

# **EASTERN BANK LIMITED**

**Quarterly Financial Statements (Unaudited) Third Quarter 2011** 



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

As at 30 September 2011

PROPERTY AND ASSETS	As at 30 September 2011	As at 31 December 2010
	<u>Taka</u>	<u>Taka</u>
Cash Cash in hand (including foreign currencies) Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	867,671,122 4,061,201,374 4,928,872,496	725,180,656 2,956,146,840 3,681,327,496
Balances with other Banks and Financial Institutions		
In Bangladesh Outside Bangladesh	4,780,923,030 337,346,062 5,118,269,092	3,641,444,356 1,045,968,539 <b>4,687,412,895</b>
Money at call and short notice	20,000,000	-
Investments Government	8,464,329,776	6,828,141,845
Others	4,213,344,390	2,999,055,228
	12,677,674,166	9,827,197,073
Loans and advances	69,501,547,695	E 4 400 712 0EE
Loans, Cash Credits, Overdraft etc. Bills discounted and purchased	7,117,922,664	54,498,712,055 4,108,373,638
•	76,619,470,359	58,607,085,693
Fixed assets including land, building, furniture and fixtures	3,966,735,689	3,626,121,162
Other assets Non banking assets	2,154,369,907 247,878,000	1,811,553,862 247,878,000
TOTAL ASSETS	105,733,269,709	82,488,576,181
TO THE MODELS	=======================================	
LIABILITIES AND CAPITAL Liabilities		
Borrowing from other banks, financial institutions and agents	11,671,804,959	9,213,075,020
Deposits and other accounts		
Current deposits & other accounts, etc. Savings bank deposits	10,674,629,598 12,484,771,196	5,519,912,500 12,853,595,212
Fixed deposits	51,175,364,662	36,630,144,417
Bills payable	621,592,674	1,079,503,680
Bearer certificates of deposits	22,250,000 <b>74,978,608,130</b>	<u>22,250,000</u> <b>56,105,405,809</b>
Other liabilities	5,064,687,748	4,913,113,952
TOTAL LIABILITIES	91,715,100,837	70,231,594,781
SHAREHOLDERS' EQUITY Share Capital-Paid up capital	4,527,257,670	2,920,811,400
Statutory reserve	2,725,521,942	2,725,521,942
Dividend equalisation reserve	356,040,000	356,040,000
Reserve against pre takeover loss Pre takeover loss	1,554,759,750 (787,855,238)	1,554,759,750 (989,138,238)
Asset revaluation reserve	2,651,941,750	2,651,941,750
Reserve for revaluation of treasury securities (HFT)	742,775,515	823,251,968
General reserve Reserve for non banking assets	160,000,000 233,527,796	160,000,000 233,527,796
Profit & loss account -retained earnings	1,685,000,953	1,669,294,774
Equity attributable to equity holders	13,848,970,138	12,106,011,142
Non controlling interest  TOTAL SHAREHOLDERS' EQUITY	169,198,735 <b>14,018,168,873</b>	150,970,258 12,256,981,400
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	105,733,269,709	82,488,576,181
OFF BALANCE SHEET ITEMS Contingent liabilities		
Acceptance and endorsements (net)	21,486,423,238	10,153,867,598
Irrevocable Letters of Credit (net)	15,262,522,764	13,197,919,990
Letter of Guarantees (net) Bills for Collection	5,738,423,747 411,165,110	3,757,852,285 813,048,004
Bills for Collection	42,898,534,859	27,922,687,877
Other memorandum items		
Value of travelers' cheques on hand Value of Bangladesh Sanchaya Patra on hand	- 766,291,100	- 627,819,100
	766,291,100	627,819,100
Other commitments		
Documentary credits and short term trade-related transactions Forward assets purchased and forward deposits placed	- 5,674,456,768	- 1,866,913,593
Undrawn note issuance and revolving facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	5,674,456,768	1,866,913,593
Claims against the Bank not acknowledged as debt	40 220 202 727	
TOTAL OFF-BALANCE SHEET ITEMS	49,339,282,727	30,417,420,570

