

## **Disclosures on Risk Based Capital (Basel III)**

### **Background**

BASEL accords are the basis of Capital Adequacy guidelines which provide global regulatory framework for management of risk and capital. These are the internationally accepted capital adequacy standards issued by Basel Committee on Banking Supervision (BCBS) housed at the Bank for International Settlements (BIS) situated in the BASEL City of Switzerland. Basel III reforms are the response of BCBS to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, and reduce the risk of spillover from financial sector to real economy. Basel III mainly addresses the following areas:

- raise the quality and level of capital to ensure that banks are better able to absorb losses both as a going concern and a gone concern.
- increase the risk coverage of the capital framework.
- introduce leverage ratio to serve as a backstop to the risk-based capital measure.
- raise the standards of supervisory review process (Pillar 2) and public disclosures (Pillar 3) etc.

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 PLC. (EBL) has 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 2025. 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](http://www.ebl.com.bd)). The report is prepared once a year and is available on 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 PLC. (EBL)** on '**Consolidated Basis**' as there were four subsidiaries of the Bank as on the reporting date i.e. 31 December 2025. However, '**Solo Basis**' information has been presented besides 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 PLC., EBL Investments Limited, EBL Finance (HK) Limited and EBL Asset Management Limited. All subsidiaries of the Bank were incorporated in Bangladesh except EBL Finance (HK) Limited which was incorporated in Hong Kong.

**EBL Securities PLC.:** EBL Securities PLC. (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) PLC. and Chittagong Stock Exchange (CSE) PLC. 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, Bangladesh.

**EBL Investments Ltd:** EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained license from Bangladesh Securities & Exchange Commission (BSEC) on January 2013 and started full-fledged operations of merchant banking, portfolio management, underwriting services from June 2013. Registered office of EBLIL is located at Bangladesh Shipping Corporation (BSC) Tower 2-3, Rajuk Avenue (4th Floor), Motijheel C/A, Dhaka-1000, Bangladesh.

**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 obtained license from BSEC on 25 May 2017 to run full-fledged business operations. Registered office of EBLAML is located at Bangladesh Shipping Corporation (BSC) Tower, 2-3 Rajuk Avenue (4th Floor), Motijheel C/A, 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 in 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.

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(s) 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 is known as gone concern capital.

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

## Quantitative Disclosures

BDT in million

Particulars	31-12-25	
	Solo	Consolidated
Common Equity Tier-1 (CET-1) Capital	50,243	49,224
Less: Regulatory adjustments	3,040	3,335
<b>Total Common Equity Tier -1 Capital</b>	<b>47,203</b>	<b>45,889</b>
Additional Tier 1 Capital	-	-
<b>Tier-2 Capital</b>	<b>14,454</b>	<b>14,454</b>
<b>Total Regulatory Capital</b>	<b>61,657</b>	<b>60,344</b>

## CAPITAL STRUCTURE AT A GLANCE

BDT in million

AS AT 31 DECEMBER 2025

### KEY HIGHLIGHTS



TOTAL REGULATORY CAPITAL  
**61,657**



COMMON EQUITY TIER-1 (CET-1) CAPITAL  
**47,203**



TIER-2 CAPITAL  
**14,454**



CET-1 CAPITAL TO  
TOTAL REGULATORY CAPITAL  
**76.6%**



### CONSOLIDATED POSITION

Total Regulatory Capital	<b>60,344</b>
Common Equity Tier-1 (CET-1) Capital	<b>45,889</b>
Tier-2 Capital	<b>14,454</b>
CET-1 Capital to Total Regulatory Capital	<b>76.0%</b>

### CAPITAL COMPOSITION – SOLO



### CAPITAL COMPOSITION – CONSOLIDATED



■ CET-1 Capital ■ Tier-2 Capital ■ Additional Tier 1 Capital Additional Tier 1 Capital: – (Nil) for both Solo and Consolidated



### STRONG CAPITAL. GREATER RESILIENCE.

Our capital base is predominantly composed of high-quality CET-1 capital, providing a strong buffer to absorb risks and support sustainable growth.

CET-1 TO TOTAL  
REGULATORY CAPITAL (SOLO)

**76.6%**

CET-1 TO TOTAL  
REGULATORY CAPITAL (CONSOLIDATED)

**76.0%**

## **C. Capital Adequacy**

### **Qualitative Disclosures**

*(a) A summary discussion of the bank's approach in 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 instead of 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 subordinated debt and 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 above regulatory requirements during 2025. The surplus capital maintained by EBL will act as a 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), takes active measures to identify, quantify, manage and monitor all risks the Bank is exposed to.

