,800,000	48,000,000	4,027,200,000	
HDFC Bank, Mumbai	19,350,000	1,642,815,000	13,750,000	1,153,625,000	
ICICI Bank, Mumbai	13,441,380	1,141,173,157	9,048,775	759,192,182	
International Finance Corporation (IFC)	1,603,820	136,164,301	4,811,459	403,681,442	
ITFC	2,062,544	175,110,027	-	-	
Korea Development Bank, Singapore	36,244,042	3,077,119,161	-	-	
National Bank of Ras Al-Khaimah	14,813,931	1,257,702,722	9,309,448	781,062,706	
Opec fund for International Development	25,000,000	2,122,500,000	-	-	
PROPARCO	9,090,909	771,818,184	12,727,273	1,067,818,183	
Standard Chartered Bank, Singapore	26,619,698	2,260,012,361	11,107,059	931,882,264	
Wells Fargo, USA	-	-	4,954,630	415,693,441	
	316,267,870	26,851,142,174	175,846,088	14,753,486,762	
	319,915,720	27,160,844,639	305,592,612	25,639,220,166	
6.1.a Classification based on type of security					
Unsecured	369,001,402	31,328,219,001	358,891,107	30,110,963,874	
	369,001,402	31,328,219,001	358,891,107	30,110,963,874	
7 Deposits and other accounts					
Current deposits and other accounts	7.1	3,796,134	322,291,809	3,604,540	302,420,884
		3,796,134	322,291,809	3,604,540	302,420,884
7.1 Current deposits and other accounts:					
Current account		2,782,639	236,246,024	1,525,714	128,007,388
Other Accounts	7.1.a	1,013,496	86,045,785	2,078,826	174,413,496
		3,796,134	322,291,809	3,604,540	302,420,884
7.1.a Other Accounts:					
Margin on Facility		1,013,496	86,045,785	2,078,826	174,413,496
		1,013,496	86,045,785	2,078,826	174,413,496
8 Other liabilities					
Provision for taxation	8.1	-	-	-	-
Provision for unclassified Loans and advances (Including provision for off Balance Sheet items)		2,908,097	246,897,402	2,773,684	232,712,071
Interest payable on Borrowing		2,387,527	202,701,077	2,764,701	231,958,426
Privilage Creditors		8,495	721,231	27,876	2,338,832
Sundry Creditors		1,145	97,211	4,045	339,376
		5,305,264	450,416,922	5,570,306	467,348,705

8.1 Provision for tax of the unit is accounted for in the book of Eastern Bank Limited.

Note	2019		2018	
	USD	BDT	USD	BDT
9 Foreign currency translation difference				
The foreign currency translation difference is a net result of exchange difference of year end standard mid rate and monthly average of standard mid rate arising from translation of functional currency to presentation currency. Assets and liabilities of OBU have been presented into BDT (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank i.e. USD 1 = BDT 84.90 (2018: BDT 83.90) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= BDT 84.4458).				
10 Interest income				
Interest on Advances	16,676,439	1,408,255,240	16,656,027	1,390,098,707
Interest on Placement with other Banks	4,096,329	345,917,779	3,867,482	322,776,968
	20,772,768	1,754,173,020	20,523,509	1,712,875,675
11 Interest paid on deposits and borrowings				
Interest on Deposits	-	-	-	-
Interest on Borrowings	16,237,933	1,371,225,254	17,842,619	1,489,130,742
	16,237,933	1,371,225,254	17,842,619	1,489,130,742
12 Commission, exchange and brokerage				
Fees & Commission	309,602	26,144,613	333,904	27,867,360
Exchange gain/(loss) net off exchange gains*	(3,368)	(284,373)	(13,407)	(1,118,902)
	306,235	25,860,240	320,497	26,748,457
*The net result of exchange differences arising from day to day transactions & revaluation of monetary items are recognized in profit and loss account as per BAS 21 (The Effect of changes in Foreign Exchange Rates).				
13 Other Operating Income				
Rebate of Foreign Correspondence Charges	144,913	12,237,270	120,054	10,019,617
Swift charges recovered	18,669	1,576,519	29,743	2,482,327
Postage charges recovered	5,169	436,500	7,362	614,435
Service charges (others)	78,269	6,609,510	70,749	5,904,652
	247,020	20,859,799	227,908	19,021,032
14 Operating Expenses				
Account Maintenance & Processing fees	438,706	37,046,919	440,330	36,749,626
Other charges	-	-	265	22,137
	438,706	37,046,919	440,596	36,771,763
15 Provision for Loans and Advances				
General Provision	134,413	11,350,597	(614,890)	(51,318,237)
Specific Provision	-	-	-	-
	134,413	11,350,597	(614,890)	(51,318,237)
16 Surplus in profit and loss account				
Opening balance	3,403,590	284,060,896	4,079,803	328,272,210
Add: Profit during the year	4,514,971	381,270,290	3,403,590	284,060,896
	7,918,561	665,331,186	7,483,393	612,333,106
Less: Transferred to Main operation during the year	(3,403,590)	(284,060,896)	(4,079,803)	(328,272,210)
Closing balance	4,514,971	381,270,290	3,403,590	284,060,896
17 Cash received from commission, exchange and brokerage				
Commission, exchange and brokerage	306,235	25,860,240	320,497	26,748,457
	306,235	25,860,240	320,497	26,748,457
18 Cash received from other operating activities				
Service charges, SWIFT charges etc.	247,020	20,859,799	227,908	19,021,032
	247,020	20,859,799	227,908	19,021,032
19 Paid for operating expenses				
Operating expenses	(438,706)	(37,046,919)	(440,596)	(36,771,763)
	(438,706)	(37,046,919)	(440,596)	(36,771,763)
20 Cash and cash equivalent				
Balance with other banks & FIs	106,175,158	9,014,270,931	108,261,049	9,083,101,983
Money at call and short notice	-	-	-	-
	106,175,158	9,014,270,931	108,261,049	9,083,101,983

Financial Statements of the Subsidiaries

EBL Securities Limited

Independent Auditor's Report

to the shareholders of EBL Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EBL Securities Ltd. which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.


- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

- a) 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;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts.

Dhaka,
14 January 2020


M. Moniruzzaman, FCA
 Partner
ACNABIN
 Chartered Accountants

EBL Securities Limited

Statement of Financial Position

as at 31 December 2019

Amount in BDT

	Notes	2019	2018
ASSETS			
Non-Current Assets		883,321,920	878,623,832
Property, plant and equipment	4	42,605,053	37,906,965
Investments with DSE & CSE	5	840,716,867	840,716,867
Current Assets		5,633,540,568	5,642,224,730
Investment in shares	6	2,034,543,238	1,965,755,378
Advance, deposits and prepayments	7	108,228,261	202,032,170
Accounts receivable	8	39,549,373	58,855,280
Loan to clients	9	2,783,604,732	2,650,197,470
Cash and bank balance	10	667,614,964	765,384,434
TOTAL ASSETS		6,516,862,488	6,520,848,562
EQUITY AND LIABILITIES			
Shareholders' Equity		2,048,341,501	2,139,137,625
Share capital	11	1,500,000,000	1,500,000,000
Revaluation reserve for investments with DSE & CSE	12	639,212,367	639,212,367
Retained earnings	13	(90,870,866)	(74,742)
Non-Current Liabilities			
Lease liability net off current maturity	14	3,760,437	-
Current Liabilities		4,464,760,551	4,381,710,937
Accounts payable	15	213,412,464	316,039,703
Short term loan	16	3,733,385,187	3,523,161,169
Liabilities for expenses	17	16,911,086	34,087,484
Current portion of lease liability		4,131,740	-
Other liabilities	18	391,266,998	320,729,870
Provision for tax	19	105,653,076	187,692,711
TOTAL LIABILITIES		4,468,520,988	4,381,710,937
TOTAL EQUITY AND LIABILITIES		6,516,862,488	6,520,848,562

The annexed notes from 1 to 26 form an integral part of these Financial Statements.



Managing Director



Director



Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

Dhaka,
14 January 2020



M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

EBL Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

Amount in BDT

	Notes	2019	2018
Operating Income			
Brokerage commission income	20	211,181,546	264,229,315
Direct expenses	21	(26,602,408)	(33,198,850)
Net brokerage commission income		184,579,137	231,030,465
Interest income			
Interest income	22	401,609,773	299,684,108
Interest expense	23	(455,048,743)	(379,053,870)
Net interest income		(53,438,970)	(79,369,761)
Investment income			
Other operating income	24	61,192,076	122,382,199
	25	1,693,979	2,009,819
Total operating income		194,026,221	276,052,722
Operating expenses	26	(161,899,879)	(156,831,447)
Office & administrative expenses		(150,867,054)	(144,267,374)
Bank charges & other expenses		(11,032,825)	(12,564,073)
Net operating profit		32,126,343	119,221,275
Provision for loss on margin loan		-	(50,035,917)
Provision for diminution in value of quoted securities		(66,446,236)	(45,675,508)
(Loss)/profit before income tax		(34,319,893)	23,509,850
Income tax expense	27	(56,476,231)	(64,139,886)
Net (loss) for the year		(90,796,124)	(40,630,037)
Total comprehensive income		(90,796,124)	(40,630,037)
Earnings Per Share (EPS)		(60.53)	(27.09)

The annexed notes from 1 to 26 form an integral part of these Financial Statements.



Managing Director



Director



Chairman

This is the statement of profit or loss and other comprehensive income referred to in our separate report of even date.



M. Moniruzzaman, FCA

Partner

ACNABIN

Chartered Accountants

Dhaka,
14 January 2020

EBL Securities Limited

Statement of Changes in Equity

for the year ended 31 December 2019

Amount in BDT

Particulars	Share capital	Revaluation reserve for investment with DSE & CSE	Retained Earnings	Total Equity
Balance as at 01 January 2019	1,500,000,000	639,212,367	(74,742)	2,139,137,625
Net Loss for the year	-	-	(90,796,124)	(90,796,124)
Balance as at 31 December 2019	1,500,000,000	639,212,367	(90,870,866)	2,048,341,501

for the year ended 31 December 2018

Amount in BDT

Particulars	Share capital	Revaluation reserve for investment with DSE & CSE	Retained Earnings	Total Equity
Balance as at 01 January 2018	1,500,000,000	-	40,555,295	1,540,555,295
Net Loss for the year	-	-	(40,630,037)	(40,630,037)
Revaluation reserve for investments with DSE & CSE	-	639,212,367	-	639,212,367
Balance as at 31 December 2018	1,500,000,000	639,212,367	(74,742)	2,139,137,625

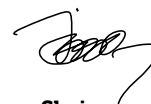
The annexed notes from 1 to 26 form an integral part of these Financial Statements.



Managing Director



Director



Chairman

Dhaka,
14 January 2020

EBL Securities Limited

Statement of Cash Flows

for the year ended 31 December 2019

Amount in BDT

	2019	2018
A. Cash Flows from Operating Activities:		
Loss during the year	(90,796,124)	(40,630,037)
Depreciation & Amortization	25,497,460	8,153,742
Income Tax paid	(45,404,681)	(57,640,266)
Decrease in Accounts Receivable	19,305,908	1,042,460,990
Increase in Other Assets	115,136,054	(9,509,672)
Decrease in Accounts Payable	(102,627,240)	(998,124,578)
(Decrease)/ Increase in Liabilities for Expenses	(17,176,399)	7,120,083
Increase/(Decrease) in Other Liabilities	78,429,306	(196,738,786)
Increase/(Decrease) in Provision for Tax	(82,039,633)	38,645,257
Net cash used in operating activities	(99,675,349)	(206,263,266)
B. Cash Flows from Investing Activities:		
Increase in Investment in Securities	(68,787,860)	(81,006,966)
Increase in Loan to Customer	(133,407,262)	(420,427,172)
Sale/Disposal of Assets	-	235,966
(Purchase) of Fixed Assets	(6,123,021)	(14,936,788)
Net cash used in investing activities	(208,318,142)	(516,134,960)
C. Cash Flows from Financing Activities:		
Receipt of Short Term Loan	210,224,019	803,757,229
Net cash flows from financing activities	210,224,019	803,757,229
D. Net (decrease)/increase in Cash and Bank Balance (A+B+C)	(97,769,472)	81,359,003
E. Cash and Bank Balances at the beginning of the year	765,384,434	684,025,432
F. Cash and Bank Balances at the end of the year (D+E)	667,614,963	765,384,434

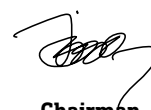
The annexed notes from 1 to 26 form an integral part of these Financial Statements.