#### **EASTERN BANK LIMITED Balance Sheet (Unaudited)**

As at 30 September 2011	As at	As at
PROPERTY AND ASSETS	30 September 2011	31 December 2010
Cash	<u>Taka</u>	<u>Taka</u>
Cash in hand (including foreign currencies)	867,659,002	725,168,966
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4,061,201,374 4,928,860,376	2,956,146,840 <b>3,681,315,806</b>
Balances with other Banks and Financial Institutions		
In Bangladesh	4,677,205,430	3,507,711,860
Outside Bangladesh	337,346,062 <b>5,014,551,492</b>	1,045,968,539 <b>4,553,680,399</b>
Money at call and short notice	20,000,000	-
Investments	0.44.4.220.774	6 000 141 0 45
Government Others	8,464,329,776 4,206,670,557	6,828,141,845 2,999,055,228
Culcis	12,671,000,333	9,827,197,073
Loans and advances	70 000 05 4 570	E 4 400 740 0FF
Loans, Cash Credits, Overdraft etc. Bills discounted and purchased	70,230,854,573 7,117,922,664	54,498,712,055 4,108,373,638
bilis discourted and purchased	77,348,777,237	58,607,085,692
Fixed assets including land, building, furniture and fixtures	3,954,454,196	3,614,398,915
Other assets Non banking assets	1,496,546,257 247,878,000	1,522,035,035 247,878,000
TOTAL ASSETS	105,682,067,892	82,053,590,922
TOTAL ASSLITS	103,062,007,692	<u> </u>
LIABILITIES AND CAPITAL Liabilities		
Borrowing from other banks, financial institutions and agents	11,671,804,959	9,213,075,020
Deposits and other accounts Current deposits & other accounts, etc.	10,675,520,137	5,522,402,626
Savings bank deposits	12,484,771,196	12,853,595,212
Fixed deposits	51,496,875,279	36,947,476,998
Bills payable	621,592,674	1,079,503,680
Bearer certificates of deposits	22,250,000 <b>75,301,009,286</b>	22,250,000 <b>56,425,228,516</b>
Other liabilities	4,920,932,417	4,331,732,822
TOTAL LIABILITIES	91,893,746,662	69,970,036,358
SHAREHOLDERS' EQUITY		
Share Capital-Paid up capital	4,527,257,670	2,920,811,400
Statutory reserve	2,725,521,942	2,725,521,942
Dividend equalisation reserve Reserve against pre takeover loss	356,040,000 1,554,759,750	356,040,000 1,554,759,750
Pre takeover loss	(787,855,238)	(989,138,238)
Asset revaluation reserve	2,651,941,750	2,651,941,750
Reserve for revaluation of treasury securities (HFT)	742,775,515	823,251,968
General reserve	160,000,000	160,000,000
Reserve for non banking assets  Profit & loss account -retained earnings	233,527,796 1,624,352,045	233,527,796 1,646,838,196
TOTAL SHAREHOLDERS' EQUITY	13,788,321,230	12,083,554,564
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	105,682,067,892	82,053,590,922
OFF BALANCE SHEET ITEMS Contingent liabilities		
Contingent liabilities Acceptance and endorsements (net)	21,486,423,238	10,153,867,598
Irrevocable Letters of Credit (net)	15,262,522,764	13,197,919,990
Letter of Guarantees (net)	5,738,423,747	3,757,852,285
Bills for Collection	411,165,110 42,898,534,859	813,048,004 <b>27,922,687,877</b>
Other memorandum items		
Value of travelers' cheques on hand	-	-
Value of Bangladesh Sanchaya Patra on hand	766,291,100 <b>766,291,100</b>	627,819,100 <b>627,819,100</b>
Other commitments  Desumentary and the and short term trade related transactions		
Documentary credits and short term trade-related transactions Forward assets purchased and forward deposits placed	- 5,674,456,768	- 1,866,913,593
Undrawn note issuance and revolving facilities	J,U/7,4JU,/U0 -	1,000,713,373
Undrawn formal standby facilities, credit lines and other commitments	5,674,456,768	1,866,913,593
Claims against the Bank not acknowledged as debt TOTAL OFF-BALANCE SHEET ITEMS	49,339,282,727	30,417,420,570

Malick Musfique Reza EVP & Head of Finance

Dated: Dhaka, 24 October, 2011.