### **Quantitative Disclosures**

BDT in million











<b>Particulars</b>	<b>31-12-25</b>	
	<b>Solo</b>	<b>Consolidated</b>
Capital requirement for Credit Risk	33,912	33,984
Capital requirement for Market Risk	1,859	2,548
Capital requirement for Operational Risk	4,021	4,035
<b>Minimum capital requirement (MCR)</b>	<b>39,792</b>	<b>40,567</b>
<b>Total regulatory capital</b>	<b>61,657</b>	<b>60,343</b>
Risk weighted assets	<b>397,919</b>	<b>405,665</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>15.49%</b>	<b>14.88%</b>
Common Equity Tier-1 (CET-1) Capital Ratio	11.86%	11.31%
Tier-2 Capital Ratio	3.63%	3.56%
Capital Conservation Buffer (2.5% of RWA)	9,948	10,142
Capital Conservation Buffer maintained (amount)	21,865	19,777
Capital Conservation Buffer maintained (%)	5.49%	4.88%
Available Capital under Pillar II requirement*	11,917	9,634






\*Total regulatory capital less MCR less CCB

# CAPITAL ADEQUACY

BDT in million

AS AT 31 DECEMBER 2025

CAPITAL POSITION & RATIOS		
<b>CAPITAL POSITION OVERVIEW</b>		
	<b>SOLO</b>	<b>CONSOLIDATED</b>
 Total Regulatory Capital	61,657	60,343
 Minimum Capital Requirement (MCR)	39,792	40,567
 Risk Weighted Assets (RWA)	397,919	405,665
<b>CAPITAL RATIOS</b>		
	<b>SOLO</b>	<b>CONSOLIDATED</b>
 Capital to Risk Weighted Assets Ratio (CRAR)	15.49%	14.88%
 Common Equity Tier-1 (CET-1) Capital Ratio	11.86%	11.31%
 Tier-2 Capital Ratio	3.63%	3.56%
<b>CAPITAL CONSERVATION BUFFER (CCB)</b>		
 Capital Conservation Buffer (requirement: 2.5% of RWA)	9,948	10,142
 Capital Conservation Buffer maintained (amount)	21,865	19,777
 Capital Conservation Buffer maintained (%)	5.49%	4.88%
<b>PILLAR II</b>		
 Available Capital under Pillar II requirement	11,917	9,634

KEY HIGHLIGHTS	
	<p><b>STRONG CAPITAL POSITION</b></p> <p>CRAR of <b>15.49%</b> (Solo) and <b>14.88%</b> (Consolidated), well above the minimum regulatory requirement of <b>10%</b>.</p>
	<p><b>HIGH QUALITY CAPITAL BASE</b></p> <p>CET-1 Capital Ratio of <b>11.86%</b> (Solo) and <b>11.31%</b> (Consolidated) reflects strong core capital strength and high loss absorption capacity.</p>
	<p><b>COMFORTABLE CAPITAL BUFFERS</b></p> <p>Capital Conservation Buffer maintained at <b>5.49%</b> (Solo) and <b>4.88%</b> (Consolidated), above the required requirement of <b>2.5%</b> of RWA, providing an additional cushion against unexpected losses.</p>
	<p><b>ADEQUATE BUFFER FOR GROWTH</b></p> <p>Available Capital under Pillar II requirement stands at <b>11,917</b> (Solo) and <b>9,634</b> (Consolidated), providing strong capacity for future growth and risk absorption.</p>
	<p><b>WELL DIVERSIFIED RISK COVERAGE</b></p> <p>Capital is maintained against Credit, Market and Operational risks in line with regulatory standards, ensuring a resilient risk profile.</p>

## 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, Retail & SME, other banks/FIs. The main objective of credit risk management is to minimize negative impact through adopting proper mitigates and to limit 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 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 as summarized below:

Type of Facility	Loans Classification		
	Sub Standard (Overdue Period)	Doubtful (Overdue Period)	Bad & Loss (Overdue Period)
Continuous Loan, Demand Loan, Fixed Term Loan, Short Term Agricultural & Micro Credit	3 months or more but less than 6 months.	6 months or more but less than 12 months.	12 months or more.

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

Particulars	Rates of provision
<b>General provision on:</b>	
Unclassified (including SMA) Short Term Agricultural credits	0.5%
Unclassified (including SMA) Cottage(C), Micro(M) and Small(S) enterprise credits under CMSME sector	0.5%
Unclassified: STD-0, STD-1, STD-2 (other loans and advances/investments)	1%
Unclassified: SMA (other loans and advances/investments)	5%
Off-balance sheet exposures excluding bills for collection (General+Additional)	0.5%-6%
<b>Specific provision on:</b>	
Substandard loans	20%
Doubtful loans	50%
Bad/Loss loans	100%

