

## 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 2018, 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 2018, 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 (IFRS) 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 (ISA). 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 Securities and Exchange Commission (BSEC) and Bangladesh Bank, 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 year 2018. 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.

Risk	Our response to the risk
<b>Measurement of provision for loans and advances</b>	
<p>The process for calculating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2018 the Group reported total gross loans and advances of BDT 217.38 billion (2017: BDT 191.68 billion) and the Bank reported total gross loans and advances of BDT 209.31 billion (2017: BDT 184.03 billion) whereas at the year end of 2018 the Group reported total provision for loans and advances of BDT 7.48 billion (2017: BDT 7.37 billion) and the Bank reported total provision for loans and advances of BDT 7.41 billion (2017: BDT 7.34 billion).</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and subsequent amendments;</li> <li>For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>Identify loss events, including early warning and default warning indicators;</li> <li>Reviewed quarterly classification ledger of loans and advances (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>Reviewed the adequacy of the Group and the Bank's general and specific provisions;</li> <li>Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note # 7 & 13.4 to the financial statements	

<b>Measurement of deferred tax assets</b>	
<p>At year end of 2018 the Group reported total deferred tax assets of BDT 1.21 billion (2017: BDT 1.13 billion) and deferred tax income of BDT 80.89 million (2017: BDT 193.17 million) and the Bank reported total deferred tax assets of BDT 1.21 billion (2017: BDT 1.13 billion) and deferred tax income of BDT 80.42 million (2017: BDT 193.17 million).</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Group and the Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax assets.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Tax.</p>
See note no 9.10 to the financial statements	

## **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 (IFRS) 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.

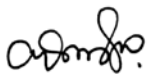
#### **Report on other legal and regulatory requirements**

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 Khan Wahab Shafique Rahman & Co., 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 3,670 man hours; and
- XII. capital to risk-weighted asset ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 10 April 2019

  
**A. Qasem & Co.**  
Chartered Accountants

Eastern Bank Limited and its Subsidiaries

## Consolidated Balance Sheet

as at 31 December 2018

Amount in BDT

	Notes	2018	2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>		
Cash in hand (including foreign currencies)	3.1	2,624,983,711	2,024,742,407
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	13,713,276,245	12,296,507,176
		<b>16,338,259,956</b>	<b>14,321,249,583</b>
<b>Balances with other banks and financial institutions</b>	<b>4</b>		
In Bangladesh	4.1	9,071,891,788	10,743,290,183
Outside Bangladesh	4.2	2,374,410,405	1,733,092,625
		<b>11,446,302,193</b>	<b>12,476,382,809</b>
<b>Money at call and short notice</b>	<b>5</b>	-	-
<b>Investments</b>	<b>6</b>		
Government	6.1	22,221,712,390	19,480,497,639
Others	6.2	7,665,907,401	6,625,500,985
		<b>29,887,619,791</b>	<b>26,105,998,624</b>
<b>Loans and advances</b>	<b>7</b>		
Loans, cash credits, overdraft etc.	7.1	194,873,643,755	165,691,389,665
Bills discounted and purchased	7.2	22,506,614,674	25,993,145,776
		<b>217,380,258,429</b>	<b>191,684,535,441</b>
<b>Fixed assets including land, building, furniture and fixtures</b>	<b>8</b>	6,681,971,996	5,957,095,836
<b>Other assets</b>	<b>9</b>	3,631,641,088	5,323,156,534
<b>Non banking assets</b>	<b>10</b>	134,016,495	134,016,495
<b>TOTAL ASSETS</b>		<b>285,500,069,947</b>	<b>256,002,435,322</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from other banks, financial institutions and agents</b>	<b>11</b>	<b>49,066,095,646</b>	<b>52,447,284,353</b>
<b>Deposits and other accounts</b>	<b>12</b>		
Current deposits & other accounts, etc.	12.1	21,011,202,434	16,993,725,421
Bills payable	12.2	916,901,298	845,849,963
Savings bank deposits	12.3	46,053,721,505	41,894,304,550
Fixed deposits	12.4	105,542,120,447	78,812,042,594
Other deposits- special notice deposit (SND)		25,631,642,386	28,412,625,094
Bearer certificates of deposits		-	-
		<b>199,155,588,070</b>	<b>166,958,547,622</b>
<b>Other liabilities</b>	<b>13</b>	13,902,926,147	14,720,401,317
<b>TOTAL LIABILITIES</b>		<b>262,124,609,863</b>	<b>234,126,233,292</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid-up capital	14	7,379,995,890	7,379,995,890
Statutory reserve	15	7,379,995,890	7,379,995,890
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre take-over loss-BCCI	17	-	642,857,893
Assets revaluation reserve (Land and other assets)	18	2,693,094,374	2,667,975,547
General reserve	19	603,493,370	130,000,000
Foreign currency translation difference	20	3,291,006	14,110,435
Surplus in profit and loss account	21	4,959,549,554	3,305,226,375
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>23,375,460,084</b>	<b>21,876,202,030</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>285,500,069,947</b>	<b>256,002,435,322</b>

Eastern Bank Limited and its Subsidiaries  
**Consolidated Balance Sheet**  
as at 31 December 2018

Amount in BDT

**OFF-BALANCE SHEET ITEMS**

**Contingent liabilities**

Acceptances and endorsements

Letters of guarantees

Irrevocable letters of credit

Bills for collection

Others (Securities holding SC-Agrabad branch)

**Other commitments**

Documentary credits and short term trade-related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

**TOTAL OFF-BALANCE SHEET ITEMS**

Notes	2018	2017
<b>22</b>		
22.1	57,033,419,112	37,313,068,570
22.2	27,299,063,024	18,139,419,275
22.3	24,913,788,504	38,108,685,882
22.4	7,676,005,477	7,055,462,385
	378,933,000	-
	<b>117,301,209,117</b>	<b>100,616,636,112</b>
22.5	-	-
	327,629,500	661,600,000
	-	-
	-	-
	327,629,500	661,600,000
	<b>117,628,838,617</b>	<b>101,278,236,112</b>

*These financial statements should be read in conjunction with the annexed notes.*



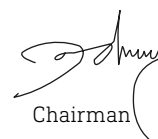
Managing Director & CEO



Director



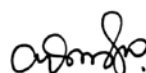
Director



Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019



**A. Qasem & Co.**  
Chartered Accountants

Eastern Bank Limited and its subsidiaries

## Consolidated Profit and Loss Account

for the year ended 31 December 2018

Amount in BDT

Particulars	Notes	2018	2017
Interest income	23	20,188,213,662	14,610,518,896
Interest paid on deposits and borrowings	24	(12,577,183,349)	(8,731,897,132)
<b>Net interest income</b>		<b>7,611,030,313</b>	<b>5,878,621,764</b>
Income from investments	25	2,312,348,542	3,252,068,177
Fees, commission and brokerage	26	3,467,718,223	3,526,731,064
Other operating income	27	223,462,947	205,780,397
		<b>6,003,529,712</b>	<b>6,984,579,638</b>
<b>Total operating income</b>		<b>13,614,560,025</b>	<b>12,863,201,402</b>
Salary & allowances (excluding those of MD)	28	3,586,927,426	3,216,287,504
Rent, taxes, insurance, utilities etc.	29	813,513,602	757,082,308
Legal & professional expenses	30	101,443,119	143,262,967
Postage, stamp, telecommunication etc.	31	145,005,015	138,432,989
Stationery, printing, advertisement, business promotion etc.	32	346,806,843	327,353,784
Managing Director's salary and allowances (Bank only)	33	23,015,710	21,550,646
Directors' fees & expenses	34	4,965,971	4,461,583
Audit fees	35	2,100,364	1,722,030
Depreciation and repair of bank's assets	36	575,952,524	503,860,299
Other operating expenses	37	635,058,454	693,447,735
		<b>6,234,789,027</b>	<b>5,807,461,845</b>
<b>Total operating expenses</b>		<b>6,234,789,027</b>	<b>5,807,461,845</b>
<b>Profit before provisions</b>		<b>7,379,770,999</b>	<b>7,055,739,558</b>
Provision for loans and off-balance sheet exposures:	13.4.1		
Specific provision (net of w/off recovery)		1,910,730,079	2,394,986,904
General provision		286,754,762	207,915,554
General provision for off-balance sheet exposures		40,147,338	192,593,775
		<b>2,237,632,179</b>	<b>2,795,496,232</b>
Other provision (charged/(released))	38	414,549,580	(6,727,719)
<b>Total provisions</b>		<b>2,652,181,759</b>	<b>2,788,768,514</b>
<b>Profit before tax for the year</b>		<b>4,727,589,240</b>	<b>4,266,971,045</b>
Provision for tax made for the year	13.3.1	1,697,229,180	2,031,873,549
Deferred tax income (net)	39	(80,416,846)	(193,172,244)
<b>Total provision for taxation</b>		<b>1,616,812,333</b>	<b>1,838,701,305</b>
<b>Profit after tax for the year</b>		<b>3,110,776,907</b>	<b>2,428,269,740</b>
<b>Appropriation</b>			
Statutory reserve	15	-	(388,295,622)
General reserve		-	-
		<b>-</b>	<b>(388,295,622)</b>
<b>Retained earnings carried forward</b>		<b>3,110,776,907</b>	<b>2,039,974,118</b>
<b>Earnings per share (EPS)</b>	40	<b>4.22</b>	<b>3.29</b>

These financial statements should be read in conjunction with the annexed notes.



Managing Director & CEO



Director



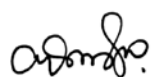
Director



Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019



**A. Qasem & Co.**  
Chartered Accountants



Eastern Bank Limited and its subsidiaries  
**Consolidated Cash Flow Statement**  
for the year ended 31 December 2018

Amount in BDT


Particulars	Notes	2018	2017
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		19,840,289,526	14,269,303,717
Interest payments		(11,417,419,674)	(8,738,504,828)
Dividend receipts		72,987,733	130,667,822
Fees and commission receipts in cash		3,528,318,223	3,466,131,064
Income from investment (other than dividend received)		2,385,319,253	3,099,289,668
Recoveries on loans previously written off	13.4.1	422,762,114	500,782,730
Cash payment to employees (including directors)		(3,586,781,117)	(3,170,943,270)
Cash payment to suppliers		(1,711,847,890)	(1,608,497,893)
Income taxes paid	13.3.2	(1,623,088,509)	(2,036,137,625)
Receipts from other operating activities		223,462,947	205,780,397
Payments for other operating activities		(635,058,454)	(693,447,735)
Cash from operating profit before changes in operating assets and liabilities		7,498,944,153	5,424,424,047
<b>Increase/(decrease) in Operating Assets &amp; Liabilities</b>			
(Purchase)/sale of trading securities		1,229,934,969	(2,412,149,598)
Loans and advances to customers (other than banks)		(25,431,309,021)	(34,960,042,247)
Recovery from non banking assets		-	416,505
Other assets	41	1,653,885,538	(1,516,836,870)
Deposits from other Banks	12.a.1	6,729,604,720	(201,544,013)
Deposits from customers (other than banks)		24,350,598,041	27,085,394,897
(Payment against) /recovery from BCCI assets/liabilities		(169,364,523)	25,065,662
Liability for tax		6,276,176	197,436,320
Liabilities for provision		(3,074,943,873)	(3,289,551,243)
Other liabilities	42	(890,629,513)	2,850,276,119
Cash generated from operating assets and liabilities		4,404,052,514	(12,221,534,468)
<b>Net Cash received from/(used in) operating activities</b>		<b>11,902,996,667</b>	<b>(6,797,110,421)</b>
<b>B) Cash flows from investing activities</b>			
(Purchase)/sale of non-trading securities		(5,013,597,395)	(759,695,837)
(Purchase)/sale of property, plant and equipment		(1,054,549,753)	(264,433,535)
<b>Net cash (used in) investing activities</b>		<b>(6,068,147,148)</b>	<b>(1,024,129,372)</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(3,381,188,707)	13,077,598,376
Dividend paid (cash dividend)		(1,475,999,178)	(1,405,713,504)
<b>Net cash (used in)/received from financing activities</b>		<b>(4,857,187,885)</b>	<b>11,671,884,872</b>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		<b>977,661,634</b>	<b>3,850,645,079</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		8,726,024	23,304,751
<b>F) Opening cash and cash-equivalents</b>		26,801,358,391	22,927,408,561
<b>G) Closing cash and cash-equivalents (D+E+F)*</b>		<b>27,787,746,049</b>	<b>26,801,358,391</b>
<b>*Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)	3.1	2,624,983,711	2,024,742,407
Balances with Bangladesh Bank and its agent bank (s)	3.2	13,713,276,245	12,296,507,176
Balances with other Banks and Financial Institutions	4	11,446,302,193	12,476,382,809
Money at call and short notice	5	-	-
Prize bonds	6.1	3,183,900	3,726,000
		<b>27,787,746,049</b>	<b>26,801,358,391</b>

These financial statements should be read in conjunction with the annexed notes.

  
Managing Director & CEO

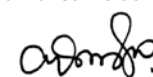
  
Director

  
Director

  
Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019

  
**A. Qasem & Co.**  
Chartered Accountants

Eastern Bank Limited and its subsidiaries

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

Amount in BDT

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Excess of reserve over pre take-over loss-BCCI	Assets revaluation reserve (land and other assets)	General reserve	Foreign currency translation difference	Retained earnings	Total
Balance as on 1 January 2018	7,379,995,890	7,379,995,890	356,040,000	642,857,893	2,667,975,547	130,000,000	14,110,435	3,305,226,375	21,876,202,030
Cash dividend paid for 2017	-	-	-	-	-	-	-	(1,475,999,178)	(1,475,999,178)
Net profit for the year	-	-	-	-	-	-	-	3,110,776,906	3,110,776,906
Transfer of residual balance of BCCI reserve to General Reserve	-	-	-	-	-	473,493,370	-	-	473,493,370
Adjustment of BCCI Reserve	-	-	-	(642,857,893)	-	-	-	-	(642,857,893)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	1,373,165	-	-	-	1,373,165
Adjustment of amortisation of treasury securities (HTM)	-	-	-	-	(2,872,326)	-	-	-	(2,872,326)
Adjustment for revaluation of land properties	-	-	-	-	(58,800,380)	-	-	-	(58,800,380)
Reserve for fair value of TREC and Shares of DSE & CSE	-	-	-	-	85,418,367	-	-	-	85,418,367
Foreign currency translation difference	-	-	-	-	-	-	(10,819,429)	-	(10,819,429)
Currency adjustment for Offshore banking operation	-	-	-	-	-	-	-	19,545,453	19,545,453
<b>Balance as at 31 December 2018</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>-</b>	<b>2,693,094,374</b>	<b>603,493,370</b>	<b>3,291,006</b>	<b>4,959,549,554</b>	<b>23,375,460,084</b>
<b>Balance as at 31 December 2017</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>642,857,893</b>	<b>2,667,975,547</b>	<b>130,000,000</b>	<b>14,110,435</b>	<b>3,305,226,375</b>	<b>21,876,202,030</b>

Eastern Bank Limited and its subsidiaries

## Consolidated Liquidity Statement (Asset and Liability Maturity Analysis)

as at 31 December 2018

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
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	16,338,259,956	-	-	-	-	16,338,259,956
Balances with other banks and financial institutions	2,571,282,193	8,365,020,000	510,000,000	-	-	11,446,302,193
Money at call and short notice	-	-	-	-	-	-
Investments	3,994,482,035	170,990,144	6,618,056,600	8,088,839,085	11,015,251,927	29,887,619,791
Loans and advances	29,001,304,661	40,830,241,914	71,027,591,386	65,664,856,815	10,856,263,652	217,380,258,429
Fixed assets including land, building, furniture and fixtures	20,303,551	42,041,068	182,733,324	842,796,409	5,594,097,643	6,681,971,997
Other assets	752,094,243	205,016,477	356,250,964	1,477,562,538	840,716,867	3,631,641,088
Non-banking assets	-	-	31,600,000	102,416,495	-	134,016,495
<b>Total Assets</b>	<b>52,677,726,640</b>	<b>49,613,309,603</b>	<b>78,726,232,275</b>	<b>76,176,471,342</b>	<b>28,306,330,089</b>	<b>285,500,069,947</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	16,976,483,865	12,021,975,970	11,249,064,281	7,996,271,174	822,300,356	49,066,095,646
Deposits and other accounts	21,329,084,564	38,682,236,145	47,890,962,644	89,616,032,365	1,637,272,351	199,155,588,069
Provisions & other liabilities	429,692,308	2,500,350,360	717,897,060	7,221,099,239	3,033,887,179	13,902,926,147
<b>Total Liabilities</b>	<b>38,735,260,737</b>	<b>53,204,562,475</b>	<b>59,857,923,985</b>	<b>104,833,402,778</b>	<b>5,493,459,886</b>	<b>262,124,609,862</b>
<b>Net Liquidity Gap</b>	<b>13,942,465,903</b>	<b>(3,591,252,872)</b>	<b>18,868,308,290</b>	<b>(28,656,931,436)</b>	<b>22,812,870,203</b>	<b>23,375,460,084</b>
<b>Cumulative Net Liquidity Gap</b>	<b>13,942,465,903</b>	<b>10,351,213,031</b>	<b>29,219,521,321</b>	<b>562,589,885</b>	<b>23,375,460,084</b>	<b>-</b>

Eastern Bank Limited  
**Balance Sheet**  
as at 31 December 2018

Amount in BDT

**PROPERTY AND ASSETS**

**Cash**

Cash in hand (including foreign currencies)  
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)

**Balances with other banks and financial institutions**

In Bangladesh  
Outside Bangladesh

**Money at call and short notice**

**Investments**

Government  
Others

**Loans and advances**

Loans, cash credits, overdraft etc.  
Bills discounted and purchased

**Fixed assets including land, building, furniture and fixtures**

**Other assets**

**Non banking assets**

**TOTAL ASSETS**

**LIABILITIES AND CAPITAL**

**Liabilities**

**Borrowing from other banks, financial institutions and agents**

**Deposits and other accounts**

Current deposits & other accounts etc.  
Bills payable  
Savings bank deposits  
Fixed deposits  
Other deposits- special notice deposit (SND)  
Bearer certificates of deposits

Other liabilities

**TOTAL LIABILITIES**

**SHAREHOLDERS' EQUITY**

Paid-up capital  
Statutory reserve  
Dividend equalisation reserve  
Excess of reserve over pre take-over loss-BCCI  
Assets revaluation reserve (Land & others)  
General reserve  
Foreign currency translation gain/(loss)  
Surplus in profit and loss account

**TOTAL SHAREHOLDERS' EQUITY**

**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**

Notes	2018	2017
<b>3</b>		
3.1	2,624,689,253	2,024,510,392
3.2	13,713,276,245	12,296,507,176
	<b>16,337,965,498</b>	<b>14,321,017,568</b>
<b>4</b>		
4.1	8,521,927,314	10,251,404,987
4.2	8,437,097,706	7,579,806,713
	<b>16,959,025,020</b>	<b>17,831,211,700</b>
<b>5</b>	-	-
<b>6</b>		
6.1	22,221,712,390	19,480,497,639
6.2	5,498,237,011	4,880,446,475
	<b>27,719,949,401</b>	<b>24,360,944,114</b>
<b>7</b>		
7.1	193,014,394,181	163,974,017,428
7.2	16,291,856,566	20,053,283,403
	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>8</b>	6,636,617,166	5,922,614,795
<b>9</b>	5,357,128,978	6,470,867,759
<b>10</b>	134,016,495	134,016,495
	<b>282,450,953,306</b>	<b>253,067,973,266</b>
<b>11</b>	<b>46,731,901,799</b>	<b>50,997,691,604</b>
<b>12</b>		
12.1	21,200,155,318	17,113,543,041
12.2	916,901,298	845,849,963
12.3	46,053,721,505	41,894,304,550
12.4	105,826,485,905	79,081,872,372
	25,631,642,386	28,412,625,094
	-	-
	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>13</b>	13,123,885,732	13,136,521,041
	<b>259,484,693,943</b>	<b>231,482,407,666</b>
14	7,379,995,890	7,379,995,890
15	7,379,995,890	7,379,995,890
16	356,040,000	356,040,000
17	-	642,857,893
18	2,607,676,007	2,667,975,548
19	603,493,370	130,000,000
20	1,500,273	9,127,461
21	4,637,557,933	3,019,572,916
	<b>22,966,259,363</b>	<b>21,585,565,600</b>
	<b>282,450,953,306</b>	<b>253,067,973,266</b>

## Eastern Bank Limited

### Balance Sheet

as at 31 December 2018

Amount in BDT

## OFF BALANCE SHEET ITEMS

### Contingent liabilities

Acceptances and endorsements  
Letters of guarantees  
Irrevocable letters of credit  
Bills for collection  
Others (Securities holding SC-Agrabad branch)

## Other commitments

Documentary credits and short term trade-related transactions  
Forward assets purchased and forward deposits placed  
Undrawn note issuance and revolving underwriting facilities  
Undrawn formal standby facilities, credit lines and other commitments

**TOTAL OFF-BALANCE SHEET ITEMS**

Notes	2018	2017
<b>22</b>		
22.1	57,033,419,112	37,313,068,570
22.2	27,299,063,024	18,139,419,275
22.3	24,913,788,504	38,108,685,882
22.4	7,676,005,477	7,055,462,385
	378,933,000	-
	<b>117,301,209,117</b>	<b>100,616,636,112</b>
	-	-
22.5	327,629,500	661,600,000
	-	-
	-	-
	327,629,500	661,600,000
	<b>117,628,838,617</b>	<b>101,278,236,112</b>

*These financial statements should be read in conjunction with the annexed notes.*

Curry

Managing Director & CEO

Shohei  
Director

Director

3

Director

Chairman

Chairman

Signed as per our annexed report of same date.

adomf.

**A. Qasem & Co.**

Chartered Accountants

Dhaka, 10 April 2019

Eastern Bank Limited

## Profit & Loss Account

for the year ended 31 December 2018

Amount in BDT

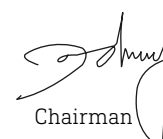
Particulars	Notes	2018	2017
Interest Income	23	19,821,280,127	14,399,103,828
Interest paid on deposits and borrowings	24	(12,315,063,258)	(8,654,363,996)
<b>Net Interest Income</b>		<b>7,506,216,869</b>	<b>5,744,739,831</b>
Income from investments	25	2,317,871,538	3,414,685,634
Fees, commission and brokerage	26	3,110,377,876	3,049,485,817
Other operating income	27	204,759,927	191,776,376
		<b>5,633,009,341</b>	<b>6,655,947,827</b>
<b>Total operating income</b>		<b>13,139,226,210</b>	<b>12,400,687,659</b>
Salary & allowances (excluding those of MD)	28	3,443,184,398	3,097,614,582
Rent, taxes, insurance, utilities etc.	29	778,275,765	731,758,565
Legal & professional expenses	30	100,561,805	141,851,268
Postage, stamp, telecommunication etc.	31	136,027,531	129,989,539
Stationery, printing, advertisement, business promotion etc.	32	336,584,734	316,597,520
Managing Director's salary and allowances	33	23,015,710	21,550,646
Directors' fees & expenses	34	4,730,221	4,122,333
Audit fees	35	1,128,750	920,000
Repairs, maintenance and depreciation	36	561,935,384	491,139,666
Other operating expenses	37	609,871,527	669,527,945
<b>Total operating expenses</b>		<b>5,995,315,824</b>	<b>5,605,072,065</b>
<b>Profit before provisions</b>		<b>7,143,910,387</b>	<b>6,795,615,595</b>
<b>Provision for loans and off-balance sheet exposures</b>	13.4.1		
Specific provision (net off w/off recovery)		1,860,694,162	2,374,986,904
General provision		286,754,762	207,915,554
General provision for off-balance sheet exposures		40,147,338	192,593,775
		<b>2,187,596,262</b>	<b>2,775,496,232</b>
Other provision (charged/(released))	38	370,460,944	(36,511,598)
<b>Total provisions</b>		<b>2,558,057,206</b>	<b>2,738,984,634</b>
<b>Profit before tax for the year</b>		<b>4,585,853,181</b>	<b>4,056,630,961</b>
Provision for tax made for the year	13.3.1	1,585,493,108	1,844,979,911
Deferred tax income (net)	39	(80,416,846)	(193,172,244)
Total provision for taxation		<b>1,505,076,261</b>	<b>1,651,807,667</b>
<b>Profit after tax for the year</b>		<b>3,080,776,920</b>	<b>2,404,823,294</b>
<b>Appropriation</b>			
Statutory reserve	15	-	(388,295,622)
General reserve		-	-
		<b>-</b>	<b>(388,295,622)</b>
<b>Retained earnings carried forward</b>		<b>3,080,776,920</b>	<b>2,016,527,672</b>
<b>Earnings per share (EPS)</b>	40	<b>4.17</b>	<b>3.26</b>

These financial statements should be read in conjunction with the annexed notes.

  
Managing Director & CEO

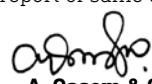
  
Director

  
Director

  
Chairman

Signed as per our annexed report of same date.

Dhaka, 10 April 2019

  
**A. Qasem & Co.**  
Chartered Accountants

Eastern Bank Limited

## Cash Flow Statement

for the year ended 31 December 2018

Amount in BDT

	Notes	2018	2017
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		19,499,470,735	14,081,532,144
Interest payments		(11,157,450,746)	(8,664,388,359)
Dividend receipts		581,626,937	589,866,598
Fees and commission receipts in cash		3,170,977,876	2,988,885,817
Income from investment (other than dividend)		1,882,203,046	2,802,708,351
Recovery on loans previously written off	13.4.1	422,762,114	500,782,730
Cash payment to employees (including directors)		(3,444,641,730)	(3,057,796,622)
Cash payment to suppliers		(1,652,120,859)	(1,557,410,629)
Income taxes paid	13.3.2	(1,521,839,090)	(1,905,138,782)
Receipts from other operating activities		204,759,927	191,776,376
Payments for other operating activities		(609,871,527)	(669,527,945)
Cash generated from operating activities before changes in operating assets and liabilities		7,375,876,684	5,301,289,679
<b>Increase/(decrease) in Operating Assets &amp; Liabilities</b>			
Sale of trading securities		1,657,050,814	(2,165,290,447)
Loans and advances to customers (other than banks)		(25,036,764,054)	(31,627,890,597)
Recovery from non banking assets		-	416,505
Other assets	41	986,803,867	(795,904,716)
Deposits from other Banks	12.a.1	6,633,742,482	(201,544,013)
Deposits from customers (other than banks)		24,530,131,223	27,396,000,976
(Payment against) /recovery from BCCI assets/liabilities		(169,364,523)	25,065,662
Liability for tax		16,762,829	253,331,115
Liabilities for provision		(2,980,819,320)	(3,239,767,363)
Other liabilities	42	(80,827,484)	1,978,546,553
Cash generated from operating assets and liabilities		5,556,715,834	(8,377,036,325)
<b>Net Cash from operating activities</b>		<b>12,932,592,517</b>	<b>(3,075,746,646)</b>
<b>B) Cash flows from investing activities</b>			
(Purchase)/Sale of non-trading securities		(5,018,097,360)	(752,695,837)
(Purchase)/sale of property, plant and equipment		(1,034,067,111)	(236,446,777)
<b>Net cash used in investing activities</b>		<b>(6,052,164,471)</b>	<b>(1,189,142,614)</b>
<b>C) Cash flows from financing activities</b>			
Borrowings from other banks, financial institutions and agents		(4,265,789,805)	11,936,531,857
Dividend paid (cash dividend)		(1,475,999,178)	(1,405,713,504)
<b>Net cash (used in) investing activities</b>		<b>(5,741,788,983)</b>	<b>10,530,818,353</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>		<b>1,138,639,061</b>	<b>6,265,929,093</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		5,580,088	16,282,276
<b>F) Opening cash and cash-equivalents</b>		32,155,955,268	25,873,743,899
<b>G) Closing cash and cash-equivalents (D+E+F)*</b>		<b>33,300,174,418</b>	<b>32,155,955,268</b>
<b>*Cash and cash-equivalents consists of:</b>			
Cash in hand (including foreign currencies)	3.1	2,624,689,253	2,024,510,392
Balances with Bangladesh Bank and its agent bank (s)	3.2	13,713,276,245	12,296,507,176
Balances with other Banks and Financial Institutions	4	16,959,025,020	17,831,211,700
Money at call and short notice	5	-	-
Prize bonds	6.1	3,183,900	3,726,000
		<b>33,300,174,418</b>	<b>32,155,955,268</b>

These financial statements should be read in conjunction with the annexed notes.