Ali Reza Iftekhar Managing Director & CEO

Malick Musfique Reza EVP & Head of Finance Ali Reza Iftekhar Managing Director & CEO

Dated: Dhaka, 24 October, 2011.



# **EASTERN BANK LIMITED**

# **Quarterly Financial Statements (Unaudited) Third Quarter 2011**



#### **EASTERN BANK LIMITED AND ITS SUBSIDIARIES**

Consolidated Profit & Loss Account (Unaudited)

For the period ended 30 September 2011				
	01 January 2011 to 30 September 2011	01 January 2010 to 30 September 2010	01 July 2011 to 30 September 2011	01 July 2010 to 30 September 2010
PARTICULARS	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Interest Income	6,895,791,486	5,100,391,573	2,612,041,457	1,708,615,405
Less: Interest paid on deposits and borrowings	4,462,100,297	2,877,715,690	1,745,675,660	912,488,878
Net Interest Income	2,433,691,189	2,222,675,883	866,365,797	796,126,527
Income from investments	1,341,251,703	1,354,433,404	449,887,419	455,890,427
Fees, commission and brokerage	1,625,883,812	936,192,347	544,659,708	400,794,536
Other operating income	326,292,140	162,893,550	60,093,812	14,751,050
Total operating income	5,727,118,844	4,676,195,184	1,921,006,736	1,667,562,540
Salary & allowances	999,496,624	775,648,146	403,647,266	309,791,823
Rent, taxes, insurance, utilities etc.	179,909,362	131,714,334	68,198,547	44,545,352
Legal & professional expenses	31,070,956	25,989,381	8,781,047	11,602,390
Postage, stamp, telecommunication etc.	39,052,287	32,976,250	9,143,070	6,997,442
Stationery, printing, advertisement, etc.	136,693,572	84,023,142	46,625,507	21,145,299
Managing Director's salary and allowances	9,287,561	8,187,162	3,551,561	3,192,762
Directors' Fees & Expenses	1,854,210	1,292,930	427,501	538,358
Auditor's fees	-	-	-	-
Charges on loan losses	235,033	-	-	-
Repairs, maintenance and depreciation	203,216,285	181,380,079	65,867,958	49,600,824
Other office operating expenses	211,205,232	159,818,647	73,839,669	61,573,336
Total operating expenses	1,812,021,123	1,401,030,071	680,082,126	508,987,586
Other non operating income	-	30,056,125	-	2,514,995
Profit before provisions	3,915,097,721	3,305,221,238	1,240,924,610	1,161,089,949
Provision for loans and advances				
General provision	377,186,396	147,500,000	130,860,356	40,000,000
Specific provision	276,310,339	104,100,000	119,144,738	12,600,000
Other provision	207,297,283	2,329,392	65,164,163	1,589,392
Total provisions	860,794,018	253,929,392	315,169,257	54,189,392
Profit before tax for the period	3,054,303,703	3,051,291,846	925,755,353	1,106,900,557
Provision for tax made for the period	1,413,922,777	1,177,099,999	417,118,629	297,327,038
Profit after tax for the period	1,640,380,926	1,874,191,847	508,636,724	809,573,519
Attributable to Shareholders of EBL	1,622,152,449	1,860,147,123	502,011,706	802,142,647

18,228,477

14,044,724

4.11

Non controlling interest

Malick Musfique Reza EVP & Head of Finance

Dated: Dhaka, 24 October, 2011.