Managing Director



Director



Chairman

Dhaka,
14 January 2020

EBL Securities Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2019

1. Company and its activities

1.1 Legal status and nature of the company

EBL Securities Ltd. is one of the leading brokerage houses domiciled in Bangladesh which has been constituted by changing the name of LRK Securities Limited, limited by shares incorporated under the Companies Act 1994 incorporation no. C-32161 (1282)/97. EBL Securities Limited is the TREC holder (Trading Right Entitlement Certificate) of both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) bearing certificate no. 026 and 021 dated 03 November 2013 and 28 October 2013 respectively.

1.2 Principal activities and nature of operation

The principal activities of the company is to buy, sell, deal and invest in shares, stocks, debentures and other securities, to become TREC holder of stock exchange in Bangladesh and/ or elsewhere and undertake all the functions of a Stock Exchange TREC holder.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

The financial statements are prepared on the historical cost basis except measuring fair value of DSE & CSE TREC and shares and therefore, did not take into consideration the effect of inflation. The financial statements have been prepared and the disclosures of information have been made in accordance with the companies Act, 1994, the Securities and Exchange Rules, 1987, the listing Rules of Dhaka Stock Exchange, Guidelines from Bangladesh Bank, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

2.2 Other regulatory compliances

As required, EBL Securities Limited also complies with the applicable provisions of the following major laws/ statutes:

- Securities and Exchange Rules, 1987;
- Securities and Exchange Commission Act, 1993;
- Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representatives) Rules, 2000;
- Income Tax Ordinance, 1984;
- Income Tax Rules, 1984;
- Negotiable Instruments Act, 1881; and
- Other applicable laws and regulations.

2.3 Basis of measurement

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

2.4 Components of financial statements

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

2.5 Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (BDT) which is the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest integer.

2.6 Use of estimates and judgments

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year. In accordance with the guidelines as prescribed by IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the flowing situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

2.7 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, EBL Securities Limited applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, corrections of errors, the amounts involved are accounted for and retrospectively accordance with the requirement of IAS 8. We however, have applied the same accounting principles in 2019 as was for in financial statements for 2018.

2.8 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern IAS is in preparing the financial statements. The current credit facilities and adequate resources of the company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.9 Reporting period

The financial period of the Company covers one year from 01 January 2019 to 31 December 2019

2.10 Investment in stock exchanges for membership

In accordance with section 8 of the Exchanges Demutualization Act, 2013, both stock exchange membership have been converted into shares through the issuance of two completely de-linked assets to the former members in the Exchange, namely (a) fully paid-up shares and (b) trading right. Exchanges shall have the authority to issue Trading Right Entitlement Certificate (TREC), as per the Exchanges Demutualization Act, 2013 and as outlined in the scheme, to provide the right to trade any securities enlisted in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to eligible brokers and dealers. Such TRECs will be totally separated from the ownership of the Exchange as there is no obligation for TREC holders to be or remain shareholders of the exchange.

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

These are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is providing at the rearranged/ re-fixed following rates on straight-line IAS is in accordance with IAS 16 over the periods appropriate to the estimated useful lives of the different types of assets. The new rate of depreciation considering estimated useful lives of the assets, the shortfall amount if necessary, have been charged during the period.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as incurred.

3.1.3 Depreciation & Amortization

Depreciation on property, plant and equipment is charged using reducing method on all assets. Depreciation rates are as follows:

Nature of Assets	Rate of Depreciation
Furniture & Fixture	10%
Television & Multimedia	20%
Computer & Accessories	33.33%
Generator	20%
Office Equipment	20%
Office Decoration	10%
Vehicles	20%

3.2 Intangible assets

3.2.1 Recognition and measurement

The only item in intangible assets is computer software that was acquired by the Company and is measured at cost less accumulated amortization and impairment loss, if any.

3.2.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

3.2.3 Amortization

Amortization is calculated using the reducing method to write down the cost of intangible asset to its residual values (33.33%)

3.3 Impairment

The carrying value of the Company's assets other than inventories, are reviewed at closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and fixed deposits which are held and are available for use by the Company without any restriction. There is insignificant risk of change in the value of the above items.

3.5 Accounts receivable

Accounts receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. No such receivables are accounted for if the loans are classified as bad and loss. Receivable include the amount receivable both from DSE and CSE against daily transaction settlement and dividend income from investments etc.

3.6 Loan to clients

EBL Securities Limited extends margin loan to the portfolio investors at an agreed ratio (between investors deposit and loan amount) of purchased securities against the respective investor account. The investors are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it changes due to change in market price of shares. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain margin as per rules otherwise the securities are sold to bring the margin to the required level.

3.7 Investment in securities

Investments in listed securities are recognized at cost. Quarterly impairment test is carried out by comparing cost with market price. In case of diminution of market value compared to cost, provision is made on portfolio basis but no unrealized gain is booked when market value exceeds cost.

3.8 Recognition and measurement of financial assets

In accordance with International Financial Reporting Accounting Standard (IFRS) 9, financial assets may be recognized at fair value, with gain and losses taken to the income statement in net investment income. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

3.9 Provision for income tax

Provision for income tax is made on the basis of Company's computation based on the best estimate of taxable profit in accordance with Income Tax Ordinance, 1984.

3.10 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standard (IFRS)-15 "Revenue from Contracts with Customers":

3.10.1 Brokerage commission

Brokerage commission is recognized as income when selling or buying order executed.

3.10.2 Interest income from margin loan

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective customers. Income is recognized on quarterly rest.

3.10.3 Dividend income and gain/(loss) on sale of marketable securities

Dividend income is recognized when right to receive or payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.11 Suspense interest account

Suspense interest account is created against interest income from negative equity customers and vulnerable margin account.

3.12 Income tax expenses

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss and Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.13 Application of International Financial Reporting Standard (IFRS-16)**Leases:**

The company has made recognition, measurement and disclosure for both being as Lessee and Lessor as per IFRS 16.

Right-of-use assets (ROU):

EBL Securities Ltd. recognises the right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted for any measurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognise, initial direct cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term.

Lease Liabilities:

At the commencement of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payment include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. In 2019, the company reassessed all lease payment of existing contracts remaining period considering a cut-off date beginning of 2019. The lease liabilities are presented in the note 25.01 of these financial statements. Leases where the company does not transfer substantially all of the risk and benefit of ownership of any asset are classified as operating assets.

3.14 Provision for diminution in value of investments

Investment in quoted shares and un-quoted shares are revalued at the year end at cost price. Provision should be made for any loss arising from diminution in value of investment in light with BSEC circular #BSEC/Surveillance/Mukhpattrpo (5th part)/2019/159, dated #07 January 2020.

3.15 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting event are disclosed in the notes when material.

3.16 General

- i) Figures have been rounded off to the nearest integer.
- ii) Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

3.17 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of IAS and IFRS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. EBL Securities Ltd. applied following IAS and IFRS:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Borrowing Costs	23	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied

Name of the IFRS	IFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments	9	Applied
Revenue from Contracts with Customers	15	Applied

EBL Investments Limited

Independent Auditor's Report to the Shareholders of EBL Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EBL Investments Limited (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present a true and fair view, in all material respects, the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report of its parent- Eastern Bank Ltd is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission 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 company so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the company's business.

Dhaka,
19 January 2020


M. Moniruzzaman, FCA
 Partner
ACNABIN
 Chartered Accountants

EBL Investments Limited

Statement of Financial Position

as at 31 December 2019

Amount in BDT

	Notes	2019	2018
ASSETS			
Non-Current assets			
Property, plant and equipment	5	6,980,196	5,281,844
		410,630,692	422,236,159
Current Assets			
Cash & Bank balance	6	19,352,460	55,503,804
Advances, Deposit & Prepayments	7	767,536	23,279,244
Margin Loan	8	217,292,800	171,019,426
Accounts Receivable	9	3,768,317	11,328,129
Investments	10	169,449,579	161,105,556
TOTAL ASSETS		417,610,888	427,518,003
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	11	300,000,000	300,000,000
Retained earnings	12	22,711,071	33,499,443
		94,899,817	94,018,560
Current liabilities			
Trade Payable	13	58,297,099	66,828,054
Current tax liability	14	14,039,763	6,925,461
Provision for Diminution in value of Investments	15	17,412,020	15,187,569
Other Liabilities	16	5,150,934	5,077,476
Total liabilities		417,610,888	427,518,003
TOTAL EQUITY AND LIABILITIES		417,610,888	427,518,003

The annexed notes form an integral part of these financial statements.



Chairman




Director



Managing Director

This is the statement of financial position referred to in our separate report of even date.

Dhaka,
19 January 2020


M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

EBL Investments Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

Amount in BDT

	Notes	2019	2018
Operating income		27,539,876	50,808,244
Fees & Commission	17	42,254,837	19,333,276
Investment Income	18	(26,385,229)	7,171,283
Interest Income	19	11,670,267	24,303,685
Operating expenses		24,316,469	22,424,590
Administrative Expenses	20	24,152,558	22,323,925
Financial Expenses	21	163,911	100,665
Operating Profit before Provision(A-B)		3,223,406	28,383,655
Provision (charged)/released for diminution in value of investments	22	(2,224,451)	4,269,571
Profit before tax		998,955	32,653,226
Income tax expense	23	11,787,327	10,174,020
Net (Loss)/Profit after tax		(10,788,372)	22,479,205
Earnings per share	24	(3.60)	7.49

The annexed notes form an integral part of these financial statements.


Chairman

Director

Managing Director

This is the statement of profit or loss and other comprehensive income referred to in our separate report of even date.



M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

Dhaka,
19 January 2020

EBL Investments Limited

Statement of Changes in Equity

for the year ended 31 December 2019

Amount in BDT

Particulars	Paid up capital	Retained earnings	Total Equity
Balance as at 01 January 2019	300,000,000	33,499,442	333,499,442
Net Loss for the year	-	(10,788,372)	(10,788,372)
Total as at 31 December 2019	300,000,000	22,711,070	322,711,071
Balance as at 01 January 2018	300,000,000	11,020,237	311,020,237
Net Profit for the year	-	22,479,205	22,479,205
Total as at 31 December 2018	300,000,000	33,499,442	333,499,442

The annexed notes form an integral part of these financial statements.