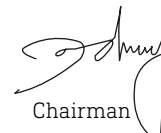
Managing Director & CEO



Director

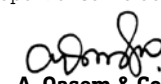


Director



Chairman

Signed as per our annexed report of same date.



A. Qasem & Co.

Chartered Accountants

Dhaka, 10 April 2019

**Statement of Changes in Equity**

for the year ended 31 December 2018

Amount in BDT

<b>Particulars</b>	<b>Paid-up capital</b>	<b>Statutory reserve</b>	<b>Dividend equalisation reserve</b>	<b>Excess of reserve over pre take-over loss-BCCI</b>	<b>Assets revaluation reserve (land and other assets)</b>	<b>General reserve</b>	<b>Foreign currency translation difference</b>	<b>Retained earnings</b>	<b>Total</b>
Balance as at 1 January 2018	7,379,995,890	7,379,995,890	356,040,000	642,857,893	2,667,975,547	130,000,000	9,127,461	3,019,572,918	21,585,565,599
Cash dividend paid for 2017	-	-	-	-	-	-	-	(1,475,999,178)	(1,475,999,178)
Net profit for the year	-	-	-	-	-	-	-	3,080,776,920	3,080,776,920
Transfer of residual balance of BCCI reserve to General Reserve	-	-	-	-	-	473,493,370	-	-	473,493,370
Adjustment of BCCI Reserve	-	-	-	(642,857,893)	-	-	-	-	(642,857,893)
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	1,373,165	-	-	-	1,373,165
Adjustment for amortisation of treasury securities (HTM)	-	-	-	-	(2,872,326)	-	-	-	(2,872,326)
Adjustment on revaluation of lands	-	-	-	-	(58,800,380)	-	-	-	(58,800,380)
Currency translation difference	-	-	-	-	-	-	(7,627,188)	-	(7,627,188)
Currency adjustment for Offshore banking operation	-	-	-	-	-	-	-	13,207,275	13,207,275
<b>Balance as at 31 December 2018</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>-</b>	<b>2,607,676,007</b>	<b>603,493,370</b>	<b>1,500,273</b>	<b>4,637,557,933</b>	<b>22,966,259,363</b>
<b>Balance as at 31 December 2017</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>356,040,000</b>	<b>642,857,893</b>	<b>2,667,975,548</b>	<b>130,000,000</b>	<b>9,127,461</b>	<b>3,019,572,916</b>	<b>21,585,565,600</b>



Eastern Bank Limited

## Liquidity Statement ( Asset and Liability Maturity Analysis)

as at 31 December 2018

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
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	16,337,965,498	-	-	-	-	16,337,965,498
Balances with other banks and financial institutions	8,084,005,020	8,365,020,000	510,000,000	-	-	16,959,025,020
Money at call and short notice	-	-	-	-	-	-
Investments	3,994,482,035	170,990,144	4,470,386,210	8,068,839,085	11,015,251,927	27,719,949,401
Loans and advances	28,379,828,851	36,766,073,397	67,639,228,032	65,664,856,815	10,856,263,652	209,306,250,747
Fixed assets including land, building, furniture and fixtures	19,962,030	41,333,533	179,658,267	828,614,408	5,567,048,930	6,636,617,167
Other assets	720,907,844	292,255,928	334,223,516	1,477,562,538	2,532,179,152	5,357,128,978
Non-banking assets	-	-	31,600,000	102,416,495	-	134,016,495
<b>Total Assets</b>	<b>57,537,151,278</b>	<b>45,635,673,002</b>	<b>73,165,096,025</b>	<b>76,142,289,340</b>	<b>29,970,743,661</b>	<b>282,450,953,306</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	15,567,219,398	11,220,414,269	12,000,586,602	7,121,381,174	822,300,356	46,731,901,799
Deposits and other accounts	21,802,402,906	38,682,236,145	47,890,962,644	89,616,032,365	1,637,272,351	199,628,906,411
Provisions & other liabilities	61,000,000	2,486,767,351	438,601,235	7,103,629,966	3,033,887,179	13,123,885,732
<b>Total Liabilities</b>	<b>37,430,622,304</b>	<b>52,389,417,766</b>	<b>60,330,150,482</b>	<b>103,841,043,504</b>	<b>5,493,459,886</b>	<b>259,484,693,943</b>
<b>Net Liquidity Gap</b>	<b>20,106,528,974</b>	<b>(6,753,744,764)</b>	<b>12,834,945,543</b>	<b>(27,698,754,165)</b>	<b>24,477,283,775</b>	<b>22,966,259,363</b>
<b>Cumulative Net Liquidity Gap</b>	<b>20,106,528,974</b>	<b>13,352,784,210</b>	<b>26,187,729,753</b>	<b>(1,511,024,411)</b>	<b>22,966,259,363</b>	<b>-</b>

Eastern Bank Limited and its subsidiaries

## Notes to the financial statements

as at and for the year ended 31 December 2018

### 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 across major cities in Bangladesh. The share of the Bank is listed with both Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). 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, etc.

### 1.2 Offshore Banking Unit (OBU)

Offshore Banking Unit ("OBU" or "the Unit") is a separate business unit of the Bank. It operates through a separate counter as governed under the rules and guidelines vide Bangladesh Bank's letter ref. BRPD(P)744/(89)/2004-303 dated 25 January 2004. It provides loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institutions not resident in Bangladesh and Type - A (wholly foreign owned) units in EPZs in Bangladesh. It also provides long term loans to industrial units outside EPZs and Type - B & Type - C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of BIDA and Bangladesh Bank. Besides these, OBU provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines.

The unit commenced its operations from 19 May 2004 and its office is located at 100 Gulshan Avenue, Dhaka-1212.

### 1.3 Subsidiaries of the Bank

The Bank has four wholly 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 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 Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). 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 Limited

EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from Bangladesh Securities & Exchange Commission (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) 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 located at 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 09 January 2011 to carry out asset management business, capital market operation, equity investment etc. It has been registered under Bangladesh Securities & Exchange Commission (BSEC) on 25 May 2017 to run full-fledged business operations. Registered office of EBLAML is located at 10 Dilkusha C/A, Dhaka - 1000.

#### Representative Office of the Bank

The bank has a Representative Office (RO) in Myanmar named 'EBL Yangon Representative Office' which was established in 2014 with a view to extend its trade businesses by providing banking and business information to the business people of the two countries. Registered office of this RO is located at Room (2B/2C), 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon, Myanmar.

## 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 2018 comprise those of Domestic Banking Unit (Main operations) and Offshore Banking Unit (OBU), 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 (IFRS) and the requirements of the Banking Companies Act 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, 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 IFRS are as follows:

### i) Presentation of financial statements

**IFRS: As per IAS 1:** Presentation of Financial Statements, a complete set of 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; and comparative information in respect of the preceding period. 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 amendment up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines issued by 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.)

**IFRS: As per IFRS 9:** Financial Instruments, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per Banking Regulation & Policy Department of Bangladesh Bank (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 another instruction issued by Department of Off-site Supervision of Bangladesh Bank (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 & mutual funds at each quarter-end on mark-to-market basis and has maintained a cumulative provision of BDT 361.67 million as of 2018 as per Bangladesh Bank instructions (note 13.8).

### iii) Revaluation gain/(loss) on government securities

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Where securities are measured 'at fair value through other comprehensive income' then 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 arise from impairment shall be recognised in OCI and shall not reduce the carrying amount of financial assets in the Financial Position. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification issue through DOS circular no. 5 dated 28 January 2009, amortisation 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 gain on such revaluation is recognised to revaluation reserve account. T - bills/T - bonds designated as held to maturity (HTM) are measured at amortised cost but interest income/gain is recognised through equity.

The Bank recognised revaluation loss of BDT 26.08 million and amortisation expense of BDT 133.08 million in profit and loss account in 2018 against its investment in government treasury securities categorised as HFT and HTM respectively. Unrealised gain of BDT 2.84 million arising from revaluation of HFT securities and BDT 7.09 million arising from amortisation gain have been booked in equity as reserve in compliance with BB guidelines (note 18.02 & 18.03).

### iv) Provision on loans and advances

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For

those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 months expected credit losses.

**Bangladesh Bank:** As per 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. 8 dated 2 August 2015, 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 & loss account a general provision of BDT 326.90 million (BDT 286.75 million against unclassified loans & advances, and BDT 40.15 million for off-balance sheet exposures) in 2018 (note 13.4.1).

**v) Other comprehensive income and appropriation of profit**

**IFRS:** As per IAS 1 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. IFRS 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**

**IFRS:** As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**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**

**IFRS:** As per IFRS 9, 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**

**IFRS:** 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**

**IFRS:** No indication of non-banking assets is found in IFRS.

**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**

**IFRS:** 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)**

**IFRS:** 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.

**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; 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 advances net of provision**

**IFRS:** 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**

**IFRS:** 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, 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**

**IFRS:** An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

\* Please refer to note 2B compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) 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 historical cost basis except for the following material items:

- Government treasury bills and treasury 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 treasury 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 Bangladesh Securities & Exchange Commission (BSEC) notification no. SEC/CMRCD/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 assigned 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 IFRS require 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 BDT (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 (BDT in case of EBL main operations, US Dollar in case of OBU and HKD in case of EBL Finance (HK) Limited) at the rate of exchange ruling on the date 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 BDT (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.

## 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 flows and under the guidelines of 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 01 January 2018 to 31 December 2018.

## 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 (Parent) for transactions and other events of similar nature. 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 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.

##### ii) Investments

All investments (other than government treasury securities) are initially recognised at cost, including acquisition charges associated with the investment. Accounting treatment of government treasury securities (categorised as HTM or/and HFT) is given following DOS circular no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.

#### 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 such investments is booked to equity but decrease to profit and loss account.

#### Held for trading (HFT)

These are investments primarily held for selling or trading. After initial recognition, investments are marked-to-market weekly and any decrease in the present value is recognised in the profit and loss account and any increase is booked to revaluation reserve account through profit and loss account as per DOS circular no. 05 dated 28 January 2009.

#### REPO and reverse REPO

The Bank has been recording transactions of REPO and reverse REPO following DOS circular no. 06 dated 15 July 2010. In case of REPO of both coupon and non-coupon bearing (treasury bills) 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/T-bonds - Held For Trading (HFT)	Cost	Fair value	Loss to profit and loss account, gain to revaluation reserve.
Govt. T-bills/T-bonds - Held To Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Debenture/bond	Cost	Cost	Not applicable.
Shares (quoted) *	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Shares (unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealised gain booking.
Mutual fund (closed-end) *	Cost	Lower of cost and (higher of market value and 85% of NAV)	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 (close end) as per DOS circular letter no. 3 dated 12 March 2015 of Bangladesh Bank.

#### Investment in subsidiaries

Investments in subsidiaries are accounted for under the cost method of accounting in accordance with IAS 27: Consolidated and Separate Financial Statements and IFRS 3: Business Combination. Impairment of investment in subsidiaries is made as per the provision of IAS 36: Impairment of Assets.

##### iii) Loans, advances and provisions

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 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.

**Provision:**

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) 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.19 dated 27 December 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, and BRPD circular no 13 dated 18 October 2018. 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.

Heads	Rates of provisions
<b>General provision on:</b>	
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%
Short term agri credit and micro credit	1%
Unclassified (including SMA) other loans and advances	1%
Off-balance sheet exposures (excluding bills for collection)	0.5% - 1%
<b>Specific provision on:</b>	
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%

iv)

**Fixed assets**

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/amortized are given below:



Category	Estimated useful lives (Years)	Rate of depreciation/ amortisation p.a.
Buildings and floor space	40	2.50%
Furnitures and fixtures	10	10.00%
Machineries and equipments	5	20.00%
Electromechanical equipments	20	5.00%
Computers	3	33.33%
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.

#### **v) 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, card management software, cheque processing software (i.e. BEFTN), software of subsidiaries and other integrated customised software for call center, CRM, HR and Finance division, 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.

#### **vi) 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.

#### **vii) Non-banking assets**

Non-banking assets were acquired due to failure of borrowers to repay the loan in time taken against mortgaged property. 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 income generating 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.

#### **viii) 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 a 7-year non-convertible floating rate subordinated debt 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 (IFRS).

### **v) Dividend payments**

Interim dividend is recognised 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 2018 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 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. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. 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 as per BRPD circular No. 14 dated 25 June 2001 i.e. 100% provision is required 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 Foreign Exchange & Policy Department (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 single trustee board.

**Provident fund**

The Bank operates a contributory provident fund (recognised by National Board of Revenue - 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 from that of the Bank's funds. 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 28 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 Trust. 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 to be made to the fund per month until the next actuarial review is carried out. Contribution for the year 2018 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 2018, BDT 15.51 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 28 of these financial statements.

**Workers Profit Participation Fund**

Consistent with widely accepted industry practices and in line with section 11(1) of the Banking Companies Act 1991 (as amendment up to date) and subsequent clarification has been given by Financial Institutions Division (FID), 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 is paid at the time of paying end service benefit. The Bank has been making 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, hospitalization facilities etc. are expensed as the related service is provided to the eligible employees as per '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 holders of ordinary shares 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.

### **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, the Bank is to transfer at least 20% of its profit before tax 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 2018, no amount has been transferred to statutory reserve account since there is no requirement for transfer as the balance of the reserve account is equal to the paid-up capital of the Bank. 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 and BRPD circular no. 16 dated 18 November 2014.

### **ii) Interest income from investments**

Interest 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 Bangladesh Bank guidelines.

### **iii) Fees and commission income**

Fees and commission income arising from services provided by the Bank are recognised as income on accrual basis as per IFRS 15: Revenue from contracts with customers. Fees and commission charged to customers on trade finance i.e. letter of credit, letter of guarantee, 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 & mutual funds 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 and deposits**

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.

**viii) Management and other expenses**

Expenses incurred by the Bank are recognised on actual and accrual basis 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 capital gain on trading of government securities, 10% on capital gain off shares & mutual funds 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.

**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 & expense are given in note 26.1.a.

**iii) Comparative information**

Comparative information including narrative and descriptive, 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 earning 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 2018.

Transactions between the Bank and its subsidiaries and outstanding amount within the group have been disclosed in Annexure - C1.

**vi) Reconciliation of books and account**

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the unreconciled balances within non-material level.

**vii) Events after the reporting period**

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 43.

**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
Main operations (Onshore Banking)	Deals with the full range of commercial banking products and services offered by four different business units: Corporate, Commercial, Retail Banking and Treasury.
Offshore Banking	Deals with loans, deposits and other transactions and balances in freely convertible currencies with eligible Corporate customers.
EBL Securities Limited	It buys, sells and deals in shares, debentures and other securities on behalf of customers and does margin lending etc.
EBL Investments Limited	It offers all kinds of merchant banking activities i.e. issue management, underwriting, portfolio management and other transactions.
EBL Finance (HK) Limited	It deals with trade finance and off-shore banking business in Hong Kong.
EBL Asset Management Limited	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, commercial, 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 commercial business 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 Bangladesh Bank's circulars and guideline. 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, mock figure of various key ALM ratios such as Advance Deposit Ratio (ADR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Structure Liquidity Profile are 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 while treasury mid office 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 which may affect a bank's financial performance or position with the fluctuations in the exchange rates between currency pairs and implied volatility of the foreign exchange market. Bank makes import payment and outward remittance as its outflow, whereas it receives foreign currency inflow as export receipts and inward remittance. If any given moment, a bank has more inflow than outflow, then the bank ends up having a long position and on the contrary if the bank has more outflow than its inflow, it ends up having a short position. Exchange rate risk arises, if, on a particular day, these inflow-outflows does not match in the term of volume, different currencies and due to volatility in the price movement of foreign currency.

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 always 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 that bank applies for making full provision against losses arisen from changes in market price of securities. As of 31 December 2018, the Bank sets aside Tk. 361.67 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% confidence level.

**g) Operational risk**

Operational risk unit under Internal Control & Compliance Division (ICCD) is primarily responsible for risk identification, measurement, monitoring, control and reporting of operational risk. Internal Control (audit) Unit of ICCD also conducts risk-based audit at departmental and branch level throughout the year. Besides 'Bank Risk Management Committee' (BRMC) which reports to MD & CEO also plays a supervisory role.

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. This is a self-assessment process for detecting high risk areas and finding mitigates of those risks. The effectiveness of the Bank's Internal control are monitored on an ongoing basis, Key/high risk items are identified and monitored as part of daily activities.

**h) 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.

**i) 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. 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 monitoring 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 implementing control for mitigation.

**j) 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.

**k) 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 endeavor 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 2017. The following ratings have been awarded:

Particulars	Periods	Date of rating	Long term
Entity rating	January to December 2017	28-Jun-18	AA+
Entity rating	January to December 2016	29-Jun-17	AA+
Entity rating	January to December 2015	22-Jun-16	AA+



**2B Compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)**

The Bank has complied with following IAS & IFRS 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 2018.

<b>Name of IASs/IFRSs</b>	<b>IAS / IFRS</b>	<b>No.</b>	<b>Status</b>
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
Leases	IAS	17	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
Investment Property	IAS	40	N/A
Agriculture	IAS	41	N/A
First-time Adoption of International Financial Reporting Standards	IFRS	1	N/A
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

\* 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 01 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

### **IFRS 16: Leases**

#### **Summary of the requirements**

IFRS 16 eliminates the current operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to current finance lease accounting. Issued in January 2016, the new IFRS will replace the existing guidance in IAS 17 Leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 Revenue from Contracts with Customers is also adopted.

#### **Possible impact on financial statements**

The Bank is assessing that there is no financial impact on its financial statements resulting from the application of IFRS 16.

### **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 that there is no financial 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**

The Board of Directors of Eastern Bank Limited recommended 30% dividend (20% cash and 10% bonus share) in 644 board meeting held on 10 April 2019 for the year 2018. Eligible shareholders (who hold EBL shares on the record date i. e. 06 May 2019) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is BDT 2,213,998,767.

Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>3 Cash</b>					
Cash in hand (including foreign currencies)	<b>3.1</b>	2,624,983,711	2,024,742,407	2,624,689,253	2,024,510,392
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	<b>3.2</b>	13,713,276,245	12,296,507,176	13,713,276,245	12,296,507,176
		<b>16,338,259,956</b>	<b>14,321,249,583</b>	<b>16,337,965,498</b>	<b>14,321,017,568</b>
<b>3.1 Cash in hand (including foreign currencies)</b>					
Local currency	<b>3.1.1</b>	2,576,123,899	1,999,404,937	2,575,829,441	1,999,172,922
Foreign currencies		48,859,812	25,337,470	48,859,812	25,337,470
		<b>2,624,983,711</b>	<b>2,024,742,407</b>	<b>2,624,689,253</b>	<b>2,024,510,392</b>
<b>3.1.1 Local currency</b>					
With Bank		2,575,829,441	1,999,172,922	2,575,829,441	1,999,172,922
With Subsidiaries		294,458	232,015	-	-
		<b>2,576,123,899</b>	<b>1,999,404,937</b>	<b>2,575,829,441</b>	<b>1,999,172,922</b>
<b>3.2 Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)</b>					
<b>Bangladesh Bank</b>					
Local currency		10,442,932,280	11,451,527,769	10,442,932,280	11,451,527,769
Foreign currencies		2,991,436,103	367,263,934	2,991,436,103	367,263,934
		<b>13,434,368,383</b>	<b>11,818,791,702</b>	<b>13,434,368,383</b>	<b>11,818,791,702</b>
Sonali Bank (An agent of Bangladesh Bank) - local currency		278,907,862	477,715,474	278,907,862	477,715,474
		<b>13,713,276,245</b>	<b>12,296,507,176</b>	<b>13,713,276,245</b>	<b>12,296,507,176</b>
<b>3.a Cash Reserve Ratio (CRR):</b>					
As per section 33 of Bank Company Act, 1991 (amended upto 2013) & MPD circular No. 01 dated 03 April 2018 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 2018 is maintained on the basis of weekly ATDTL of October 2018). Reserve maintained by the bank as at 31 December is as follows:					
<b>Average total demand and time liabilities of October (excluding inter-bank deposit)</b>				<b>184,664,740,880</b>	<b>156,944,606,000</b>
<b>Daily basis:</b>					
Required reserve (5.0% for 2018 and 6.0% for 2017 of ATDTL)				9,233,237,044	9,416,676,360
Actual reserve held with Bangladesh Bank (In local currency)*				10,505,857,220	11,501,639,630
<b>Surplus</b>				<b>1,272,620,176</b>	<b>2,084,963,270</b>
<b>Bi-weekly basis:</b>					
The bank maintained excess cash reserve of BDT 10,879.12 million in the last fortnight of 2018 (BDT 5,707.33 million in 2017) calculated by summing up excess cash reserve maintained over required CRR on daily basis.					
<b>3.b Statutory Liquidity Ratio (SLR):</b>					
Pursuant to section 33 of the Bank Company Act 1991 (amended upto 2013) & MPD circular no. 2 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), 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 2018 is based on weekly ATDTL of October 2018). Reserve maintained by the bank as at 31 December is as follows:					
Required reserve (13% of ATDTL)				24,006,416,314	20,402,798,780
Actual reserve held (Note 3.c)				25,471,422,077	23,279,237,745
<b>Surplus</b>				<b>1,465,005,762</b>	<b>2,876,438,965</b>

Amount in BDT

		Consolidated		Bank	
Notes		2018	2017	2018	2017
<b>3.c Actual reserve held</b>					
Excess cash reserve (Note 3.c.1)				349,296,472	1,300,240,240
Cash held				2,624,689,253	2,024,510,392
Balance with Sonali Bank				278,907,862	477,715,474
Unencumbered approved securities (HFT)				49,509,160	2,676,921,269
Unencumbered approved securities (HTM)				22,169,019,329	16,799,850,371
				<b>25,471,422,077</b>	<b>23,279,237,745</b>
<b>3.c.1 Excess cash reserve:</b>					
Balance with Bangladesh Bank (local currency) *				10,505,857,220	11,501,639,630
Less: Required cash reserve on bi-weekly average basis (5.5% for 2018 and 6.5% for 2017 of ATDTL)				10,156,560,748	10,201,399,390
Excess of cash reserve as on the reporting date				<b>349,296,472</b>	<b>1,300,240,240</b>
*As per Bangladesh Bank Statement.					
As per DOS circular no. 01 dated 19 January 2014 & MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank, cash reserve (if any) in excess of 5.5% (6.5% for 2017) of ATDTL is considered an eligible component of Statutory Liquidity Ratio (SLR) for that particular day.					
<b>4 Balances with other banks and financial institutions</b>					
Balance in Bangladesh	<b>4.1</b>	9,071,891,788	10,743,290,183	8,521,927,314	10,251,404,987
Balance outside Bangladesh	<b>4.2</b>	2,374,410,405	1,733,092,625	8,437,097,706	7,579,806,713
		<b>11,446,302,193</b>	<b>12,476,382,809</b>	<b>16,959,025,020</b>	<b>17,831,211,700</b>
<b>4.1 Balance in Bangladesh</b>					
<b>In Current Deposit Accounts with:</b>					
Banks		225,925,155	163,327,704	28,076,790	39,989,223
Non-Bank Financial Institutions (NBFIs)		-	-	-	-
		225,925,155	163,327,704	28,076,790	39,989,223
Less: Inter company elimination (with deposit account)		(188,952,885)	(119,817,620)	-	-
		<b>36,972,270</b>	<b>43,510,084</b>	<b>28,076,790</b>	<b>39,989,223</b>
<b>In Special Notice Deposit Accounts with:</b>					
Banks		827,008,429	801,009,877	15,350,524	42,815,764
NBFIs		-	-	-	-
		827,008,429	801,009,877	15,350,524	42,815,764
Less: Inter company elimination (with deposit account)		(270,588,911)	(269,829,778)	-	-
		<b>556,419,518</b>	<b>531,180,099</b>	<b>15,350,524</b>	<b>42,815,764</b>
<b>In Fixed Deposit Accounts with:</b>					
Banks		9,195,404,298	15,664,306,871	9,195,404,298	15,664,306,871
NBFIs		6,720,000,000	3,130,000,000	6,720,000,000	3,130,000,000
		15,915,404,298	18,794,306,871	15,915,404,298	18,794,306,871
Less: Inter unit/company elimination (with borrowings)		(7,436,904,298)	(8,625,706,871)	(7,436,904,298)	(8,625,706,871)
		<b>8,478,500,000</b>	<b>10,168,600,000</b>	<b>8,478,500,000</b>	<b>10,168,600,000</b>
<b>Total</b>		<b>9,071,891,788</b>	<b>10,743,290,183</b>	<b>8,521,927,314</b>	<b>10,251,404,987</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

#### 4.2 Balance outside Bangladesh

*In Deposit account (non-interest bearing) with*

AB Bank Limited, India	1,247,407	1,229,407	1,247,407	1,229,407
Al-Rajhi Bank, KSA	4,819,579	1,143,406	4,819,579	1,143,406
Bank of Bhutan, Bhutan	1,965,808	277,174	1,965,808	277,174
Bank of China, China	330,325	-	330,325	-
Bank of Nova Scotia, Canada	-	1,058,837	-	1,058,837
Bank of Tokyo Mitsubishi, India	565,234	557,150	565,234	557,150
Bank of Tokyo Mitsubishi, Japan	2,360,586	1,238,237	2,360,586	1,238,237
Citibank NA, USA	-	410,793,532	-	410,793,532
Commerz Bank AG, Germany	-	8,741,307	-	8,741,307
Habib American Bank, USA	-	15,419,946	-	15,419,946
ICICI Bank Limited, India	-	64,090,777	-	64,090,777
ICICI Bank Limited, Hongkong	16,593,686	62,633,431	13,310,987	29,377,519
JP Morgan Chase Bank NA, London	11,245,311	18,211,652	11,245,311	18,211,652
JP Morgan Chase Bank NA, Sydney	1,489,026	1,754,655	1,489,026	1,754,655
JP Morgan Chase Bank, USA	2,249,886,801	105,116,535	2,249,886,801	105,116,535
Mashreqbank, USA	2,770,993	76,044,322	2,770,993	76,044,322
Mashreqbank, UAE	2,569,905	-	2,569,905	-
Nepal Bangladesh Bank Limited, Nepal	1,699,139	3,390,518	1,699,139	3,390,518
NIB Bank Limited, Pakistan	20,856,577	-	20,856,577	-
Nordea Bank, Norway	545,480	27,660	545,480	27,660
Standard Chartered Bank, Srilanka	1,308,931	422,907	1,308,931	422,907
Standard Chartered Bank, India	-	87,183,266	-	87,183,266
Standard Chartered Bank, USA	51,184,145	618,468,213	51,184,145	618,468,213
Standard Chartered Bank, Singapore	759,149	17,759	759,149	17,759
Standard Chartered Bank, Germany	787,277	5,939,680	787,277	5,939,680
Wells Fargo, USA	-	247,712,328	-	247,712,328
Zuercher Kantonal Bank, Zurich, Switzerland	1,425,046	1,619,925	1,425,046	1,619,925
	<b>2,374,410,405</b>	<b>1,733,092,625</b>	<b>2,371,127,706</b>	<b>1,699,836,713</b>
Placement by OBU (interest bearing) with:				
EBL Finance (HK) Limited	6,065,970,000	5,879,970,000	6,065,970,000	5,879,970,000
Less: Inter company elimination (with borrowings)	(6,065,970,000)	(5,879,970,000)	-	-
<b>Total</b>	<b>2,374,410,405</b>	<b>1,733,092,625</b>	<b>8,437,097,706</b>	<b>7,579,806,713</b>

Details of Foreign currency amounts and exchange rates are presented in 'Annexure-B'.