## **Quantitative Disclosures**

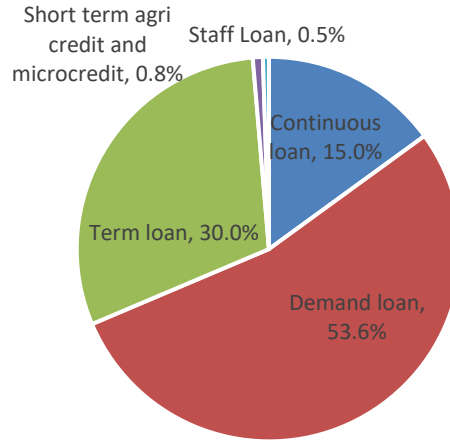
*(b) Total gross credit risk exposures (by major types) of 31-12-25:*

### **Loans and advances (as categorized in CL Statement)**

BDT in million

<b><i>Particulars</i></b>	<b><i>Amount</i></b>
<b>Continuous loan/financing (CL-2)</b>	
I) Agricultural credit/financing (other than short term)	598
II) CMSME financing	8,618
III) Consumer financing (other than credit card)	1,323
IV) Credit card	11,104
V) Industrial credit	18,647
VI) Service sector credit	19,890
VII) Trade & commerce sector credit	4,859
VIII) Other credit	6,468
	<b>71,507</b>
<b>Demand loan/financing (CL-3)</b>	
I) Agricultural credit/financing (other than short term)	1,925
II) CMSME financing	13,129
III) Consumer financing (CF)	-
IV) Industrial credit	205,218
V) Service sector credit	16,573
VI) Trade & commerce sector credit	16,733
VII) Other credit	2,277
	<b>255,854</b>
<b>Fixed term loan/financing (CL-4)</b>	
I) Agricultural credit/financing (other than short term)	78
II) CMSME financing	29,510
III) Consumer financing (other than housing finance)	21,424
IV) Housing finance	10,445
V) Industrial credit	54,946
VI) Service sector credit	14,142
VII) Trade & commerce sector credit	11,183
VIII) Other credit	1,489
	<b>143,216</b>
<b>Short term agricultural credit/financing (CL-5)</b>	
Short term agricultural credit/financing	<b>4,035</b>
<b>Staff loan/financing</b>	<b>2,428</b>
	<b>477,040</b>

*Total gross credit risk exposures by major types  
31-12-2025*



*(C) Geographical distribution of exposures:*

BDT in million

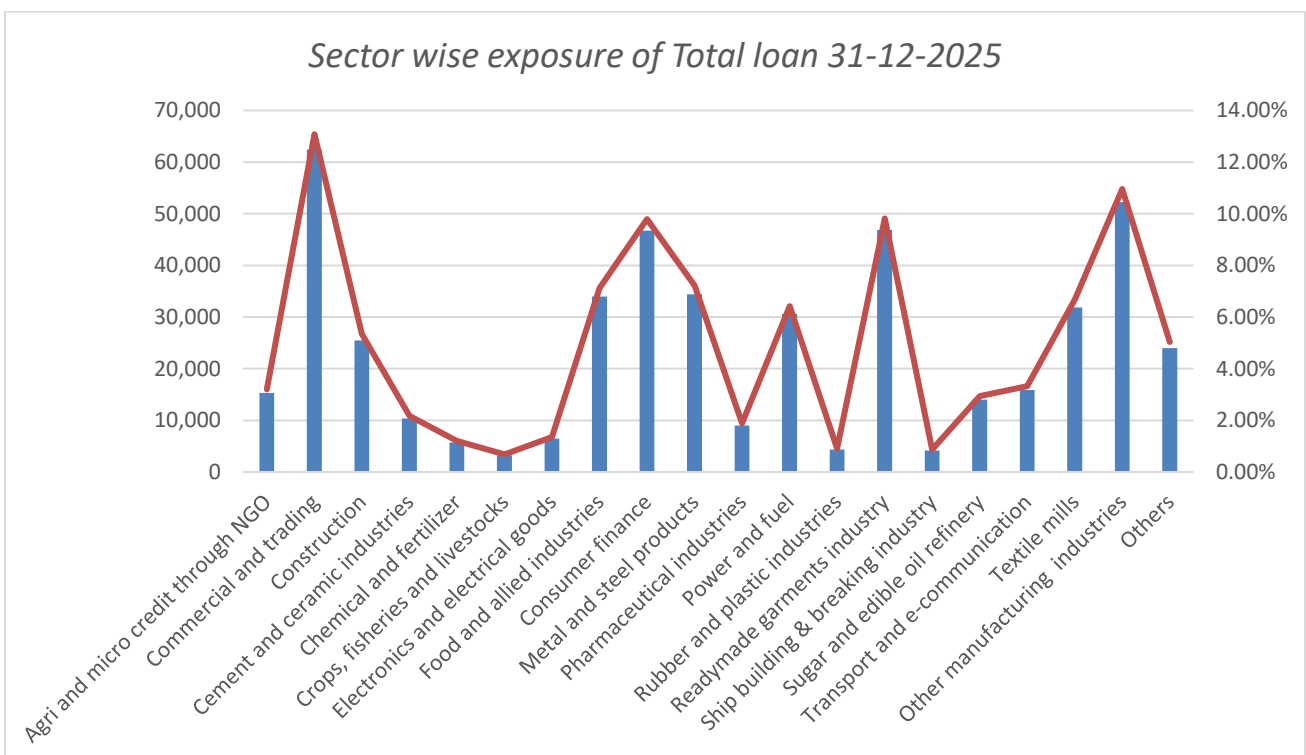
<b>Division</b>	<b>31-12-25</b>	<b>31-12-24</b>
Dhaka Division	374,200	316,117
Chattogram Division	81,394	72,214
Sylhet Division	3,006	2,971
Rajshahi Division	4,985	4,955
Khulna Division	7,781	6,759
Rangpur Division	1,140	916
Barishal Division	595	666
Mymensingh Division	637	693
Outside Bangladesh	3,301	5,427
<b>Total</b>	<b>477,040</b>	<b>410,718</b>