Chairman

Dhaka,
19 January 2020



Director



Managing Director

EBL Investments Limited

Statement of Cash Flows

for the year ended 31 December 2019

Amount in BDT

	2019	2018
A. Cash flows from operating activities		
Net (Loss)/Profit during the year	(10,788,372)	22,479,205
Depreciation and Amortization	1,599,547	771,413
Decrease of Advances, Deposit & Prepayments	22,511,708	66,986,096
Decrease/(increase) in Accounts Receivable	7,559,812	(3,693,304)
Decrease of Advance Income Tax	8,133,294	1,715,641
(Decrease)/increase in Accounts Payable	(8,530,955)	49,084,973
Decrease in Provision for Tax	(1,018,991)	(5,424,470)
Increase/(decrease) in Other liabilities	2,297,909	(81,985,876)
Net cash flow from operating activities	21,763,953	49,933,678
B. Cash flows from investing activities		
Issue of Margin Loan	(46,273,374)	(52,353,754)
Investment in Securities	(8,344,023)	38,620,748
Acquisition of Fixed Assets	(3,297,900)	(4,984,676)
Net cash used in investing activities	(57,915,297)	(18,717,682)
C. Cash flows from financing activities		
	-	-
D. Net (decrease)/increase in Cash and Bank Balance (A+B+C)	(36,151,344)	31,215,996
E. Opening Cash and Bank balance	55,503,804	24,287,808
F. Closing Cash and Bank balance	19,352,460	55,503,804

The annexed notes form an integral part of these financial statements.



Chairman

Dhaka,
19 January 2020



Director



Managing Director

EBL Investments Limited**Notes to the Financial Statements**

as at and for the year ended 31 December 2019

1. Company and its activities**1.1 Legal status and nature of the company**

EBL Investments Ltd. (EBLIL/the Company), a full-fledged merchant bank and subsidiary of Eastern Bank Ltd., was incorporated in Bangladesh under the Companies Act, 1994 with the Registrar of Joint Stock Companies and Firms (RJSCF) on 30 December 2009 vide registration no. C-81417/09 as a Private Ltd. Company. Besides, EBL Investments Ltd. obtained license on 27 January 2013 vide BSEC registration no. MB-80/2013 as per the Bangladesh Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996 to carry out merchant banking operation in Bangladesh and on 04 August 2013 vide BSEC registration no. CDBL-DP-396 under the Depository (User) Regulations, 2003 to carry out depository functions.

EBL Investments Ltd. has achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. EBLIL's registered office is located at Jiban Bima Bhaban (Ground Floor), 10 Dilkusha Commercial Area, Dhaka-1000.

1.2 Principal activities and nature of operation

Main activities of EBLIL include underwriting of securities, issue management, portfolio management, capital restructuring, corporate advisory services etc. EBLIL performs its portfolio management activities in two ways:

- (i) Investors Discretionary Account (IDA), where portfolio management operates as per clients' decisions;
- (ii) Management Discretionary Account (MDA), where portfolio management operates as per company's decisions by using client's money.

2. Basis of preparation and significant accounting policies**2.1 Statement of compliance**

The financial statements have been prepared and the disclosures of information have been made in accordance with the companies Act, 1994, the Securities and Exchange Rules, 1987, International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

2.2 Other regulatory compliances

As required, EBL Investments Ltd. also complies with the applicable provisions of the following major laws/ statutes:

- Securities and Exchange Commission Act, 1993;
- Income Tax Ordinance, 1984;
- Income Tax Rules, 1984;
- Negotiable Instruments Act, 1881; and
- Other applicable laws and regulations.

2.3 Basis of measurement

The financial statements, except statement of cash flow, have been prepared on the accrual basis of accounting under the historical cost convention.

2.4 Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (BDT) which is the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest integer.

2.5 Components of Financial Statements

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

2.6 Use of estimates and judgments

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contained information about the assumptions it made about the future and other major sources of uncertain estimation at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year. In accordance with the guidelines as prescribed by IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the following situation:

- (i) When the company has an obligation as a result of past events,
- (ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) Reliable estimates can be made of the amount of the obligation.

2.7 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, EBL Investments Ltd. applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies, corrections of errors, the amounts involved are accounted for, retrospectively, in accordance with the requirement of IAS 8. We, however, have applied the same accounting principles in 2019 as was for in financial statements for 2018.

2.8 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.9 Reporting period

The financial statements of the Company cover twelve (12) months from 01 January 2019 to 31 December 2019 and is followed consistently.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and Measurement

Property, plant and equipment are stated at cost or revalued amount, if any, less accumulated depreciation in compliance with International Accounting Standard (IAS)-16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its location and condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

3.1.3 Depreciation & Amortization

Depreciation is charged using straight-line method on all assets of property, plant and equipment. Depreciation rates are as follows:

Nature of Assets	Rate of Depreciation
Furniture and fixtures	10%
Office equipments	20%
Motor vehicle	20%
Office decoration & other accessories	20%
Software	15%

3.1.4 Disposal of fixed assets

Gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and is recognized net with 'Other Income' in the Statement of Profit or Loss and Other Comprehensive Income.

3.2 Intangible Assets

Through online Mbank software the company maintains its Books of Accounts.

3.2.1 Recognition and Measurement

In accordance with IAS 38, an intangible asset is recognized if it is probable that the expected future economic benefits, which are attributable to the asset, will flow to the company entity; and the cost of the assets can be measured reliably. In addition, it is measured at cost less accumulated amortization and impairment loss, if any, in the Statement of Financial Position.

3.2.2 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

3.2.3 Amortization

Amortization is calculated using the straight-line method to write down the cost of intangible asset to its residual values at 15%.

3.3 Impairment

The carrying value of the Company's assets other than inventories, are reviewed at closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

3.4 Statement of Cash Flows

The Statement of Cash Flows shows changes in cash and bank balances during the financial year. It has reported cash flows during the year classified by operational activities, investing activities and financing activities. It is prepared under indirect method in accordance with IAS :7 Statement of Cash Flows .

3.5 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and fixed deposits which are held and are available for use by the Company without any restriction. There is insignificant risk of change in the value of the above items.

3.6 Margin loan to customer

EBL Investments Ltd. extends margin loan to the portfolio investors at an agreed ratio (between investors deposit and loan amount) of purchased securities against the respective investor account. The investors are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it changes due to change in market price of shares. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain margin as per rules otherwise the securities are sold to bring the margin to the required level.

3.7 Investment in securities

Investments in listed securities are recognized at cost. Quarterly impairment test is carried out by comparing cost with market price. In case of diminution of market value compared to cost, provision is made on portfolio basis but no unrealized gain is booked when market value exceeds cost.

3.8 Recognition and measurement of financial assets

In accordance with IFRS 9: Financial Instruments, financial assets may be recognized at fair value, with a gain or loss taken to the Statement of Profit or Loss and Other Comprehensive Income at net investment income. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term.

3.9 Provision for income tax

Provision for income tax is made on the basis of company's computation based on the best estimate of taxable profit in accordance with Income Tax Ordinance, 1984.

3.10 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with IFRS 15: Revenue from Contracts with Customers.

3.10.1 Management fee

Management fee is charged to IDA clients for rendering services like receipt of shares from brokers, delivery of shares to brokers, custody of shares and collection of corporate entitlements etc. The fee is charged on daily market value of securities for IDA clients per annum and recognized as of accrual basis.

3.10.2 Transaction/ Settlement fee

Transaction/ Settlement fee is recognized as income when selling or buying order executed.

3.10.3 Interest income from margin loan

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance of the respective customers. Income is recognized quarterly

3.10.4 Dividend income and gain/(loss) on sale of marketable securities

Dividend income is recognized when receive or payment right is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.11 Earnings Per Share

Earnings Per Share (EPS) has been computed by dividing the Profit After Tax (PAT) by the number of ordinary share outstanding as on 31 December 2019 as per IAS-33: Earnings Per Share.

3.12 Income tax expenses

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.13 Provision for diminution in value of investments

Investment in quoted shares and un-quoted shares are revalued at the year end at market price and as per book value of last audited statement of financial position. Provision should be made for any loss arising from diminution in value of investment. The company measures and recognizes investment in quoted and unquoted shares at cost if the year end market value and book value, for quoted shares, are higher than the cost except investment in mutual fund. BSEC directive no. SEC/CMRRCD/2009-193/172 dated 30 June 2015 has been followed for mutual fund.

3.14 Events after the Reporting Period

Events after the reporting period, also known as non-adjusting events, are disclosed in the notes when material as well as provide additional information about the company's positions at the period end date.

3.15 General

- i) Figures have been rounded off to the nearest integer.
- ii) Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

3.16 Application of International Accounting and Financial Reporting Standards

The Financial Statements have been prepared in compliance with the requirement of IAS and IFRS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. EBL Investments Ltd. applied following IASs and IFRSs:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied

Name of the IFRS	IFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments	9	Applied
Fair Value Measurement	13	Applied
Revenue from Contracts with Customers	15	Applied
Leases	16	Applied

4 Financial Risk Management

4.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers and investment securities. These loans and advances are fully backed by the securities held by the customer.

With respect to credit risk arising from the other financial assets of the Company, the maximum exposure is equal to the carrying amounts of the financial assets.

4.2 Market Risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. Market risk is the risk of losses due to failure of entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For such transactions the Company only allows the purchase of tradable securities if the customer has adequate cash/purchase power beforehand.

4.3 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities under both normal and stressed conditions without incurring unacceptable losses or damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast based on time line of payment of the financial obligation and accordingly, arrange for sufficient liquidity/ fund to make the expected payment within due date.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and resources for measuring and managing risk, and the Company's management of capital. The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework.

EBL FINANCE (HK) LIMITED**REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is engaged in money lending business.

Business review

Pursuant to section 388(3)(b) of the Hong Kong Companies Ordinance, the Company is a wholly owned subsidiary of another body corporate during the year. Accordingly, the Company is not required to prepare a business review for the financial year ended 31 December 2019 as required by Schedule 5 of the Hong Kong Companies Ordinance.

Financial performance

The financial performance of the Company for the year ended 31 December 2019 and the financial position of the Company at that date are set out on pages 6 and 7.

Details of dividend paid during the year are provided in note 10 to the financial statements.

Charitable donations

Donations made by the Company during the year amounted to HK\$5,000.

Share capital increased in the year

Details of the increase in share capital in the year ended 31 December 2019 are set out in note 15 to the financial statements. The increase in share capital is for the purpose of increasing working capital for the Company.

Directors

The directors during the year and up to the date of this report were:-

Eastern Bank Limited
IFTEKHAR Ali Reza Md

In accordance with the Company's Articles of Association, all directors are not subject to rotation or retirement at the annual general meeting and are therefore continue in office at the forthcoming annual general meeting.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

Save as disclosed in note 16 to the financial statements, no other transactions, arrangements and contracts of significance in relation to the Company's business to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in the shares and debentures of the Company or any other body corporate

At no time during the year was the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

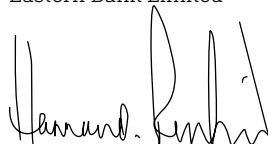
Other matters

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

Auditor

The financial statements have been audited by Kingston C.P.A. Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board
For and on behalf of
Eastern Bank Limited



Authorized Signature(s)

Chairman, Eastern Bank Limited
(Represented by Hassan O. Rashid)
Hong Kong, 7 February 2020

Independent Auditor's Report

To the Members of EBL Finance (HK) Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of EBL Finance (HK) Limited ("the Company") set out on pages 6 to 23, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes of in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance ("HKCO").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the HKCO, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our responsibility to express an opinion on these financial statements based on our audit is solely to you, as a body, in accordance with section 405 of the HKCO, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the HKICPA's website at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/auditre/fs_pf.pdf.

This description forms part of our auditor's report.



Kingston C.P.A. Limited
Certified Public Accountants, Hong Kong
Auditor, LAW Hoi Kit; P.C. No. P06627
7 February 2020

EBL Finance (HK) Limited**Statement of Comprehensive Income**

year ended 31 December 2019

	Note	2019 HK\$	2018 HK\$
Revenue	5	41,354,186	41,888,589
Cost of sales		(16,792,041)	(17,208,087)
Gross profit		24,562,145	24,680,502
Other income and net gains or (losses)	5	175,667	79,200
Operating expenses		(5,517,725)	(5,021,651)
Operating profit	6	19,220,087	19,738,051
Finance costs	7	(14,065)	-
Profit before taxation		19,206,022	19,738,051
Income tax	8		
Over provision in prior year		28,770	38,395
Provision for the year		(2,970,000)	(3,100,000)
		(2,941,280)	(3,061,605)
Profit for the year		16,264,742	16,676,446
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		16,264,742	16,676,446

The annexed notes form an integral part of these financial statement.