Earnings per share (EPS) - Note: 2.10

Ali Reza Iftekhar Managing Director & CEO

7,430,872

1.77

6,625,018

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

For the period ended 30 September 2011

For the period ended 30 September 2011		
	01 January 2011 to 30 September 2011	01 January 2010 to 30 September 2010
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities		
Interest received	6,732,921,152	4,940,801,969
Interest paid	(3,540,682,824)	(2,693,323,725)
Dividend received	70,822,272	58,743,375
Fees and commission received	1,625,883,812	936,192,347
Income from investment	1,270,429,431	1,295,690,029
Recovery of loans previously written off	242,166,617	65,523,240
Cash paid to employees (including directors)	(1,010,638,395)	(783,835,308)
Cash paid to suppliers	(386,726,178)	(274,703,108)
Income taxes paid	(1,048,281,999)	(1,177,099,999)
Received from other operating activities	84,125,522	97,370,310
Paid for other operating activities	(300,137,776)	(342,491,656)
Operating cash flow before changes in operating assets and liabilities	3,739,881,634	2,122,867,474
Increase/(decrease) in Operating Assets & Liabilities	<del></del>	
Changes in trading securities	(2,458,038,379)	548,079,259
Loans and advances to customers	(17,849,514,332)	(6,336,064,319)
Other assets	(342,816,045)	(865,351,782)
Recovery from BCCI assets	201,283,000	8,067,787
Deposits from other Banks	(238,880,098)	185,612,017
Deposits from customers (other than banks)	18,190,664,946	5,226,012,203
Other liabilities	(1,074,860,999)	403,368,080
Net Cash received from operating activities	167,719,727	1,292,590,719
B. Cash flows from investing activities		
Changes in non-trading securities	(473,264,667)	
Purchase of property, plant and equipment	(459,088,134)	(17,086,580)
Sales proceeds of fixed assets	3,954,832	(1,816,256,133)
Investment -Others	3,934,032	30,056,125
	(038 307060)	
Net cash used in investing activities	(928,397,969)	(1,803,286,588)
C. Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	2,458,729,939	4,057,439,963
Dividend paid (cash dividend)		(499,284,000)
Net cash received from financing activities	2,458,729,939	3,558,155,963
D. Net (decrease) / increase in cash (A+B+C)	1,698,051,697	3,047,460,094
E. Opening cash and cash-equivalents	8,371,841,291	10,513,933,057
F. Closing cash and cash-equivalents (D+E)*	10,069,892,988	13,561,393,151
*Closing cash and cash-equivalents		
Cash In hand (including foreign currencies)	867,671,122	682,277,496
Balances with Bangladesh Bank and its agent bank (s)	4,061,201,374	2,717,534,204
Balances with other Banks and Financial Institutions	5,118,269,092	10,058,775,551
Money at call and short notice	20,000,000	100,000,000
Prize bonds	2,751,400	2,805,900
	10,069,892,988	13,561,393,151
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Malick Musfique Reza EVP & Head of Finance

Dated: Dhaka, 24 October, 2011.

**EASTERN BANK LIMITED** Profit & Loss Account (Unaudited)

For the period ended 30 September 2011				
	01 January 2011 to 30 September 2011	01 January 2010 to 30 September 2010	01 July 2011 to 30 September 2011	01 July 2010 to 30 September 2010
PARTICULARS	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Interest Income	6,800,096,085	5,100,391,573	2,574,391,972	1,708,615,405
Less: Interest paid on deposits and borrowings	4,407,567,234	2,876,666,690	1,722,125,747	912,488,878
Net Interest Income	2,392,528,851	2,223,724,883	852,266,225	796,126,527
Income from investments	1,336,935,297	1,354,433,404	446,684,683	455,890,427
Fees, commission and brokerage	1,553,351,263	867,884,100	518,180,662	362,943,474
Other operating income	325,000,140	162,893,550	60,046,412	14,751,050
Total operating income	5,607,815,551	4,608,935,937	1,877,177,982	1,629,711,478
Salary & allowances	988,136,001	770,110,670	399,197,976	305,976,927
Rent, taxes, insurance, utilities etc.	175,026,661	128,612,708	66,575,746	42,123,726
Legal & professional expenses	31,039,956	19,988,147	8,758,047	8,727,538
Postage, stamp, telecommunication etc.	38,931,708	32,951,250	9,105,078	6,972,442
Stationery, printing, advertisement, etc.	136,437,581	83,778,833	46,519,967	21,075,299
Managing Director's salary and allowances	9,287,561	8,187,163	3,551,561	3,192,762
Directors' Fees & Expenses	1,854,210	1,292,930	445,501	538,358
Auditor's fees	-	-	-	-
Charges on loan losses	235,033	-	-	-
Repairs, maintenance and depreciation	199,843,591	180,856,504	64,658,710	49,198,700
Other office operating expenses	198,199,590	149,574,955	71,210,704	56,348,431
Total operating expenses	1,778,991,892	1,375,353,160	670,023,290	494,154,183
Other non operating income	-	22,628,988	<u> </u>	-
Profit before provisions	3,828,823,659	3,256,211,765	1,207,154,692	1,135,557,295
Provision for loans and advances				
General provision	377,186,396	147,500,000	130,860,356	40,000,000
Specific provision	276,310,339	104,100,000	119,144,738	12,600,000
Other provision	207,297,283	2,329,392	65,164,163	1,589,392
Total provisions	860,794,018	253,929,392	315,169,257	54,189,392
Profit before tax for the period	2,968,029,641	3,002,282,373	891,985,435	1,081,367,903
Provision for tax made for the period	1,384,069,521	1,166,074,591	403,693,087	290,371,564
Profit after tax for the period	1,583,960,120	1,836,207,782	488,292,348	790,996,339