(d) Sector wise exposure of Total loan:

BDT in million

Particulars	31-12-25	31-12-24
Agri and micro credit through NGOs	15,284	16,599
Commercial and trading	62,395	55,955
Construction	25,495	21,101
Cement and ceramic industries	10,327	10,317
Chemical and fertilizer	5,733	4,632
Crops, fisheries and livestock	3,249	1,885
Electronics and electrical goods	6,472	8,750
Food and allied industries	33,984	18,743
Consumer finance	46,723	41,890
Metal and steel products	34,392	31,039
Pharmaceutical industries	9,010	9,320
Power and fuel	30,624	26,223
Rubber and plastic industries	4,342	4,138
Readymade garments industry	46,858	47,601
Ship building & breaking industry	4,171	2,345
Sugar and edible oil refinery	13,995	11,945
Transport and e-communication	15,854	9,656
Textile mills	31,869	30,789
Other manufacturing or extractive industries	52,267	35,390
Others	23,995	22,401
<b>Total</b>	<b>477,040</b>	<b>410,718</b>

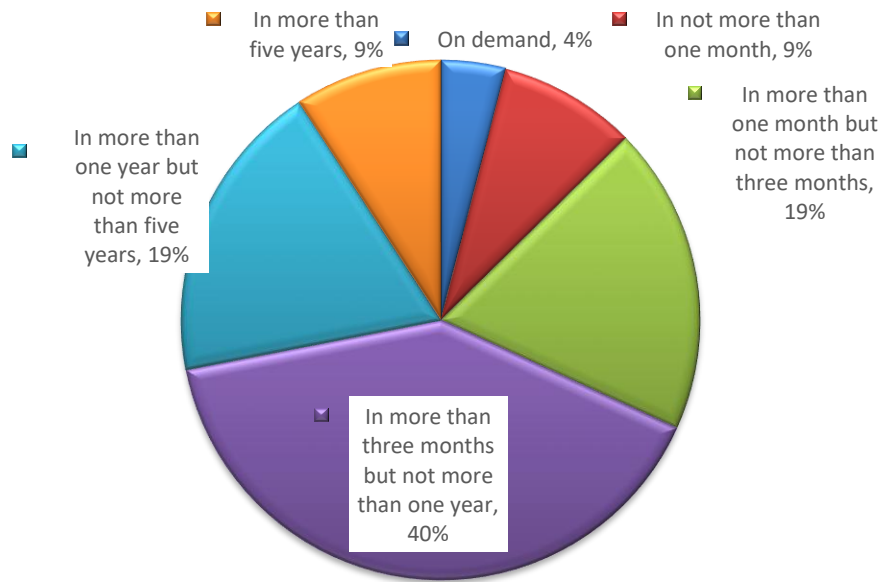
Sector wise exposure of Total loan 31-12-2025



(e) Residual contractual maturity of credit exposure (31-12-25):