#### 4.a Balances of subsidiaries with Banks & NBFIs

##### With Eastern Bank Limited (eliminated as intra group balance)

EBL Securities Limited	215,241,524	192,000,315
EBL Investments Limited	55,347,732	24,149,015
EBL Finance (HK) Limited	188,952,539	119,817,275
EBL Asset Management Limited	13,776,547	53,680,793
	<b>473,318,342</b>	<b>389,647,398</b>

##### With other banks & NBFIs

Banks	553,247,173	525,141,108
NBFIs	-	-
	<b>553,247,173</b>	<b>525,141,108</b>
<b>Total</b>	<b>1,026,565,515</b>	<b>914,788,506</b>

Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>4.b Consolidated balance with Banks and FIs by group entities:</b>					
Eastern Bank Limited (Parent)		16,959,025,020	17,831,211,701		
EBL Securities Limited		765,153,128	683,833,358		
EBL Investments Limited		55,400,602	24,201,168		
EBL Finance (HK) Limited		192,235,238	153,073,187		
EBL Asset Management Limited		13,776,547	53,680,793		
		<b>17,985,590,535</b>	<b>18,746,000,207</b>		
Less: Inter company elimination		(6,539,288,342)	(6,269,617,398)		
<b>Total</b>		<b>11,446,302,193</b>	<b>12,476,382,809</b>		
<b>4.c Balance with banks and FIs (according to remaining maturity grouping)</b>					
<i>Receivable</i>					
On demand		22,102,365	1,219,989,223	22,102,365	1,219,989,223
In not more than one month		2,549,179,828	4,317,513,585	8,061,902,655	9,672,342,477
In more than one months but not more than three months		8,365,020,000	6,286,730,000	8,365,020,000	6,286,730,000
In more than three months but not more than one year		510,000,000	652,150,000	510,000,000	652,150,000
In more than one year but not more than five years		-	-	-	-
In more than five years		-	-	-	-
		<b>11,446,302,193</b>	<b>12,476,382,809</b>	<b>16,959,025,020</b>	<b>17,831,211,701</b>
<b>5 Money at call and short notice</b>		-	-	-	-
<b>6 Investments</b>					
Government	<b>6.1</b>	22,221,712,390	19,480,497,639	22,221,712,390	19,480,497,639
Others	<b>6.2</b>	7,665,907,401	6,625,500,985	5,498,237,011	4,880,446,475
		<b>29,887,619,791</b>	<b>26,105,998,624</b>	<b>27,719,949,401</b>	<b>24,360,944,114</b>
<b>6.a Consolidated investments by group entities:</b>					
Eastern Bank Limited (Parent)		27,719,949,401	24,360,944,114		
EBL Securities Limited		1,965,755,378	1,545,328,205		
EBL Investments Limited		164,066,481	199,726,305		
EBL Asset Management Limited		37,848,531			
		<b>29,887,619,791</b>	<b>26,105,998,624</b>		
Less: Inter company elimination		-	-		
<b>Total</b>		<b>29,887,619,791</b>	<b>26,105,998,624</b>		
<b>6.1 Government (Investment in govt. securities)</b>					
Bangladesh Bank Bill		-	899,779,500	-	899,779,500
Treasury Bills	<b>6.1.1</b>	3,991,298,135	996,823,000	3,991,298,135	996,823,000
Treasury Bonds	<b>6.1.2</b>	18,227,230,354	17,580,169,139	18,227,230,354	17,580,169,139
Prize Bonds		3,183,900	3,726,000	3,183,900	3,726,000
		<b>22,221,712,390</b>	<b>19,480,497,639</b>	<b>22,221,712,390</b>	<b>19,480,497,639</b>
<b>6.1.1 Treasury Bills</b>					
Held for Trading (HFT)		-	996,823,000	-	996,823,000
Held to Maturity (HTM)		3,991,298,135	-	3,991,298,135	-
	<b>6.1.1.a</b>	<b>3,991,298,135</b>	<b>996,823,000</b>	<b>3,991,298,135</b>	<b>996,823,000</b>
<b>6.1.1.a Treasury Bills (Tenor wise holding)</b>					
<b>Unencumbered</b>					
91- day treasury bills		3,991,298,135	996,823,000	3,991,298,135	996,823,000
182- day treasury bills		-	-	-	-
364- day treasury bills		-	-	-	-
		<b>3,991,298,135</b>	<b>996,823,000</b>	<b>3,991,298,135</b>	<b>996,823,000</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>6.1.2 Treasury Bonds</b>				
Held for Trading (HFT)	49,509,160	780,318,769	49,509,160	780,318,769
Held to Maturity (HTM)	18,177,721,194	16,799,850,371	18,177,721,194	16,799,850,371
<b>6.1.2.a</b>	<b>18,227,230,354</b>	<b>17,580,169,139</b>	<b>18,227,230,354</b>	<b>17,580,169,139</b>
<b>6.1.2.a Treasury Bonds (Tenor wise holding)</b>				
<b>Unencumbered</b>				
2- year Treasury bonds	1,317,440,822	-	1,317,440,822	-
5- year Treasury bonds	1,909,718,354	6,121,372,675	1,909,718,354	6,121,372,675
10- year Treasury bonds	11,269,402,103	8,125,793,492	11,269,402,103	8,125,793,492
15- year Treasury bonds	2,697,202,921	2,712,498,906	2,697,202,921	2,712,498,906
20- year Treasury bonds	1,033,466,154	620,504,067	1,033,466,154	620,504,067
	<b>18,227,230,354</b>	<b>17,580,169,140</b>	<b>18,227,230,354</b>	<b>17,580,169,140</b>
Disclosure on REPO and Reverse Repo transactions is made in 'Annexure- D'.				
<b>6.2 Others (Investment in securities other than govt)</b>				
Subordinated bonds (issued by other banks)	<b>6.2.1</b>	1,850,000,000	1,970,000,000	1,850,000,000
Ordinary Shares & Mutual Funds (MFs)-Quoted and Unquoted	<b>6.2.2</b>	5,815,907,401	4,422,500,985	3,648,237,011
Commercial Paper	<b>6.2.3</b>	-	233,000,000	-
		<b>7,665,907,401</b>	<b>6,625,500,985</b>	<b>5,498,237,011</b>
<b>6.2.1 Subordinated bonds (issued by other banks)</b>				
Trust Bank Subordinated Bond		-	20,000,000	-
United Commercial Bank Subordinated Bond		400,000,000	500,000,000	400,000,000
Jamuna Bank Subordinated Bond		400,000,000	400,000,000	400,000,000
MTBL Subordinated Bond		300,000,000	300,000,000	300,000,000
SIBL 2nd Mudaraba Subordinated Bond		250,000,000	250,000,000	250,000,000
Standard Bank Subordinated Bond		500,000,000	500,000,000	500,000,000
		<b>1,850,000,000</b>	<b>1,970,000,000</b>	<b>1,850,000,000</b>
<b>6.2.2 Ordinary Shares &amp; MFs (Quoted and Unquoted) - at cost</b>				
<b>Quoted shares &amp; MFs</b>				
<b>Quoted shares (sector wise)</b>				
Banks		691,903,202	573,360,154	302,003,981
NBFIs		1,038,749,375	694,815,643	400,087,061
Insurance		28,376,197	147,348,527	28,376,197
Fuel & Power		851,151,859	653,286,147	568,783,481
Chemicals & Pharmaceuticals		682,212,052	421,098,632	287,481,594
Cement & Ceramics		26,308,132	20,242,517	26,308,132
Engineering		364,702,924	213,900,985	177,518,595
Others		928,691,862	438,822,099	709,734,074
		<b>4,612,095,603</b>	<b>3,162,874,704</b>	<b>2,500,293,115</b>
<b>Mutual Funds:</b>				
EBL Sponsored MFs:				
EBL First Mutual Fund		19,999,990	61,826,726	19,999,990
EBL NRB Mutual Fund		252,654,042	252,654,042	250,973,470
First Bangladesh Fixed Income Fund		750,000,000	756,731,742	750,000,000
Other Mutual Funds		114,987,057	116,903,821	91,404,412
		<b>1,137,641,088</b>	<b>1,188,116,331</b>	<b>1,112,377,871</b>
<b>Total Quoted shares &amp; MFs</b>		<b>5,749,736,691</b>	<b>4,350,991,035</b>	<b>3,612,670,986</b>
<b>Unquoted shares &amp; MFs</b>				
Shares		66,170,710	71,509,950	35,566,025
		<b>66,170,710</b>	<b>71,509,950</b>	<b>35,566,025</b>
<b>Total Ordinary Shares &amp; MFs (Quoted and Unquoted)</b>		<b>5,815,907,401</b>	<b>4,422,500,985</b>	<b>3,648,237,011</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**6.2.2.1 Market Value of Quoted Shares and MFs (as on 31 December)****Quoted Shares & MFs:**

Banks	513,872,325	543,923,648	232,524,802	199,209,434
NBFIs	922,413,093	750,674,265	410,315,794	358,784,926
Insurance	15,551,840	114,030,927	15,551,840	38,819,025
Fuel & Power	687,349,292	553,196,136	482,638,447	336,372,999
Chemicals & Pharmaceuticals	586,372,529	409,881,627	238,546,304	190,201,408
Cement & Ceramics	32,097,662	1,737,675	32,097,662	1,737,675
Engineering	307,556,721	201,033,734	130,560,482	78,871,315
Others	830,271,792	351,612,269	600,400,649	233,743,837
	<b>3,895,485,253</b>	<b>2,926,090,281</b>	<b>2,142,635,980</b>	<b>1,437,740,619</b>
Mutual Funds	775,278,765	1,022,718,528	757,258,524	1,022,718,528
<b>Total</b>	<b>4,670,764,018</b>	<b>3,948,808,809</b>	<b>2,899,894,504</b>	<b>2,460,459,147</b>

**\* Lock in status of Shares & Mutual Funds**

	Trading Started	Lock in period	Lock in expiry
EBL First Mutual Fund (Sponsor Unit)	8/19/2009	10 Years	8/18/2019
EBL NRB Mutual Fund (Sponsor Unit)	5/23/2011	10 Years	5/22/2021
First Bangladesh Fixed Income Fund (Sponsor Unit)	3/19/2012	10 Years	3/18/2022

10% of all three EBL sponsored MFs are to be under lock-in status for 10 years from the date of prospectus issued.

**6.2.3 Commercial Paper**

RFL Plastics Limited	-	83,000,000	-	83,000,000
Partex Laminates Limited	-	150,000,000	-	150,000,000
	<b>-</b>	<b>233,000,000</b>	<b>-</b>	<b>233,000,000</b>

**6.a.1 Remaining maturity grouping of investments**

On demand	3,183,900	3,726,000	3,183,900	3,726,000
In not more than one month	3,991,298,135	1,166,595,635	3,991,298,135	1,166,595,635
In more than one month but not more than three months	170,990,144	2,779,730,714	170,990,144	2,779,730,714
In more than three months but not more than one year	6,618,056,600	7,792,871,622	4,470,386,210	6,047,817,114
In more than one year but not more than five years	8,088,839,085	7,099,120,953	8,068,839,085	7,099,120,953
In more than five years	11,015,251,927	7,263,953,700	11,015,251,927	7,263,953,699
	<b>29,887,619,791</b>	<b>26,105,998,624</b>	<b>27,719,949,401</b>	<b>24,360,944,114</b>

**7 Loans and advances**

Loans, cash credits, overdrafts etc.	<b>7.1</b>	194,873,643,755	165,691,389,665	193,014,394,181	163,974,017,428
Bills purchased and discounted	<b>7.2</b>	22,506,614,674	25,993,145,776	16,291,856,566	20,053,283,403
		<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>



Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>7.a Consolidated loans and advances by group entities:</b>				
Eastern Bank Limited (Parent)	209,306,250,747	184,027,300,831		
EBL Securities Limited	2,650,197,470	2,576,590,058		
EBL Investments Limited	191,019,426	203,665,672		
EBL Finance (HK) Limited	6,214,758,108	5,939,862,373		
EBL Asset Management Limited	207,000,000	200,000,000		
	<b>218,569,225,750</b>	<b>192,947,418,934</b>		
Less: Inter company elimination	(1,188,967,321)	(1,262,883,493)		
<b>Total</b>	<b>217,380,258,429</b>	<b>191,684,535,441</b>		
<b>7.1 Loans, cash credits, overdrafts etc.</b>				
<i>Inside Bangladesh</i>				
Loans - general	171,629,904,024	147,876,670,040	171,402,904,024	147,673,004,368
Cash credit	590,385,177	164,458,356	590,385,177	164,458,356
Overdraft	23,842,321,875	18,713,144,762	21,021,104,980	16,136,554,704
	<b>196,062,611,076</b>	<b>166,754,273,158</b>	<b>193,014,394,181</b>	<b>163,974,017,428</b>
Less: Inter company elimination	(1,188,967,321)	(1,062,883,493)	-	-
	<b>194,873,643,755</b>	<b>165,691,389,665</b>	<b>193,014,394,181</b>	<b>163,974,017,428</b>
<b>7.2 Bills purchased and discounted</b>				
<i>Inside Bangladesh</i>				
Local bills /documents	16,240,239,390	19,887,356,289	16,240,239,390	19,887,356,289
Foreign bills /documents	51,617,176	165,927,114	51,617,176	165,927,114
	<b>16,291,856,566</b>	<b>20,053,283,403</b>	<b>16,291,856,566</b>	<b>20,053,283,403</b>
<i>Outside Bangladesh</i>				
Bills financed & UPAS (by EBL Finance HK Ltd)	6,214,758,108	5,939,862,373	-	-
	<b>22,506,614,674</b>	<b>25,993,145,776</b>	<b>16,291,856,566</b>	<b>20,053,283,403</b>
<b>7.2.1 Bills purchased and discounted (on the basis of residual maturity grouping)</b>				
On demand	529,363,974	728,391,304	529,363,974	728,391,304
Within one month	4,135,644,432	4,537,324,110	2,954,546,231	3,408,469,110
In more than one month but less than three months	7,486,184,261	8,312,732,767	5,365,399,140	6,285,755,767
In more than three months but less than six months	5,883,558,987	7,610,978,592	3,932,367,453	5,746,093,592
Above six months	4,471,863,020	4,803,719,002	3,510,179,769	3,884,573,629
	<b>22,506,614,674</b>	<b>25,993,145,776</b>	<b>16,291,856,567</b>	<b>20,053,283,403</b>
<b>7.a.1 Residual maturity grouping of loans and advances (including bills purchased &amp; discounted)</b>				
<i>Receivable</i>				
On demand	4,735,103,418	4,735,103,418	4,735,103,418	4,735,103,418
In not more than one month	24,266,201,243	10,537,012,620	23,644,725,432	10,210,931,277
In more than one month but not more than three months	40,830,241,914	31,106,265,205	36,766,073,397	30,530,494,242
In more than three months but not more than one year	71,027,591,386	76,166,364,851	67,639,228,032	69,410,982,547
In more than one year but not more than five years	65,664,856,815	60,773,331,073	65,664,856,815	60,773,331,073
In more than five years	10,856,263,652	8,366,458,273	10,856,263,652	8,366,458,273
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>7.b Loans and advances on the basis of significant concentration</b>				
<b>7.b.1 Loans and advances to Directors, executives and others</b>				
Advance to Directors and their allied concerns	-	-	-	-
Advances to Managing Director & CEO	14,507,477	15,383,585	14,507,477	15,383,585
Advances to other executives and staffs	1,526,001,345	1,549,236,540	1,526,001,345	1,549,236,540
Advances to customers (Group wise)	168,358,539,176	147,608,999,954	160,284,531,497	139,951,765,344
Industrial loans and advances	47,481,210,431	42,510,915,362	47,481,210,428	42,510,915,362
	<b>217,380,258,429</b>	<b>191,684,535,442</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.2 Large loan details (Loans and advances extended to any customer exceeding 10% of the Bank's total capital)</b>				
* Total Loans and Advances (BDT million)			116,955	104,534
Number of Customers			28	29
Classified amount thereon			73	715
* This amount represents total loans and advances (comprising funded and non funded facilities) to each customer exceeding BDT 2,464.80 million which is equivalent to 10% of total capital of the bank as at 31 December 2018.				
<b>7.b.3 Industry-wise concentration of loans and advances (including bills purchased and discounted)</b>				
Agri and micro credit through NGO	10,606,274,534	9,312,724,112	10,606,274,534	9,312,724,112
Commercial and trading	27,155,207,081	31,212,435,475	27,155,207,081	31,212,435,475
Construction	7,970,764,167	4,740,874,971	7,970,764,167	4,740,874,971
Cement and ceramic industries	5,027,085,940	3,467,929,894	5,027,085,940	3,467,929,894
Chemical and fertilizer	2,519,144,333	1,988,913,572	2,519,144,333	1,988,913,572
Crops, fisheries and livestock	2,353,920,692	1,621,832,698	2,353,920,692	1,621,832,698
Electronics and electrical goods	3,552,670,690	3,681,452,485	3,552,670,690	3,681,452,485
Food and allied industries	11,364,322,008	7,388,067,406	11,364,322,008	7,388,067,406
Individuals	28,795,887,959	26,155,679,113	25,974,671,064	24,438,306,876
Metal and steel products	13,915,305,522	14,734,876,194	13,915,305,522	14,734,876,194
Pharmaceutical industries	3,656,452,772	2,917,062,260	3,656,452,772	2,917,062,260
Power and fuel	8,196,199,084	5,715,189,531	8,196,199,084	5,715,189,531
Rubber and plastic industries	3,850,593,904	3,569,466,271	3,850,593,904	3,569,466,271
Readymade garments industry	35,656,784,966	33,871,949,231	29,442,026,858	27,932,086,858
Ship building & breaking industry	7,891,409,566	6,522,980,982	7,891,409,566	6,522,980,982
Sugar and edible oil refinery	6,104,451,792	3,800,207,177	6,104,451,792	3,800,207,177
Transport and e-communication	8,155,188,650	6,166,209,842	8,155,188,650	6,166,209,842
Textile mills	11,769,479,371	10,817,169,772	11,769,479,371	10,817,169,772
Other manufacturing or extractive industries	6,579,703,173	4,374,592,115	6,579,703,173	4,374,592,115
Others	12,259,412,227	9,624,922,340	13,221,379,548	9,624,922,340
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.4 Sector - wise concentration of loans and advances (including bills purchased and discounted)</b>				
Government sector	-	-	-	-
Public sector	690,252,282	208,343,478	690,252,282	208,343,478
Private sector	216,690,006,147	191,476,191,964	208,615,998,465	183,818,957,353
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.5 Geographic location-wise concentration of loans and advances (including bills purchased and discounted)**

*Inside Bangladesh*

Dhaka Division	157,160,137,582	135,842,067,152	155,300,888,007	134,124,694,915
Chattogram Division	45,137,996,507	42,171,683,023	45,137,996,507	42,171,683,023
Sylhet Division	1,298,871,323	1,071,367,538	1,298,871,323	1,071,367,538
Rajshahi Division	2,812,909,377	2,525,743,082	2,812,909,377	2,525,743,082
Khulna Division	2,921,318,841	2,566,186,729	2,921,318,841	2,566,186,729
Rangpur Division	537,855,141	438,838,715	537,855,141	438,838,715
Barishal Division	283,829,147	223,210,458	283,829,147	223,210,458
Mymensingh Division	1,012,582,404	905,576,370	1,012,582,404	905,576,369
	<b>211,165,500,321</b>	<b>185,744,673,068</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

*Outside Bangladesh*

Bills financed & UPAS (by EBL Finance HK Ltd)	6,214,758,108	5,939,862,373	-	-
<b>Total</b>	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

**7.b.6 Geographic location and business segment-wise concentration of loans and advances (including bills purchased and discounted) as on 31/12/2018**

Division	Corporate	Commercial	Retail (including staff)	Total Bank (Solo)
Dhaka Division	118,984,763,757	7,216,246,970	29,099,877,280	155,300,888,007
Chattogram Division	32,692,501,890	2,447,943,200	9,997,551,417	45,137,996,507
Sylhet Division	-	69,578,948	1,229,292,374	1,298,871,323
Rajshahi Division	1,287,276,388	505,536,167	1,020,096,822	2,812,909,377
Khulna Division	-	967,902,840	1,953,416,000	2,921,318,841
Rangpur Division	-	-	537,855,141	537,855,141
Barishal Division	-	-	283,829,147	283,829,147
Mymensingh Division	-	-	1,012,582,404	1,012,582,404
	<b>152,964,542,035</b>	<b>11,207,208,125</b>	<b>45,134,500,587</b>	<b>209,306,250,747</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.7 Business segment - wise concentration of loans and advances (including bills purchased and discounted)**

Corporate banking	139,104,164,654	110,443,092,529	131,030,156,972	102,785,857,919
Offshore banking	21,934,385,060	26,545,088,605	21,934,385,060	26,545,088,605
Commercial banking	11,207,208,125	13,243,508,103	11,207,208,125	13,243,508,103
Retail banking	43,593,991,768	39,888,226,078	43,593,991,768	39,888,226,078
Executives & Staffs	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
	<b>217,380,258,429</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>7.b.8 Loans and advances (As categorised in CL Statement)</b>				
<i>Inside Bangladesh</i>				
<b>Continuous loan (CL-2)</b>				
Consumer Financing (CF)	8,072,679,866	7,462,337,134	5,251,462,970	4,767,081,404
Small & Medium Enterprise (SME)	2,756,535,836	3,618,697,521	2,756,535,836	3,618,697,521
Loans to BHs/MBs/SDs against Shares	-	-	961,967,321	977,883,493
Other than SMEF, CF, BHs/MBs/SDs	12,632,947,714	6,937,296,405	12,632,947,714	6,937,296,405
	<b>23,462,163,416</b>	<b>18,018,331,060</b>	<b>21,602,913,841</b>	<b>16,300,958,823</b>
<b>Demand loan (CL-3)</b>				
Small & Medium Enterprise (SME)	1,903,535,883	5,740,198,072	1,903,535,883	5,740,198,072
Other than SMEF, CF, BHs/MBs/SDs	99,058,069,994	80,846,689,791	99,058,069,994	80,846,689,791
	<b>100,961,605,877</b>	<b>86,586,887,863</b>	<b>100,961,605,877</b>	<b>86,586,887,863</b>
<b>Term loan (CL-4)</b>				
Consumer Financing (including staff, other than HF)	10,399,138,454	10,334,368,376	10,399,138,454	10,334,368,376
Housing Financing (HF)	1,864,975,948	1,907,520,809	1,864,975,948	1,907,520,809
Small & Medium Enterprise	11,873,258,839	16,988,431,650	11,873,258,839	16,988,431,650
Other than SMEF, CF, BHs/MBs/SDs	58,589,180,631	46,863,165,594	58,589,180,631	46,863,165,594
	<b>82,726,553,872</b>	<b>76,093,486,429</b>	<b>82,726,553,872</b>	<b>76,093,486,429</b>
<b>Short term agri credit and microcredit (CL-5)</b>				
Short term agri credit	4,015,177,156	5,045,967,715	4,015,177,156	5,045,967,715
	<b>4,015,177,156</b>	<b>5,045,967,715</b>	<b>4,015,177,156</b>	<b>5,045,967,715</b>
<i>Outside Bangladesh</i>				
Loans, cash credits, overdrafts etc.	6,214,758,108	5,939,862,373	-	-
<b>Total</b>	<b>217,380,258,430</b>	<b>191,684,535,441</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.9 Security/ Collateral - wise concentration of loans and advances (including bills purchased and discounted)</b>				
Collateral of movable/immovable assets	75,675,992,251	62,252,842,820	75,675,992,251	62,252,842,820
Local banks and financial institutions guarantee	7,394,909,794	6,542,742,777	7,394,909,794	6,542,742,777
Government guarantee	690,252,282	213,679,665	690,252,282	213,679,665
Export documents	14,625,499,247	11,229,348,829	14,625,499,247	11,229,348,829
Fixed deposit receipts (FDR)-own bank	12,745,184,245	9,767,635,380	12,745,184,245	9,767,635,380
FDR of other banks	667,557,455	600,513,897	667,557,455	600,513,897
Personal guarantee	14,401,367,127	13,403,094,219	14,401,367,127	13,403,094,219
Other securities (Hypothecation charges)	91,179,496,028	87,674,677,854	83,105,488,346	80,017,443,244
	<b>217,380,258,430</b>	<b>191,684,535,442</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>7.b.10 Classification status of loans and advances</b>				
<b>Unclassified</b>				
Standard (Excluding Staff Loan)	206,455,856,768	180,535,456,609	198,458,722,961	172,905,059,958
Special Mention Accounts (SMA)	4,380,791,725	4,957,300,000	4,380,791,725	4,957,300,000
	<b>210,836,648,492</b>	<b>185,492,756,609</b>	<b>202,839,514,686</b>	<b>177,862,359,958</b>
<b>Classified</b>				
Sub-standard	1,070,625,442	1,100,917,093	1,070,625,442	1,100,917,093
Doubtful	633,086,778	259,765,813	633,086,778	259,765,813
Bad/Loss	3,299,388,895	3,266,475,804	3,222,515,019	3,239,637,844
	<b>5,003,101,115</b>	<b>4,627,158,709</b>	<b>4,926,227,239</b>	<b>4,600,320,749</b>
7.b.11 Executives & Staffs	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
<b>Total</b>	<b>217,380,258,430</b>	<b>191,684,535,442</b>	<b>209,306,250,747</b>	<b>184,027,300,831</b>
<b>Percentage of Classified Loans &amp; Advances</b>	<b>2.30%</b>	<b>2.41%</b>	<b>2.35%</b>	<b>2.50%</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.10.a** The amount reported under SMA category includes certain loan accounts with an aggregate outstanding of BDT 2130.70 million as at 31-12-2018 (BDT 3,430.10 million as at 31-12-2017) 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 2018, an aggregate amount of BDT 864.80 million has been kept as specific provision treating all those customer accounts as bad/loss.

**7.b.11 Movements of classified loans and advances**

Opening balance	4,627,158,709	4,308,942,902	4,600,320,749	4,096,006,632
Addition during the year	3,407,930,071	3,251,539,622	3,357,894,154	3,251,539,622
Reduction during the year	(3,031,987,664)	(2,933,323,815)	(3,031,987,664)	(2,747,225,505)
<b>Closing balance</b>	<b>5,003,101,115</b>	<b>4,627,158,709</b>	<b>4,926,227,239</b>	<b>4,600,320,749</b>

**7.b.11.a Business segment - wise Classified Loans & Advances (Bank only)**

	Bank (Solo)			
	2018		2017	
	BDT	%	BDT	%
Corporate Banking	3,108,869,621	63.11%	2,281,422,911	49.59%
Offshore Banking Unit	-	-	-	-
Commercial Banking	717,853,344	14.57%	1,477,866,705	32.13%
Retail Banking	1,099,504,274	22.32%	841,031,133	18.28%
	<b>4,926,227,239</b>	<b>100.00%</b>	<b>4,600,320,749</b>	<b>100.00%</b>

**7.b.11.b Industry- wise concentration of Classified Loans & Advances**

Commercial and trading	1,834,855,036	37.25%	1,808,901,476	36.72%
Crops, fisheries & livestock	3,815,066	0.08%	2,768,871	0.06%
Electronics & electrical goods	20,761,549	0.42%	20,761,467	0.42%
Individuals	328,699,792	6.67%	246,704,651	5.01%
Metal & steel products	632,021	0.01%	-	0.00%
Power & fuel	-	0.00%	146,413,305	2.97%
Readymade garments industry	244,620,240	4.97%	1,095,693,238	22.24%
Ship breaking industry	1,840,072,033	37.35%	527,621,685	10.71%
Sugar, edible oil refinery & food processing	11,597,262	0.24%	11,353,790	0.23%
Transport & ecommunication	139,229,426	2.83%	116,678,657	2.37%
Textile mills	403,212,268	8.19%	165,430,293	3.36%
Others	98,732,547	2.00%	457,993,314	9.30%
	<b>4,926,227,239</b>	<b>100.00%</b>	<b>4,600,320,749</b>	<b>93.38%</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**7.b.12 Particulars of loans and advances**

i) Debts considered good in respect of which the bank is fully secured	203,410,362,904	178,293,613,527	195,336,355,221	1,706,363,378,917
ii) Debts considered good for which the bank holds no other security than the debtor's personal security	5,251,104,166	4,766,722,600	5,251,104,166	4,766,722,600
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	8,718,791,363	8,624,199,314	8,718,791,363	8,624,199,314
iv) Debts adversely classified; for which no provision is created.	-	-	-	-
	<b>217,380,258,433</b>	<b>191,684,535,441</b>	<b>209,306,250,751</b>	<b>1,719,754,300,831</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
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.	1,540,508,822	1,564,620,125	1,540,508,822	1,564,620,125
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	5,003,101,115	4,627,158,709	4,926,227,239	4,600,320,749
(i) (Decrease)/Increase of provision (specific)	2,283,456,276	2,875,769,634	2,283,456,276	2,875,769,634
(ii) Amount of loans written off (including BCCI)	3,633,553,915	2,206,671,791	3,633,553,915	2,206,671,791
(iii) Amount recovered from loans written off	422,762,114	500,782,730	422,762,114	500,782,730
b) Amount of provision kept against loans classified as bad/loss	3,721,492,923	4,119,278,497	3,644,619,051	4,092,440,537
c) Amount of interest creditable to the interest suspense account	1,348,450,204	1,478,980,025	1,178,840,386	1,372,871,625
xi) Cumulative amount of written off loans:				
<b>Opening Balance</b>	9,831,845,583	7,625,173,792	9,831,845,583	7,625,173,792
Amount written off during the year:				
Principal amount (including BCCI) *	3,098,313,330	1,971,530,371	3,098,313,330	1,971,530,371
Interest suspense	535,240,585	235,141,420	535,240,585	235,141,420
<b>Balance of written off loans and advances</b>	<b>13,465,399,497</b>	<b>9,831,845,583</b>	<b>13,465,399,497</b>	<b>9,831,845,583</b>
* BCCI loans of BDT 554,229,366 has been written off in 2018 under a special permission of Bangladesh Bank.				
<b>7.b.13 Cumulative amount of recovery from written off loans (including BCCI loans)</b>	<b>2,570,742,058</b>	<b>2,147,979,944</b>	<b>2,570,742,058</b>	<b>2,147,979,944</b>
<b>7.b.14 Cumulative amount of written off loans for which law suits have been filed</b>	<b>7.b.14.1 15,618,345,039</b>	<b>11,501,561,017</b>	<b>15,618,345,039</b>	<b>11,501,561,018</b>
<b>7.b.14.1 Cumulative amount of written off loans (including legal and other charges)</b>	<b>7.b.14.1.a</b>			
Opening balance	11,501,561,017	9,396,944,855	11,501,561,018	9,396,944,855
During the year (including BCCI loans of BDT 693.67 million)	4,116,784,022	2,104,616,163	4,116,784,022	2,104,616,163
<b>Closing balance</b>	<b>15,618,345,039</b>	<b>11,501,561,017</b>	<b>15,618,345,039</b>	<b>11,501,561,018</b>
<b>7.b.14.1.a Cumulative number of written off loan accounts against which lawsuits have been filed</b>				
Opening balance			7,191	6,173
During the year (including BCCI accounts)			982	1,018
<b>Closing balance</b>			<b>8,173</b>	<b>7,191</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

## 8 Fixed assets including land, building, furniture and fixtures

### At Cost (revalued amount in case of lands)

Freehold land and land development	3,986,656,786	4,044,759,466	3,986,656,786	4,044,759,466
Building and floor spaces *	1,407,955,522	730,856,590	1,407,955,522	730,856,590
Capital work in progress **	20,104,672	666,345,092	20,104,672	666,345,092
General Machinery and Equipments	893,548,349	789,265,898	882,416,005	782,031,248
Computer and Network Equipments	718,294,009	582,184,575	705,057,095	570,171,241
Electromechanical Equipments*	342,555,675	-	342,555,675	-
Furniture and Fixtures	705,376,481	409,621,065	678,558,777	390,837,486
Vehicles	180,051,215	151,686,651	157,979,760	132,394,575
Leased assets (finance lease)	-	90,084,859	-	90,084,859
Software	528,242,547	461,057,113	524,366,924	457,837,010
<b>Total cost</b>	<b>8,782,785,256</b>	<b>7,925,861,310</b>	<b>8,705,651,216</b>	<b>7,865,317,567</b>
Accumulated depreciation and amortization	(2,100,813,260)	(1,968,765,474)	(2,069,034,050)	(1,942,702,772)
<b>Written down value at 31 december</b>	<b>6,681,971,996</b>	<b>5,957,095,836</b>	<b>6,636,617,166</b>	<b>5,922,614,795</b>

\*Construction cost of EBL corporate head office located at 100 Gulshan Avenue initially recorded as 'Building under construction' has been transferred to 'Building and floor spaces' in October 2018 after review by an independent auditor. Certain new assets like lifts, ventilation, air conditioning, transformer, heating system etc. have been recognised as 'Electromechanical Equipments'. Subsequently, the bank started charging depreciation on those assets from the date of intended use.