3.50

4.06

Malick Musfique Reza EVP & Head of Finance

Dated: Dhaka, 24 October, 2011.

Earnings per share (EPS) - Note: 2.10

Ali Reza Iftekhar

Managing Director & CEO

1.75

1.08

**EASTERN BANK LIMITED** 

**Cash Flow Statement (Unaudited)** 

For the period ended 30 September 2011		_
	01 January 2010 to	01 January 2011 to
	30 September 2010	30 September 2011
	Taka	Taka
A. Cash flows from operating activities		
Interest received	6,637,225,751	4,940,801,969
Interest paid	(3,486,149,761)	(2,692,274,725)
Dividend received	70,735,272	58,743,375
Fees and commission received	1,553,351,263	867,884,100
Income from investment	1,266,200,025	1,295,690,029
Recovery of loans previously written off	242,166,617	65,523,240
Cash paid to employees (including directors)	(999,277,772)	(778,297,832)
Cash paid to suppliers	(381,435,907)	(265,330,938)
Income taxes paid	(1,035,459,562)	(1,166,074,591)
Received from other operating activities	82,833,522	97,370,310
Paid for other operating activities	(284,414,376)	(331,724,389)
Operating cash flow before changes in operating assets and liabilities	3,665,775,073	2,092,310,548
Increase/(decrease) in Operating Assets & Liabilities		
Changes in trading securities	(2,451,364,545)	548,079,259
Loans and advances to customers	(18,578,821,210)	(6,336,064,319)
Other assets	25,488,778	(384,090,551)
Recovery from BCCI assets	201,283,000	8,067,787
Deposits from other Banks	(238,880,098)	185,612,017
Deposits from customers (other than banks)	18,193,243,395	5,226,012,203
Other liabilities	(620,204,382)	(131,973,585)
Net Cash received from operating activities	196,520,011	1,207,953,359
P. Cook flows from investing activities		
B. Cash flows from investing activities	(472.26.4.667)	
Changes in non-trading securities	(473,264,667)	(7,000,207)
Purchase of property, plant and equipment	(457,873,952)	(7,000,207)
Sales proceeds of fixed assets	3,954,833	(2,332,256,033)
Investment -Others		22,628,988
Net cash used in investing activities	(927,183,786)	(2,316,627,252)
C. Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	2,458,729,939	4,057,439,963
Dividend paid (cash dividend)		(499,284,000)
Net cash received from financing activities	2,458,729,939	3,558,155,963
D. Net (decrease) / increase in cash (A+B+C)	1,728,066,163	2,449,482,070
E. Opening cash and cash-equivalents	8,238,097,105	10,513,933,056
F. Closing cash and cash-equivalents (D+E)*	9,966,163,268	12,963,415,127
*Closing cash and cash-equivalents		
Cash In hand (including foreign currencies)	867,659,002	682,275,606
Balances with Bangladesh Bank and its agent bank (s)	4,061,201,374	2,717,534,204
Balances with other Banks and Financial Institutions	5,014,551,492	9,460,799,417
Money at call and short notice	20,000,000	100,000,000
Prize bonds	2,751,400	2,805,900
	9,966,163,268	12,963,415,127
		/ (

Ali Reza Iftekhar

Managing Director & CEO

Malick Musfique Reza EVP & Head of Finance

Dated: Dhaka, 24 October, 2011.