BDT in million

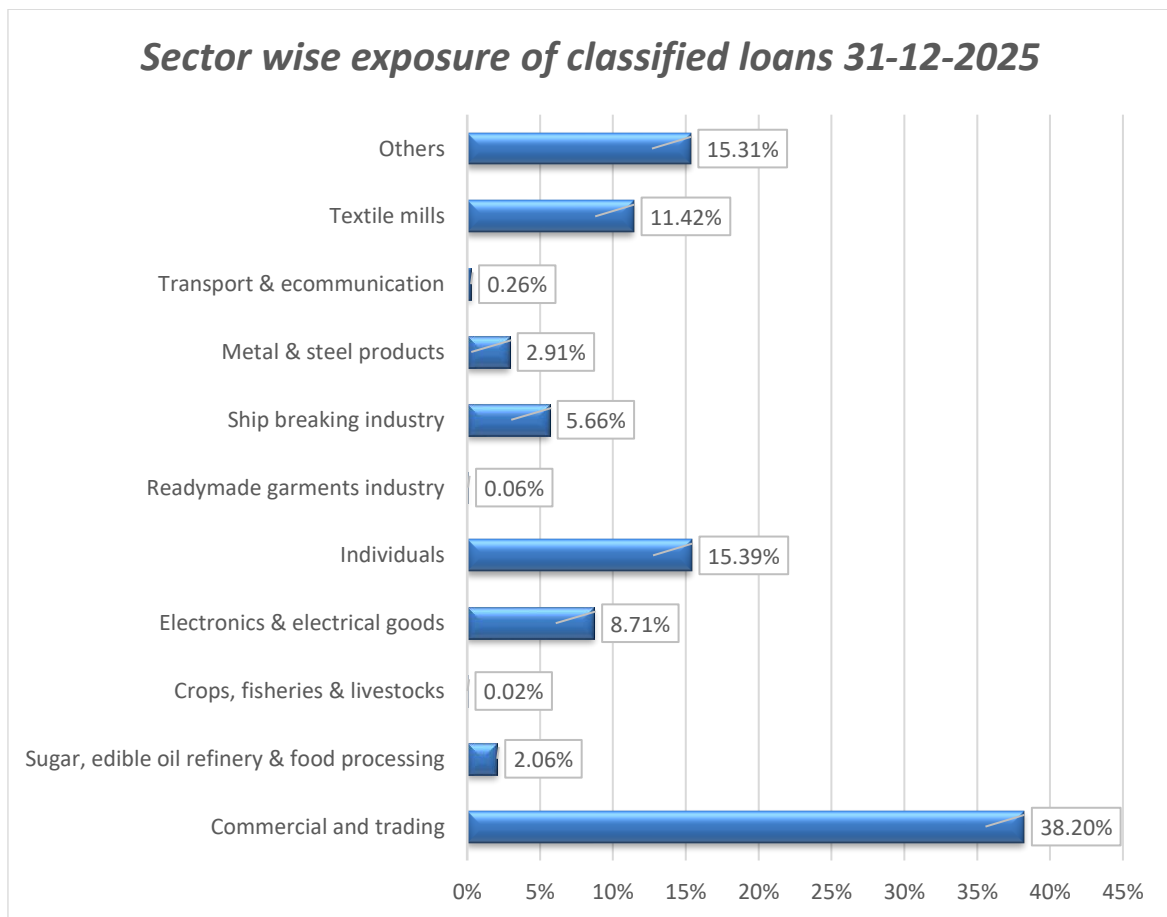
Particulars	Amount
On demand	19,146
In not more than one month	41,076
In more than one month but not more than three months	91,532
In more than three months but not more than one year	191,426
In more than one year but not more than five years	90,102
In more than five years	43,758
<b>Total</b>	<b>477,040</b>



*(f) Sector wise exposure of classified loans:*

BDT in million

<b>Particulars</b>	<b>31-12-25</b>	<b>31-12-24</b>
Commercial and trading	4,079	4,941
Crops, fisheries & livestock	220	85
Electronics & electrical goods	2	-
Consumer finance	930	820
Metal & steel products	1,643	1,067
Readymade garments industry	6	300
Ship breaking industry	604	1,201
Sugar, edible oil refinery & food processing	311	120
Transport & communication	28	29
Textile mills	1,219	1,212
Others	1,635	3,944
<b>Total</b>	<b>10,675</b>	<b>13,718</b>



***(g) Gross Non-Performing Assets (classified loan)***

On the reporting date i.e. 31 December 2025, Gross Non-Performing Assets/classified loans stood at BDT 10,675.26 million.

***Non-Performing Assets (classified loans) to Outstanding Loans & advances***

On the reporting date i.e. 31 December 2025, Non-Performing Assets (classified loans) to outstanding loans & advances was 2.24%.

***Movement of Non-Performing Assets (classified loans):***

<b>Particulars</b>	BDT in million	
	<b>2025</b>	<b>2024</b>
Opening balance	13,718	10,941
Additions during the year	4,652	6,337
Reductions during the year	(7,694)	(3,560)
<b>Closing balance</b>	<b>10,675</b>	<b>13,718</b>

***Movement of Specific Provisions for NPAs (Provisions for classified & other loans)***

<b>Particulars</b>	BDT in million	
	<b>2025</b>	<b>2024</b>
Opening balance	<b>8,833</b>	<b>9,296</b>
On fully provided debt written off during the year	(2,784)	(3,183)
On recovery from loans written off earlier	546	515
Change in SP of OBU due to exchange rate difference	9	149
Additional General Provision (GP) moved to SP	-	496
Specific provision charged (net of recovery) for the year	4,419	1,559
<b>Provision held at the end of the year</b>	<b>11,023</b>	<b>8,833</b>

## **E. Equities: Disclosures for Banking Book Positions**

### **Qualitative Disclosures**

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

Investment in equity securities by EBL is broadly categorized into two types: Quoted securities (Ordinary shares, Mutual Funds) and Un-quoted securities (including Equity shares, Unit funds and Preference shares). Investment into Quoted equity securities are generally held for trading to generate both capital gains and dividend income.