\*\* 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. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

Details of the fixed assets are presented in 'Annexure-A'.

### 8.a Consolidated fixed assets of group entities:

Eastern Bank Limited (Parent)	6,636,617,166	5,922,614,795
EBL Securities Limited	37,906,965	31,359,884
EBL Investments Limited	5,281,844	1,068,581
EBL Finance (HK) Limited	1,027,657	952,919
EBL Asset Management Limited	1,138,364	1,099,656
	<b>6,681,971,996</b>	<b>5,957,095,836</b>
Less: Inter company elimination	-	-
<b>Total</b>	<b>6,681,971,996</b>	<b>5,957,095,836</b>

## 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	553,800,000	-	-
Fair value of TREC to EBLSL and Shares of CSE	9.5.b	245,379,755	201,500,000	-	-

### Non- Income generating:

Receivable from subsidiaries	9.6	-	-	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	9.7	3,474,945	754,509	3,356,626	754,509
Security deposits with govt./non govt. agencies		11,596,802	12,080,611	7,319,364	6,004,564



Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
Interest, fees and dividend receivables	9.8	616,646,229	711,849,402	698,189,196	1,163,352,334
Sundry receivables	9.9	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)	9.10	1,210,699,864	1,130,283,018	1,210,699,864	1,130,283,018
Other assets of subsidiaries	9.11	31,186,399	1,079,685,431	-	-
		<b>3,631,641,088</b>	<b>5,323,156,534</b>	<b>5,357,128,978</b>	<b>6,470,867,759</b>

#### 9.a Consolidated other assets of group entities:

Eastern Bank Limited (Parent)	5,357,128,978	6,470,867,759
EBL Securities Limited	920,411,270	1,306,752,166
EBL Investments Limited	11,686,498	13,062,563
EBL Finance (HK) Limited	1,927,910	1,798,607
EBL Asset Management Limited	12,269,290	3,416,667
	<b>6,303,423,946</b>	<b>7,795,897,763</b>
Less: Inter company elimination	(2,671,782,858)	(2,472,741,228)
<b>Total</b>	<b>3,631,641,088</b>	<b>5,323,156,534</b>

#### 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 first 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). 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 31-12-2018, 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
<b>Total</b>	<b>9,698,659</b>	<b>10.00</b>

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 has been 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 has been determined on the basis of recent transaction price made between DSE and China Consortium but face value of CSE shares has been taken as fair value as there is 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

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>9.5.a Fair value of DSE-TREC and Shares (held by EBLSL)</b>				
Value of TREC (Trading Right Entitlement Certificate) held by EBLSL	481,427,540	-		
Value of Shares (5,411,329 Ns @BDT 21.05, face value is BDT 10 each)	113,909,572	-		
	<b>595,337,112</b>	<b>-</b>		
<b>9.5.b Fair value of CSE-TREC and Shares (held by EBLSL)</b>				
Value of TREC (Trading Right Entitlement Certificate) held by EBLSL	201,500,000	-		
Value of Shares (4,287,330 Ns @BDT 10.23, face value is BDT 10 each)	43,879,755	-		
	<b>245,379,755</b>	<b>-</b>		
<b>9.6 Receivable from Subsidiaries</b>				
<b>Receivable from:</b>				
EBL Securities Limited			5,729,505	17,494,671
EBL Investments Limited			1,064,932	-
			<b>6,794,437</b>	<b>17,494,671</b>
<b>9.7 Advance to staff for expenses</b>				
<i>Due for</i>				
Less than three months	3,474,945	754,509	3,356,626	754,509
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	-	-	-	-
	<b>3,474,945</b>	<b>754,509</b>	<b>3,356,626</b>	<b>754,509</b>
<b>9.8 Interest, fees and dividend receivables</b>				
Interest receivable on placement/ margin loans *	224,724,577	119,499,059	207,396,251	116,082,392
Interest receivable on government securities	350,655,797	496,108,480	350,655,797	496,108,480
Interest receivable on non-government securities	57,604,481	58,110,243	57,604,481	58,110,243
Fees receivable	301,807	60,850,000	-	60,600,000
Dividend receivable	128,734,534	460,175,522	107,481,872	445,710,096
	<b>762,021,196</b>	<b>1,194,743,304</b>	<b>723,138,401</b>	<b>1,176,611,211</b>
Less: Inter unit/company elimination (with borrowings)	(145,374,967)	(482,893,901)	(24,949,205)	(13,258,877)
	<b>616,646,229</b>	<b>711,849,402</b>	<b>698,189,196</b>	<b>1,163,352,334</b>
* Margin loans by subsidiaries.				
<b>9.9 Sundry receivables</b>				
Excise duty receivable from customers	106,235,580	140,913,960	106,235,580	140,913,960
Protested Bills to be recovered	8,410,000	2,790,000	8,410,000	2,790,000
AIT recoverable from customers	76,500,000	76,500,000	76,500,000	76,500,000
Cards acquiring/transactional account	125,050,902	121,179,224	125,050,902	121,179,224
Other receivables (Margin, remittance, Bidding Money, IPO Subscription etc)	149,443,731	9,526,241	134,243,731	3,972,761
	<b>465,640,214</b>	<b>350,909,425</b>	<b>450,440,214</b>	<b>345,355,944</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>9.10 Deferred tax asset (net of liability)</b>				
Deferred tax asset	1,285,844,977	1,148,084,112	1,285,844,977	1,148,084,112
Deferred tax liability	75,145,113	17,801,094	75,145,113	17,801,094
	<b>1,210,699,864</b>	<b>1,130,283,018</b>	<b>1,210,699,864</b>	<b>1,130,283,018</b>
<b>9.10.a Deferred tax asset</b>				
<b>Temporary timing difference between specific provision charged and B/L loans written off:</b>				
Cumulative provision made against Bad/Loss loans			5,973,003,903	4,841,740,652
Adjustment of corresponding provision on write off			2,544,083,964	1,971,530,371
<b>Deductible temporary difference</b>			<b>3,428,919,939</b>	<b>2,870,210,281</b>
Tax rate			37.50%	40.00%
<b>Deferred tax asset</b>			<b>1,285,844,977</b>	<b>1,148,084,112</b>
Opening deferred tax asset			1,148,084,112	966,059,015
<b>Deferred tax (income)</b>			<b>(137,760,865)</b>	<b>(182,025,097)</b>
<b>9.10.b Deferred tax liability</b>				
<b>Temporary timing difference in written down value of fixed assets between tax base and carrying value:</b>				
Carrying amount of fixed assets			2,613,245,069	1,201,553,679
Tax base			2,412,858,101	1,157,050,943
<b>Taxable temporary difference</b>			<b>200,386,968</b>	<b>44,502,736</b>
Tax rate			37.50%	40.00%
<b>Deferred tax liability</b>			<b>75,145,113</b>	<b>17,801,094</b>
Opening deferred tax liability			17,801,094	28,948,241
<b>Deferred tax expense/(income)</b>			<b>57,344,019</b>	<b>(11,147,146)</b>
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.				
<b>9.11 Other assets of subsidiaries</b>				
Accounts receivable (DSE,CSE, Trade Receivable etc.)	48,661,920	1,086,911,812		
Deferred revenue expenses	-	-		
	48,661,920	1,086,911,812		
Less: Inter company elimination (with deposit account)	(17,475,521)	(7,226,381)		
	<b>31,186,399</b>	<b>1,079,685,431</b>		

## 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 134,016,495 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

Amount in BDT

Name of parties	Asset details	Entitlement date	Consolidated		Bank	
			2018	2017	2018	2017
M/S Safa Garments Ltd *	18 Decimal of Land, Tejgaon, Dhaka	18.01.2005	8,727,000	8,727,000	8,727,000	8,727,000
Arshim & co	12 Katha of Land, Tejgaon, Dhaka	27.03.2007	4,200,000	4,200,000	4,200,000	4,200,000
M/s Innovative Computer Ltd.	11.25 Decimal of Land, Dhaka	07.06.2007	262,000	262,000	262,000	262,000
North American Computer Dynamics and ors.	6.5 Decimal of Land, Tejgaon, Dhaka	22.07.2007	31,600,000	31,600,000	31,600,000	31,600,000
M/s Computer Bazar Network	0.14 acres of Land, Sabujbagh, Dhaka	23.06.2009	1,696,000	1,696,000	1,696,000	1,696,000
Stec Fashions Ltd.	25 Deimal of land, Mirpur, Dhaka	26.01.2009	1,904,495	1,904,495	1,904,495	1,904,495
Royals Paper Store	106.50 Decimal of Land, Dhaka	21.05.2009	7,727,000	7,727,000	7,727,000	7,727,000
Sabbir Ahmed	6 Decimal of Land, Mirpur, Dhaka	10.05.2007	600,000	600,000	600,000	600,000
M/s. Tri Angle Trading Associates	0.33 Acres of Land, Savar, Dhaka	29.04.2007	6,600,000	6,600,000	6,600,000	6,600,000
M/S Unicorn Bangladesh Ltd.	16.5 Decimal of Land, Dhaka	22.11.2007	15,000,000	15,000,000	15,000,000	15,000,000
HM Yunus	1.84 Acres of Land, Gazipur	10.01.2008	55,700,000	55,700,000	55,700,000	55,700,000
<b>Total</b>			<b>134,016,495</b>	<b>134,016,495</b>	<b>134,016,495</b>	<b>134,016,495</b>

\*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 now it is under process for disposal. 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 672.6 million and forced sale value is BDT 537.4 million. However, due to complexity in selling of these properties the bank avoided any upward booking in 2018.

Details of NBAs awarded to the Bank under section 33(7) & 33(5) of Artharin Adalat Act, 2003 as at 31 December 2018 are in 'Annexure- D1'.

## 11 Borrowing from other banks, financial institutions and agents

Inside Bangladesh	11.1	32,739,934,157	31,117,047,025	30,405,740,310	29,667,454,276
Outside Bangladesh	11.2	16,326,161,489	21,330,237,328	16,326,161,489	21,330,237,328
		<b>49,066,095,646</b>	<b>52,447,284,353</b>	<b>46,731,901,799</b>	<b>50,997,691,604</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>11.a Consolidated borrowings from Banks, FIs by group entities:</b>				
Eastern Bank Limited (Parent)	46,731,901,799	50,997,691,604		
EBL Securities Limited	3,523,161,168	2,719,403,939		
EBL Finance (HK) Limited	6,065,955,106	5,879,976,790		
	<b>56,321,018,073</b>	<b>59,597,072,333</b>		
Less: Inter company elimination	(7,254,922,427)	(7,149,787,979)		
<b>Total</b>	<b>49,066,095,646</b>	<b>52,447,284,354</b>		
<b>11.1 Borrowing from - Inside Bangladesh</b>				
<b>Demand Borrowing:</b>				
Banks	9,501,915,436	10,389,412,198	7,436,904,268	8,625,706,871
NBFIs	-	285,000,000	-	-
	<b>9,501,915,436</b>	<b>10,674,412,198</b>	<b>7,436,904,268</b>	<b>8,625,706,871</b>
Less: Inter unit/company elimination (with borrowings)	(8,625,871,589)	(9,895,518,060)	(7,436,904,268)	(8,625,706,871)
	<b>876,043,847</b>	<b>778,894,138</b>	<b>-</b>	<b>-</b>
<b>Term Borrowing:</b>				
Banks	16,608,061,126	17,036,991,790	10,542,106,020	11,157,015,000
NBFIs	1,458,150,000	670,698,611	-	-
	<b>18,066,211,126</b>	<b>17,707,690,401</b>	<b>10,542,106,020</b>	<b>11,157,015,000</b>
Less: Inter unit/company elimination (with borrowings)	(6,065,955,106)	(5,879,976,790)	-	-
	<b>12,000,256,020</b>	<b>11,827,713,611</b>	<b>10,542,106,020</b>	<b>11,157,015,000</b>
<b>Subordinated bond &amp; other borrowings under schemes:</b>				
<b>From Bangladesh Bank &amp; others</b>				
Investment Promotion & Financing Facility (IPFF)	434,035,407	541,292,705	434,035,407	541,292,705
Export Development Fund (EDF)	13,459,744,707	11,294,201,869	13,459,744,707	11,294,201,869
Refinance scheme under BADP	517,781,599	647,226,999	517,781,599	647,226,999
Refinance scheme under SMESPD	1,051,922,919	990,994,455	1,051,922,919	990,994,455
Second Crop Diversification Project	968,400,550	1,019,369,000	968,400,550	1,019,369,000
SME Foundation Pre-finance	34,000,000	27,000,000	34,000,000	27,000,000
Long Term Financing Facility (LTFF)	1,397,749,108	1,490,354,248	1,397,749,108	1,490,354,248
Non-Convertible Subordinated Bond	2,000,000,000	2,500,000,000	2,000,000,000	2,500,000,000
	<b>19,863,634,290</b>	<b>18,510,439,276</b>	<b>19,863,634,290</b>	<b>18,510,439,276</b>
<b>Total</b>	<b>32,739,934,157</b>	<b>31,117,047,025</b>	<b>30,405,740,310</b>	<b>29,667,454,276</b>
<b>11.1.a Non-Convertible Subordinated Bond</b>				
The bank with due approval from Bangladesh Bank and BSEC issued a 7-year unsecured, non-convertible Subordinated Bond of BDT 2,500 million (face value @ BDT 1 million) in February 2015 through private placement to enhance Tier-II capital. The Bond is getting redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% per year. Coupon rate of the bond is variable with a floor and ceiling rate of 11.5% and 14.50% respectively. The instrument i.e. the Bond has been rated and awarded AA by CRISL in the long term with validity upto 31 January 2019. Although it's a recognized component of Tier -II capital, the outstanding amount of the Bond is shown as a borrowing as per BB guidelines/instruction. Following is the list of subscribers to this Bond:				
Agrani Bank Limited	160,000,000	200,000,000	160,000,000	200,000,000
Brac Bank Limited	80,000,000	100,000,000	80,000,000	100,000,000
Janata Bank Limited	200,000,000	250,000,000	200,000,000	250,000,000
Mercantile Bank Limited	200,000,000	250,000,000	200,000,000	250,000,000
One Bank Limited	480,000,000	600,000,000	480,000,000	600,000,000
Rupali Bank Limited	480,000,000	600,000,000	480,000,000	600,000,000
Sonali Bank Limited	400,000,000	500,000,000	400,000,000	500,000,000
	<b>2,000,000,000</b>	<b>2,500,000,000</b>	<b>2,000,000,000</b>	<b>2,500,000,000</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**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	-
JP Morgan Chase Bank, USA	-	1,028,283	-	1,028,283
NIB Bank Limited - Pakistan	-	3,298,119	-	3,298,119
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	-
	<b>1,572,674,727</b>	<b>4,326,402</b>	<b>1,572,674,727</b>	<b>4,326,402</b>

*Interest bearing:*

Abu Dhabi Commercial Bank, UAE	2,579,482,428	103,892,636	2,579,482,428	103,892,636
Asian Development Bank (ADB)	1,771,897,818	-	1,771,897,818	-
Bank One Limited, Mauritius	509,571,298	499,473,450	509,571,298	499,473,450
Bank of Montreal, Canada	352,380,000	-	352,380,000	-
Deutsche Investitions-und				
Entwicklungsgesellschaft MBH (DEG)	4,027,200,000	5,292,800,000	4,027,200,000	5,292,800,000
FMO, Netherland	-	330,800,000	-	330,800,000
HDFC Bank, Mumbai	1,153,625,000	-	1,153,625,000	-
ICICI Bank, India	759,192,182	2,465,935,122	759,192,182	2,465,935,122
ICICI Bank, Hongkong	-	145,071,182	-	145,071,182
International Finance Corporation (IFC)	403,681,442	660,486,712	403,681,442	660,486,712
National Bank of Ras Al-Khaimah, KSA	781,062,706	1,522,045,618	781,062,706	1,522,045,618
PROPARCO, France	1,067,818,183	1,353,272,727	1,067,818,183	1,353,272,727
Standard Chartered Bank, Singapore	931,882,264	7,438,410,365	931,882,264	7,438,410,365
United Bank Limited, UAE	-	1,513,723,113	-	1,513,723,113
Wells Fargo, USA	415,693,441	-	415,693,441	-
	<b>14,753,486,762</b>	<b>21,325,910,926</b>	<b>14,753,486,762</b>	<b>21,325,910,926</b>

**Total**

<b>16,326,161,489</b>	<b>21,330,237,328</b>	<b>16,326,161,489</b>	<b>21,330,237,328</b>
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**11.b Remaining maturity grouping of Borrowings****Payable**

On demand	876,043,847	778,894,138	-	-
In not more than one month	16,100,440,018	5,897,240,687	15,567,219,398	6,676,134,825
In more than one month but not more than three months	12,021,975,970	16,317,498,510	11,220,414,269	16,317,498,510
In more than three months but not more than one year	11,249,064,281	18,709,699,654	12,000,586,602	17,260,106,904
In more than one year but not more than five years	7,996,271,174	9,665,423,799	7,121,381,174	9,665,423,799
In more than five years	822,300,356	1,078,527,566	822,300,356	1,078,527,566
	<b>49,066,095,646</b>	<b>52,447,284,353</b>	<b>46,731,901,799</b>	<b>50,997,691,604</b>

**12 Deposits and other accounts**

Current deposits and other accounts etc.	12.1	21,011,202,434	16,993,725,421	21,200,155,318	17,113,543,041
Bills payable	12.2	916,901,298	845,849,963	916,901,298	845,849,963
Savings bank deposits	12.3	46,053,721,505	41,894,304,550	46,053,721,505	41,894,304,550
Fixed deposits	12.4	105,542,120,447	78,812,042,594	105,826,485,905	79,081,872,372
Special notice deposit (SND)		25,631,642,386	28,412,625,094	25,631,642,386	28,412,625,094
		<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>

As on the reporting date, the bank had no Bearer certificates of deposits.

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>12.a Group entity- wise consolidated deposits and other accounts:</b>				
Eastern Bank Limited (Parent)	199,628,906,411	167,348,195,020		
Subsidiary Companies	-	-		
	<b>199,628,906,411</b>	<b>167,348,195,020</b>		
Less: Inter company elimination	(473,318,342)	(389,647,398)		
<b>Total</b>	<b>199,155,588,070</b>	<b>166,958,547,622</b>		
<b>12.1 Current deposits and other accounts</b>				
Current deposits	13,279,315,761	9,751,226,549	13,468,268,645	9,871,044,169
Margin on facilities (LC, LG, Acceptance etc.)	5,053,306,783	5,680,756,668	5,053,306,783	5,680,756,668
Interest accrued on deposits	2,678,579,889	1,561,742,204	2,678,579,889	1,561,742,204
	<b>21,011,202,434</b>	<b>16,993,725,421</b>	<b>21,200,155,318</b>	<b>17,113,543,041</b>
<b>12.2 Bills payable</b>				
Local currency	916,901,298	845,849,963	916,901,298	845,849,963
Foreign currencies	-	-	-	-
	<b>916,901,298</b>	<b>845,849,963</b>	<b>916,901,298</b>	<b>845,849,963</b>
<b>12.3 Savings bank deposits</b>				
Transactional deposit accounts	37,033,856,762	33,662,451,264	37,033,856,762	33,662,451,264
Scheme deposit accounts	9,019,864,743	8,231,853,285	9,019,864,743	8,231,853,286
	<b>46,053,721,505</b>	<b>41,894,304,550</b>	<b>46,053,721,505</b>	<b>41,894,304,550</b>
<b>12.3.a Scheme deposit accounts:</b>				
EBL Confidence account	4,892,799,961	4,527,815,260	4,892,799,961	4,527,815,260
EBL Secure account	5,088,362	21,177,903	5,088,362	21,177,903
EBL Child Future Plan account	615,214,035	508,624,050	615,214,035	508,624,050
EBL Millionaire Scheme	2,839,224,153	2,683,296,096	2,839,224,153	2,683,296,096
EBL Aspire	13,765,199	3,321,128	13,765,199	3,321,128
EBL Kotipoti	170,513,573	87,058,060	170,513,573	87,058,060
EBL Multiplier	191,685,502	43,876,835	191,685,502	43,876,835
Retail Equity Builder account	291,573,958	356,683,954	291,573,958	356,683,955
	<b>9,019,864,743</b>	<b>8,231,853,285</b>	<b>9,019,864,743</b>	<b>8,231,853,286</b>
<b>12.4 Fixed deposits</b>				
Term deposit account	105,727,945,051	79,023,868,379	105,727,945,051	79,023,868,379
RFCD account	5,451,752	4,361,179	5,451,752	4,361,179
NFCD account	93,089,101	53,642,815	93,089,101	53,642,815
	105,826,485,905	79,081,872,372	105,826,485,905	79,081,872,372
Less: Inter company elimination	(284,365,458)	(269,829,778)	-	-
	<b>105,542,120,447</b>	<b>78,812,042,594</b>	<b>105,826,485,905</b>	<b>79,081,872,372</b>
<b>12.b Deposit concentration</b>				
Deposit from banks	6,729,604,720	95,862,239	6,729,604,720	95,862,239
Deposit from other than banks	192,425,983,349	166,862,685,384	192,899,301,691	167,252,332,782
	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,411</b>	<b>167,348,195,021</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>12.b.1 Deposit from banks</b>				
Bangladesh Development Bank Limited	97,240	1,301,350	97,240	1,301,350
First Security Islami Bank Limited	311,897	497,603	311,897	497,603
Janata Bank Limited	40,762	41,540	40,762	41,540
Meghna Bank Limited	1,247,155	2,945,310	1,247,155	2,945,310
Midland Bank Limited	3,078,436	3,038,381	3,078,436	3,038,381
Modhumoti Bank Limited	1,041,630	50,500,247	1,041,630	50,500,247
National Bank Limited	156,468	156,360	156,468	156,360
NCC Bank Limited	524,115	516,694	524,115	516,694
NRB Bank Limited	21,475,855	32,818,969	21,475,855	32,818,969
NRB Commercial Bank Limited	1,016,914	188,237	1,016,914	188,237
One Bank Limited	710,348	709,190	710,348	709,190
Rupali Bank Limited	4,008,201,389	-	4,008,201,389	-
Shimanto Bank Limited	681,252,681	-	681,252,681	-
Southeast Bank Limited	26,345	27,252	26,345	27,252
SBAC Bank Limited	7,895,013	3,119,300	7,895,013	3,119,300
Standard Bank Limited	695	1,804	695	1,804
Trust Bank Limited	2,002,527,778	-	2,002,527,778	-
	<b>6,729,604,720</b>	<b>95,862,239</b>	<b>6,729,604,720</b>	<b>95,862,239</b>
<b>12.c Deposits on the basis of significant concentration:</b>				
<b>12.c.1 Sector - wise concentration of Deposits and other accounts</b>				
Government sector	2,546,045,575	1,768,472,726	2,546,045,575	1,768,472,726
Other public sector	8,437,212,927	12,743,413,971	8,437,212,927	12,743,413,971
Private sector	188,172,329,567	152,446,660,925	188,645,647,909	152,836,308,324
	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>12.c.2 Business segment - wise concentration of Deposits and other accounts</b>				
Corporate banking	55,304,061,360	51,451,351,995	55,777,379,702	51,840,999,392
Offshore banking	128,007,388	188,286,891	128,007,388	188,286,891
Retail banking	142,806,618,023	114,473,058,774	142,806,618,023	114,473,058,773
Others- Bills Payables	916,901,298	845,849,963	916,901,298	845,849,964
	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>12.d Residual maturity grouping of Deposits</b>				
<b>From banks</b>				
Payable:				
On demand	10,606,405	-	10,606,405	-
Within one month	438,706,648	95,862,239	438,706,648	95,862,239
In more than one month but less than six months	6,280,291,667	-	6,280,291,667	-
In more than six months but less than one year	-	-	-	-
In more than one year but within five years	-	-	-	-
In more than five years but within ten years	-	-	-	-
	<b>6,729,604,720</b>	<b>95,862,239</b>	<b>6,729,604,720</b>	<b>95,862,239</b>
<b>From other than banks</b>				
Payable:				
On demand	11,181,017,396	10,201,355,053	11,181,017,396	10,201,355,053
Within one month	9,983,119,573	9,840,804,803	10,172,072,457	9,920,931,896
In more than one month but less than three months	32,401,944,478	21,854,978,691	32,401,944,478	21,855,660,574
In more than three months but less than one year	47,606,597,186	37,632,775,516	47,890,962,644	37,638,308,510
In more than one year but within five years	89,616,032,365	85,844,920,300	89,616,032,365	86,148,225,729
In more than five years but within ten years	1,637,272,351	1,487,851,020	1,637,272,351	1,487,851,020
	<b>192,425,983,349</b>	<b>166,862,685,383</b>	<b>192,899,301,691</b>	<b>167,252,332,782</b>
<b>Total</b>	<b>199,155,588,070</b>	<b>166,958,547,622</b>	<b>199,628,906,412</b>	<b>167,348,195,021</b>
<b>Unclaimed deposit aging 10 years or more</b>	<b>2,159,577</b>	<b>3,239,068</b>	<b>2,159,577</b>	<b>3,239,068</b>



Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>13 Other liabilities</b>					
Privileged creditors	<b>13.1</b>	483,476,704	422,890,252	483,476,704	422,890,252
Acquirer liabilities	<b>13.2</b>	733,163,686	601,799,166	733,163,686	601,799,166
Sundry creditors		47,280,131	62,107,724	47,280,131	62,107,724
Security deposit		15,472,476	52,615,151	15,472,476	52,587,551
Current tax liability/(assets)	<b>13.3</b>	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)	<b>13.4</b>	7,252,795,569	7,085,143,466	7,175,921,693	7,058,305,506
Provision for loans, advances and OBS exposures (OBU)		232,712,071	280,235,064	232,712,071	280,235,064
Interest suspense account	<b>13.5</b>	1,348,450,204	1,478,980,025	1,178,840,387	1,372,871,627
Provision for protested bill and others	<b>13.6</b>	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	<b>13.7</b>	36,100,257	36,100,257	36,100,257	36,100,257
Provision for loss on revaluation of shares (net)	<b>13.8</b>	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	<b>13.9</b>	529,538,377	493,540,084	526,761,631	485,986,805
Miscellaneous liabilities/payables	<b>13.10</b>	319,207,757	806,610,678	310,788,222	806,610,678
Other liabilities of subsidiaries	<b>13.11</b>	359,007,358	1,308,733,186	-	-
		<b>13,902,926,147</b>	<b>14,720,401,317</b>	<b>13,123,885,732</b>	<b>13,136,521,041</b>
<b>13.a Group entity- wise consolidated other liabilities:</b>					
Eastern Bank Limited (Parent)		13,123,885,732	13,136,521,039		
EBL Securities Limited		677,356,722	1,884,096,511		
EBL Investments Limited		94,018,559	130,743,990		
EBL Finance (HK) Limited		139,958,634	53,168,890		
EBL Asset Management Limited		7,310,206	3,299,267		
		<b>14,042,529,853</b>	<b>15,207,829,697</b>		
Less: Inter company elimination		(139,603,706)	(487,428,380)		
<b>Total</b>		<b>13,902,926,147</b>	<b>14,720,401,317</b>		
<b>13.1 Privileged creditors (payable to government)</b>					
Tax deducted at source (TDS)		197,812,815	167,553,121	197,812,815	167,553,121
VAT deducted at source (VDS)		51,852,480	38,672,253	51,852,480	38,672,253
Excise duty deducted from customer accounts		233,811,409	216,664,878	233,811,409	216,664,878
		<b>483,476,704</b>	<b>422,890,252</b>	<b>483,476,704</b>	<b>422,890,252</b>
<b>13.2 Acquirer liabilities</b>					
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		473,106,001	341,073,255	473,106,001	341,073,255
Credit card liability		56,367,318	47,145,830	56,367,318	47,145,830
Debit card liability		108,621,014	75,064,829	108,621,014	75,064,829
Acquirer cash and other liabilities		95,069,353	138,515,252	95,069,353	138,515,252
		<b>733,163,686</b>	<b>601,799,166</b>	<b>733,163,686</b>	<b>601,799,166</b>



Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>13.3 Current tax liability / (assets)</b>				
<b>Provision for tax</b>				
Opening balance	2,559,191,878	2,263,564,631	2,389,106,652	2,219,272,609
Settlement/adjustments for previous years	(1,566,569,887)	(1,736,246,302)	(1,526,553,295)	(1,675,145,868)
Provision for tax made during the year	1,697,229,180	2,031,873,549	1,585,493,108	1,844,979,911
	<b>2,689,851,171</b>	<b>2,559,191,878</b>	<b>2,448,046,465</b>	<b>2,389,106,652</b>
<b>Balance of income tax paid</b>				
Opening balance	1,091,546,736	771,466,639	967,579,006	737,586,091
Settlement/adjustment for previous years	(1,540,183,098)	(1,716,057,528)	(1,526,553,295)	(1,675,145,868)
Paid during the year	1,623,088,509	2,036,137,625	1,521,839,090	1,905,138,782
	<b>1,174,452,147</b>	<b>1,091,546,736</b>	<b>962,864,801</b>	<b>967,579,006</b>
	<b>1,515,399,023</b>	<b>1,467,645,142</b>	<b>1,485,181,664</b>	<b>1,421,527,646</b>
<b>13.3.1 Income tax expenses / Provision for tax</b>				
<b>Current tax expenses</b>				
Current year	1,859,740,589	2,031,562,948	1,747,589,129	1,844,979,911
Adjustment for prior year	(162,511,409)	310,601	(162,096,021)	-
<b>Total income tax expenses</b>	<b>1,697,229,180</b>	<b>2,031,873,549</b>	<b>1,585,493,108</b>	<b>1,844,979,911</b>
<b>13.3.2 Income tax paid during the year</b>				
Withholding tax deducted at source	291,026,947	243,244,863	232,027,698	165,482,980
Advance tax paid in cash	1,332,061,562	1,792,892,762	1,289,811,392	1,739,655,802
<b>Advance income tax paid</b>	<b>1,623,088,509</b>	<b>2,036,137,625</b>	<b>1,521,839,090</b>	<b>1,905,138,782</b>
Note	2018		2017	
	%	BDT	%	BDT
<b>13.3.a Reconciliation of effective tax rate (Bank)</b>				
Profit before income tax as per profit and loss account		4,585,853,181		4,056,630,959
Income tax as per applicable tax rate	37.5%	1,719,694,943	40.0%	1,622,652,384
Factors affecting the tax charged in current year				
On non deductible expenses	1.38%	63,182,160	9.42%	382,255,707
Tax exempted income (on govt. treasury securities)	-0.10%	(4,377,136)	0.00%	141,640
Tax savings from reduced tax rates (on dividend income)	-0.93%	(42,594,775)	-4.40%	(178,337,266)
Tax savings from reduced tax rates (for gain on sale of quoted securities)	-1.50%	(68,632,910)	-4.31%	(174,904,798)
Prior year adjustment (for reduction of tax rate by 2.5% and increased threshold of excess perquisite from BDT4.75 lac to 5.5 lac per employee)	-2.54%	(116,561,499)	0.00%	-
Prior year adjustment (released provision for excess profit tax for the Inc.Year 2013)	-1.00%	(45,634,522)	0.00%	-
<b>Total income tax expenses</b>	<b>32.82%</b>	<b>1,505,076,261</b>	<b>40.72%</b>	<b>1,651,807,667</b>
<b>13.4 Provision for loans, advances and OBS exposures (excluding OBU)</b>				
<b>A) Specific provision movement</b>				
Opening balance	4,405,837,967	3,505,106,610	4,379,000,007	3,474,760,743
On fully provided debt written off during the year	(2,544,060,422)	(1,995,038,277)	(2,544,060,422)	(1,971,530,371)
On recovery from loans written off earlier	422,762,114	500,782,730	422,762,114	500,782,730
Specific provision charged (net of recovery) for the year	1,910,730,074	2,394,986,904	1,860,694,162	2,374,986,904
<b>Provision held at the end of the year</b>	<b>4,195,269,733</b>	<b>4,405,837,967</b>	<b>4,118,395,861</b>	<b>4,379,000,007</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>B) General provision movement on loans and advances</b>				
Opening balance	1,744,956,507	1,564,627,165	1,744,956,505	1,564,627,165
Provision made during the year	336,451,086	180,329,342	336,451,086	180,329,342
<b>Provision held at the end of the year</b>	<b>2,081,407,594</b>	<b>1,744,956,507</b>	<b>2,081,407,592</b>	<b>1,744,956,507</b>
<b>C) General provision movement on off-balance sheet exposures</b>				
Opening balance	934,348,992	738,937,326	934,348,990	738,937,326
Provision made during the year	41,769,251	195,411,666	41,769,251	195,411,666
<b>Provision held at the end of the year</b>	<b>976,118,243</b>	<b>934,348,992</b>	<b>976,118,241</b>	<b>934,348,992</b>
<b>Total provision for loans, advances and OBS exposures (excluding OBU)</b>	<b>7,252,795,569</b>	<b>7,085,143,466</b>	<b>7,175,921,693</b>	<b>7,058,305,506</b>
<b>13.4.a Provision for loans, advances and OBS exposures (OBU only)</b>				
General provision on loans and advances	219,343,851	265,450,886	219,343,851	265,450,886
General provision on off-balance sheet exposures	13,368,221	14,784,178	13,368,221	14,784,178
	<b>232,712,071</b>	<b>280,235,064</b>	<b>232,712,071</b>	<b>280,235,064</b>
<b>Total provision for loans, advances and OBS exposures (including OBU) (Note: 13.4 + 13.4.a)</b>	<b>7,485,507,641</b>	<b>7,365,378,530</b>	<b>7,408,633,765</b>	<b>7,338,540,570</b>
<b>13.4.a.1 Provision for loans, advances and OBS exposures (including OBU):</b>				
General provision on loans and advances	2,300,751,444	2,010,407,393	2,300,751,442	2,010,407,393
General provision on off-balance sheet exposures	989,486,464	949,133,170	989,486,462	949,133,170
Specific provision on loans and advances	4,195,269,733	4,405,837,967	4,118,395,861	4,379,000,007
	<b>7,485,507,641</b>	<b>7,365,378,530</b>	<b>7,408,633,765</b>	<b>7,338,540,570</b>

**13.4.1 Provision for loans and advances charged during the year**

	2018 (Bank- Solo)			2017
	Main Op.	OBU	Total	Total
General Provision on loans and advances	336,451,086	(49,696,324)	286,754,762	207,915,554
General Provision on off-balance sheet exposures	41,769,251	(1,621,913)	40,147,338	192,593,775
<b>General Provision charged during the year</b>	<b>378,220,337</b>	<b>(51,318,237)</b>	<b>326,902,100</b>	<b>400,509,328</b>
Specific Provision charged during the year	2,283,456,276	-	2,283,456,276	2,875,769,634
Recovery from loans written off earlier	(422,762,114)	-	(422,762,114)	(500,782,730)
<b>Specific Provision (net of recovery) for the year *</b>	<b>1,860,694,162</b>	<b>-</b>	<b>1,860,694,162</b>	<b>2,374,986,904</b>
<b>Total Provision for loans and advances charged during the year</b>	<b>2,238,914,499</b>	<b>(51,318,237)</b>	<b>2,187,596,262</b>	<b>2,775,496,232</b>

\* 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)**

Nature	Outstanding	Interest suspense	Eligible securities	Base for provision	Required provision	Actual provision	Surplus / (Shortage)
Standard	198,461,886,121	377,944,484	-	198,461,886,121	2,276,622,206	2,276,622,206	-
SMA (Special Mention Account)	4,380,791,725	328,027,973	-	2,248,487,380	24,129,236	24,129,236	-
SS (Substandard)	1,070,625,442	45,365,441	113,591,012	953,661,177	190,207,509	190,207,509	-
DF (Doubtful)	633,086,778	47,314,511	20,655,580	567,934,493	283,569,301	283,569,301	-
BL (Bad/Loss)	3,222,515,019	380,187,977	1,475,021,806	1,552,923,917	3,644,619,051	3,644,619,051	-
Staff loan	1,540,508,822	-	-	-	-	-	-
<b>Total funded exposures</b>	<b>209,309,413,907</b>	<b>1,178,840,387</b>	<b>1,609,268,398</b>	<b>203,784,893,089</b>	<b>6,419,147,303</b>	<b>6,419,147,303</b>	-
Off-balance sheet exposures	117,628,838,617	-	-	103,409,904,004	989,486,462	989,486,462	-
<b>Total funded &amp; non-funded exposures</b>	<b>326,938,252,524</b>	<b>1,178,840,387</b>	<b>1,609,268,398</b>	<b>307,194,797,093</b>	<b>7,408,633,765</b>	<b>7,408,633,765</b>	-
Domestic Banking Unit (Main Operation)					7,175,921,694	7,175,921,694	-
Offshore Banking Unit					232,712,071	232,712,071	-
<b>Total provision for loans and advances &amp; OBS exposures</b>					<b>7,408,633,765</b>	<b>7,408,633,765</b>	-

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>13.5 Interest suspense account</b>				
Opening balance	1,478,980,025	1,476,831,794	1,372,871,626	1,294,241,389
Amount transferred during the year	945,122,820	805,476,772	881,621,402	750,244,656
Amount recovered during the year	(540,412,058)	(568,044,535)	(540,412,058)	(436,330,412)
Amount written off during the year	(535,240,585)	(235,284,006)	(535,240,585)	(235,284,006)
<b>Balance at the end of the year</b>	<b>1,348,450,204</b>	<b>1,478,980,025</b>	<b>1,178,840,387</b>	<b>1,372,871,627</b>
Interest suspense on margin loan (extended by subsidiaries) under negative equity is included in the consolidated Interest suspense account.				
<b>13.6 Provision for protested bill and others</b>				
Opening balance	10,770,000	11,046,380	10,770,000	11,046,380
Provision made/(released) during the year	42,026,000	(187,380)	42,026,000	(187,380)
Adjusted during the year	(280,000)	(89,000)	(280,000)	(89,000)
<b>Balance at the end of the year</b>	<b>52,516,000</b>	<b>10,770,000</b>	<b>52,516,000</b>	<b>10,770,000</b>
<b>13.7 Provision for rebate to good borrowers</b>				
Opening balance	36,100,257	25,685,842	36,100,257	25,685,842
Provision made during the year	-	10,414,415	-	10,414,415
<b>Balance at the end of the year</b>	<b>36,100,257</b>	<b>36,100,257</b>	<b>36,100,257</b>	<b>36,100,257</b>
<b>13.8 Provision for diminution of value of quoted securities</b>				
Opening balance	74,668,232	91,622,985	33,232,549	79,971,182
Provision charged/(released) during the year	372,523,580	(16,954,753)	328,434,944	(46,738,633)
<b>Balance at the end of the year</b>	<b>447,191,812</b>	<b>74,668,232</b>	<b>361,667,493</b>	<b>33,232,549</b>
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.				
<b>13.9 Interest Payable on Borrowing</b>				
Interest payable on Borrowing (including subordinated bond)	336,721,699	310,907,115	319,752,411	273,717,104
Interest payable on Borrowing-Offshore	254,291,852	225,528,577	231,958,426	225,528,577
	<b>591,013,550</b>	<b>536,435,692</b>	<b>551,710,836</b>	<b>499,245,682</b>
Less: Inter company elimination	(61,475,173)	(42,895,608)	(24,949,205)	(13,258,877)
	<b>529,538,377</b>	<b>493,540,084</b>	<b>526,761,631</b>	<b>485,986,805</b>
<b>13.10 Miscellaneous liabilities/payables</b>				
Payable (net of receivable) to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.	13.10.a 85,507,535	418,239,783	85,507,535	418,239,783
Received under compromise settlement of classified & w/off loans	62,767,881	138,864,456	62,767,881	138,864,456
AIT Payable on account of customer	-	76,500,000	-	76,500,000
Other liabilities (FDD payable, unclaimed instrument etc.)	170,932,341	173,006,439	162,512,806	173,006,439
	<b>319,207,757</b>	<b>806,610,678</b>	<b>310,788,222</b>	<b>806,610,678</b>
<b>13.10.a Payable (net of receivable) to Bangladesh Bank for Sanchaypatra, WEDB, DIB, DPB etc.</b>				
<b>Payable to Bangladesh Bank</b> (for Sanchaypatra, WEDB, DIB, DPB etc.)				
For sale of Sanchaypatra	361,070,000	714,920,000	361,070,000	714,920,000
For sale of WEDB, DIB, DPB etc.	6,542,400	650,000	6,542,400	650,000
	<b>367,612,400</b>	<b>715,570,000</b>	<b>367,612,400</b>	<b>715,570,000</b>
<b>Receivable from Bangladesh Bank</b>				
For encashment of Sanchaypatra	273,129,995	288,071,626	273,129,995	288,071,626
For encashment of WEDB, DIB & DPB	8,974,870	9,258,591	8,974,870	9,258,591
	<b>282,104,865</b>	<b>297,330,217</b>	<b>282,104,865</b>	<b>297,330,217</b>
<b>Closing balance</b>	<b>85,507,535</b>	<b>418,239,783</b>	<b>85,507,535</b>	<b>418,239,783</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**13.11 Other liabilities of subsidiaries**

Accounts payable (trading)	365,292,283	1,327,865,114
Sundry creditors	606,187	948,576
Dividend payable	83,899,794	440,000,000
Provision for Employees Gratuity Fund	6,980,580	2,545,252
	456,778,844	1,771,358,942
Less: Intra group outstanding balances		
Share trading account	(13,871,692)	(22,627,463)
Dividend account	(83,899,794)	(439,998,293)
	(97,771,486)	(462,625,756)
<b>Net other liabilities</b>	<b>359,007,358</b>	<b>1,308,733,186</b>

**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	<b>12,000,000,000</b>	<b>12,000,000,000</b>	<b>12,000,000,000</b>	<b>12,000,000,000</b>
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**B) Issued, subscribed and fully paid up capital**

	2018	2017				
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	608,654,589	608,654,589	6,086,545,890	6,086,545,890	6,086,545,890	6,086,545,890
	<b>737,999,589</b>	<b>737,999,589</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>

**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 7,379,995,890 denominated by BDT 10 per share. Detailed break up of paid up capital of BDT 7,379,995,890 as on 31 December 2018 is as follows:

**Percentage of group wise shareholding:**

Shareholders group	2018			2017		
	No. of shares	% of share holding	BDT	No. of shares	% of shareholding	BDT
Directors	232,911,064	31.56%	2,329,110,640	232,911,064	31.56%	2,329,110,640
General Public	428,773,387	58.10%	4,287,733,870	428,156,163	58.02%	4,281,561,630
Financial Institutions	76,315,138	10.34%	763,151,380	76,932,362	10.42%	769,323,620
<b>Total</b>	<b>737,999,589</b>	<b>100.00%</b>	<b>7,379,995,890</b>	<b>737,999,589</b>	<b>100.00%</b>	<b>7,379,995,890</b>

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	3,736	599,695	0.08%
501-5,000	3,073	5,064,540	0.69%
5,001-10,000	401	3,014,548	0.41%
10,001-20,000	261	3,662,231	0.50%
20,001-30,000	83	2,095,226	0.28%
30,001-40,000	40	1,426,790	0.19%
40,001-50,000	35	1,613,903	0.22%
50,001-100,000	98	7,000,134	0.95%
100,001-1,000,000	171	55,761,759	7.56%
1,000,001 and above	84	657,760,763	89.13%
<b>Total</b>	<b>7,982</b>	<b>737,999,589</b>	<b>100.00%</b>

Status of shareholding (shares of EBL) as on 31 December 2018 by CEO, CS, CFO, Head of Internal Control and Compliance and top five salaried executives is shown in the following table:

**Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) & Head of Internal Control & Compliance (HoICC) and their spouses & minor children.**

Name	Designation	No. of shares (EBL) held
Ali Reza Iftekhhar (with spouse & minor children)	Managing Director & CEO	-
Safiar Rahman (with spouse & minor children)	Deputy Managing Director & Company Secretary	-
Chowdhury MAQ Sarwar (with spouse & minor children)	Deputy Managing Director & Head of ICC	-
Masudul Hoque Sardar (with spouse & minor children)	EVP & Head of Finance	-

**Executives (Top five salaried executives other than CEO, CS, CFO & HoICC)**

Hassan O. Rashid	Additional Managing Director	-
Ahmed Shaheen	Deputy Managing Director - Corporate Banking	-
Abul Moqsud	Deputy Managing Director & CRO	-
Akhtar Kamal Talukder	Deputy Managing Director - Operations	30,114
Riad Mahmud Chowdhury	SEVP & Unit Head, Corporate Banking	-

**Shares held by any shareholder to the extent of 10% or more**

**Nil**

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**14.2 Capital to risk weighted assets ratio (CRAR):**

**Common Equity Tier -1 Capital**

Paid up capital	7,379,995,890	7,379,995,890	7,379,995,890	7,379,995,890
Statutory reserve	7,379,995,890	7,379,995,890	7,379,995,890	7,379,995,890
General reserve	603,493,370	130,000,000	603,493,370	130,000,000
Dividend equalization reserve	356,040,000	356,040,000	356,040,000	356,040,000
Retained earnings	4,959,549,554	3,305,226,375	4,637,557,933	3,019,572,918

**Regulatory adjustments:**

Goodwill and all other intangible assets (WDV of Software)	20,679,074,704	18,551,258,155	20,357,083,083	18,265,604,698
Reciprocal crossholdings in the CET 1 capital	(210,170,274)	(197,349,849)	(209,246,521)	(196,822,263)
Investment in own CET1 capital (mutual fund)	(5,475,900)	(27,868,488)	(4,680,900)	(21,440,376)
Deferred tax asset (95% as per BB Circular)	(13,339,260)	(13,339,260)	(13,339,260)	(13,339,260)
	(1,221,552,728)	(1,090,679,906)	(1,221,552,728)	(1,090,679,906)
	<b>19,228,536,542</b>	<b>17,222,020,652</b>	<b>18,908,263,674</b>	<b>16,943,322,893</b>

**Tier -2 Capital**

General provision	3,290,237,904	2,959,540,563	3,290,237,904	2,959,540,563
Subordinated debt	2,000,000,000	2,500,000,000	2,000,000,000	2,500,000,000
Revaluation reserves (50% of fixed assets & securities)	2,247,343,035	2,247,343,035	2,247,343,035	2,247,343,035
	<b>7,537,580,939</b>	<b>7,706,883,598</b>	<b>7,537,580,939</b>	<b>7,706,883,598</b>

**Regulatory adjustment:**

Revaluation reserves for fixed assets & securities (80% in 2018 & 60% in 2017)	(1,797,874,428)	(1,348,405,821)	(1,797,874,428)	(1,348,405,821)
	<b>5,739,706,511</b>	<b>6,358,477,777</b>	<b>5,739,706,511</b>	<b>6,358,477,777</b>

**A. Total regulatory capital**

B. Total risk weighted assets (RWA)	<b>24,968,243,053</b>	<b>23,580,498,429</b>	<b>24,647,970,185</b>	<b>23,301,800,670</b>
C. Minimum capital requirement (MCR) (10% on B)	207,716,569,584	170,677,175,061	202,655,010,057	165,435,329,078
D. Surplus/(deficiency) [A - C]	20,771,656,958	17,067,717,506	20,265,501,005	16,543,532,908
	<b>4,196,586,094</b>	<b>6,512,780,923</b>	<b>4,382,469,180</b>	<b>6,758,267,762</b>

**Capital to risk weighted assets ratio (CRAR)**

	Minimum requirement		Consolidated		Solo	
	2018	2017	2018	2017	2018	2017
On Tier-1 capital to RWA	6.00%	6.00%	9.26%	10.09%	9.33%	10.24%
Capital to RWA ratio (CRAR)	Against standard of minimum 10% with capital conservation buffer 1.875%	Against standard of minimum 10% with capital conservation buffer 1.25%	12.02%	13.82%	12.16%	14.09%

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>15 Statutory Reserve</b>				
Opening balance	7,379,995,890	6,991,700,268	7,379,995,890	6,991,700,268
Transferred from profit during the year	-	388,295,622	-	388,295,622
<b>Closing balance</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>	<b>7,379,995,890</b>
<b>16 Dividend equalization reserve</b>				
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.				
<b>17 Excess of reserve against pre take-over loss - BCCI</b>				
Reserve against pre take-over loss	17.1	1,554,759,750	1,554,759,750	1,554,759,750
Pre take-over loss	17.2	(911,901,857)	(911,901,857)	(911,901,857)
		642,857,893	642,857,893	642,857,893
Unclaimed deposit surrendered to Bangladesh Bank		(169,364,523)	(169,364,523)	-
		473,493,370	473,493,370	642,857,893
Residual balance transferred to General Reserve		(473,493,370)	(473,493,370)	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>	<b>642,857,893</b>
<b>17.1 Reserve against Pre take-over loss-BCCI</b>				
This represents the amount deducted from depositors and other accounts of customers of erstwhile BCCI branches in Bangladesh under clause 11(3) of the Scheme. In accordance with clause 14 of the Scheme, a one-time review of recovery status against BCCI assets was carried out in 1997 by Rahman Rahman Huq, Chartered Accountants. Consequentially, it was decided that no repayment of the deductions need to be made to the depositors of BCCI as per the Scheme. However, all the reserves of BCCI (net of residual balance of pre take-over loss) have been transferred to general reserve of EBL upon necessary approval from the central bank.				
<b>17.2 Pre take-over loss-BCCI</b>				
It represents the difference between BCCI assets and liabilities (excluding reserve) with assets in the higher side as on the reporting date. However, upon special approval from Bangladesh Bank, residual BCCI loan balance of BDT 554,229,366 has been written off and BCCI customer deposit of BDT 169,364,523 has been surrendered to Bangladesh Bank. Finally, the residual balance of Pre take-over loss of BCCI has been transferred to general reserve of the bank after netting off with BCCI reserve.				
Opening balance		(911,901,857)	(936,967,519)	(911,901,857)
Recovery during the year		-	25,065,662	-
<b>Closing balance</b>		<b>(911,901,857)</b>	<b>(911,901,857)</b>	<b>(911,901,857)</b>
<b>18 Assets revaluation reserve (land and other assets)</b>				
Reserve for revaluation of land properties	18.01	2,476,074,358	2,534,874,738	2,476,074,358
Reserve for revaluation of treasury securities (HFT)	18.02	2,838,449	1,465,284	2,838,450
Reserve for amortization of treasury securities (HTM)	18.03	7,092,034	9,964,360	7,092,034
Reserve against non-banking assets	18.04	121,671,165	121,671,165	121,671,165
Reserve for fair value of TRECs to EBLSL and Shares of DSE and CSE	18.05	85,418,367	-	-
		<b>2,693,094,374</b>	<b>2,667,975,547</b>	<b>2,607,676,007</b>
<b>18.01 Reserve for revaluation of land properties</b>				
Opening balance		2,534,874,738	2,534,874,738	2,534,874,738
Adjustment for impairment made during the year		(58,800,380)	(58,800,380)	-
<b>Closing balance</b>		<b>2,476,074,358</b>	<b>2,476,074,358</b>	<b>2,534,874,738</b>
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.				

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>18.02 Reserve for revaluation of treasury securities (HFT)</b>				
Opening balance	1,465,284	12,145,508	1,465,284	12,145,509
Addition during the year	33,763,308	5,344,502	33,763,308	5,344,502
Adjustment made during the year	(32,390,143)	(16,024,726)	(32,390,143)	(16,024,726)
<b>Closing balance</b>	<b>2,838,449</b>	<b>1,465,284</b>	<b>2,838,450</b>	<b>1,465,284</b>
*As per instruction/circular of Bangladesh Bank vide DOS circular letter no. 5 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
<b>18.03 Reserve for amortization of treasury securities (HTM)</b>				
Opening balance	9,964,360	6,200,987	9,964,360	6,200,987
Addition during the year	2,797,380	3,827,066	2,797,380	3,827,066
Adjustment made during the year	(5,669,706)	(63,692)	(5,669,706)	(63,692)
<b>Closing balance</b>	<b>7,092,034</b>	<b>9,964,360</b>	<b>7,092,034</b>	<b>9,964,360</b>
*As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
<b>18.04 Reserve against non-banking assets</b>				
Opening balance	121,671,165	141,288,665	121,671,165	141,288,665
Adjustment made during the year	-	(19,617,500)	-	(19,617,500)
<b>Closing balance</b>	<b>121,671,165</b>	<b>121,671,165</b>	<b>121,671,165</b>	<b>121,671,165</b>
<b>18.05 Reserve for fair value of TRECs to EBLSL and Shares of DSE and CSE (held by EBLSL under Demutualization Scheme)</b>				
Fair value of DSE-TREC held by EBLSL	481,427,540	-		
Fair value of CSE-TREC held by EBLSL	201,500,000	-		
Fair value of Shares of DSE (5,411,329 shares @ BDT10)	113,909,572	-		
Fair value of Shares of CSE (4,287,330 shares @ BDT 10)	43,879,755	-		
	<b>840,716,867</b>	<b>-</b>		
<b>Less:</b>				
Value of DSE Membership booked earlier	553,798,500	-		
Value of CSE Membership booked earlier	201,500,000	-		
	<b>755,298,500</b>	<b>-</b>		
<b>Revaluation reserve</b>	<b>85,418,367</b>	<b>-</b>		
<b>19 General reserve</b>				
Opening balance	130,000,000	130,000,000	130,000,000	130,000,000
Transfer of residual balance of Pre-take over loss- BCCI	473,493,370	-	473,493,370	-
<b>Closing balance</b>	<b>603,493,370</b>	<b>130,000,000</b>	<b>603,493,370</b>	<b>130,000,000</b>
<b>20 Foreign currency translation difference: [gain/(loss)]</b>				

Assets and liabilities of EBL Offshore Banking Unit and EBL Finance (HK) Ltd (for Consolidation) have been presented into BDT (which is the functional currency of the Bank) using year-end standard mid rate of exchange of the Bank @ USD 1 = BDT 83.90 and HKD 1= BDT 10.8188. Yearly incomes and expenses are translated using monthly average exchange rate (USD 1= BDT 83.4592 & HKD 1= BDT 10.7620). The net cumulative result of the exchange differences has been presented separately as equity component as per IAS 21 (para 39).



Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

**21 Surplus in profit and loss account**

Opening balance	3,305,226,375	3,012,542,313	3,019,572,916	2,751,906,906
Profit for the year (excluding dividend from subsidiaries)	3,110,776,906	2,428,269,740	2,939,631,163	1,585,530,435
Transfer to statutory reserve	-	(388,295,622)	-	(388,295,622)
Bonus share issued	-	(351,428,370)	-	(351,428,370)
Cash dividend paid	(1,475,999,178)	(1,405,713,504)	(1,475,999,178)	(1,405,713,504)
Foreign currency adjustment for offshore	19,545,450	9,851,818	13,207,275	8,280,212
Dividend received from subsidiaries	-	-	141,145,756	819,292,860
<b>Closing balance</b>	<b>4,959,549,554</b>	<b>3,305,226,375</b>	<b>4,637,557,933</b>	<b>3,019,572,916</b>

**22 Contingent liabilities**

Acceptance and endorsements	<b>22.1</b>	57,033,419,112	37,313,068,570	57,033,419,112	37,313,068,570
Letters of guarantee	<b>22.2</b>	27,299,063,024	18,139,419,275	27,299,063,024	18,139,419,275
Irrevocable letters of credit	<b>22.3</b>	24,913,788,504	38,108,685,882	24,913,788,504	38,108,685,882
Bills for collection	<b>22.4</b>	7,676,005,477	7,055,462,385	7,676,005,477	7,055,462,385
Others (Securities holding SC-Agrabad branch)		378,933,000	-	378,933,000	-
Forward assets purchased and forward deposits placed (against FCY)	<b>22.5</b>	327,629,500	661,600,000	327,629,500	661,600,000
		<b>117,628,838,617</b>	<b>101,278,236,112</b>	<b>117,628,838,617</b>	<b>101,278,236,112</b>

**22.1 Acceptance and endorsements**

Acceptances (Back to Back)	9,852,345,271	8,524,839,138	9,852,345,271	8,524,839,138
Acceptances (ULC-Cash)	46,551,399,143	28,386,416,757	46,551,399,143	28,386,416,757
Acceptances (Against Contract-Agrabad branch)	81,849,552	-	81,849,552	-
	<b>56,485,593,965</b>	<b>36,911,255,895</b>	<b>56,485,593,965</b>	<b>36,911,255,895</b>
Acceptances (ULC-Cash)- Offshore Banking Unit	547,825,146	401,812,675	547,825,146	401,812,675
	<b>57,033,419,112</b>	<b>37,313,068,570</b>	<b>57,033,419,112</b>	<b>37,313,068,570</b>

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 5,921.20 million issued on account of Fast Track Power Projects has been maintained.

**22.2 Letters of guarantees**

Directors	-	-	-	-
Government	514,331,129	501,196,327	514,331,129	501,196,327
Banks and other financial institutions	12,561,447,080	7,025,375,955	12,561,447,080	7,025,375,955
Others (Customers etc.)	14,223,284,815	10,612,846,993	14,223,284,815	10,612,846,993
	<b>27,299,063,024</b>	<b>18,139,419,275</b>	<b>27,299,063,024</b>	<b>18,139,419,275</b>
Letters of guarantee-Offshore Banking Unit	-	-	-	-
	<b>27,299,063,024</b>	<b>18,139,419,275</b>	<b>27,299,063,024</b>	<b>18,139,419,275</b>

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 (provision rate ranges from 0% - 0.75%) as per BRPD circular no 13 dated 18 October 2018.



Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>22.2.1</b>	<p>A case was filed at Artha Rin Adalat-3, Dhaka by Eastern Bank Limited (EBL), successor of BCCI Overseas Limited, against National Bank Limited (NBL) for issuing guarantee which has been decreed against NBL on 04 January 2004 for BDT 27,366,450 plus interest @ 18% p.a. amounting to BDT 45,565,139 (from 01 October 1994 to 31 December 2003) making an aggregate amount of BDT 72,931,589. Against the decreed amount, NBL made an appeal against the order which was dismissed on 14 July 2014 in favor of EBL by the Honorable High Court, Dhaka. Before filing the appeal, NBL had paid BDT 13,683,225 to the court being 50% of the principal decreed amount. Again, NBL filed an appeal on 30 July 2015 in the Honorable Supreme Court, Dhaka against the judgment passed by the Honorable High Court, Dhaka. After hearing both the parties the honorable Appellate Division of the Supreme Court passed judgment on 19 May 2016 in favor of EBL, thereafter NBL filed a review petition against the said judgment in the Appellate Division. After obtaining the judgment, EBL restored its Artha Execution Case No. 188/2005 in Artha Rin Adalat 03, Dhaka. Thereafter, EBL filed an application to issue the attachment order to NBL; accordingly the court issued show cause notice upon NBL for attachment. Finally NBL proposed to settle the account amicably and agreed to pay EBL claim. As a result, EBL recovered BDT 84,713,408.26 from NBL. Thereafter, the Artha Execution Case no. 188/2005 filed against NBL has been withdrawn.</p>			
<b>22.3 Irrevocable letters of credit</b>				
Letters of credit - Cash sight	4,645,520,552	5,428,333,393	4,645,520,552	5,428,333,393
Letters of credit - Cash usance	12,641,153,713	26,302,988,193	12,641,153,713	26,302,988,193
Letters of credit - Back to back	6,838,117,300	6,111,408,701	6,838,117,300	6,111,408,701
	<b>24,124,791,565</b>	<b>37,842,730,287</b>	<b>24,124,791,565</b>	<b>37,842,730,287</b>
Letters of credit (Cash sight)-Offshore Banking Unit	223,862,502	27,421,267	223,862,502	27,421,267
Letters of credit (Cash usance)-Offshore Banking Unit	565,134,436	238,534,328	565,134,436	238,534,328
	<b>24,913,788,504</b>	<b>38,108,685,882</b>	<b>24,913,788,504</b>	<b>38,108,685,882</b>
<b>22.4 Bills for collection</b>				
Foreign Documentary Bills Collection	2,922,347,368	3,125,808,016	2,922,347,368	3,125,808,016
Local Documentary Bills Collection	4,094,546,697	3,119,004,851	4,094,546,697	3,119,004,851
	<b>7,016,894,065</b>	<b>6,244,812,867</b>	<b>7,016,894,065</b>	<b>6,244,812,867</b>
Bills for collection- Offshore Banking Unit	659,111,412	810,649,518	659,111,412	810,649,518
	<b>7,676,005,477</b>	<b>7,055,462,385</b>	<b>7,676,005,477</b>	<b>7,055,462,385</b>
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 7,676.00 million has been maintained as on the reporting date.				
<b>22.5 Forward assets purchased and forward deposits placed (against FCY)</b>				
Forward assets purchased	327,629,500	661,600,000	327,629,500	661,600,000
Forward deposits placed	-	-	-	-
	<b>327,629,500</b>	<b>661,600,000</b>	<b>327,629,500</b>	<b>661,600,000</b>
As per BRPD instruction, 1% general provision on outstanding Forward Assets Purchased worth BDT 327.63 million has been maintained.				
<b>23 Interest income</b>				
Interest on loans and advances	19,064,717,142	14,138,204,226	18,417,196,385	13,691,573,824
Interest on money at call and short notice	12,209,406	20,925,564	12,209,406	20,925,564
Interest on placement with banks and Financial Institutions	1,638,032,431	1,045,316,262	1,616,492,442	1,030,415,661
Interest on foreign currency balances	27,348,652	12,560,814	27,348,652	12,560,814
	<b>20,742,307,631</b>	<b>15,217,006,866</b>	<b>20,073,246,885</b>	<b>14,755,475,863</b>
Less: Elimination of inter unit/company transactions	(554,093,970)	(606,487,970)	(251,966,758)	(356,372,035)
	<b>20,188,213,662</b>	<b>14,610,518,896</b>	<b>19,821,280,127</b>	<b>14,399,103,828</b>
<b>24 Interest paid on deposits and borrowings</b>				
Interest on deposits	<b>24.01</b> 9,946,097,534	6,769,640,185	9,946,097,534	6,769,640,185
Interest on borrowings from Banks & FIs	<b>24.02</b> 2,591,699,184	2,172,337,107	2,027,451,881	1,844,688,037
Interest on borrowings from BB & others	<b>24.03</b> 592,804,418	395,731,626	592,804,418	395,731,626
Interest on Margin	676,183	676,183	676,183	676,183
	<b>13,131,277,319</b>	<b>9,338,385,101</b>	<b>12,567,030,016</b>	<b>9,010,736,031</b>
Less: Elimination of inter unit/company transactions	(554,093,970)	(606,487,970)	(251,966,758)	(356,372,035)
	<b>12,577,183,349</b>	<b>8,731,897,132</b>	<b>12,315,063,258</b>	<b>8,654,363,996</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>24.01 Interest on deposits</b>				
Interest on Savings Deposits	1,642,257,295	1,598,641,779	1,642,257,295	1,598,641,779
Interest on Special Notice Deposits (SND)	1,471,554,538	948,929,692	1,471,554,538	948,929,692
Interest on Term Deposits	6,832,285,701	4,222,068,714	6,832,285,701	4,222,068,714
	<b>9,946,097,534</b>	<b>6,769,640,185</b>	<b>9,946,097,534</b>	<b>6,769,640,185</b>
<b>24.02 Interest on borrowings from Banks &amp; FIs</b>				
Interest on demand borrowing	1,914,492,525	1,466,106,046	1,700,898,938	1,317,505,578
Interest on term borrowing	429,175,466	418,240,964	78,521,750	239,192,361
Interest on Subordinated Bond	241,417,809	287,499,999	241,417,809	287,499,999
Inter-bank Repo (Repurchase agreement)	6,613,384	490,099	6,613,384	490,099
	<b>2,591,699,184</b>	<b>2,172,337,107</b>	<b>2,027,451,881</b>	<b>1,844,688,037</b>
<b>24.03 Interest on borrowings from BB &amp; others</b>				
Borrowing under IPFF	5,293,013	27,993,428	5,293,013	27,993,428
Borrowing under EDF	421,041,699	215,846,095	421,041,699	215,846,095
Borrowing under LTFF	62,227,370	36,142,917	62,227,370	36,142,917
Borrowing under BADP (refinance scheme)	19,808,742	24,402,256	19,808,742	24,402,256
Borrowing under SMESPD (refinance scheme)	53,084,517	58,641,012	53,084,517	58,641,012
Second Crop Diversification Project	29,040,384	31,005,807	29,040,384	31,005,807
Borrowing from SME Foundation	1,490,556	1,700,111	1,490,556	1,700,111
Borrowing under ALS	818,137	-	818,137	-
	<b>592,804,418</b>	<b>395,731,626</b>	<b>592,804,418</b>	<b>395,731,626</b>
<b>25 Investment income</b>				
<b>Dividend Income:</b>				
From subsidiary companies	-	-	141,145,756	819,292,860
From other companies	160,292,377	139,525,803	102,252,957	72,393,470
	<b>160,292,377</b>	<b>139,525,803</b>	<b>243,398,713</b>	<b>891,686,330</b>
Interest on reverse REPO	24,073,926	19,714,277	24,073,926	19,714,277
Interest on commercial paper	2,409,333	18,193,778	2,409,333	18,193,778
Interest on corporate bonds	185,918,730	128,594,324	185,918,730	128,594,324
Interest on treasury bonds	1,550,801,722	1,911,563,283	1,550,801,722	1,911,563,283
Interest on govt. treasury/bangladesh bank bills	50,022,534	5,938,666	50,022,534	5,938,666
Gain (net of loss) from trading in govt. securities	37,758,418	24,894,988	37,758,418	24,894,988
(Loss) on revaluation of treasury securities (HFT)*	(26,086,054)	(25,249,088)	(26,086,054)	(25,249,088)
Net Gain/(Loss) on sale of quoted securities	327,157,557	1,028,892,144	249,574,217	439,349,076
	<b>2,312,348,542</b>	<b>3,252,068,177</b>	<b>2,317,871,538</b>	<b>3,414,685,634</b>
*As per instruction/circular of Bangladesh Bank vide DOS circular Letter No 05 dated 26 May 2008 and subsequent clarifications on 28 January 2009.				
<b>26 Commission, exchange and brokerage</b>				
Fees, commission and charges	<b>26.1</b>	2,195,765,294	2,026,590,822	2,090,284,857
Exchange gain (net of exchange loss)	<b>26.2</b>	1,020,945,370	1,107,405,743	1,020,093,019
Brokerage commission	<b>26.3</b>	251,007,559	392,734,499	-
		<b>3,467,718,223</b>	<b>3,526,731,064</b>	<b>3,110,377,876</b>
		<b>3,467,718,223</b>	<b>3,526,731,064</b>	<b>3,110,377,876</b>

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>26.1 Fees, commission and charges:</b>				
Loan processing fees	237,031,109	288,550,104	237,031,109	288,550,104
Service charges (Periodic & Adhoc)	334,809,530	350,452,981	334,840,610	299,010,327
Early settlement fees	44,269,474	56,317,376	44,269,474	56,317,376
Cards fees & charges (net of cards direct expenses) <b>26.1.a</b>	499,923,216	494,434,643	499,923,216	494,434,643
Commission on general banking (PO, FDD, remittance, etc)	99,232,432	102,218,820	99,232,432	102,218,820
Commission on trade business (LG, LC, Acceptance)	980,499,534	734,616,898	874,988,017	703,252,397
	<b>2,195,765,294</b>	<b>2,026,590,822</b>	<b>2,090,284,857</b>	<b>1,943,783,667</b>
<b>26.1.a Cards fees and charges (net of cards direct expenses):</b>				
<b>Cards fees and charges:</b>				
Fees and charges (Debit, Prepaid Cards, etc.)	151,548,255	140,581,292	151,548,255	140,581,292
<b>Fees and charges (Credit cards):</b>				
Annual and transactional fees	141,144,387	137,499,323	141,144,387	137,499,323
Late payment and overlimit fees	181,951,591	165,003,601	181,951,591	165,003,601
Cash advance fees	25,057,422	20,928,882	25,057,422	20,928,882
Interchange reimbursement (IRF) and acquiring fees	163,658,876	129,728,898	163,658,876	129,728,898
Risk assurance premium	85,775,753	77,321,777	85,775,753	77,321,777
Merchant service commission	83,076,904	47,671,154	83,076,904	47,671,154
Card cheque fees	49,534,129	55,326,058	49,534,129	55,326,058
Replacement fees and others	28,250,144	22,665,858	28,250,144	22,665,858
	<b>909,997,462</b>	<b>796,726,842</b>	<b>909,997,462</b>	<b>796,726,842</b>
<b>Cards direct expenses</b>				
Membership and Priority Pass	172,729,377	145,868,601	172,729,377	145,868,601
Acquiring and IRF charges	68,207,134	33,727,884	68,207,134	33,727,884
Insurance expense	94,870,038	78,266,255	94,870,038	78,266,255
Other service charges (ATM card usage, cash back, reward etc)	74,267,697	44,429,459	74,267,697	44,429,459
	<b>410,074,246</b>	<b>302,292,199</b>	<b>410,074,246</b>	<b>302,292,199</b>
<b>Total cards fees and charges (net of direct expenses)</b>	<b>499,923,216</b>	<b>494,434,643</b>	<b>499,923,216</b>	<b>494,434,643</b>
<b>26.2 Exchange gain (net of exchange loss)</b>				
Gain on exchange trading (other than cards business)	2,859,205,802	3,359,424,166	2,832,093,342	3,348,725,028
Less: Exchange loss	1,931,313,720	2,393,324,902	1,905,053,611	2,384,329,357
	<b>927,892,082</b>	<b>966,099,264</b>	<b>927,039,731</b>	<b>964,395,671</b>
Exchange gain from cards business	133,290,331	171,503,926	133,290,331	171,503,926
Less: Exchange loss	40,237,043	30,197,447	40,237,043	30,197,447
	<b>93,053,288</b>	<b>141,306,479</b>	<b>93,053,288</b>	<b>141,306,479</b>
<b>Total</b>	<b>1,020,945,370</b>	<b>1,107,405,743</b>	<b>1,020,093,019</b>	<b>1,105,702,150</b>
<b>26.3 Brokerage commission</b>				
Brokerage commission (DSE and CSE)	254,705,737	404,202,971		
Brokerage commission (Dealer)	3,181,579	14,474,860		
Settlement fees & commission	20,638,280	22,572,849		
Management & trustee fees	7,063,497	6,746,065		
	<b>285,589,093</b>	<b>447,996,745</b>		
<b>Less: Direct expenses</b>				
Laga and Howla charges	22,551,283	35,521,394		
CDBL charges	12,030,251	19,740,852		
	<b>34,581,534</b>	<b>55,262,246</b>		
	<b>251,007,559</b>	<b>392,734,499</b>		

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>27 Other operating income</b>				
Rebate earnings	94,274,583	67,539,628	94,274,583	67,539,628
Postage charges recovered	34,778,838	28,667,108	16,135,706	14,704,071
Swift charges recovered	63,179,953	56,795,749	63,179,953	56,795,749
Service charges (others)	8,500,934	7,691,878	8,500,934	7,691,878
Locker rent	18,052,600	16,957,860	18,052,600	16,957,860
(Loss)/gain on disposal of fixed assets	(11,414,348)	16,717,478	(11,427,666)	16,676,494
Other earnings	16,090,386	11,410,696	16,043,816	11,410,696
	<b>223,462,947</b>	<b>205,780,397</b>	<b>204,759,927</b>	<b>191,776,376</b>

Commission, fees and charges received against export and export related services are VAT exempted as per service code S056 of SRO 188-AIN/2012/646-MUSHAK, dated 07 June 2012.

## 28 Salary & allowances (excluding those of MD)

Basic salary	1,205,170,116	1,065,310,484	1,131,765,236	1,004,265,282
Other salary & allowances	1,583,425,741	1,438,988,499	1,539,747,240	1,402,014,192
Festival bonus	194,014,865	170,699,258	188,515,567	166,300,947
Performance bonus	290,211,556	270,278,317	279,000,000	259,000,000
Contribution to provident fund	111,421,536	98,868,331	108,453,323	96,669,592
Contribution to gratuity fund	<b>28.1</b> 187,173,612	154,262,614	180,193,032	151,484,569
Contribution to superannuation fund	<b>28.2</b> 15,510,000	17,880,000	15,510,000	17,880,000
	<b>3,586,927,426</b>	<b>3,216,287,504</b>	<b>3,443,184,398</b>	<b>3,097,614,582</b>

\*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 1,715 at the end of December 2018 as against 1,594 at the end of December 2017.

### 28.1 Contribution to gratuity fund

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:

	Rate (% of basic salary)
Current Service Cost	10.91%
Past Service Cost	7.22%
	<b>18.13%</b>

### 28.1.a Contribution to Gratuity fund during the year

Required contribution for the year (14.90% on basic salary from January-September'18 and 18.13% on basic salary from October-December'18)	180,193,032
Maintained during the year	180,193,032
<b>Surplus / (shortage)</b>	<b>-</b>

### 28.2 Contribution to superannuation fund

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.

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
<b>28.2.a Contribution to Superannuation fund during the year</b>				
Required contribution for the year			15,510,000	
Maintained during the year			15,510,000	
<b>Surplus / (shortage)</b>			<b>-</b>	
<b>29 Rent, taxes, insurance, utilities etc.</b>				
Rents, rates and taxes - Premises & Equipments	568,717,538	536,895,477	539,759,368	516,116,620
Insurance premium*	123,729,888	104,180,366	122,986,797	103,542,846
Utilities (except telecommunication)	121,066,176	116,006,466	115,529,600	112,099,100
	<b>813,513,602</b>	<b>757,082,308</b>	<b>778,275,765</b>	<b>731,758,565</b>
The major portion of this premium (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 etc.				
<b>30 Legal &amp; professional expenses</b>				
Professional fees (Consultancy, advisory, certification, etc.)	21,069,759	16,236,322	20,791,023	15,080,765
Professional fees (Loan recovery & Contact point verification)	1,771,725	42,238,996	1,771,725	42,238,996
Lawyers' professional fees	25,332,882	31,869,454	24,871,932	31,749,854
Other legal expenses (Court expense, auction notice, etc.)	53,268,752	52,918,195	53,127,124	52,781,653
	<b>101,443,119</b>	<b>143,262,967</b>	<b>100,561,805</b>	<b>141,851,268</b>
<b>31 Postage, stamp, telecommunication etc.</b>				
Telephone - office (including SMS service)	46,471,319	45,389,221	46,048,135	44,293,019
Network link, Internet, swift and DR maintenance cost	61,362,790	60,173,212	59,318,096	57,639,787
Postage and courier charges	36,411,191	32,226,922	29,901,585	27,413,100
Stamp and court fees	759,714	643,633	759,714	643,633
	<b>145,005,015</b>	<b>138,432,989</b>	<b>136,027,531</b>	<b>129,989,539</b>
<b>32 Stationery, printing, advertisement, business promotion etc.</b>				
Printing and stationery	77,370,321	78,986,610	76,493,931	76,428,251
Advertisement (Print & electronic media, POC materials etc.)	57,427,516	51,472,240	56,943,238	50,799,617
Business promotional expenses for Skylounge	148,340,320	142,107,836	148,340,320	142,107,836
Business promotional expenses for Priority and others	63,668,686	54,787,098	54,807,245	47,261,816
	<b>346,806,843</b>	<b>327,353,784</b>	<b>336,584,734</b>	<b>316,597,520</b>
<b>33 Managing Director's salary and allowances (Bank only)</b>				
Basic salary	13,650,645	12,409,678	13,650,645	12,409,678
Allowances	4,800,000	4,800,000	4,800,000	4,800,000
Bonus (Festival and Performance)	3,200,000	3,100,000	3,200,000	3,100,000
Bank's contribution to provident fund	1,365,065	1,240,968	1,365,065	1,240,968
	<b>23,015,710</b>	<b>21,550,646</b>	<b>23,015,710</b>	<b>21,550,646</b>
<b>34 Directors' fees and expenses</b>				
Meeting attendance fees	2,452,950	2,381,650	2,217,200	2,042,400
Other expenses (refreshment, conveyance etc.)	2,513,021	2,079,933	2,513,021	2,079,933
	<b>4,965,971</b>	<b>4,461,583</b>	<b>4,730,221</b>	<b>4,122,333</b>

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 2018.

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017

### 35 Audit Fees

Statutory audit fees	1,954,701	1,578,617	1,008,750	800,000
VAT on audit fees (i.e. 15%)	145,663	143,413	120,000	120,000
	<b>2,100,364</b>	<b>1,722,030</b>	<b>1,128,750</b>	<b>920,000</b>

Audit fees include BDT 208,750 incurred for EBL Yangon representative office, Myanmar.

### 36 Repairs, maintenance and depreciation

#### Depreciation: (Annexure 'A' )

Building and floor spaces	22,632,036	18,225,183	22,632,036	18,225,183
Machinery and equipments	75,154,843	76,308,888	74,128,996	75,339,145
Computer and network equipments	55,559,233	52,600,084	53,143,178	50,474,412
Electromechanical Equipments	4,281,945	-	4,281,945	-
Vehicles	23,908,941	20,503,901	19,772,588	17,552,574
Furniture and fixtures	34,971,207	30,386,621	33,199,961	29,229,903
Software	54,365,010	63,538,023	54,105,656	63,104,713
	<b>270,873,215</b>	<b>261,562,700</b>	<b>261,264,360</b>	<b>253,925,930</b>

#### Repairs, maintenance and spare parts

Machinery and equipments	71,124,686	67,904,089	69,926,765	67,670,568
Vehicles	12,693,589	10,671,795	12,371,653	10,563,040
Furniture and fixtures	19,533,911	10,267,869	19,530,144	10,168,160
Rented premises- general	70,063,132	46,646,992	67,968,416	43,367,442
Rented premises-electricity & lighting	18,633,825	14,277,352	18,633,825	13,680,842
Software maintenance	113,030,166	92,529,502	112,240,221	91,763,684
	<b>305,079,309</b>	<b>242,297,599</b>	<b>300,671,024</b>	<b>237,213,736</b>

#### Total

	<b>575,952,524</b>	<b>503,860,299</b>	<b>561,935,384</b>	<b>491,139,666</b>
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### 37 Other expenses

Business travelling and conveyance	60,817,577	58,670,694	58,570,749	55,711,170
Bank charges	64,483,177	81,218,791	63,330,358	80,142,276
Cards production cost	30,298,500	8,034,500	30,298,500	8,034,500
POS Acquiring Expenses	20,900,000	10,934,000	20,900,000	10,934,000
Donation (including CSR)	81,227,950	153,091,040	81,088,044	152,947,536
Fees and subscriptions	3,979,442	6,067,502	3,741,068	5,858,479
Recruitment and training expenses	25,581,696	22,419,400	25,101,034	19,694,469
Entertainment and recreation	46,429,762	45,515,013	40,147,931	40,326,269
Office securities (Cash carrying, office premises etc.)	135,094,105	135,236,143	134,339,333	134,573,743
Business and internal events	18,622,993	22,076,556	18,622,993	22,076,556
Reward and recognition	9,178,258	7,610,867	9,178,258	7,610,867
Sales and collection commision (DST, Agency, Dealers)	102,922,811	115,201,499	102,922,811	115,201,499
Expense for EBL Sub-ordinated bond	3,809,893	3,429,643	3,809,893	3,429,643
Other operating expenses (uniform, freight, books, shares etc)	17,949,556	12,996,129	17,820,554	12,986,939
Other expenses of subsidiaries	13,762,733	10,945,959	-	-
	<b>635,058,454</b>	<b>693,447,735</b>	<b>609,871,527</b>	<b>669,527,945</b>

#### 37.1 Other expenses of subsidiaries

Registration, renewal & IPO expense	1,232,404	1,283,484
Guarantee premium	12,158,854	8,797,500
Other administration expenses	371,475	864,975
	<b>13,762,733</b>	<b>10,945,959</b>

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per VAT Act 1991.