EBL Finance (HK) Limited**Statement of Financial Position**

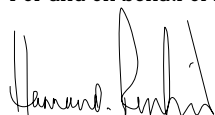
as at 31 December 2019

	Note	2019 HK\$	2018 HK\$
Assets and Liabilities			
Non-current assets			
Property, plant and equipment	11	322,054	94,988
Current assets			
Bills financed	12	506,689,574	565,382,768
Interest receivables		5,245,805	9,057,845
Deposits and prepayments		180,030	178,200
Cash and bank balances		24,373,038	17,768,629
		536,488,447	592,387,442
Current liabilities			
Accruals and other payables		10,127,763	10,597,548
Receipt in advance		886,018	1,165,670
Loan from holding company	13	494,949,000	560,686,500
Less liabilities	14	192,209	-
Provision for taxation		4,114,675	1,173,395
		510,269,665	573,623,113
Net current assets		26,218,782	18,764,329
Net Assets		26,540,836	18,859,317
Equity			
Capital and reserves			
Share capital			
Issued and fully paid – 1,410,000 ordinary shares	15	11,410,000	1,410,000
Retained profits		15,130,836	17,449,317
Total Equity		26,540,836	18,859,317

Approved and authorised for issue by the board of directors on 7 February 2020

On behalf of the Board

For and on behalf of Eastern Bank Limited



Authorized Signature(s)

Chairman, Eastern Bank Limited
(Represented by Hassan O. Rashid)
Hong Kong, 7 February 2020



Director
IFTEKHAR Ali Reza Md

EBL Finance (HK) Limited

Statement of Changes in Equity

year ended 31 December 2019

	Share Capital HK\$	Retained profits HK\$	Total HK\$
Balance at 1 January 2018	1,410,000	13,831,924	15,241,924
Net profit for the year	-	16,676,446	16,676,446
Other comprehensive income	-	-	-
Dividend (Note 10)	-	(13,059,053)	(13,059,053)
Balance at 31 December 2018	1,410,000	17,449,317	18,859,317
Capitalization of profits (Note 15)	10,000,000	(10,000,000)	-
Net profit for the year	-	16,264,742	16,264,742
Other comprehensive income	-	-	-
Dividend (Note 10)	-	(8,583,223)	(8,583,223)
Balance at 31 December 2019	11,410,000	15,130,836	26,540,836

The annexed notes form an integral part of these financial statements.

EBL Finance (HK) Limited

Statement of Cash Flows

year ended 31 December 2019

	2019 HK\$	2018 HK\$
Operating activities		
Profit before taxation	19,206,022	19,738,051
Adjustment for:		
Interest expense	16,792,041	17,208,087
Depreciation	507,335	45,448
Interest on lease liabilities	14,065	-
Operating cash flows before working capital changes	36,519,463	36,991,586
Decrease/(increase) in bills financed	58,693,194	(15,491,500)
Decrease/(increase) in interest receivables	3,812,040	(1,952,988)
Increase in deposits and prepayments	(1,830)	(9,540)
(Decrease)/increase in accruals and other payables	(469,785)	6,987,274
(Decrease)/increase in receipts in advance	(279,652)	605,716
(Decrease)/increase in loan from holding company	(65,737,500)	9,306,000
Cash generated from operations	32,535,930	36,436,548
Tax paid	-	(2,703,765)
Interest paid	(16,792,041)	(17,208,087)
Net cash generated from operating activities	15,743,889	16,524,696
Net cash used in from investing activities		
Payments to acquire property, plant and equipment	(100,257)	(51,079)
Financing activities		
Capital element of lease rental paid	(441,935)	-
Dividend paid	(8,583,223)	(13,059,053)
Interest on lease liabilities	(14,065)	-
Net cash used in financing activities	(9,039,223)	(13,059,053)
Net increase in cash and cash equivalents	6,604,409	3,414,564
Cash and cash equivalents at beginning of year	17,768,629	14,354,065
Cash and cash equivalents at end of year	24 373 038	17,768,629
Analysis of cash and cash equivalents at end of year		
Cash and bank balances	24,373,038	17,168,629

The annexed notes form an integral part of these financial statements.

EBL Finance (HK) Limited

Notes to the Financial Statements

31 December 2019

1. ORGANISATION AND OPERATIONS

The Company is a private company incorporated in Hong Kong with limited liability. The address of its registered office is Unit 1201, 12th Floor, Albion Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

The principal activity of the Company is engaged in money lending business.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

In the current year, the Company has applied for the first time a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for accounting periods beginning on or after 1 January 2019 with the exception as stated in the following paragraph. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. A summary of the effects of the major changes in significant accounting policies resulted from the adoption of new HKFRSs are stated in Note 3.

The Company has not early applied the following new standards, amendments or interpretations that have been issued and relevant to the Company but are not yet mandatory effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹
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¹ Effective for annual periods beginning on or after 1 January 2020.

3. SUMMARY OF THE EFFECTS OF THE MAJOR CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**HKFRS 16, Leases**

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases - incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged. HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Company has initially applied HKFRS 16 as from 1 January 2019. The Company has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019.

Comparative information has not been restated and continues to be reported under HKAS 17. Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:-

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use. The Company applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Company is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Company is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 10. For an explanation of how the Company applies lessee accounting, see note 4(d).

At the date of transition to HKFRS 16, the Company recognised an amount of HK\$634, 144 under "properties leased for own use" and "lease liabilities" respectively.

The following reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:-

	1 January 2019
	HK\$
Operating lease commitments at 31 December 2018	770,868
Less: Expense included in operating lease commitment but not capitalised as lease liabilities	(121,068)
	649,800
Less: Total future interest expense	(15,656)
Total lease liabilities recognised at 1 January 2019	634,144

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

(b) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

The financial statements have also been prepared under the accrual basis of accounting.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:-

Properties leased for own use	Over the unexpired lease term
Machineries and equipments	20% - 33.33%
Furniture and fixtures	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year in which the item is derecognised.

(d) Leased assets

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate.

After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

(e) Credit losses and impairment of assets**(i) Credit losses**

The Company recognised a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost (including cash and cash equivalents, bills and other receivables and deposits).

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

(ii) Impairment of other non-current assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, short-term deposits held at banks, other short-term highly liquid investments with original maturities of three months or less.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous year .

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or charged directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively .

(h) Bills financed and interest receivables

Bills financed and interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of bills financed and interest receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables . The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

(i) Other payables

Other payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

(j) Foreign currencies

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). These financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions, assets and liabilities

Transactions in foreign currencies are translated at the approximate rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the approximate rates ruling at the end of reporting period. Exchange gains or losses are recognised in profit or loss.

(k) Employee retirement benefits

Costs of employee retirement benefits are recognised as an expense in the year in which they are incurred.

(l) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(m) Revenue recognition

Revenue is recognised when it is possible that the economic benefits will flow to the Company and when the revenue can be measured reliably on the following bases:-

(i) Interest income is recognised on a time proportion basis.

(ii) Fees, commission and charges on letter of credit are recognised when the services are rendered.

5. REVENUE, OTHER INCOME AND NET GAINS OR (LOSSES)

Revenue represents interest income on bills financed; fees, commission and charges on letter of credit.

Revenues recognised during the year are as follows:-

	2019 HK\$	2018 HK\$
Revenue		
Interest income on bills financed	29,735,186	30,352,197
Fees, commission and charges on letter of credit	11,619,000	11,536,392
	41,354,186	41,888,589
Other income and net gains or (losses)		
Net exchange gain	175,667	79,200
Total revenues	41,529,853	41,967,789

6. OPERATING PROFIT

Operating profit is stated after charging:-

Auditor's remuneration	74,000	72,000
Depreciation	507,335	45,448
Retirement benefit costs	107,336	79,568
Salaries and allowances	3,450,713	3,022,022
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	-	549,931
Variable lease payments not included in the measurement of lease liabilities	116,067	-

7. FINANCE COSTS

Interest on lease liabilities	14,065	-
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8. TAXATION

- (a) Hong Kong Profits Tax is calculated at 8.25% of the first HK\$2 million of the estimated assessable profits and at 16.5% for the estimated assessable profits above HK\$2 million (2018: 8.25% to 16.5%).
- (b) No provision for deferred taxation has been made in the financial statements as there are no material deductible and taxable temporary differences needed to be accounted for in the year.

9. DIRECTORS' EMOLUMENTS

During the years ended 31 December 2019 and 2018, no amounts have been paid in respect of directors' emoluments, directors' or past directors' retirement benefits or for any compensation to directors or past directors in respect of loss of office.

Save as disclosed in note 16 to the financial statements, no other significant transactions, arrangement and contracts to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Except for the aforementioned transaction, no other significant transactions, arrangement and contracts to which the Company, or a specified undertaking of the Company, any one of its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10. DIVIDENDS

Final dividend for 2018 declared and paid of HK\$0.41 (2018: HK\$3.76) per share	583,223	5,304,053
1st interim dividend for 2019 declared and paid of HK\$3.14 (2018: HK\$5.50) per share	4,400,000	7,755,000
2nd interim dividend for 2019 declared and paid of HK\$2.55 (2018: HK\$Nil) per share	3,600,000	-
	8,583,223	13,059,053

11. PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use HK\$	Machineries and equipments HK\$	Furniture and fixtures HK\$	Total HK\$
Cost				
At 1 January 2018	-	146,039	277,297	423,336
Additions	-	21,597	29,482	51,079
At 31 December 2018	-	167,636	306,779	474,415
Impact on initial application of HKFRS 16	634,144	-	-	634,144
Additions	-	44,108	56,149	100,257
Disposals	-	(44,610)	-	(44,610)
At 31 December 2019	634,144	167,134	362,928	1,164,206
ACCUMULATED DEPRECIATION				
At 1 January 2018	-	115,360	218,619	333,979
Provided for the year	-	19,016	26,432	45,448
At 31 December 2018	-	134,376	245,051	379,427
Provided for the year	445,013	29,968	32,354	507,335
Eliminated on disposals	-	(44,610)	-	(44,610)
At 31 December 2019	445,013	119,734	277,405	842,152
CARRYING AMOUNTS				
At 31 December 2019	189,131	47,400	85,523	322,054
At 31 December 2018	-	33,260	61,128	94,988

2019
HK\$

2018
HK\$

12. BILLS FINANCED

The following is the aging analysis of bills financed at the end of the reporting period:-

0-3 months	327,084,469	331,217,054
4-6 months	153,147,103	124,466,599
7-9 months	11,440,302	40,204,836
10-12 months	3,952,055	69,494,279
Over 12 months	11,065,645	-
	506,689,574	565,382,768

13. LOAN FROM HOLDING COMPANY

The amounts are unsecured, interest bearing and repayable within one year.

14. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the current and previous reporting periods and at the date of transaction to HKFRS 16:-

	31 December 2019		1 January 2019		31 December 2018	
	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$
Within 1 year	192,209	193,800	441,935	456,000	-	-
After 1 year but within 2 years	-	-	192,209	193,800	-	-
After 2 years but within 5 years	-	-	-	-	-	-
After 5 years	-	-	-	-	-	-
	-	-	192,209	193,800	-	-
	192,209	193,800	634,144	649,800	-	-
Less: Total future interest expenses		(1,591)		(15,656)		-
Present value of lease liabilities		192,209		634,144		-

The Company has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transaction to HKFRS 16 are set out in note 3.