Investment into Unquoted equity securities are usually made for good potentials and strategic reasons, while also generating dividend income.

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

<b>Investment class</b>	<b>Initial recognition</b>	<b>Measurement after initial recognition</b>	<b>Recording of changes</b>
Govt. T-bills/bonds - Held For Trading (HFT)	Cost	Fair value	Revaluation loss is booked to profit and loss account, but gain is booked to revaluation reserve account through equity.
Govt. T-bills/bonds - Held To Maturity (HTM)	Cost	Amortized cost	Increase in value of securities is booked to revaluation reserve account through equity, but decrease is booked to profit and loss account.
Debenture/bond (quoted)	Cost	Lower of cost or market value (portfolio basis)	Provision for revaluation loss (net of gain) is charged to profit and loss account but no unrealized gain is booked following BB DOS circular no. 01/2023.
Debenture/bond (unquoted)	Cost	Lower of cost or realizable value	Provision is kept @ 25%, 50% and 100% on outstanding balance for 1st, 2nd and 3rd year respectively, following BB DOS circular no. 04/2019, if due coupon/dividend payment is not received on time.

Shares (quoted)*	Cost	Lower of cost or market value (portfolio basis)	Provision for revaluation loss (net of gain) is charged to profit and loss account but no unrealized gain is booked.
Shares (unquoted)*	Cost	Lower of cost or net worth	Provision for unrealized loss is charged to profit and loss account but no unrealized gain is booked.
Mutual fund (closed-end) *	Cost	Lower of cost or market value (portfolio basis)	Provision for unrealized loss (net) is charged to profit and loss account but no unrealized gain is booked.
Unit fund (open-end) *	Cost	Lower of cost or surrender value	Provision for unrealized loss (net) is charged to profit and loss account but no unrealized gain is booked.
Preference shares	Cost	Lower of cost or realizable value	Provision is kept @ 25%, 50% and 100% on outstanding balance for 1st, 2nd and 3rd year respectively, following BB DOS circular no. 04/2019, if due dividend payment is not received on time.
Prize bonds	Cost	Cost	None.

*\* Based on DOS circular letter no. 1 dated 24 May 2023, provision for diminution of value of quoted shares, mutual funds (closed-end) and bonds has been made on 'portfolio basis' netting off gain and provision for diminution of value of unquoted shares and mutual funds has been made on the basis of net worth (Assets - Liabilities) of shares and surrender price of mutual funds respectively.*

## 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	2025	
	Solo	Consolidated
The cumulative realized gains (losses) arising from sale and liquidation in the reporting period/Net gain/(loss) on sale of quoted securities	(147)	(474)
Total unrealized gains (losses)/Provision for loss on revaluation of shares & Mutual Fund (net)	1,812	2,792
Total latent revaluation gains (losses)	-	-
Any amount of the above included in Tier 2 capital	-	-
Capital charge required for quoted securities:		
Specific risk	871	1,560
General market risk	436	780

### **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 change 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 bank's interest rate risk management process encompasses defining business objectives, forecasting future macroeconomic variables, and comprehending the money markets and debt markets in which it operates. Additionally, it involves assessing the bank's comfort level with market risk and quantifying its appetite accordingly.

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 allocation 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 up to 3 months using historical repayment behavior and stable portion is bucketed in 6-12 months. For liabilities, volatile portion is bucketed up to 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 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, it doesn't.
- 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 encashment 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 do.
- 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, 2025:

Particulars	3 months	6 months
For 1% increase/decrease in interest rate, impact on NII	BDT ± 26.26 Million	BDT ± 95.93 Million
For 2% increase/decrease in interest rate, impact on NII	BDT ± 52.52 Million	BDT ± 191.86 Million

### Duration GAP Analysis:

Duration GAP Analysis primarily aims to assess a bank's vulnerability to interest rate fluctuations by measuring the sensitivity of its Market Value of Equity (MVE). It evaluates how changes in interest rates affect the MVE and can be utilized to gauge the impact on the bank's equity value across various interest rate scenarios. ALCO regularly monitors the Leveraged Liability Duration and overall duration gap of the bank's balance sheet on quarterly basis to evaluate the repercussions of parallel shifts in the assumed yield curve.