Cheury Ali Reza Iftekhar

Managing Director & CEO



# **EASTERN BANK LIMITED**

# **Quarterly Financial Statements (Unaudited) Third Quarter 2011**



#### **EASTERN BANK LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statement of Changes in Equity (Unaudited)** 

For the period ended 30 September 2011 Reserve for Pre take over Dividend Reserve against Asset revaluation of Reserve for non Retained Non controlling **Particulars** Paid up capital Statutory reserve equalisation pre takeover loss loss revaluation treasury General reserve banking assets earnings Interest Total securities (HFT) reserve reserve Taka Taka Taka <u>Taka</u> Taka Taka <u>Taka</u> <u>Taka</u> <u>Taka</u> Taka 2,920,811,400 2,725,521,942 356,040,000 1,554,759,750 (989,138,238) 2,651,941,750 823,251,968 160,000,000 233,527,796 1,669,294,773 150,970,258 12,256,981,399 Balance on 1 January 2011 Net profit for the period after tax 1,622,152,449 1,622,152,449 1,606,446,270 (1,606,446,270) Bonus share issued Dividend from subsidiary (80,476,453) (80,476,453) Reserve for revaluation of treasury securities (HFT) 201,283,000 201,283,000 Recovery of pre-takeover loss 18,228,477 18,228,477 Non controlling Interest Balance as at 30 September 2011 4,527,257,670 2,725,521,942 356,040,000 1,554,759,750 (787,855,238) 2,651,941,750 742,775,515 160,000,000 233,527,796 1,685,000,952 169,198,735 14,018,168,873 Balance as at 30 September 2010 356.040.000 913.678.854 233.527.796 159,959,660 9,929,961,779 2,920,811,400 1,927,039,732 1,554,759,750 (989,248,238) 812,715,092 160,000,000 1,880,677,733

> Ali Reza Iftekhar Managing Director & CEO

Malick Musfique Reza EVP & Head of Finance

**EASTERN BANK LIMITED** 

Statement of Changes in Equity (Unaudited)

For the period ended 30 September 2011

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Reserve against pre takeover loss	Pre take over loss	Asset revaluation reserve	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve for non banking assets	Retained earnings	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance on 1 January 2011	2,920,811,400	2,725,521,942	356,040,000	1,554,759,750	(989,138,238)	2,651,941,750	823,251,968	160,000,000	233,527,796	1,646,838,194	12,083,554,562
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	1,583,960,120	1,583,960,120
Bonus share issued	1,606,446,270	-	-	-	-	-	-	-	-	(1,606,446,270)	-
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	(80,476,453)	-	-	-	(80,476,453)
Recovery of pre-takeover loss	-	-	-	-	201,283,000	-	-	-	-	-	201,283,000
Balance as at 30 September 2011	4,527,257,670	2,725,521,942	356,040,000	1,554,759,750	(787,855,238)	2,651,941,750	742,775,515	160,000,000	233,527,796	1,624,352,044	13,788,321,230
Balance as at 30 September 2010	2,920,811,400	1,927,039,732	356,040,000	1,554,759,750	(989,248,238)	913,678,854	812,715,092	160,000,000	233,527,796	1,065,742,055	8,955,066,440

Ali Reza Iftekhar Managing Director & CEO

Jan De Malick Musfique Reza EVP & Head of Finance

#### **EASTERN BANK LIMITED AND ITS SUBSIDIARIES**

Selected explanatory notes

as at and for the period ended 30 September 2011

#### Activities of the Bank

- 1.1 The principal activities of Eastern Bank Limited "the Bank" are to provide a comprehensive range of financial products (loans & deposits) and services; personal and commercial banking; trade services; cash management; treasury, securities and custody services.
- 1.2 Offshore banking unit (OBU) is a separate business unit of EBL governed under the rules and guidelines of Bangladesh Bank. It gives loans (on and off balance sheet exposures) and takes deposits only in freely convertible foreign currencies to and from non-resident persons /institutions, fully foreign owned EPZ companies etc.