15. SHARE CAPITAL

Pursuant to an ordinary resolution passed on 27 December 2019, the share capital of the Company was increased from HK\$1,410,000 to HK\$11,410,000 by capitalizing HK\$10,000,000 profits of the Company.

16. RELATED PARTY TRANSACTIONS

During the year, the Company had the following transaction with a related party in the normal course of business:-

Type of transaction	Related party	Relationship	Connected directors	2019 HK\$	2018 HK\$
Interest expense	Eastern Bank Limited	Holding company and director	IFTEKHAR Ali Reza Md	16,792,041	17,208,087

17. FINANCIAL RISK MANAGEMENT

The Company is exposed to various kinds of risks in its operation and financial instruments. The Company's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Company by closely monitoring the individual exposure as follows:-

(a) Market risk

(i) Currency risk

- (1) The Company receives its interest income and service fee and pays loan from holding company and interest expenses, mainly in US dollar, that exposes it to foreign currency risk arising from such purchases and sales and the resulting payables and receivables. The Company closely and continuously monitors the exposure as follows:-

Since HK dollar is pegged to US dollar, there is no significant exposure expected on US dollar transactions and balances.

- (2) Sensitivity analysis

As the net exposure of the Company to foreign currency is relatively small, change in foreign currency exchange rate will have no material impact on the financial performance of the Company.

(ii) Interest rate risk

The Company's exposure to interest rate risk is mainly on its interest-bearing borrowings. In order to manage the interest rate risk, the Company will repay the corresponding borrowings when it has surplus funds.

(iii) Price risk

There is no significant price risk as the Company does not have any investment traded in an active market.

(b) Credit risk

The major exposure to credit risk of the Company's financial assets, which comprise sundry deposits, and cash and bank balances, arises from the default of the counterparties, with a maximum exposure equal to the carrying amount of these financial assets in the statement of financial position.

(c) Liquidity risk

The Company's exposure to the risk of liquidity is minimal, as the shareholders of the Company finance sufficient funds to meet the Company's continuous operation need.

The maturity profile of all financial liabilities of the Company as at the end of the reporting period, based on the contracted undiscounted payments, was as follows:-

	2019 HK\$	2018 HK\$
Due and payable		
0-3 months	9,427,372	573,623,113
4-6 months	500,842,293	-
7-9 months	-	-
10-12 months	-	-
Over 12 months	-	-
Total current liabilities	510,269,665	573,623,113

(d) Fair value

The Company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2019.

18. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors regard Eastern Bank Limited, a company incorporated in Bangladesh, as being the immediate and ultimate holding company.

19. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Judgements made by management have no significant effect on the financial statements. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

EBL Asset Management Limited

Independent Auditor's Report

to the Shareholders of EBL Asset Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EBL Asset Management Limited (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present a true and fair view, in all material respects, the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission Rules, 1987 and other applicable laws and regulations. We also report that:

- a) 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;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns;

Dhaka,
15 January 2020


M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

EBL Asset Management Limited

Statement of Financial Position


as at 31 December 2019


Amount in BDT

	Notes	2019	2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	4,976,869	1,138,364
Current Assets			
Investment in shares at Cost	5	65,466,007	37,848,531
Accounts receivable	6	11,267,587	12,269,292
Loan and advances	7	155,000,000	207,000,000
Advance Income Tax	8	7,035,510	1,667,670
		51,392,557	13,776,547
Cash and bank balance:			
Cash in hand		3,442	-
Bank balance:	9	51,389,115	13,776,547
Unrestricted	9.1	1,389,115	13,776,547
Restricted for EBL 1st Unit Fund	9.2	50,000,000	-
Total Current Assets		290,161,661	272,562,039
TOTAL ASSETS		295,138,530	273,700,403
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	10	250,000,000	250,000,000
Retained earnings	11	15,286,174	14,722,527
		265,286,174	264,722,527
Non-Current Liabilities (a)			-
Lease liability net off current maturity	12	2,301,373	-
Current Liabilities			
Accounts payable	13	522,500	530,000
Current portion of lease liability	12	1,722,423	-
Provision for diminution value in investment	14	14,828,779	2,682,699
Provision for tax	15	10,477,281	5,765,177
Total Current Liabilities (b)		27,550,983	8,977,876
Total Liabilities (a+b)		29,852,356	8,977,876
TOTAL EQUITY AND LIABILITIES		295,138,530	273,700,403

The annexed notes from 1 to 19 form an integral part of these Financial Statements.


Managing Director


Director


Chairman

This is the statement of financial position referred to in our separate report of even date.

Dhaka,
15 January 2020


M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

EBL Asset Management Limited

Statement of Profit or Loss and Other Comprehensive Income

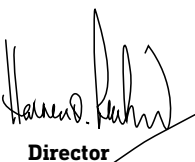
for the year ended 31 December 2019

Amount in BDT

	Notes	2019	2018
Operating Income			
Interest income	16	20,684,637	18,469,180
Investment income	17	6,139,991	6,069,278
Total operating income		26,824,628	24,538,458
General and administrative expenses	18	(9,056,746)	(7,539,397)
Finance and other cost	19	(346,050)	(18,515)
Total operating expense		(9,402,796)	(7,557,912)
Operating profit		17,421,832	16,980,547
Provision for diminution in value of investment		(12,146,080)	(2,682,699)
Profit before income tax		5,275,752	14,297,848
Income tax expense	20	(4,712,105)	(4,473,172)
Net profit for the year		563,647	9,824,676
Other comprehensive income		-	-
Total comprehensive income		563,647	9,824,676
Earnings Per Share (EPS)		0.023	3.93

The annexed notes from 1 to 19 form an integral part of these Financial Statements.


Managing Director


Director


Chairman

This is the statement of profit or loss and other comprehensive income referred to in our separate report of even date.

Dhaka,
15 January 2020


M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

EBL Asset Management Limited

Statement of Changes in Equity

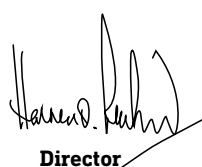
for the year ended 31 December 2019

Amount in BDT

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total Equity
Balance as at 01 January 2019	250,000,000	-	14,722,527	264,722,527
Net Profit for the year	-	-	563,647	563,647
Balance as at 31 December 2019	250,000,000	-	15,286,174	265,286,174
Balance as at 01 January 2018	50,000,000	200,000,000	4,897,850	254,897,850
Add/(Less): Adjustment during the period	200,000,000	(200,000,000)	-	-
Net Profit for the year	-	-	9,824,677	9,824,677
Balance as at 31 December 2018	250,000,000	-	14,722,527	264,722,527

The annexed notes from 1 to 19 form an integral part of these Financial Statements.


Managing Director


Director


Chairman

Dhaka,
15 January 2020

EBL Asset Management Limited

Statement of Cash Flows

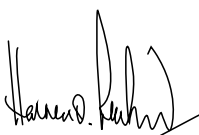
for the year ended 31 December 2019


Amount in BDT

	2019	2018
A. Cash Flows from Operating Activities:		
Net Profit during the year	563,647	9,824,677
Depreciation	1,951,249	194,590
Provision for diminuation of investment	12,146,080	2,682,699
Decrease/(increase) in Account Receivables	1,001,703	(12,269,290)
Decrease in Account Payables	(7,500)	(1,593,589)
Income tax expense	4,712,105	4,473,172
Income tax paid	(5,367,840)	(1,551,342)
Net cash flows from operating activities	14,999,444	1,760,917
B. Cash flows from Investing Activities:		
Increase in investment in securities	(27,617,476)	(37,848,531)
Acquisition of property, plant & Equipment	(142,469)	(233,299)
Receipt/(investment) against loan	52,000,000	(3,583,333)
Net cash used in investing activities	24,240,055	(41,665,163)
C. Cash flows from financing activities		
Issue of share capital	-	200,000,000
Payment of Lease Liability	(1,623,490)	
Share money deposit	-	(200,000,000)
	(1,623,490)	-
Net decrease in Cash and Bank Balances (A+B+C)	37,616,009	(39,904,246)
Opening Cash and Bank Balances	13,776,547	53,680,793
Closing Cash and Bank Balances	51,392,557	13,776,547
Closing Cash and Bank Balances		
Cash in hand	3,442	-
Balances with other banks and financial institutions	51,389,115	13,776,547
	51,392,557	13,776,547

The annexed notes from 1 to 19 form an integral part of these Financial Statements.


Managing Director


Director


Chairman

Dhaka,
15 January 2020

EBL Asset Management Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2019

1. Company and its activities

1.1 Legal status and nature of the company

EBL Asset Management Ltd. (here-in-after referred to as 'EBLAML' or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies (RJSC) vide registration no. C-89481/11 dated 09th January 2011 as a Private Ltd. Company, Limited by shares under the Companies Act, 1994 and got license from Bangladesh Securities Exchange Commission (BSEC) on 25th May 2017 for full-fledged asset management operation. It is a subsidiary company of Eastern Bank Ltd.. EBL holds all the shares of the company except 1 share which is held by one individual. The registered office of the company is situated in Bangladesh.

1.2 Nature of the business activities

The main objectives of the company is to carry out the business of Asset Management, Portfolio Management, Fund Management, Capital Market Operation, Other Financial Services including Corporate Advisory Services, Merger & Acquisition, Equity Investment, Corporate Restructuring, Financial & Socio - Economic Consultancy, Corporate Research & Project Studies, Privatization and other related services in Bangladesh and overseas.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) covering International Accounting Standards (IAS), the Companies Act, 1994 and other applicable laws and regulations of Bangladesh.

2.2 Other regulatory compliance

As required, EBL Securities Ltd. also complies with the applicable provisions of the following major laws/ statutes:

- Securities and Exchange Rules, 1987;
- Securities and Exchange Commission Act, 1993;
- Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representatives) Rules, 2000;
- Income Tax Ordinance, 1984;
- Income Tax Rules, 1984;
- Negotiable Instruments Act, 1881; and
- Other applicable laws and regulations.

2.3 Basis of measurement

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS).

2.4 Components of financial statements

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

2.5 Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (BDT) which is the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest integer.

2.6 Use of estimates and judgments

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year. In accordance with the guidelines as prescribed by IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognized in the following situation:

- When the company has an obligation as a result of past events,
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

2.7 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern in preparing the financial statements. The current credit facilities and adequate resources of the company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.8 Reporting period

The financial period of the Company covers one year from 01 January 2019 to 31 December 2019

3. Significant accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS).

3.1 Property, plant and equipment**3.1.1 Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the rearranged/re-fixed following rates on straight-line IAS is in accordance with IAS 16 over the periods appropriate to the estimated useful lives of the different types of assets. The new rate of depreciation considering estimated useful lives of the assets, the shortfall amount if necessary, have been charged during the period.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of Profit or Loss and other Comprehensive Income.

3.1.3 Depreciation & Amortization

Depreciation on property, plant and equipment is charged using reducing method method on all assets. Depreciation rates are as follows:

Nature of Assets	Rate of Depreciation
Furniture & Fixture	10%
Machinery and Equipment	20%

3.2 Recognition and measurement of financial assets

Financial assets of the company include loan and advances, cash and cash equivalents, accounts receivables and other receivables. The company initially recognizes receivable on the date they are originated. All others financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

3.3 Investment in shares

Investments in listed securities are recognized at cost. Quarterly impairment test is carried out by comparing cost with market price. In case of diminution of market value compared to cost, provision is made on portfolio basis.

3.4 Accounts Receivable

Accounts receivables includes interest receivables, dividend receivables and receivable from EBLAML 1st unit fund and payable to sisters concerns. They adjust their accounts with the sister concern.

3.5 Provision for income tax

Provision for income tax is made on the basis of company's computation based on the best estimate of taxable profit in accordance with Income Tax Ordinance, 1984.