Particulars	Dec-31, 2025	Dec-31, 2024
Duration of Asset (years)	1.42	1.34
Duration of Liabilities (years)	1.37	1.26
<b>Duration Gap (years)</b>	<b>0.16</b>	<b>0.17</b>

<b>Changes in Market value of Equity due to an increase in interest rate as of 31 December, 2025</b>		
<b>1%</b>	<b>2%</b>	<b>3%</b>
BDT 1,003.1 Million	BDT 2,006.1 Million	BDT 3,009.2 Million

### G. Market Risk

#### Qualitative Disclosures

**Market Risk:** Market Risk refers to potential loss that can occur as a result of fluctuations in market conditions. It encompasses the risk of adverse impacts on the value of both on and off-balance sheet positions due to changes in equity prices, interest rates, and currency exchange rates. Our aim with respect to market risk is to strike a balance between risks and return that is optimal, while also fulfilling the needs of our customers, through our policies and procedures.

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:** The ALCO regularly monitors a number of ratios to manage the interest rate risk, with key ratios such as Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Maximum Cumulative Outflow (MCO), Liquid asset to total assets, Volatile liability dependency ratio, Snap liquidity ratio and Short term borrowing to Liquid assets ratio. Additionally, the ALCO also regularly tracks the interest rate sensitive gap and duration gap of the 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. FX VaR of December 2025 end are as follows:

<b>Value-at-Risk (Potential Loss in BDT)</b>					
Confidence level	Time horizon				
	1 day	2 days	3 days	4 days	5 days
90%	7,429,602	11,801,548	16,978,609	21,619,451	20,778,831
95%	11,844,090	20,713,263	25,881,731	34,827,554	43,450,997
99%	39,562,662	73,829,044	88,443,942	103,285,091	113,169,003

The Investment Committee of the bank takes prudent decisions to manage equity risk, in accordance with the bank's investment policy and the capital market investment limits set by Bangladesh Bank.

### **Quantitative Disclosures:**

*Capital charge required (Solo basis) for market risk on the reporting date 31-12-25:*

BDT in million

	Particulars	Amount
a	Interest rate risk	517
b	Equities	871
c	Foreign exchange risk	471
d	Commodity risk	-
	<b>Total</b>	<b>1,859</b>

## H. Operational Risk

### Qualitative Disclosures

Operational risk is defined as the potential for financial loss resulting from inadequate or failed internal processes, systems, human error, or external events. This includes risks associated with fraud, unauthorized activities, and systemic inefficiencies. Recognizing that operational risk is inherent in all banking functions, EBL proactively seeks to minimize exposure through robust control mechanisms, balanced by a strategic cost-benefit analysis.

### **Governance and Board Oversight**

In alignment with Bangladesh Bank's regulatory guidelines, the Board of Directors approves the policies governing operational risk management. The Audit Committee of the Board maintains direct oversight of the Internal Control and Compliance Division (ICCD) to safeguard the Bank's assets. Continuous surveillance is maintained through a multi-tiered structure involving the Management Committee (MANCOM), the Executive Risk Management Committee (ERMC), and the Risk Management Division (RMD). These bodies regularly evaluate operational risk profiles and escalate critical findings to the appropriate authorities, while Internal Audit recommends advanced tools and policies for risk mitigation.

### **Mitigation Policies and Processes**

EBL utilizes a sophisticated suite of diagnostic tools to identify and mitigate risks across all functional departments. These include:

- Departmental Control Function Checklists (DCFCL) and Quarterly Operation Reports (QOR).
- Key Risk Indicators (KRI) and rigorous system audits.
- The ICCD specifically targets "High" risk areas for immediate remediation. Concurrently, the ERMC analyzes high-to-moderate risk indicators, assigning specific accountability to personnel to ensure swift resolution of identified vulnerabilities.

### **Human Capital and Performance Management**

As an equal opportunity employer, EBL adheres to a recruitment philosophy of fairness, transparency, and diversity. The Bank's **Performance Management System** clarifies expectations and aligns individual contributions with organizational goals. Employees are evaluated against **Key Performance Indicators (KPIs)** established at the commencement of each fiscal year, with rewards and recognition directly tied to the achievement of these benchmarks.

To address performance gaps, the Bank's **Learning and Development** strategy emphasizes continuous professional development. Through internal and external training initiatives, EBL strengthens employee competencies and fosters an "aware" risk culture, directly enhancing the Bank's bottom line.

## Management of External Risk Events

EBL identifies and monitors several external factors that pose a direct threat to business performance:

- **Fraud Risk:** Intentional acts of dishonesty, including cybercrime, money laundering, and terrorist financing.
- **Business Continuity Risk:** Potential interruptions to infrastructure and critical business operations.
- **Information Security Risk:** Compromises to organizational assets through unauthorized access, disclosure, or cyber threats.
- **Regulatory Compliance Risk:** Exposure to legal sanctions or reputational damage resulting from non-compliance with applicable laws and regulations.
- **Vendor Risk:** Vulnerabilities arising from inadequate third-party selection, insufficient oversight, or service failures.