## 1.3 Subsidiaries of the Bank

Eastern Bank Limted acquired 60% shares of 'LRK Securities Limited' a securities brokerage firm and renamed afterwards as 'EBL Securities Limited' upon getting approval from SEC, 'EBL Investments Limited' a fully owned subsidiary of EBL was incorporated on 30 December 2009 to carry out merchant banking operations. 'EBL Asset Management Limited', another fully owned subsidiary was incorporated on 09 January 2011 to carry out asset management operations. However, subscription money was yet to be paid as on the reporting date.

## 2 Significant Accounting Policies and bases of preparation

## 2.1 Statement of compliance

The financial statements of the Group and the Bank as at and for the period ended 30 september 2011 have been prepared under the historical cost convention except investment in govt. securities and Land and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by the BRPD Circular 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards, the Companies Act 1994, the Securities and Exchange Rules 1987 and other relevant laws and rules applicable in Bangladesh.

## 2.2 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain crediting revaluation reserve but loss charged to P & L.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept.
- Lands are recognised at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 "Property Plant &

# 2.3 Basis of consolidation

Financial statements of the subsidiaries are consolidated with those of the Bank following procedures of Bangladesh Accounting Standard (BAS) 27 'Consolidated and Separate Financial Statements'. All intra-group transactions, balances, income and expenses were eliminated on

## 2.4 Functional and presentation currency

The consolidated financial statements of the Group and the financial statements of the Bank are presented in Taka which is the Group's and the Bank's functional currency except OBU where functional currency is US Dollar (USD). USD figures of OBU have been converted into BDT using conversion rate of USD 1 = BDT 75.2267, standard mid rate of the closing date.

## 2.5 Use of estimates and judgements

The preparation of the consolidated financial statements of the Group and the financial statements of the Bank in conformity with BFRS 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 recognized in the period in which the estimate is revised and in any future period affected.

## 2.6 Investments

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

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

#### 2.7 Loans and advances

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

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

Depreciation is charged on all fixed assets using straight line method throughout the estimated useful lives as determined as per fixed asset policy of the Bank. Charges commence from the month of acquisition (for full month) and no depreciation is charged for the month when the assets are disposed off

Repairs and maintenance are charged to profit and loss account as an expense when incurred.

## 2.9 Revenue Recognition

The revenue during the period has been recognised following the provisions of revenue recognition as prescribed by BAS - 18 "Revenue".

# 2.10 Farnings per share

Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 30 September 2011 as per BAS- 33 "Earnings Per Share". Diluted earnings per share was not required to be calculated as there was no dilution possibilities during the period.

# A. Weighted average number of shares:

	Jan-Sep'11	Jan-Sep'11 Jan-Sep'10		Jul-Sep'10
Number of shares in 2010 before bonus share issued	-	249,642,000	-	249,642,000
Bonus share issued in 2010	-	42,439,140	-	42,439,140
Number of shares in 2011 before bonus share issued	292,081,140	-	452,725,767	-
Bonus share issued in 2011	160,644,627	160,644,627	-	160,644,627
Weighted average number of shares	452,725,767	452,725,767	452,725,767	452,725,767

## B. Earnings Per Share (EPS):

	Jan-Sep'11	Jan-Sep'10	Jul-Sep'11	Jul-Sep'10	
Profit attributable to the shareholders of EBL for the period (after consolidation)	1,622,152,449	1,860,147,123	502,011,705	802,142,647	
Profit attributable to the shareholders of EBL for the period (before consolidation)	1,583,960,120	1,836,207,782	488,292,348	790,996,339	
Weighted average number of shares	452,725,767	452,725,767	452,725,767	452,725,767	
Earnings per share (EPS)-after consolidation	3.58	4.11	1.11	1.77	
Earnings per share (EPS)-before consolidation	3.50	4.06	1.08	1.75	

## 2.11 Cash Flow Statement

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

## 2.12 Statement of Changes in Equity

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

## 2.13 General

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