3.6 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standard (IFRS)-15 "Revenue from Contracts with Customers"

3.6.1 Interest income from loan

In general, interest Income from loan is recognized on accrual basis. Such income is calculated on loan balance of the respective parties. Income is recognized on daily basis and applied to the customers' account on quarterly basis.

3.6.2 Net Investment income

Dividend income is recognized when right to receive or payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

3.7 Provision

A provision is recognized in the accounts when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

3.8 Provision for diminution in value of investments

Investment in quoted shares and un-quoted shares are revalued at the year end at market price and as per book value of last audited statement of financial position. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year end market value (for quoted shares) and book value (for quoted shares) are higher than the cost except investment in mutual fund.

3.9 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the company's position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are not adjusting event are disclosed in the notes when material.

3.10 General

- i) Figures have been rounded off to the nearest integer.
- ii) Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

3.11 Application of International Accounting Standards (IASs):

The Financial Statements have been prepared in compliance with requirement of IAS and IFRS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. EBL Asset Management Ltd. applied following IAS and IFRS:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Borrowing Costs	23	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Not Applicable

Name of the IFRS	IFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments	9	Applied
Fair Value Measurement	13	Applied
Revenue from Contracts with Customers	15	Applied



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Branch Network

Dhaka

Ashkona Branch

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Banani Model Town, Gulshan, Dhaka – 1213
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Chawk Mughultuly Branch

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Phone: 57314364, 57343433
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Principal Branch

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EXT, 102, 103, 104, 110, 107, 115 IP Ext- 1790, 1216, 1881,
2149, 2146

Dohar Branch

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Faridpur Branch

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Gulshan Avenue Branch

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com

Gulshan Branch

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Gulshan-North Branch

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Jashimuddin Road Branch

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Dhaka
Phone: 7762236-7
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Keranigonj SME Branch

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DEPZ Branch

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OR Nizam Road Branch

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Panchlaish Branch

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Raozan Branch

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Branch E-Mail: info@ebl-bd.com

Sirajuddowla Road Branch

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Fulbarigate Branch

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Rajshahi Branch

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Rangpur Branch

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JPMORGAN CHASE BANK, N.A., SYDNEY BRANCH
CITIGROUP PTY LIMITED, SYDNEY
COMMONWEALTH BANK OF AUSTRALIA
HSBC BANK AUSTRALIA LIMITED

AUSTRIA

UNICREDIT BANK AUSTRIA AG
DEUTSCHE BANK AKTIENGESELLSCHAFT FILIALE
WIEN (VIENNA BRANCH)
RAIFFEISEN BANK INTERNATIONAL AG

BAHRAIN

ALUBAF ARAB INTERNATIONAL BANK B.S.C. (C)
BMI BANK BSC (C)
ICICI BANK LTD
THE ARAB INVESTMENT COMPANY
UNITED BANK LIMITED

BELGIUM

ABN AMRO BANK N.V. BELGIAN BRANCH
ING BELGIUM NV/SA (FORMERLY BANK BRUSSELS
LAMBERT SA), BRUSSELS
BYBLOS BANK EUROPE S.A.
COMMERZBANK AG
COMMERZBANK AG, THE BRUSSELS BRANCH
CBC BANQUE S.A.
BNP PARIBAS FORTIS (FORTIS BANK SA/NV)
BELFIUS BANK SA/NV
ICICI BANK UK PLC
KBC BANK NV
LLOYDS TSB BANK PLC

BHUTAN

BANK OF BHUTAN LIMITED
BHUTAN NATIONAL BANK LTD

BRAZIL

BANCO DO ESTADO DO RIO GRANDE DO SUL S/A
CITIBANK N.A.

CANADA

BANK OF MONTREAL, THE
HSBC BANK CANADA
ICICI BANK CANADA
THE BANK OF NOVA SCOTIA
TORONTO-DOMINION BANK, THE

CAYMAN ISLANDS

COMMERZBANK AG, CAYMAN ISLANDS BRANCH

CHINA

AGRICULTURAL BANK OF CHINA, THE
AXIS BANK LIMITED SHANGHAI BRANCH
BANK OF CHINA
BANK OF JINING CO. LTD
BANK OF MONTREAL (CHINA) CO. LTD.
JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED
CITIBANK (CHINA) CO., LTD.
COMMERZBANK AG
BANK OF COMMUNICATIONS
DBS BANK (CHINA) LIMITED
DEUTSCHE BANK AG
HSBC BANK (CHINA) COMPANY LIMITED
WOORI BANK (CHINA) LIMITED
INDUSTRIAL AND COMMERCIAL BANK OF CHINA
ICICI BANK LIMITED
THE BANK OF NEW YORK MELLON, SHANGHAI BRANCH
JIANGSU JIANGYAN RURAL COMMERCIAL BANK CO., LTD

MIZUHO BANK (CHINA), LTD.
NANXUN BANK
CHINA CONSTRUCTION BANK CORPORATION
ZHEJIANG PINGHU RURAL COMMERCIAL BANK
COMPANY LIMITED
WELLS FARGO BANK, NA, SHANGHAI BRANCH
RURAL COMMERCIAL BANK OF ZHANGJIAGANG
GUANGDONG NANHAI RURAL COMMERCIAL BANK
COMPANY LIMITED
JIANGSU JIANGNAN RURAL COMMERCIAL BANK
CO., LTD. (FORMALLY JIANGSU WUJIN RURAL BANK)
STANDARD CHARTERED BANK (CHINA) LIMITED
SUMITOMO MITSUI BANKING CORPORATION (CHINA)
LIMITED TIANJIN BRANCH
WEIFANG RURAL COMMERCIAL BANK CO., LTD
BANK OF RUIFENG

COTE D'IVOIRE

CITIBANK N.A.

CZECHIA

UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA,
A.S.
CESKOSLOVENSKA OBCHODNI BANKA, A.S.

DENMARK

CITIBANK EUROPE PLC DENMARK BRANCH
DANSKE BANK A/S
NORDEA DANMARK, FILIAL AF NORDEA BANK ABP,
FINLAND

EGYPT

BNP PARIBAS S.A.E
CITIBANK CAIRO
EMIRATES NATIONAL BANK OF DUBAI SAE (FORMERLY
BNP PARIBAS SAE, EGYPT)
HOUSING AND DEVELOPMENT BANK
MASHREQ BANK

FINLAND

DANSKE BANK A/S, FINLAND BRANCH
SKANDINAVISKA ENSKILDA BANKEN
NORDEA BANK ABP
OP CORPORATE BANK PLC

FRANCE

BNP-PARIBAS SA (FORMERLY BANQUE NATIONALE DE
PARIS S.A.)
BANQUE PALATINE
HSBC FRANCE (FORMERLY HSBC CCF)
CREDIT MUTUEL
COMMERZBANK AG
NATIXIS
NATIONAL BANK OF PAKISTAN
SOCIETE GENERALE
UNION DE BANQUES ARABES ET FRANCAISES

GERMANY

JOH. BERENBERG, GOSSLER UND CO. KG
BERLINER VOLKSBANK EG
ODDO BHF AKTIENGESELLSCHAFT
J.P. MORGAN AG
CITIBANK EUROPE PLC, GERMANY BRANCH
COMMERZBANK AG
DANSKE BANK
DEUTSCHE BANK AG
SEB AB (PUBL.) FRANKFURT BRANCH
DZ BANK AG
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE
HAMBURG COMMERCIAL BANK AG
UNICREDIT BANK AG (HYPOVEREINSBANK)

STANDARD CHARTERED BANK AG
LANDESBANK BADEN-WUERTTEMBERG
HSBC TRINKAUS UND BURKHARDT AG

GREECE

CITIBANK EUROPE PLC GREECE BRANCH

HONG KONG

AB INTERNATIONAL FINANCE LTD
ABN AMRO BANK N.V. HONG KONG BRANCH
AXIS BANK LIMITED
INTESA SANPAOLO SPA HONG KONG
BNP PARIBAS
BANK OF AMERICA, N.A. HONG KONG
MUFG BANK, LTD.
UNICREDIT BANK AG HONG KONG BRANCH
INCORPORATED IN GERMANY WITH LIMITED
LIABILITY
JPMORGAN CHASE BANK, N.A., HONG KONG BRANCH
CITIBANK N.A.
COMMERZBANK AG
DEUTSCHE BANK AG
DBS BANK (HONG KONG) LIMITED
EBL FINANCE (HK) LIMITED
BANK ONE N.A.
FORTIS BANK N.V.
FORTIS BANK A.S.
HDFC BANK LTD
HABIB BANK ZURICH (HONG KONG) LIMITED
HSBC
ICICI BANK LTD
MIZUHO BANK, LTD. HONG KONG BRANCH
MASHREQ BANK PSC., HONG KONG BRANCH
NATIONAL BANK OF PAKISTAN HONG KONG
BANK OF NOVA SCOTIA, THE
WELLS FARGO BANK, N.A., HONG KONG BRANCH
STANDARD CHARTERED BANK (HONG KONG) LIMITED
SUMITOMO MITSUI BANKING CORPORATION
OCBC WING HANG BANK LIMITED

HUNGARY

CIB BANK LTD. (FORMERLY CENTRAL-EUROPEAN INT.
BANK LTD.)

INDIA

AB BANK LIMITED
AXIS BANK LIMITED
BNP PARIBAS
BANK OF AMERICA, N.A. MUMBAI
MUFG BANK, LTD.
SONALI BANK
JPMORGAN CHASE BANK, N.A., MUMBAI BRANCH
CITIBANK N.A.
DBS BANK INDIA LIMITED
DEUTSCHE BANK AG
DOHA BANK Q.S.C. MUMBAI BRANCH
EXPORT-IMPORT BANK OF INDIA
FEDERAL BANK LIMITED, THE
HDFC BANK LIMITED
HSBC
IDBI BANK LIMITED
ICICI BANK LIMITED
INDUSIND BANK LIMITED
KOTAK MAHINDRA BANK LIMITED
MASHREQ BANK
BANK OF NOVA SCOTIA, THE
PUNJAB NATIONAL BANK
RBL BANK LTD.
STANDARD CHARTERED BANK
SYNDICATE BANK
TAMILNAD MERCANTILE BANK LIMITED
UNION BANK OF INDIA
UNITED BANK OF INDIA

AXIS BANK LIMITED (FORMERLY UTI BANK LIMITED)
YES BANK LIMITED

INDONESIA

BANK MANDIRI (PERSERO), PT
BANK NEGARA INDONESIA - PT (PERSERO)
MUFG BANK, LTD. JAKARTA BRANCH
BANK CENTRAL ASIA
JPMORGAN CHASE BANK, N.A., JAKARTA BRANCH
CITIBANK, N.A.
PT BANK HSBC INDONESIA
LIPPOBANK
BANK MEGA PT
STANDARD CHARTERED BANK

IRELAND

BANK OF AMERICA MERRILL LYNCH INTERNATIONAL
DESIGNATED ACTIVITY COMPANY
BANK OF IRELAND
CITIBANK EUROPE PLC
DANSKE BANK A/S
WELLS FARGO BANK INTERNATIONAL UNLIMITED
COMPANY

ITALY

CREDITO EMILIANO S.P.A.
UBI BANCA S.P.A.
BANCO BPM SPA
INTESA SANPAOLO SPA
BANCA NAZIONALE DEL LAVORO S.P.A.
CREDITO VALTELLINESE
BANCO BPM SPA
CREDIT AGRICOLE FRIULADRIA SPA
BANCA NUOVA SPA
CITIBANK N.A.
COMMERZBANK AG
CREDIT AGRICOLE CARISPEZIA SPA
CREDIT AGRICOLE ITALIA S.P.A.
LA CASSA DI RAVENNA S.P.A.
BANCA CARIM CASSA DI RISPARMIO DI RIMINI SPA
DEUTSCHE BANK S.P.A.
ICCREA BANCA - ISTITUTO CENTRALE DEL CREDITO
COOPERATIVO
BANCA PASSADORE E C.
BANCA MONTE DEI PASCHI DI SIENA S.P.A.
BANCA POPOLARE DI MAROSTICA
BANCA POPOLARE DI SONDRIO
TERCAS CASSA DI RISPARMIO DELLA PROVINCIA DI
TERAMO S.P.A.
BANCA UBAE SPA
UNICREDIT S.P.A.
BANCO POPOLARE SOC. COOP.