## Capital Charge Calculation

In compliance with the **Basel III framework** as prescribed by **Bangladesh Bank**, EBL adopts the **Basic Indicator Approach (BIA)** to calculate the capital charge for operational risk. The requirement is determined by taking 15% of the average **Gross Income (GI)** over the preceding three years. As per regulatory standards, GI is calculated as the sum of Net Interest Income and Net Non-Interest Income, gross of provisions and operating expenses, and includes interest suspense on classified loans (SS, DF, and BL).

### Quantitative Disclosures:

*Capital charge required for operation risk on the reporting date 31-12-25:*

BDT in million

Particulars	Solo (Bank)	Consolidated
Capital charge for operational risk	4,021	4,035

## 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 incurring excessive cost while mobilizing fund due to scarcity of fund at a certain period of time. The risk arises from mismatch in the expected level of cash flows from maturing assets and liabilities. 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 sets 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)
- Advance 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 has constructed Contingency Funding Plan (CFP) to manage liquidity in both normal and stressed conditions. CFP includes 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 is an extension of ongoing liquidity management while ensuring:

- 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, 8 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 Bangladesh Bank.

### **Quantitative Disclosures:**

Liquidity Coverage Ratio and Net Stable Funding Ratio as on 31 December 2025 are given below:

	BDT in million
<b>Particulars</b>	<b>Amount</b>
Stock of High-quality liquid assets	201,986
Total net cash outflows over the next 30 calendar days	79,923
<b>Liquidity Coverage Ratio (%)</b>	<b>252.73%</b>
Available amount of stable funding	567,000
Required amount of stable funding	501,270
<b>Net Stable Funding Ratio (%)</b>	<b>113.11%</b>

### **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 to assess the ratio periodically.

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

Revised RBCA guideline of Basel III issued by BRPD of Bangladesh Bank is followed by EBL while managing excessive on and off-balance sheet leverage of the bank. As per RBCA guideline, leverage ratio indicates 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 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 2025 is given below:

BDT in million	
<b>Particulars</b>	<b>Amount</b>
On balance sheet exposure (A)	750,581
Off balance sheet exposure (B)	117,503
Less: Regulatory Adjustments (C)	3,040
<b>Total exposure (A+B-C)</b>	<b>865,043</b>
Leverage Ratio	<b>5.46%</b>

## **K. Remuneration**

### **Qualitative Disclosures**

EBL strives to compensate employees in line with market standards, merit, and performance. Our focus is on attracting, retaining, and motivating top talent to support sustainable growth. We emphasize understanding evolving job market trends to remain an employer of choice.

Our compensation and benefits strategy balances a high-performance culture with market competitiveness. Our employee value proposition includes healthcare, retirement, and wellbeing benefits.

Additionally, our compensation practices are fair and equitable, with a structure designed around a pay-for-performance philosophy. A salary survey is conducted every two years through an independent consultant to align with industry pay scales. Movement within pay scales is based on individual performance, and employees are rewarded 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 own policies.

*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 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 Managing Director 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 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, critical allowance support, 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 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)
- f. Regulatory and other changes affecting the industry

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 deems appropriate to allow for adjustment 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 is 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 the highly competitive banking sector, remuneration systems are largely driven by market forces. The demand for efficient and skilled employees continues to rise as a growing number of financial institutions compete to attract them. As a result, compensation packages for skilled resources tend to be relatively higher, and salary revisions occur more frequently than in many other industries.

High employee turnover, skill shortages, and challenges in attracting and retaining talent are key risks that banks must address. In response, EBL has designed its remuneration framework based on a market-driven approach to ensure the right compensation for the right people. At the same time, EBL ensures fairness, internal equity, and external competitiveness in its compensation structure to effectively retain high-quality talent.

*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 equity & external parity

*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.*

EBL has remained consistent in the measures through which remuneration package is designed. There has not been any deviation as compared to last year.

**(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
- Operational and compliance objective
- Behavioral competency

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

Overall performance is evaluated as per above mentioned parameters and individuals are rated accordingly from 1 (highest) to 6 (lowest). Increment is linked with the rating employees receive during the performance evaluation process. Increments are only applicable for ratings which are linked with growth i.e. 1-4 rating.

*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 seeks 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 consists of base salary and different benefit packages mentioned earlier. Therefore, EBL does not use any form of variable remuneration in its remuneration process.

**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 Board of Directors (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:*

All employees are entitled to 02 (two) basics as two festival bonuses. Total amount of Festival bonuses awarded during 2025 was BDT 589,242,088.

*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 ex post explicit adjustments.*
- *Total amount of reductions during the financial year due to ex post implicit adjustments.*

Not applicable.

**Note:** Till 2025, 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.