Amount in BDT

	Notes	Consolidated		Bank	
		2018	2017	2018	2017
<b>38 Other provisions</b>					
Provision charged/(released) for protested bill & others	<b>13.6</b>	42,026,000	(187,380)	42,026,000	(187,380)
Provision for rebate to good borrowers	<b>13.7</b>	-	10,414,415	-	10,414,415
Provision (release) on revaluation (or sale) of quoted securities	<b>13.8</b>	372,523,580	(16,954,753)	328,434,944	(46,738,633)
		<b>414,549,580</b>	<b>(6,727,719)</b>	<b>370,460,944</b>	<b>(36,511,598)</b>
<b>39 Deferred tax expense/(income) (net)</b>					
Deferred tax income arisen for charging specific provision	<b>9.10.a</b>	(137,760,865)	(182,025,097)	(137,760,865)	(182,025,097)
Deferred tax expense/(income) in WDV of Fixed Assets	<b>9.10.b</b>	57,344,019	(11,147,146)	57,344,019	(11,147,146)
		<b>(80,416,846)</b>	<b>(193,172,244)</b>	<b>(80,416,846)</b>	<b>(193,172,244)</b>
<b>40 Earnings per share</b>					
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 2018 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 2018		-	-	-	-
<b>A. Number of ordinary shares outstanding:</b>		<b>737,999,589</b>	<b>737,999,589</b>	<b>737,999,589</b>	<b>737,999,589</b>
<b>B. Earnings Per Share (EPS):</b>					
Net profit attributable to the shareholders of EBL		3,110,776,906	2,428,269,740	3,080,776,920	2,404,823,293
Number of ordinary shares outstanding:		737,999,589	737,999,589	737,999,589	737,999,589
<b>Earnings per share (EPS)</b>		<b>4.22</b>	<b>3.29</b>	<b>4.17</b>	<b>3.26</b>
<b>41 Changes in other assets (Cash flow item)</b>					
<b>Opening Balance:</b>					
TREC of DSE (in exchange of membership license)		553,800,000	553,800,000	-	-
TREC of CSE (in exchange of membership license)		201,500,000	201,500,000	-	-
Receivable from subsidiaries		-	-	17,494,671	213,833,968
Stock of stationeries		13,162,729	12,624,241	13,162,729	12,624,241
Stamps on hand		7,232,388	3,382,597	7,185,688	3,371,397
Advance to staff for expenses		754,509	1,484,658	754,509	1,484,658
Security deposits-govt. agencies		12,080,611	6,934,714	6,004,564	6,494,714
Interest and dividend receivables		711,849,402	628,557,273	1,163,352,334	776,972,930
Sundry receivables		350,909,425	480,080,667	345,355,945	443,006,103
Advance rent		324,847,799	309,150,611	323,730,799	306,458,786
Prepayments and advance to vendors		937,051,222	654,623,283	931,364,350	654,196,868
Deferred tax assets (net of liabilities)		1,130,283,018	937,110,774	1,130,283,018	937,110,773
Other assets of subsidiaries		1,079,685,431	243,633,584	-	-
		<b>5,323,156,535</b>	<b>4,032,882,403</b>	<b>3,938,688,608</b>	<b>3,355,554,437</b>
<b>Closing Balance:</b>					
Investment in DSE (TREC and Shares of DSE )		595,337,112	553,800,000	-	-
Investment in CSE (TREC and Shares of CSE )		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	648,239,642	450,440,214	642,686,162
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

Amount in BDT

Notes	Consolidated		Bank	
	2018	2017	2018	2017
Other assets of subsidiaries	31,186,399	1,079,685,431	-	-
Adjustment for other non-cash items	(37,629,909)	70,767,479	(126,934,915)	84,559,672
<b>Net cash changes in other assets</b>	<b>1,653,885,538</b>	<b>(1,516,836,870)</b>	<b>986,803,867</b>	<b>(795,904,716)</b>

## 42 Changes in other liabilities (Cash flow items)

### Opening balances

Privileged creditors	422,890,252	322,742,145	422,890,252	322,741,667
Acquirer liabilities	601,799,164	500,234,880	601,799,164	500,234,880
Sundry creditors	62,107,724	61,162,902	62,107,724	61,162,902
Security deposit	52,615,151	44,290,752	52,587,551	44,290,752
Current tax liability/(assets)	1,467,645,142	1,492,097,992	1,421,527,646	1,481,686,518
Provision for loans, advances and OBS exposures (excluding OBU)	7,085,143,461	5,808,671,100	7,058,305,501	5,778,325,235
Provision for loans, advances and OBS exposures (OBU)	280,235,064	242,461,849	280,235,064	242,461,849
Interest suspense account	1,478,980,025	1,476,831,793	1,372,871,626	1,294,241,388
Provision for protested bill & others	10,770,000	11,046,380	10,770,000	11,046,380
Provision for non-banking assets	12,345,330	12,761,835	12,345,330	12,761,835
Provision for rebate to good borrowers	36,100,257	25,685,842	36,100,257	25,685,842
Provision for loss on revaluation of shares (net)	74,668,232	91,622,986	33,232,549	79,971,182
Advance interest/commission received	27,115,409	20,653,393	21,144,001	17,831,174
Expenses payable	499,102,150	401,199,336	458,006,884	386,669,340
Interest payable on borrowing including OBU	493,540,084	365,590,573	485,986,805	365,590,573
Miscellaneous liabilities	806,610,679	643,795,835	806,610,679	643,796,007
Other liabilities of subsidiaries	1,308,733,186	449,714,429	-	-
	<b>14,720,401,311</b>	<b>11,970,564,022</b>	<b>13,136,521,033</b>	<b>11,268,497,524</b>

### Closing 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	47,280,131	62,107,724	47,280,131	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
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	1,103,940,896	310,788,222	1,103,940,896
Other liabilities of subsidiaries	359,007,358	1,308,733,186	-	-
	<b>13,902,926,147</b>	<b>15,017,731,527</b>	<b>13,123,885,732</b>	<b>13,433,851,250</b>
Adjustment for other non cash items	(73,154,349)	(196,891,386)	(68,192,183)	(186,807,173)
<b>Net cash changes in other liabilities</b>	<b>(890,629,513)</b>	<b>2,850,276,119</b>	<b>(80,827,484)</b>	<b>1,978,546,553</b>

## 43 Events after the reporting period

The Board of Directors of Eastern Bank Limited recommended 30 % dividend (20 % cash and 10% bonus share) in 644 board meeting held on 10 April 2019 for the year 2018. Eligible shareholders (who hold EBL shares on the record date i. e. 06 May 2019) will be entitled to get this dividend subject to shareholders' approval in AGM. The amount of recommended dividend is BDT 2,213,998,767.



Eastern Bank Limited  
**Schedule of Fixed Assets**

as at 31 December 2018

**Annexure - A**  
Amount in BDT

Particulars	Cost					Accumulated Depreciation & Amortization				Net Book Value as at 31 December 2018
	Balance as at 01 January 2018	Revaluation Reserve	Additions during the year	Disposal/ transfer during the year	Balance as at 31 December 2018	Balance as at 01 January 2018	Charge for the year	On disposals during the year	Balance as at 31 December 2018	
<b>Tangible assets</b>										
Land	4,044,759,466	(58,800,380)	697,700	-	3,986,656,786	-	-	-	-	3,986,656,786
Building and floor spaces	730,856,590	-	697,698,932	(20,600,000)	1,407,955,522	105,459,751	22,632,036	(7,456,135)	120,635,652	1,287,319,870
Building under construction and capital work in progress	666,345,092	-	42,480,932	(688,721,353)	20,104,672	-	-	-	-	20,104,672
Machinery and equipments	782,031,248	-	119,489,555	(19,104,798)	882,416,005	647,149,818	74,128,996	(19,104,414)	702,174,400	180,241,605
Electromechanical equipments	-	-	342,555,675	-	342,555,675	-	4,281,945	-	4,281,945	338,273,730
Computer and network equipments	570,171,241	-	151,602,100	(16,716,246)	705,057,095	474,285,431	53,143,178	(16,716,036)	510,712,573	194,344,521
Vehicles	132,394,575	-	26,944,710	(1,359,525)	157,979,760	82,310,745	19,772,588	(1,359,511)	100,723,822	57,255,938
Furniture and fixtures and leased Assets	480,922,345	-	287,933,486	(90,297,054)	678,558,777	372,482,280	33,199,961	(90,296,987)	315,385,254	363,173,524
<b>Intangible assets:</b>										
Software	457,837,010	-	66,529,914	-	524,366,924	261,014,748	54,105,656	-	315,120,404	209,246,520
<b>as at 31 December 2018</b>	<b>7,865,317,567</b>	<b>(58,800,380)</b>	<b>1,735,933,005</b>	<b>(836,798,976)</b>	<b>8,705,651,216</b>	<b>1,942,702,772</b>	<b>261,264,360</b>	<b>(134,933,083)</b>	<b>2,069,034,049</b>	<b>6,636,617,166</b>

as at 31 December 2017

Particulars	Cost				Balance as at 31 December 2017	Accumulated Depreciation & Amortization				Net book value at 31 December 2017
	Balance as at 01 January 2017	Adjustment of Revaluation Reserve	Additions during the year	Disposals during the year		Balance as at 01 January 2017	Charge for the year	On disposals during the year	Balance as at 31 December 2017	
<b>Tangible assets</b>										
Land	4,044,759,466	-	-	-	4,044,759,466	-	-	-	-	4,044,759,466
Building and floor spaces	730,856,590	-	-	-	730,856,590	87,234,568	18,225,183	-	105,459,751	625,396,839
Building under construction	631,520,511	-	34,824,581	-	666,345,092	-	-	-	-	666,345,092
Machinery and Equipment	761,627,108	-	82,405,543	(62,001,402)	782,031,249	630,539,115	75,339,145	(58,728,442)	647,149,818	134,881,430
Computer and network equipments	521,069,734	-	49,101,507	-	570,171,241	423,811,019	50,474,412	-	474,285,431	95,885,809
Vehicles	135,690,824	-	33,399,980	(36,696,229)	132,394,575	101,454,385	17,552,574	(36,696,214)	82,310,745	50,083,830
Furniture and fixtures and leased assets	469,521,261	-	11,401,084	-	480,922,345	343,252,377	29,229,903	-	372,482,280	108,440,064
<b>Intangible assets:</b>										
Software	429,249,953	-	28,587,058	-	457,837,010	197,910,035	63,104,713	-	261,014,748	196,822,262
<b>as at 31 December 2017</b>	<b>7,724,295,446</b>	<b>-</b>	<b>239,719,753</b>	<b>(98,697,631)</b>	<b>7,865,317,567</b>	<b>1,784,201,499</b>	<b>253,925,930</b>	<b>(95,424,656)</b>	<b>1,942,702,772</b>	<b>5,922,614,795</b>

**Schedule of Fixed Assets Disposals**

as at 31 December 2018

**Annexure - A1**

Amount in BDT

<b>Date</b>	<b>Particulars</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>	<b>Sales value</b>	<b>Tax &amp; VAT</b>	<b>Gain/(loss)</b>	<b>Mode of disposal</b>	<b>Buyer/highest bidder</b>
21/Mar/2018	Machinery and equipments	3,828,070	3,827,897	173	237,786	21,401	216,015	Open Tender	M/S A.R. Enterprise
21/Mar/2018	Computer and network equipments	15,774,910	15,774,713	197					
8/May/2018	Machinery and equipments	7,100,000	7,099,976	24	1,387,714	667,714	719,976	Buy Back	Zara Zaman Technology Ltd.
5/Nov/2018	Motor Cycle DM-HA-45-3954	135,870	135,869	1	41,202	3,402	37,799	Open Tender	Md. Firoz Mia
6/Nov/2018	Motor Cycle DM-HA-31-1488	99,700	99,699	1	62,784	5,184	57,598	Open Tender	Md. Saidur Rahman
6/Nov/2018	Motor Cycle DM-HA-31-5994	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-29-7977	110,755	110,754	1					
6/Nov/2018	Motor Cycle DM-HA-41-5397	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-41-5006	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-41-5004	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-41-5002	87,300	87,299	1					
6/Nov/2018	Motor Cycle DM-HA-33-7881	108,000	107,999	1	299,846	24,758	275,079	Open Tender	Md. Fazley Rabbi
6/Nov/2018	Motor Cycle DM-HA-41-1489	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-41-1490	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-41-1491	99,500	99,499	1					
6/Nov/2018	Motor Cycle DM-HA-39-5988	79,000	78,999	1					
6/Nov/2018	Motor Cycle DM-HA-39-5994	79,000	78,999	1					
5/Nov/2018	Machinery and equipments (substation)	990,800	990,798	2	410,000	-	409,998	Negotiated Price	Sold to old landlord during shifting of EBL Uttara Branch to a new location.
31/Oct/2018	Old building at 100 Gulshan	20,600,000	7,456,135	13,143,865	-	-	(13,143,865)	Written off	Residual value of old building located at 100 Gulshan Avenue was written off during capitalization of new corporate head office.
19/Oct/2018	Leased assets (network equipments)	90,084,858	90,084,836	22	-	-	(22)	Written off	Obsolete leased items (acquired in 2003) was written off.
27/Dec/2018	Machinery and equipments	7,185,928	7,185,743	185					
27/Dec/2018	Computer and network equipments	941,336	941,323	13	-	-	(244)	Written off	Obsolete items written off after physical verification.
27/Dec/2018	Furniture and fixtures	212,196	212,150	46					
	<b>Grand Total: Gain/(Loss)</b>	<b>148,077,623</b>	<b>134,933,082</b>	<b>13,144,541</b>	<b>2,439,332</b>	<b>722,459</b>	<b>(11,427,666)</b>		

Eastern Bank Limited and its subsidiaries

## Balance with Banks and Financial Institutions (Consolidated)

as at 31 December 2018

### Annexure - B

#### Outside Bangladesh - (note-4.2)

Name of Banks and FIs	Currency Name	2018			2017		
		Foreign Currency	Conversion rate	BDT	Foreign Currency	Conversion rate	BDT
<b><i>In demand deposit account (non interest bearing) with:</i></b>							
AB Bank Limited, India	USD	14,868	83.90	1,247,407	14,866	82.70	1,229,407
Al-Rajhi Bank, KSA	SAR	215,520	22.36	4,819,579	51,847	22.05	1,143,406
Bank of Bhutan, Bhutan	USD	23,430	83.90	1,965,808	3,352	82.70	277,174
Bank of Nova Scotia, Canada	CAD	-	-	-	16,200	65.36	1,058,837
Bank of China	CNY	27,105	12.19	330,325	-	-	-
Bank of Tokyo Mitshubishi, India	USD	6,737	83.90	565,234	6,737	82.70	557,150
Bank of Toykyo Mitshubishi, Japan	JPY	3,132,828	0.75	2,360,586	1,696,912	0.73	1,238,237
Citibank N. A., USA	USD	-	-	-	4,967,274	82.70	410,793,532
Commerz Bank AG, Germany	EURO	-	-	-	88,897	98.33	8,741,307
Habib American Bank, USA	USD	-	-	-	186,456	82.70	15,419,946
ICICI Bank Limited, Hongkong	USD	178,028	83.90	14,936,515	737,270	82.70	60,972,234
ICICI Bank Limited, Hongkong	HKD	153,175	10.82	1,657,171	155,775	10.66	1,661,197
ICICI Bank, India	USD	-	-	-	774,979	82.70	64,090,777
JP Morgan Chase Bank N.A., London	GBP	106,072	106.02	11,245,311	164,351	110.81	18,211,652
JP Morgan Chase Bank N.A., USA	USD	26,816,291	83.90	2,249,886,801	1,271,058	82.70	105,116,535
JP Morgan Chase Bank N.A, Australia	AUD	25,103	59.32	1,489,026	27,310	64.25	1,754,655
Mashreq Bank, USA	USD	33,027	83.90	2,770,993	919,520	82.70	76,044,322
Mashreq Bank, UAE	USD	30,631	83.90	2,569,905	-	-	-
Nepal Bangladesh Bank Ltd., Nepal	USD	20,252	83.90	1,699,139	40,998	82.70	3,390,518
NIB Bank Limited, Pakistan	USD	248,589	84	20,856,577	-	-	-
Nordea Bank, Norway	NOK	56,985	9.57	545,480	2,766	10.00	27,660
Standard Chartered Bank, Srilanka	USD	15,601.08	83.90	1,308,931	5,114	82.70	422,907
Standard Chartered Bank, Germany	EURO	8,264	95.27	787,277	60,405	98.33	5,939,680
Standard Chartered Bank, India	USD	-	-	-	1,054,211	82.70	87,183,266
Standard Chartered Bank, USA	USD	610,061	83.90	51,184,145	7,477,380	82.71	618,468,213
Standard Chartered Bank, Singapore	SGD	12,411	61.17	759,149	288	61.73	17,759
Wells Fargo, USA	USD	-	-	-	2,995,312	82.70	247,712,328
Zurcher Kantonal Bank, Zurich, Switzerland	CHF	16,910	84.27	1,425,046	19,316	83.87	1,619,925
<b>Total</b>				<b>2,374,410,405</b>			<b>1,733,092,625</b>

Eastern Bank Limited and its subsidiaries

## Borrowing from Banks and Financial Institutions (Consolidated)

as at 31 December 2018

### Outside Bangladesh - (note-11.2)

### Annexure - B1

Name of Banks and FIs	Currency Name	2018			2017		
		Foreign Currency	Conversion rate	BDT	Foreign Currency	Conversion rate	BDT
Abu Dhabi Commercial Bank, Dubai	USD	30,744,725	83.9000	2,579,482,428	1,256,259	82.70	103,892,636
Asian Development Bank (ADB)	USD	21,119,164	83.9000	1,771,897,818	-	-	-
Bank of Montreal	USD	4,200,000	83.9000	352,380,000	-	-	-
Bank One Limited, Mauritius	USD	6,073,555	83.9000	509,571,298	6,039,582	82.70	499,473,450
Citibank NA	USD	10,844,667	83.9000	909,867,554	-	-	-
COMMERZBANK AG - Frankfurt	USD	200,439	83.9000	16,816,829	-	-	-
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)	USD	48,000,000	83.9000	4,027,200,000	64,000,000	82.70	5,292,800,000
FMO Netherland	USD	-	-	-	4,000,000	82.70	330,800,000
Habib American Bank, USA	USD	57,099	83.9000	4,790,646	-	-	-
HDFC Bank, India	USD	13,750,000	83.9000	1,153,625,000	-	-	-
ICICI Bank, India	USD	10,383,804	83.9000	871,201,133	29,817,837	82.70	2,465,935,122
ICICI Bank, Hongkong	USD	-	-	-	1,754,186	82.70	145,071,182
International Finance Corporation (IFC)	USD	4,811,459	83.9000	403,681,442	7,986,538	82.70	660,486,712
JP Morgan Chase Bank, USA	USD	146,556	83.9000	12,296,069	10,457	98.33	1,028,283
National Bank of Ras Al-Khaimah	USD	9,309,448	83.9000	781,062,706	18,404,421	82.70	1,522,045,618
NIB Bank Limited - Karachi	USD	-	-	-	39,881	82.70	3,298,119
PROPARCO	USD	12,727,273	83.9000	1,067,818,183	16,363,636	82.70	1,353,272,727
Standard Chartered Bank, India	USD	2,332,869	83.9000	195,727,707	-	-	-
Standard Chartered Bank, USA	USD	229,746	83.9000	19,275,661	-	-	-
Standard Chartered Bank, Singapore	USD	11,107,059	83.9000	931,882,264	89,944,503	82.70	7,438,410,365
United Bank Limited, Dubai	USD	-	-	-	18,303,786	82.70	1,513,723,113
Wachovia Bank, USA	USD	3,598,228	83.9000	301,891,311	-	-	-
Wells Fargo, USA	USD	4,954,630	83.9000	415,693,441	-	-	-
<b>Total</b>				<b>16,326,161,489</b>			<b>21,330,237,328</b>

**Related party disclosures**

as at 31 December 2018

**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.

**I) Directors' interest in different entities**

<b>Name of Directors</b>	<b>Status with the Bank</b>	<b>Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.</b>	<b>Status</b>	<b>Percentage of holding/ interest in the concern</b>
Md. Showkat Ali Chowdhury (Representing Namreen Enterprise Ltd.)	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.	MD	50.00%
		Z.N. Enterprise Ltd.	MD	50.00%
		Z.S. Holding Ltd.	MD	50.00%
		Zaran Off Dock Ltd.	MD	30.00%
		Namreen Enterprise Ltd	MD	50.00%
		Namreen Power Ltd	MD	50.00%
		ABC Steel Enterprise Ltd.	MD	80.00%
		S.L. Steels Ltd.	MD	50.00%
		Unique Refineries Ltd.	MD	55.00%
		Port Link Logistics Centre Ltd.	MD	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	Radio Foorti Ltd.	Chairman	5.00%
		MGH Logistics Ltd.	Chairman	5.00%
		Portlink Logistics Centre Ltd.	Chairman	0.02%
		Galileo Bangladesh Ltd.	Chairman	20.00%

<b>Name of Directors</b>	<b>Status with the Bank</b>	<b>Name of the firms/companies in which directors of the bank are interested as proprietor, partner, director, managing agent, guarantor, employee etc.</b>	<b>Status</b>	<b>Percentage of holding/ interest in the concern</b>
Mir Nasir Hossain (Representing Mir Holdings Ltd.)	Director	Mir Akther Hossain Ltd.	MD	18.00%
		Mir Ceramic Ltd.	MD	88.00%
		Mir Telecom Ltd.	MD	32.50%
		Mir Holdings Ltd.	MD	50.00%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		Bangla Telecom Ltd.	MD	40.00%
		Coloasia Limited	MD	40.00%
		BTS Communications (BD) Limited	MD	40.00%
		MIR LPG Limited	MD	40.00%
		Mir Communications Ltd.	Chairman	40.00%
		Mir Energy Ltd.	Chairman	40.00%
		Global Fair Communications Ltd.	Chairman	40.00%
		Mir Denim Limited	Chairman	50.00%
		Agrani Insurance Co. Ltd.	Shareholder	3.72%
		Jupiter Technology	Proprietorship	100.00%
A. M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20.00%
		Samorita Hospital Ltd.	Director	3.10%
Salina Ali (Representing Borak Real Estate (Pvt.) Ltd.)	Director	Unique Group of Companies Ltd.	Chairperson	10.00%
		Unique Hotel & Resorts Ltd.	Chairperson	5.45%
		Borak Real Estate (Pvt.) Ltd.	Chairperson	12.00%
		Unique Ceramic Ind. Pvt. Ltd.	Chairperson	12.25%
		Borak Travels Ltd.	Chairperson	50.00%
		Unique Eastern Pvt. Ltd.	Chairperson	10.42%
		Unique Vocational Training Center Ltd.	Chairperson	12.00%
		Borak Shipping Ltd.	Chairperson	7.50%
		Unique Property Development Ltd.	Chairperson	12.00%
		Unique Share Management Ltd.	MD	12.00%
		Unique Shakti Ltd.	MD	20.00%
		Crescent Commercial Center Ltd.	MD	20.00%
Anis Ahmed (Representing Aquamarine Distributions Ltd.)	Director	MGH Logistics Pvt. Limited	MD	95.00%
		MGH Holdings Limited	MD	80.00%
		MGH Global Airlines Ltd.(BD. Port management Ser. Ltd)	MD	2.00%
		Peninsular Shipping Services Limited	MD	80.00%
		MGH Restaurants (Pvt.) Limited	MD	95.00%
		MGH Healthcare Limited	MD	99.00%
		Galileo Bangladesh Limited	MD	80.00%
		One World Aviation Limited	MD	67.00%
		RAS Holidays Limited	MD	95.00%
		MGH Global Forwarding Limited	MD	97.00%

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
		Transmarine Logistics Limited	MD	75.00%
		Total Transportation Limited	MD	100.00%
		Tricon Global Logistics Limited	MD	80.00%
		Global Freight Limited	MD	97.00%
		International Brands Limited	MD	100.00%
		Integrated Transportation Services Limited	MD	99.00%
		Emirates Shipping Lines Bangladesh Limited	MD	78.00%
		Radio Foorti Limited	MD	95.00%
		Portlink Housing Limited	MD	50.00%
		Portlink Logistics Centre Limited	MD	50.00%
		DC ByPass Ltd.	MD	90.00%
		Obhai Solutions Ltd.	MD	30.00%
		Jatra. Com Ltd.	MD	30.00%
		Bangladesh Express Co. Ltd.	MD	20.00%
		MGX.Com Ltd.	MD	95.00%
Meah Mohammed Abdur Rahim (Independent Director)	Director	Ancient Steamship Company Ltd.	MD	44.36%
		Hudig Meah (BD) Ltd.	MD	51.00%
Mufakkharul Islam Khasru (Representing Namreen Enterprise Ltd.)	Director	Finlay Properties Ltd.	MD	15.00%
Ormaan Rafay Nizam (Independent Director)	Director	National Brokers Ltd.	Shareholder	15.40%
		Chittagong Warehouses Limited	Director	Nil
Gazi Md. Shakhawat Hossain (Representing M/s Purnima Construction Pvt. Ltd.)	Director	M/s Purnima Construction Pvt. Ltd.	MD	0.099%
		Bay Hill Hotel & Resorts Ltd.	Representative Director	40.00%
		Unique Hotel and Resorts Ltd	Representative Director	7.46%
		General Electric company (BD) Ltd.	Director	0.00%
Ali Reza Iftekhar	MD & CEO	EBL Investments Ltd.	Director	0.00003%
		EBL Securities Ltd.	Director	0.000067%
		EBL Finance (HK) Ltd.	Director	-

- 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 Bank Companies Act 1991:** Nil
- vii) **Investments in the Securities of Directors and their related concern :** Nil

**Related party transactions**

as at 31 December 2018

**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. 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 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:**

Amount in BDT

**1.a Non-funded facilities:**

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 01-01-2018	Transactions		Outstanding as at 31-12-2018	Amount Overdue
						Debit	Credit		
Z. N. Enterprise Ltd. Customer ID-100397	Md. Showkat Ali Chowdhury Representing Director	MD	LG- Performance Bond-SME (Expired)	193,100	192,900	-	-	192,900	-
Unique Enterprise Customer ID-100711	Mohd. Noor Ali Spouse of Director					-	-		

**1.b Credit card facilities:**

Amount in BDT

Representing Directors	Nature of interest with EBL	Approved limit	Outstanding as at 01-01-2018	Outstanding as at 31-12-2018
A.M. Shaukat Ali	Director	500,000	-	-
Mir Nasir Hossain	Representing Director	500,000	685	-
Md. Showkat Ali Chowdhury	Representing Director	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 2018	Outstanding as at 31-12-2018
Coloasia Limited	Mir Nasir Hossain	Monthly recurring charge for EBL Data Center at Jashore.	2,401,200	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Monthly internet connectivity bills, Juniper product, CISCO Network Wifi Router, VmWare NSX processor, Lan equipment & Cabling for Data Center of EBL Corporate office at 100 Gulshan, Dhaka.	9,389,306	-
Bangladesh Express Co. Ltd	Anis Ahmed	Monthly courier service payment	3,323,117	-
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.	252,000	-
Borak Real Estate (Pvt) Ltd.	Salina Ali	Advance rent for EBL ATM at Borak Mehenur, Banani, Dhaka.	-	720,000
Borak Real Estate (Pvt) Ltd.	Salina Ali	Rental payment for EBL ATM at Borak Mehenur, Banani, Dhaka.	400,000	-



<b>Name of the company/person</b>	<b>Related Directors of EBL</b>	<b>Nature of transactions</b>	<b>Transaction made in 2018</b>	<b>Outstanding as at 31-12-2018</b>
The Consolidated Tea and Land Co. (Bangladesh) Limited	Md. Showkat Ali Chowdhury	Supply of monthly refrestment items.	364,843	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office, ATM Booth, Godown, Generator and Garages at Dhanmondi, Dhaka.	-	8,127,818
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office, ATM Booth, Godown, Generator and Garages at Dhanmondi, Dhaka.	6,616,435	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL ATM at New Market Branch, Chattogram.	-	841,500
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL New Market Branch, ATM Booth and Godown at New Market, Chattogram.	6,857,004	-
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)	-	76,947,414
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)	70,262,000	-

**3 Inter-company balances between EBL and Subsidiaries:**

Amount in BDT

<b>Name of subsidiaries</b>	<b>Nature of account</b>	<b>Balance as at 31-12-2018</b>
EBL Securities Limited	In special notice deposit (SND) account	215,241,524
EBL Investments Limited	In current deposit (CD) account	345
	In special notice deposit (SND) account	55,347,387
EBL Finance (HK) Limited	In nostro account	188,952,539
	Short term finance	6,065,955,106
	Dividend receivable account	83,899,794
EBL Asset Management Limited	In special notice deposit (SND) account	13,776,547

**4 Compensation of key management personnel:**

Refer to note : 33

Eastern Bank Limited  
as at 31 December 2018

## Annexure - D

### a. Disclosure regarding outstanding REPO as on 31 December 2018

Amount in BDT

Sl	Counterparty name	Agreement date	Reversal date	Amount (Cash Con 1st Leg cash consideration)
Nil				

There is no outstanding REPO as on 31 December 2018

### Disclosure regarding outstanding Reverse REPO as on 31 December 2018

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 2018

### 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
<b>Securities sold under REPO</b>			
With Bangladesh Bank	1,000,000,000	2,303,524,714	15,359,237
With other Banks & Financial Institutions	1,695,510,300	2,349,669,300	65,588,691
<b>Securities purchased under Reverse REPO</b>			
With Bangladesh Bank	-	-	-
With other Banks & Financial Institutions	209,488,500	3,751,231,685	350,816,267