JAPAN

MUFG BANK, LTD.
UNICREDIT BANK AG TOKYO BRANCH
(HYPOVEREINSBANK TOKYO BRANCH)
CHIBA KOGYO BANK, LTD., THE
CITIBANK N.A., TOKYO BRANCH
COMMERZBANK AG TOKYO
DEUTSCHE BANK AG
DRESDNER BANK AG
MIZUHO BANK, LTD.
BANK OF NOVA SCOTIA
WELLS FARGO BANK, N.A., TOKYO BRANCH
STANDARD CHARTERED BANK
SUMITOMO MITSUI BANKING CORPORATION
U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES
TOKYO BRANCH

SOUTH KOREA

JPMORGAN CHASE BANK, N.A., SEOUL BRANCH
KOOKMIN BANK
DBS BANK LTD, SEOUL BRANCH
DEUTSCHE BANK AG, SEOUL BRANCH
THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED, SEOUL BRANCH

WOORI BANK, SEOUL
INDUSTRIAL BANK OF KOREA
ING BANK N.V.
KEB HANA BANK
WELLS FARGO BANK, N.A., SEOUL BRANCH
BUSAN BANK
STANDARD CHARTERED BANK KOREA LIMITED
SHINHAN BANK
U.B.A.F.-UNION DE BANQUES ARABES ET FRANCAISES

KUWAIT

COMMERCIAL BANK OF KUWAIT KPSC, THE
OMAN EXCHANGE CO. WLL

MACAO

THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED

MALAYSIA

MUFG BANK (MALAYSIA) BERHAD
J.P.MORGAN CHASE BANK BERHAD
CIMB BANK BERHAD
CITIBANK BERHAD
DEUTSCHE BANK (MALAYSIA) BERHAD
HSBC BANK MALAYSIA BERHAD
MALAYAN BANKING BERHAD (MAYBANK)
RHB BANK BERHAD
STANDARD CHARTERED BANK MALAYSIA BERHAD
SUMITOMO MITSUI BANKING CORPORATION

MALTA

FIMBANK PLC

MAURITIUS

BANK ONE LTD
THE MAURITIUS COMMERCIAL BANK LIMITED

MEXICO

SCOTIABANK INVERLAT, S.A.

MYANMAR

AYA BANK LIMITED
CO-OPERATIVE BANK LIMITED (PUBLIC BANK)
KANBAWZA BANK LTD
YOMA BANK LIMITED

NEPAL

NEPAL BANGLADESH BANK LIMITED
STANDARD CHARTERED BANK NEPAL LIMITED

NETHERLANDS

ABN AMRO BANK N.V.
COMMERZBANK AG KANTOOR AMSTERDAM
DEUTSCHE BANK AG
CREDIT EUROPE BANK N.V.
ING BANK N.V.
RABOBANK

NEW ZEALAND

ASB BANK LIMITED
CITIBANK NA NEW ZEALAND BRANCH

NIGERIA

CITIBANK NIGERIA LIMITED

NORWAY

DNB BANK ASA
SKANDINAVISKA ENSKILDA BANKEN
NORDEA BANK AB (PUBL), FILIAL I NORGE
SWEDBANK AB

OMAN

BANK MUSCAT SAOG
BANK ALFALAH LIMITED
BANK AL HABIB LIMITED
BANKISLAMI PAKISTAN LIMITED
HABIB BANK LIMITED
MEEZAN BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
MCB BANK LIMITED
STANDARD CHARTERED BANK (PAKISTAN) LIMITED
SUMMIT BANK LTD
UNITED BANK LIMITED

PHILIPPINES

ASIAN DEVELOPMENT BANK

POLAND

RAIFFEISEN BANK POLSKA S.A.

PORTUGAL

BANCO BPI SA
NOVO BANCO, SA
CITIBANK EUROPE PLC PORTUGAL BRANCH

QATAR

BARWA BANK
THE COMMERCIAL BANK (Q.S.C)
DOHA BANK
MASHREQ BANK
STANDARD CHARTERED BANK
UNITED BANK LIMITED, DOHA

ROMANIA

CITIBANK EUROPE PLC, DUBLIN-SUCURSALA ROMANIA
PROMSVYAZBANK PJSC
VTB BANK (PJSC)

SAN MARINO

BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO
SAMMARINESE S.P.A.

SAUDI ARABIA

ALAWWAL BANK
BANKMUSCAT
EMIRATES NBD PJSC
ISLAMIC DEVELOPMENT BANK
NATIONAL BANK OF PAKISTAN
NATIONAL COMMERCIAL BANK
AL RAJHI BANK

SERBIA

RAIFFEISEN BANKA A.D.

SINGAPORE

ABN AMRO BANK N.V. SINGAPORE BRANCH
AXIS BANK LIMITED
INTESA SANPAOLO S.P.A. SINGAPORE BRANCH
BANK OF AMERICA, N.A. SINGAPORE
BANK OF MONTREAL, SINGAPORE BRANCH
MUFG BANK, LTD.
UNICREDIT BANK AG SINGAPORE BRANCH
JPMORGAN CHASE BANK, N.A.
CITIBANK, N.A.
COMMERZBANK AG, SINGAPORE BRANCH
CREDIT AGRICOLE CIB
DBS BANK LTD.
DEUTSCHE BANK AG
DNB BANK ASA, SINGAPORE BRANCH
EMIRATES NBD BANK PJSC (ENBD)
SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)
FIRST ABU DHABI BANK PJSC
ABN AMRO BANK N.V.
FORTIS BANK N.V., SINGAPORE BRANCH
HABIB BANK LIMITED

HSBC
 ICICI BANK LIMITED
 THE KOREA DEVELOPMENT BANK,SINGAPORE BRANCH
 MALAYAN BANKING BERHAD
 MIZUHO BANK, LTD. SINGAPORE BRANCH
 NORDEA BANK ABP SINGAPORE BRANCH
 OVERSEA-CHINESE BANKING CORPORATION LIMITED
 WELLS FARGO BANK, NA
 QATAR NATIONAL BANK (Q.P.S.C)
 RABOBANK SINGAPORE
 STANDARD CHARTERED BANK
 SUMITOMO MITSUI BANKING CORPORATION
 SOCIETE GENERALE
 U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES
 UNITED OVERSEAS BANK LIMITED

SPAIN

BANCO DE SABADELL, S.A.
 CREDIT AGRICOLE CIB
 BANKIA S.A.
 CAIXABANK, S.A.
 CATALUNYA BANCA S.A.
 LABORAL KUTXA (CAJA LABORAL POPULAR COOP.DE CREDITO)
 COMMERZBANK AG
 DEUTSCHE BANK SOCIEDAD ANONIMA ESPANOLA
 UNICAJA BANCO, S.A.

SRI LANKA

AXIS BANK LTD.
 BANK OF CEYLON
 COMMERCIAL BANK OF CEYLON PLC
 PEOPLE'S BANK,HEAD OFFICE
 STANDARD CHARTERED BANK
 SEYLAN BANK PLC

SWEDEN

CITIBANK EUROPE PLC SWEDEN BRANCH
 DANSKE BANK
 SKANDINAVISKA ENSKILDA BANKEN
 NORDEA BANK ABP, FILIAL I SVERIGE
 SWEDBANK AB (PUBL)

SWITZERLAND

ABN AMRO BANK N.V. SWITZERLAND
 ARAB BANK (SWITZERLAND) LTD
 BANQUE CANTONALE DE GENEVE
 BANQUE CANTONALE VAUDOISE
 BANQUE DE COMMERCE ET DE PLACEMENTS S.A.
 EFG BANK S.A.
 CREDIT SUISSE (SCHWEIZ) AG
 LGT BANK (SWITZERLAND) LTD.
 HABIB BANK AG ZURICH
 UBL (SWITZERLAND) AG
 ZUERCHER KANTONALBANK

TAIWAN

AMERICAN EXPRESS BANK TAIWAN
 BANK OF AMERICA, N.A. TAIPEI
 JPMORGAN CHASE BANK, N.A., TAIPEI BRANCH
 CITIBANK TAIWAN LIMITED
 CTBC BANK CO., LTD
 DBS BANK (TAIWAN) LTD
 HSBC BANK (TAIWAN) LIMITED
 THE BANK OF NEW YORK MELLON, TAIPEI BRANCH
 WELLS FARGO BANK, N.A., TAIPEI BRANCH
 STANDARD CHARTERED BANK
 TAICHUNG COMMERCIAL BANK CO.LTD.
 BANK OF AYUDHYA PUBLIC COMPANY LIMITED
 INDIAN OVERSEAS BANK (FORMERLY BHARAT

OVERSEAS BANK LTD.)
 BANGKOK BANK PUBLIC COMPANY LIMITED

THAILAND

BANK OF AYUDHYA PUBLIC COMPANY LIMITED,
 BANGKOK OFFICE
 JPMORGAN CHASE BANK, N.A., BANGKOK BRANCH
 CITIBANK N.A.
 EXPORT-IMPORT BANK OF THAILAND
 KASIKORNBANK PUBLIC COMPANY LIMITED
 MIZUHO BANK, LTD., BANGKOK BRANCH
 STANDARD CHARTERED BANK
 SUMITOMO MITSUI BANKING CORPORATION

TURKEY

AKBANK T.A.S.
 ALBARAKA TURK PARTICIPATION BANK
 AKTIF YATIRIM BANKASI A.S.
 CITIBANK A.S.
 DENIZBANK A.S.
 FORTIS BANK A.S.
 QNB FINANSBANK A.S.
 HSBC BANK A.S.
 KUYEY TURK KATILIM BANKASI A.S.
 SEKERBANK T.A.S.
 TURKIYE GARANTI BANKASI A.S.
 YAPI VE KREDI BANKASI A.S.

UKRAINE

JSC 'BANK CREDIT DNEPR'

UNITED ARAB EMIRATES

ABU DHABI COMMERCIAL BANK
 AXIS BANK LIMITED, DIFC BRANCH (REGULATED BY DFSA)
 MASHREQBANK PSC.
 COMMERCIAL BANK OF DUBAI
 CITIBANK N.A.
 DUBAI ISLAMIC BANK
 DUBAI BANK KENYA LTD.
 EMIRATES NBD BANK PJSC
 FIRST ABU DHABI BANK PJSC
 HABIB BANK LIMITED
 HABIB BANK AG ZURICH
 ICICI BANK LIMITED
 EMIRATES ISLAMIC BANK
 FIRST ABU DHABI BANK PJSC
 NATIONAL BANK OF FUJAIRAH
 NOOR BANK P.J.S.C.
 NATIONAL BANK OF RAS AL-KHAIMAH, THE
 STANDARD CHARTERED BANK
 UNITED BANK LTD.

UNITED KINGDOM

INTESA SANPAOLO SPA LONDON BRANCH
 BANK OF AMERICA, N.A. LONDON
 MUFG BANK, LTD.
 BANK OF BEIRUT (UK) LTD
 SONALI BANK (UK) LTD
 JPMORGAN CHASE BANK, N.A.
 COMMERZBANK AG
 CROWN AGENTS BANK LIMITED
 NORTHERN BANK LIMITED (TRADING AS DANSKE BANK)
 DEUTSCHE BANK AG
 COMMERZBANK AG, LONDON BRANCH
 HBL BANK UK LIMITED
 HSBC
 HABIB BANK ZURICH PLC
 ICICI BANK UK PLC
 MALAYAN BANKING BERHAD

MASHREQ BANK PSC
 NEDBANK LTD
 WELLS FARGO BANK, N.A.
 WELLS FARGO SECURITIES INTERNATIONAL LIMITED
 THE ROYAL BANK OF SCOTLAND PLC
 STANDARD CHARTERED BANK

UNITED STATES OF AMERICA

BOKF, NA
 DEUTSCHE BANK TRUST COMPANY AMERICAS
 BNP PARIBAS U.S.A - NEW YORK BRANCH
 BANKAMERICA INTERNATIONAL
 BANK OF AMERICA, N.A.
 MUFG BANK LTD.
 BANCO DE SABADELL, S.A.
 BANK OF THE WEST
 CATHAY BANK
 JPMORGAN CHASE BANK, N.A.
 CITIBANK N.A.
 COMMERZBANK AG
 ABN AMRO CAPITAL USA LLC
 HABIB AMERICAN BANK
 WOORI BANK, NEW YORK
 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
 ICICI BANK LIMITED
 INTERNATIONAL FINANCE CORPORATION
 THE BANK OF NEW YORK MELLON
 KEYBANK NATIONAL ASSOCIATION
 LASALLE BANK N.A.
 BANK LEUMI USA
 MIZUHO BANK, LTD. NEW YORK BRANCH
 HSBC BANK USA, N.A.
 MASHREQBANK PSC., NEW YORK BRANCH
 NATIONAL CITY BANK
 NATIONAL BANK OF PAKISTAN
 CAPITAL ONE, N.A.
 PEOPLES UNITED BANK, N.A.
 WELLS FARGO BANK, N.A.
 PNC BANK, N.A.
 STANDARD CHARTERED BANK
 SUMITOMO MITSUI BANKING CORPORATION
 SANTANDER BANK, N.A.
 REGIONS BANK
 U.S. BANK N.A.

URUGUAY

BANCO ITAU

UZBEKISTAN

NATIONAL BANK FOR FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN

VIETNAM

ASIA COMMERCIAL BANK
 JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM
 WOORI BANK
 WOORI BANK VIETNAM LIMITED
 VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE
 STANDARD CHARTERED BANK
 STANDARD CHARTERED BANK (VIETNAM) LIMITED
 VIETNAM INTERNATIONAL COMMERCIAL JOINT STOCK BANK

Abbreviations

ABB	Association of Bankers, Bangladesh Limited
AC	Audit Committee
ADC	Alternative Distribution Channel
ADR	Advance to Deposit Ratio
AML	Anti-money Laundering
ALCO	Asset Liability Committee
ALS	Assured Liquidity Support
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BAMLCO	Branch Anti-money Laundering Compliance Officer
BB	Bangladesh Bank (Central Bank of Bangladesh)
BRPD	Banking Regulation and Policy Department (of Bangladesh Bank)
CAMLCO	Chief Anti-money Laundering Compliance Officer
CMU	Cash Management Unit
CP	Commercial Paper
CRAR	Capital to Risk-weighted Assets Ratio
CSU	Customer Support Unit
CRR	Cash Reserve Ratio
CRGM	Credit Risk Grading Matrix
CSR	Corporate Social Responsibility
CDBL	Central Depository Bangladesh Limited
CDCS	Certified Documentary Credit Specialist
CRISL	Credit Rating Information and Services Ltd.
DAMLCO	Department Anti-money Laundering Compliance Officer
DCFCL	Departmental Control Function Check List
DEPZ	Dhaka Export Processing Zone
DR	Disaster Recovery
EBL	Eastern Bank Limited
EBLAML	EBL Asset Management Limited
EBLIL	EBL Investments Limited
EBLSL	EBL Securities Limited
EC	Executive Committee
ECAI	External Credit Assessment Institution
EFT	Electronic Fund Transfer
EMI	Equal Monthly Installment
EPZ	Export Processing Zone
ERMC	Executive Risk Management Committee
E&S Risk	Environmental and Social Risk
ETP	Effluent Treatment Plant
FD	Fixed Deposit
FTP	Fund Transfer Pricing
FY	Fiscal Year (July to June)
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GTFP	Global Trade Finance Program
HFT	Held for Trading
HRD	Human Resources Division
IAS	International Accounting Standard

ICAB	Institute of Chartered Accountants of Bangladesh
ICAAP	Internal Capital Adequacy Assessment Process
ICCD	Internal Control & Compliance Division
IFC	International Finance Corporation
IFRS	International Financial Reporting Standard
IT	Information Technology
IPO	Initial Public Offering
IVR	Interactive Voice Response
LAPS	Loan Application Processing System
LC	Letter of Credit
LCR	Liquidity Coverage Ratio
MANCOM	Management Committee
MCO	Maximum Cumulative Outflow
MCR	Minimum Capital Requirement
MD&A	Management Discussion & Analysis
MFI	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition
NBFI	Non-bank Financial Institution
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NCBs	Nationalized Commercial Banks
NRB	Non Resident Business
NSFR	Net Stable Funding Ratio
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PCBs	Private Commercial Banks
PC	Purchase Committee
PD	Probability of Default
POS	Point of Sale
PPG	Product Program Guidelines
PRI	Prime Risk Indicator
QMS	Quality Management System
RBCA	Risk Based Capital Adequacy
RBIA	Risk Based Internal Audit
RFCD	Resident Foreign Currency Deposit
RWA	Risk Weighted Assets
RMG	Readymade Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
SAMD	Special Asset Management Division
SFU	Structured Finance Unit
SAFA	South Asian Federation of Accountants
SME	Small and Medium Enterprise
SLR	Statutory Liquidity Ratio
SRP	Supervisory Review Process (Pillar II of Basel III)
TFP	Trade Finance Program
TREC	Trading Right Entitlement Certificate
UBS	Universal Banking System (Core Banking Solution)
WACRG	Weighted Average Credit Risk Grade



EASTERN BANK LIMITED

REGISTERED OFFICE
100 GULSHAN AVENUE, GULSHAN
DHAKA-1212.

NOTICE OF THE 28TH ANNUAL GENERAL MEETING

(Shareholder Meeting through Digital Platform)

NOTICE is hereby given that the **28th Annual General Meeting (AGM)** of Eastern Bank Limited (EBL) will be held on **Wednesday, 5 August 2020 at 11.00 AM (Dhaka time) by using Digital Platform** through the link <https://bit.ly/eblagm2020> 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 2019 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 2019.**
- 03. To elect Directors.**
- 04. To appoint the External Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.**
- 05. To appoint the Corporate Governance Compliance Auditors for the year 2020 of the Company and to fix their remuneration.**

By order of the Board of Directors

Md. Abdullah Al Mamun, FCS
Acting Company Secretary

Dated, Dhaka
28 June 2020

NOTES

- The '**Record Date**' in lieu of Book Closure was **Wednesday, 3 June 2020**. The Shareholders whose names appeared in the Register of Members of the Company and/or in the Depository on the '**Record Date**' (3 June 2020) would be eligible to join the AGM and entitled to receive the Dividend (s) in compliance with DOS Circular No.03 dated 11 May 2020 of Bangladesh Bank.
- The 28th AGM of the Company (EBL) would be conducted through **Digital Platform** in line with the Order No. SEC/SRMIC/04-231/932 dated 24 March 2020 of Bangladesh Securities and Exchange Commission (BSEC).
- Detail login process for the meeting will be available in the Company's website at www.ebl.com.bd and the Link will be mailed to the respective Member's email address available with the Registers. Please visit our website for technical assistance (if any) in accessing the virtual meeting.
- A Member eligible to attend the Annual General Meeting (AGM) is entitled to appoint a Proxy to attend and vote on his/her behalf (through digital platform). Forms of Proxy duly filled, signed & stamped must be sent through email to the Share Department of the Company at sharedepartment@ebl-bd.com at least 48 hours before the time fixed for the Meeting.
- The soft copy of the Annual Report-2019 of the Bank (EBL) will be sent to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository as per BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018. The Annual Report-2019 will also be available in the website of the Bank within the stipulated time.
- Depository Participants (DP) / Stock Brokers are requested to send the list of Margin Account Holders based on Record Date, if any, within 15 July 2020 to the Company, otherwise, the dividend will be paid to Shareholders Bank Account whose names appeared in the Member/ Depository Register on the 'Record Date'. Those, who have already sent the list, need not to send again.



Shareholders can join Virtual AGM from Laptop, PC, Mobile or Tab using this QR Code.



ইস্টার্ন ব্যাংক লিমিটেড

নিবন্ধিত কার্যালয়
১০০, গুলশান এভিনিউ, গুলশান
ঢাকা-১২১২

প্রক্সি ফরম

আমি/আমরা-----ঠিকানা-----

ইস্টার্ন ব্যাংক লিমিটেড এর শেয়ারহোল্ডার হিসাবে এতদ্বারা জনাব/বেগম -----কে

ঠিকানা-----অথবা

তার অপারগতায় জনাব/বেগম -----কে

ঠিকানা-----প্রক্সি হিসাবে

আমার/আমাদের পক্ষে ২০২০ ইং সালের ৫ আগস্ট, রোজ বুধবার, ১১.০০ ঘটিকায় (ঢাকা সময়) ডিজিটাল প্ল্যাটফর্মের মাধ্যমে অনুষ্ঠিতব্য কোম্পানীর ২৮তম বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

শেয়ারহোল্ডারের স্বাক্ষর-----

প্রক্সির স্বাক্ষর-----

ফোলিও/বিও নং-----

রাজস্ব টিকেট
বিশ টাকা

লক্ষ্যনীয়ঃ

যথাযথভাবে পূরন করে এই প্রক্সি ফরম সভার আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর শেয়ার ডিপার্টমেন্টে জমা দিতে হবে। স্টাম্প ও স্বাক্ষরবিহীন প্রক্সি বৈধ বলে বিবেচিত হবে না। শেয়ারহোল্ডার ও প্রক্সির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রক্সির নাম সম্বলিত প্রক্সি নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা প্রদানপত্র বা নোটারী পাবলিক কর্তৃক সত্যায়িত ক্ষমতা প্রদানপত্রের অনুলিপি সভা অনুষ্ঠানের নির্ধারিত সময়ের আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর শেয়ার ডিপার্টমেন্টে প্রেরন করা না হলে কোন ব্যক্তি উক্ত সভায় প্রক্সি হিসাবে বিবেচিত হবেন না।



ইস্টার্ন ব্যাংক লিমিটেড

নিবন্ধিত কার্যালয়
১০০, গুলশান এভিনিউ, গুলশান
ঢাকা-১২১২

শেয়ারহোল্ডার / প্রক্সির হাজিরাপত্র

আমি/আমরা ৫ আগস্ট ২০২০, রোজ বুধবার বেলা ১১.০০ ঘটিকায় (ঢাকা সময়) ডিজিটাল প্ল্যাটফর্মের মাধ্যমে অনুষ্ঠিতব্য ইস্টার্ন ব্যাংক লিমিটেড এর ২৮তম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম-----

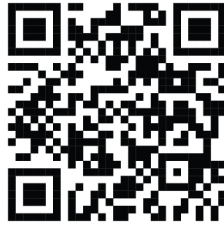
স্বাক্ষর-----

শেয়ার সংখ্যা-----

ফোলিও/বিও নং-----

প্রক্সির নাম-----

স্বাক্ষর-----



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Eastern Bank Limited

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Bangladesh