## Details of NBA obtained u/s 33 (7) & 33(5)

as of 31-12-2018

### Annexure - D1

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	Sabbir Ahmmmed, Dhaka	Recognised	U/S 33(7)	5/10/2007	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)	6/7/2007	Land Area: 06.20 decimal, 4. Sidderganj, Mouza- Jalkuri, Dhaka.	22.00	27.30	Do
3	M/s Safa Garments, Dhaka	Recognised	U/S 33(7)	1/18/2005	Land Area: 09.32 decimal, 5. Sidderganj, Mouza- Jalkuri, Dhaka.	576.00	720.00	Do
4	Arshim & Com, Dhaka	Recognised	U/S 33(7)	3/27/2007	Land Area: 18 decimal, Mouza - Vatara, Gulshan, Dhaka.	336.00	420.00	Do
5	H.M. Yunus, Dhaka	Recognised	U/S 33(7)	1/10/2008	Land Area: 19.8 decimal, Mouza- Lala Sarai, Cantonment, Dhaka.	883.20	1,104.00	Do
6	Tri Angle Trading Associate, Dhaka	Recognised	U/S 33(7)	4/29/2007	Land Area: 184 decimal, Mouza- Shibrampur, Joydebpur, Gazipur.	16.00	20.00	Do
7	Stec Fashion Ltd., Dhaka	Recognised	U/S 33(7)	1/26/2009	Land Area: 33 decimal, Mouza- Pathalia, Savar, Dhaka.	59.50	73.72	Do
8	North American Computing, Dhaka	Recognised	U/S 33(7)	7/22/2007	Land Area: 25 decimal, Mouza- Dokkhin Khan, Dhaka.	36.40	45.50	The property sold at BDT 50.00 lac out of which BDT 20.00 lac received and rest of BDT 30.00 lac is yet be received after completion of documentation along with registration.
9	M/s Unicorn Bangladesh Ltd, Dhaka	Recognised	U/S 33(7)	11/22/2007	(5.03 decimal land of Goran Chat bari Mouza, Mirpur , Dhaka has been sold through auction)	3,300.00	4,125.00	Physical possession is yet to be completed.
10	Royal Paper Store, Dhaka	Recognised	U/S 33(7)	5/21/2009	Land Area: 6.5 decimal, Mouza- Bholi Samar, Gulshan, Dhaka.	70.00	96.82	Do
11	M/s Computer Bazar Network, Dhaka	Recognised	U/S 33(7)	6/23/2009	Mouza- Shrikhondo, Dhanmondi, Dhaka.	17.00	21.21	Do
12	M/s Sylcar Plaza, Sylhet	Not recognised	U/S 33(7)	5/27/2012	Land Area: 14 decimal, Mouza- Nandipara, Sabuzbag, Dhaka.	212.80	266.00	Do
13	Orion Fishing Limited, Dhaka	Not recognised	U/S 33(7)	5/13/2012	Land Area: 21 & 14 decimal, Mouza- Sylhet Sadar, Sylhet.	1,384.95	1,731.19	Do
14	Al Karim Traders, Chattogram	Not recognised	U/S 33(7)	1/19/2012	Land Area: 3.5 & 20.83 katha at Dhaka and Chattogram.	140.00	165.00	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
15	Bhuiyan (Any & Army) Corporation, Dhaka	Not recognised	U/S 33(7)	6/7/2007	Land Area: 3 Katha. Bhola Samair, Gulshan, Dhaka. Land Area: 148 decimal with 4 storied building,	84.00	105.00	Do
16	Ariful Karim, Chattogram	Not recognised	U/S 33(7)	11/5/2008	West Nasirabad, Chattogram. Land Area: 18 decimal,	1,258.00	1,480.00	Do
17	Miner International, Dhaka	Not recognised	U/S 33(7)	3/15/2006	Jatrabari, Demra, Dhaka. Land Area: 23 Gonda 12 Decimal	108.00	248.73	Do
18	M/s Altaf Hossain, Chattogram.	Not recognised	U/S 33(5)	10/10/2011	Mouza- Shitolpur, Sitakunda, Chattogram. Land Area: 125.28 Sft	142.00	168.00	Do
19	M/s Janata Trading, Chattogram.	Not recognised	U/S 33(5)	11/1/2011	Chandgao, Bakalia, Chattogram. Land Area: 252.5 sft with a flat.	8.50	10.00	Do
20	B.K. Enterprise, Dhaka	Not recognised	U/S 33(5)	5/5/2013	Mohammadpur Housing Estate 27/5, Tajmahal Road, Mohammadpur Dhaka. Land Area: 2.05 Acre	27.20	33.10	Do
21	M/s Nurain Trade International, Gazipur	Not recognised	U/S 33(5)	8/2/2015	Streepur, Mouza- Dhanuya, Gazipur. A) Land Area: 1.40 acres, Mouza Kathaldia, P.S- Gulshan, Dhaka.	200.00	248.40	Do
22	M/s Austin & Co., Dhaka	Not recognised	U/S 33(5)	11/16/2015	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
23	Latif Apparels (Pvt) Ltd, Dhaka	Not recognised	U/S 33(5)	11/17/2015	Land Area: 3.75 decimal, Mouza Uttarkhan, Uttara, Dhaka. Land Area: 0240 Ajutangsha.	93.60	117.00	Do
24	Sheuly Fashion, Dhaka	Not recognised	U/S 33(5)	3/15/2016	Mouza Lalbag, Gour sundar Roy lane, Dhaka. 1) Land Area: 27 decimal, Mouza Bhatary, Shitakund, Chattogram.	117.30	146.60	Do
25	M/s Shah Amanat Iron Mart, Chattogram.	Not recognised	U/S 33(5)	8/28/2016	02) Land Area: 15 decimal, Mouza Bhatary, Shitakund, Chattogram. 03) Land Area: 03 decimal, Mouza North Salimpur, Shitakund, Chattogram. 04) Land Area: 45 decimal Mouza North Salimpur, Shitakund, Chattogram. Attached Properties: 01) Land Area: 47.40 decimal (approx), Mouza Bhatary, Shitakund, Chattogram. 02) Land Area: 6.33 decimal (approx), Mouza Bhatary, Shitakund, Chattogram. Land Area: 1.5 decimal	791.30	931.00	The property sold at BDT 360 lac out of which BDT 50.00 lac received and rest of BDT 310 lac is yet to be received.
26	M/s Eastern Industries, Sylhet	Not recognised	U/S 33(7)	6/11/2012	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
27	M/s M.A. Rob. Khulna	Not recognised	U/S 33(7)	11/23/2011	Land Area: 200 Sq.Yds & 51 decimal, Goalpara, Khulna & Puratan Kasba, Jashore.	84.02	98.85	Writ Petition (2401/2014) is pending for hearing.
28	Maruti Enterprise, Bogura	Not recognised	U/S 33(7)	10/3/2012	Land Area: 41.5 decimal & 0.37 decimal Mouza- Betgari, Bogura 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.
29	Calix International, Dhaka	Not recognised	U/S 33(7)	11/28/2004	Land Area: 0.0992 Ajutangso, Kotowali, Dhaka	120.00	150.00	First Appeal (116/2003) is pending for hearing.
30	Hanif Enterprise, Dhaka	Not recognised	U/S 33(5)	9/16/2008	Land Area: 1) 15.20 decimal, Mouza Tezkunipara, Tejgaon, Dhaka. 2) 20 decimal, Mouza Mirebag, Keranigoni, Dhaka.	617.80	772.25	On 12-03-2018 Writ Petition (No. 7454/2009) has been disposed of.
31	Al Hossain (Pvt) Ltd. Dhaka	Not recognised	U/S 33(5)	5/22/2013	Land Area: 10.33 Katha Mouza- Paikpara, Mirpur, Dhaka.	779.92	974.90	On 05-07-2018 Writ Petition (No. 5467/2014) has been disposed of.
32	Friends Associates, Chattogram	Not recognised	U/S 33(5)	1/18/2012	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.]
33	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.

Eastern Bank Limited and its subsidiaries

**Business segmental profit and loss account**

for the year ended 31 December 2018

Annexure-E  
BDT Million

Particulars	Bank (Solo)			Subsidiaries					Bank (Consol)
	DBU	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	Elimination	
Interest income	18,360	1,713	19,821	300	24	327	18	(302)	20,188
Interest expense	11,078	1,489	12,315	379	-	185	-	(302)	12,577
<b>Net Interest Income</b>	<b>7,282</b>	<b>224</b>	<b>7,506</b>	<b>(79)</b>	<b>24</b>	<b>141</b>	<b>18</b>	<b>-</b>	<b>7,611</b>
Investment income	2,318	-	2,318	122	7	-	6	(141)	2,312
Fees, commission and brokerage	2,064	25	2,089	233	18	106	-	(0)	2,446
FX Income	1,020	2	1,022	-	-	-	-	-	1,022
Other operating income	186	19	205	0.01	0	19	-	-	223
<b>Total operating income</b>	<b>12,870</b>	<b>270</b>	<b>13,139</b>	<b>276</b>	<b>49</b>	<b>266</b>	<b>25</b>	<b>(141)</b>	<b>13,615</b>
Salary and allowances	3,443	-	3,443	94	12	33	4	-	3,587
Rent, taxes, insurance, utilities etc.	778	-	778	21	5	6	3	-	814
Legal and professional expenses	101	-	101	0	0.0	0.4	0.05	-	101
Postage, stamp, telecommunication etc.	136	-	136	2	0.2	7	-	-	145
Stationery, printing, advertisement, etc.	337	-	337	9	0.2	1	0.01	-	347
Managing Director's salary and allowances	23	-	23	-	-	-	-	-	23
Directors' fees and expenses	5	-	5	0.1	0.1	-	0.04	-	5
Audit fees	1	-	1	0.1	0.1	1	0.03	-	2
Repairs, maintenance and depreciation	562	-	562	12	1	1	0.21	-	576
Other operating expenses	573	37	610	19	1	4	0.29	(0.03)	635
<b>Total operating expense</b>	<b>5,959</b>	<b>37</b>	<b>5,995</b>	<b>157</b>	<b>21</b>	<b>54</b>	<b>7.6</b>	<b>(0.03)</b>	<b>6,235</b>
<b>Profit before provisions</b>	<b>6,911</b>	<b>233</b>	<b>7,144</b>	<b>119</b>	<b>28</b>	<b>212</b>	<b>17</b>	<b>(141)</b>	<b>7,380</b>
<b>Provisions:</b>									
Provision for loans, advances & OBS exposures	2,239	(51)	2,188	50	-	-	-	-	2,238
Other Provisions	370	-	370	46	(4)	-	2.7	-	415
<b>Total Provisions</b>	<b>2,609</b>	<b>(51)</b>	<b>2,558</b>	<b>96</b>	<b>(4)</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2,652</b>
<b>Profit before tax</b>	<b>4,302</b>	<b>284</b>	<b>4,586</b>	<b>24</b>	<b>33</b>	<b>212</b>	<b>14</b>	<b>(141)</b>	<b>4,728</b>
Tax Provision	1,505	-	1,505	64	10	33	4	-	1,617
<b>Profit after tax</b>	<b>2,797</b>	<b>284</b>	<b>3,081</b>	<b>(41)</b>	<b>22</b>	<b>179</b>	<b>10</b>	<b>(141)</b>	<b>3,111</b>

Eastern Bank Limited and its subsidiaries  
**Business segmental balance sheet**  
as at 31 December 2018

**Annexure - E1**

BDT Million

Particulars	Bank (Solo)			Subsidiaries				Bank (Consol)
	DBU	OBU	Solo	EBLSL	EBLIL	EBLFHKL	EBLAML	
<b>Assets</b>								
Cash in hand (including balance with Bangladesh Bank and its agent Bank)	16,338	-	16,338	0.23	0.06	-	-	16,338
Balances with other banks and financial institutions	15,313	9,083	16,959	765	55	192	14	11,446
Money at call and short notice	-	-	-	-	-	-	-	-
Investments	27,720	-	27,720	1,966	164	-	38	29,888
Loans and advances	187,372	21,934	209,306	2,650	191	6,215	207	217,380
Fixed assets including land, building, furniture and fixtures	6,637	-	6,637	38	5	1	1	6,682
Other assets	5,233	149	5,357	920	12	2	12	3,632
Non-banking assets	134	-	134	-	-	-	-	134
<b>Total Assets</b>	<b>258,747</b>	<b>31,166</b>	<b>282,451</b>	<b>6,340</b>	<b>428</b>	<b>6,410</b>	<b>272</b>	<b>285,500</b>
<b>Liabilities</b>								
Borrowing from other banks, financial institutions and agents	24,058	30,111	46,732	3,523	-	6,066	-	49,066
Deposits and other accounts	199,326	302	199,629	-	-	-	-	199,156
Provisions & other liabilities	12,681	467	13,124	677	94	140	7	13,903
<b>Total Liabilities</b>	<b>236,066</b>	<b>30,881</b>	<b>259,485</b>	<b>4,201</b>	<b>94</b>	<b>6,206</b>	<b>7</b>	<b>262,125</b>
Total Shareholders' Equity	22,681	286	22,966	2,139	333	204	265	23,375
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>258,747</b>	<b>31,166</b>	<b>282,451</b>	<b>6,340</b>	<b>428</b>	<b>6,410</b>	<b>272</b>	<b>285,500</b>

**Highlights on the overall Activities /Performance****Annexure - F**

Sl No	Particulars		2018	2017
			▼	
1	Paid up capital	BDT	7,379,995,890	7,379,995,890
2	Total capital (Tier-1 & 2)	BDT	24,647,970,185	23,301,800,670
3	Surplus/(shortage) capital	BDT	4,382,469,180	6,758,267,762
4	Total assets	BDT	282,450,953,306	253,067,973,266
5	Total deposits	BDT	199,628,906,412	167,348,195,021
6	Total loans and advances	BDT	209,306,250,747	184,027,300,831
7	Total contingent liabilities	BDT	117,628,838,617	101,278,236,112
8	Loans to deposits ratio (total loans/total deposits)	%	104.85	109.97
9	% of classified loans against total loans and advances	%	2.35	2.50
10	Profit after tax and provisions	BDT	3,080,776,920	2,404,823,294
11	Loans classified during the year (Gross)	BDT	3,357,894,154	3,251,539,622
12	Provision held against classified loans	BDT	4,118,395,861	4,379,000,007
13	Surplus of provision	BDT	-	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	5.30	4.35
15	Interest bearing assets	BDT	247,934,599,761	221,798,458,235
16	Non-interest bearing assets	BDT	34,516,353,545	31,269,515,031
17	Return on assets (ROA) (PAT/average assets)	%	1.15	1.04
18	Income from investments	BDT	2,317,871,538	3,414,685,634
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	%	1.93	1.67
20	Earnings per share (PAT/weighted average number of shares)	BDT	4.17	3.26
21	Operating profit per share (Net Operating profit/ weighted average number of shares)	BDT	9.68	9.21
22	Price earning ratio	Times	8.62	15.68



Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Balance Sheet

as at 31 December 2018

Note	2018		2017	
	USD	BDT	USD	BDT
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
In hand (including foreign currencies)	-	-	-	-
With Bangladesh Bank (including foreign currencies)	-	-	-	-
<b>Balance with other Banks and FIs (on current and other accounts)</b>				
In Bangladesh	35,341,604	2,965,160,560	38,297,100	3,167,170,132
Outside Bangladesh	72,919,445	6,117,941,422	73,140,834	6,048,746,959
	<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>
<b>Money at call and short notice</b>				
<b>Investment</b>				
<b>Loans and Advances:</b>				
Loans, cash credits, overdrafts etc.	104,956,038	8,805,811,567	102,699,222	8,493,225,664
Bills purchased and discounted	156,478,826	13,128,573,493	218,281,293	18,051,862,942
	<b>261,434,864</b>	<b>21,934,385,060</b>	<b>320,980,515</b>	<b>26,545,088,605</b>
<b>Fixed Assets</b>				
<b>Other assets</b>				
<b>Non banking assets</b>				
	-	-	-	-
<b>TOTAL ASSETS</b>	<b>371,469,543</b>	<b>31,166,294,662</b>	<b>433,491,573</b>	<b>35,849,753,085</b>
<b>CAPITAL AND LIABILITIES</b>				
<b>Borrowing from other banks, financial institutions and agents</b>				
Bangladesh Bank	-	-	-	-
Other Banks and FIs:				
Demand Borrowing	53,298,495	4,471,743,708	84,004,072	6,947,136,740
Term Borrowing	305,592,612	25,639,220,166	336,969,398	27,867,369,198
	<b>358,891,107</b>	<b>30,110,963,874</b>	<b>420,973,470</b>	<b>34,814,505,939</b>
<b>Deposits and other accounts</b>				
Current deposits and other accounts	3,604,540	302,420,884	2,276,746	188,286,891
Term deposits	-	-	-	-
	<b>3,604,540</b>	<b>302,420,884</b>	<b>2,276,746</b>	<b>188,286,891</b>
Other Liabilities	5,570,306	467,348,705	6,161,555	509,560,574
<b>TOTAL LIABILITIES</b>	<b>368,065,953</b>	<b>30,880,733,463</b>	<b>429,411,770</b>	<b>35,512,353,403</b>
<b>CAPITAL/SHAREHOLDERS' EQUITY</b>				
Share capital- Paid up capital	-	-	-	-
Foreign currency translation difference	-	1,500,303	-	9,127,473
Profit and loss account- retained earnings	3,403,590	284,060,896	4,079,803	328,272,210
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>371,469,543</b>	<b>31,166,294,662</b>	<b>433,491,573</b>	<b>35,849,753,085</b>
<b>OFF BALANCE SHEET ITEMS:</b>				
<b>Contingent liabilities:</b>				
Acceptance and endorsements	6,529,501	547,825,146	4,858,678	401,812,675
Letter of guarantee	-	-	-	-
Bills for collection	7,855,917	659,111,412	9,802,292	810,649,518
Irrevocable letters of credit	9,404,016	788,996,938	3,215,908	265,955,595
Other commitments	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS</b>	<b>23,789,433</b>	<b>1,995,933,497</b>	<b>17,876,878</b>	<b>1,478,417,787</b>

Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Profit and Loss Account

for the year ended 31 December 2018

Particulars	Note	2018		2017	
		USD	BDT	USD	BDT
Interest income	10	20,523,509	1,712,875,675	18,979,752	1,527,163,535
Interest paid on deposits and borrowings	11	(17,842,619)	(1,489,130,742)	(14,349,513)	(1,154,601,646)
<b>Net interest income</b>		<b>2,680,890</b>	<b>223,744,933</b>	<b>4,630,239</b>	<b>372,561,889</b>
Commission, exchange and brokerage	12	320,497	26,748,457	243,929	19,627,242
Other operating income	13	227,908	19,021,032	232,321	18,693,197
<b>Total operating income</b>		<b>3,229,296</b>	<b>269,514,422</b>	<b>5,106,490</b>	<b>410,882,328</b>
Operating expenses	14	(440,596)	(36,771,763)	(718,864)	(57,841,798)
<b>Profit before provision</b>		<b>2,788,700</b>	<b>232,742,659</b>	<b>4,387,626</b>	<b>353,040,530</b>
Less :Provision for unclassified loans and advances (Including provision for off balance sheet items)	15	(614,890)	(51,318,237)	307,823	24,768,320
<b>Profit before income tax</b>		<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,802</b>	<b>328,272,210</b>
Less. Provision for income tax		-	-	-	-
<b>Net Profit/(loss) after tax</b>		<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,802</b>	<b>328,272,210</b>
Balance of profit brought forward from previous year		-	-	-	-
<b>Retained Earnings carried forward</b>	16	<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,802</b>	<b>328,272,210</b>

Eastern Bank Limited

## Offshore Banking Unit, Bangladesh

### Cash flow statement

for the year ended 31 December 2018

Particulars	Note	2018		2017	
		USD	BDT	USD	BDT
<b>A) Cash flow from operating activities</b>					
Interest received		20,457,424	1,704,745,341	18,821,310	1,512,071,579
Interest paid		(17,230,877)	(1,426,614,928)	(13,775,404)	(1,098,515,680)
Commission, exchange and brokerage	17	320,497	26,748,457	243,929	19,627,242
Received from other operating activities	18	227,908	19,021,032	232,321	18,693,197
Paid for operating expenses	19	(440,596)	(36,771,763)	(718,864)	(57,841,798)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>3,334,357</b>	<b>287,128,140</b>	<b>4,803,293</b>	<b>394,034,539</b>
<b>(Increase)/decrease in operating assets:</b>					
Loan and advances to customers		59,545,652	4,610,703,545	(34,284,461)	(3,981,478,420)
Other Assets		(634,421)	(51,929,896)	321,200	23,611,263
<b>Increase/(decrease) in operating liabilities:</b>					
Customers' deposits and other accounts		716,052	51,618,179	(2,362,041)	(187,698,133)
Other liabilities		23,641	9,106,368	593,420	70,794,168
		<b>59,650,924</b>	<b>4,619,498,196</b>	<b>(35,731,882)</b>	<b>(4,074,771,121)</b>
<b>Net cash flow from operating activities</b>		<b>62,985,280</b>	<b>4,906,626,337</b>	<b>(30,928,589)</b>	<b>(3,680,736,582)</b>
<b>B) Cash flow from investing activities</b>		-	-	-	-
<b>C) Cash flow from financing activities</b>					
Borrowing from other banks, financial institutions and agents		(62,082,362)	(4,703,542,065)	47,183,321	5,396,398,849
Net profit transferred to main operations	16	(4,079,803)	(328,272,210)	(4,622,498)	(362,675,220)
<b>Net cash from financing activities</b>		<b>(66,162,164)</b>	<b>(5,031,814,275)</b>	<b>42,560,823</b>	<b>5,033,723,629</b>
<b>D) Net (decrease) / increase in cash (A+B+C)</b>		<b>(3,176,885)</b>	<b>(125,187,937)</b>	<b>11,632,234</b>	<b>1,352,987,048</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>		-	(7,627,173)	-	8,001,896
<b>F) Opening cash and cash-equivalents</b>		<b>111,437,933</b>	<b>9,215,917,091</b>	<b>99,805,700</b>	<b>7,854,928,148</b>
<b>G) Closing cash and cash equivalent (D+E+F)</b>		<b>108,261,048</b>	<b>9,083,101,983</b>	<b>111,437,934</b>	<b>9,215,917,091</b>
<b>Closing cash and cash equivalents</b>	20				
Cash in hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)		-	-	-	-
Balances with other Banks and Financial Institutions		108,261,049	9,083,101,983	111,437,933	9,215,917,091
Money at call and short notice		-	-	-	-
Prize bonds		-	-	-	-
		<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>

## Offshore Banking Unit

### Notes to the financial statements

as at and for the year ended 31 December 2018

#### 1 Nature of business

Offshore Banking Unit ("OBU" or "the Unit") is a separate business unit of the Bank, operates its business through a separate counter as governed under the rules and guidelines vide Bangladesh Bank's letter ref. BRPD(P)744/(89)/2004-303 dated 25 January 2004. It gives loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institutions not resident in Bangladesh and Type - A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type - B & Type - C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of BIDA and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines.

The unit commenced its operations from 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 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs), the "First Schedule" (section 38) of the Bank Company 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

- These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.
- Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no 12 dated 20 August 2017, and BRPD circular no 15 dated 27 September 2017.

##### 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 2018 to 31 December 2018.

#### 3 Balance with other Banks and Financial Institutions

##### Inside Bangladesh

##### In interest bearing account

Eastern Bank Limited	35,341,604	2,965,160,560	20,297,100	1,678,570,132
Islami Bank Bangladesh Limited	-	-	15,000,000	1,240,500,000
Modhumoti Bank Limited	-	-	3,000,000	248,100,000
Commercial Bank of Ceylon plc	-	-	-	-
Premier Bank Limited	-	-	-	-
	<b>35,341,604</b>	<b>2,965,160,560</b>	<b>38,297,100</b>	<b>3,167,170,132</b>

##### Outside Bangladesh

##### In interest bearing account

EBL Finance (HK) Limited	72,300,000	6,065,970,000	71,100,000	5,879,970,000
	<b>72,300,000</b>	<b>6,065,970,000</b>	<b>71,100,000</b>	<b>5,879,970,000</b>

##### In-non interest bearing account

Standard Chartered Bank, USA	610,061	51,184,145	1,969,012	162,837,279
Deutsche Bank AG, Frankfurt, Germany	-	-	-	-
Standard Chartered Bank, Germany	9,384	787,277	71,822	5,939,680
	<b>619,445</b>	<b>51,971,422</b>	<b>2,040,834</b>	<b>168,776,959</b>
	<b>72,919,445</b>	<b>6,117,941,422</b>	<b>73,140,834</b>	<b>6,048,746,959</b>
	<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>

#### 4 Loans and advances

- i) Loans, cash credits, overdrafts, etc.  
ii) Bills discounted and purchased

Note	2018		2017	
	USD	BDT	USD	BDT
	▼	▼		
4.1	104,956,038	8,805,811,567	102,699,222	8,493,225,664
4.2	156,478,826	13,128,573,493	218,281,293	18,051,862,942
	<b>261,434,864</b>	<b>21,934,385,060</b>	<b>320,980,515</b>	<b>26,545,088,605</b>

##### 4.1 Loans, Cash Credit, Overdraft etc.

###### Inside Bangladesh :

Loans	100,016,191	8,391,358,450	97,640,622	8,074,879,457
Cash Credit	-	-	-	-
Overdraft	4,939,846	414,453,117	5,058,600	418,346,207

###### Outside Bangladesh :

Loans	-	-	-	-
Cash Credit	-	-	-	-
Overdraft	-	-	-	-
	<b>104,956,038</b>	<b>8,805,811,567</b>	<b>102,699,222</b>	<b>8,493,225,664</b>

##### 4.2 Bills Purchased and Discounted

###### Inside Bangladesh :

Bills Discounted	-	-	-	-
Bills Financed	156,478,826	13,128,573,493	218,281,293	18,051,862,942
	<b>156,478,826</b>	<b>13,128,573,493</b>	<b>218,281,293</b>	<b>18,051,862,942</b>

###### Outside Bangladesh :

Bills Discounted	-	-	-	-
Bills Financed	-	-	-	-
	<b>156,478,826</b>	<b>13,128,573,493</b>	<b>218,281,293</b>	<b>18,051,862,942</b>

#### 5 Other Assets

Prepayments	59,224	4,968,913	417,208	34,503,080
Interest Receivable on Term Placement	563,560	47,282,687	655,917	54,244,309
Receivable from Customer under structured bill finance	1,150,846	96,556,020	-	-
	<b>1,773,631</b>	<b>148,807,619</b>	<b>1,073,124</b>	<b>88,747,389</b>

#### 6 Borrowings from other banks, financial institutions and agents

Demand Borrowings	6.1	53,298,495	4,471,743,708	84,004,072	6,947,136,740
Term Borrowings	6.2	305,592,612	25,639,220,166	336,969,398	27,867,369,198
		<b>358,891,107</b>	<b>30,110,963,874</b>	<b>420,973,470</b>	<b>34,814,505,939</b>

##### 6.1 Demand Borrowings

*In non interest bearing account with  
Standard Chartered Bank, Newyork  
In interest bearing account with  
Eastern Bank Limited (DBU)*

	-	-	-	-
	53,298,495	4,471,743,708	84,004,072	6,947,136,740
	<b>53,298,495</b>	<b>4,471,743,708</b>	<b>84,004,072</b>	<b>6,947,136,740</b>

##### 6.2 Term Borrowings

###### Borrowing inside Bangladesh

Agrani Bank Limited	-	-	8,000,000	661,600,000
Bank Asia Limited	22,000,000	1,845,800,000	-	-
Bank Al-Falah Limited	5,000,000	419,500,000	-	-
Brac Bank Limited	-	-	13,450,000	1,112,315,000
Bangladesh Krishi Bank	1,000,000	83,900,000	-	-
Commercial Bank of Ceylon plc	12,000,000	1,006,800,000	12,000,000	992,400,000
Dhaka Bank Limited	30,000,000	2,517,000,000	35,000,000	2,894,500,000
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	5,000,000	413,500,000
The City Bank Limited	2,150,846	180,456,020	-	-
Uttara Bank Limited	-	-	1,000,000	82,700,000
Investment Promotion & Financing Facility (IPFF)	4,095,678	343,627,384	4,648,649	384,443,272
	<b>129,746,524</b>	<b>10,885,733,404</b>	<b>79,098,649</b>	<b>6,541,458,272</b>

	Note	2018		2017	
		USD	BDT	USD	BDT
<b>Borrowing outside Bangladesh</b>					
Abu Dhabi Commercial Bank, Dubai		30,744,725	2,579,482,428	1,256,259	103,892,636
Asian Development Bank (ADB)		21,119,164	1,771,897,818	-	-
Bank One Limited, Mauritius		6,073,555	509,571,298	6,039,582	499,473,450
Bank of Montreal		4,200,000	352,380,000	-	-
Deutsche Investitions-Und Entwicklungsgesellschaft Mbh		48,000,000	4,027,200,000	64,000,000	5,292,800,000
FMO, Netherland		-	-	4,000,000	330,800,000
HDFC Bank, Mumbai		13,750,000	1,153,625,000	-	-
ICICI Bank, Mumbai		9,048,775	759,192,182	29,817,837	2,465,935,122
ICICI Bank, Shanghai		-	-	1,754,186	145,071,182
International Finance Corporation (IFC)		4,811,459	403,681,442	7,986,538	660,486,712
National Bank of Ras Al-Khaimah		9,309,448	781,062,706	18,404,421	1,522,045,618
PROPARCO		12,727,273	1,067,818,183	16,363,636	1,353,272,727
Standard Chartered Bank, Singapore		11,107,059	931,882,264	89,944,503	7,438,410,365
United Bank Limited, Dubai		-	-	18,303,786	1,513,723,113
Wells Fargo, USA		4,954,630	415,693,441	-	-
		<b>175,846,088</b>	<b>14,753,486,762</b>	<b>257,870,749</b>	<b>21,325,910,926</b>
		<b>305,592,612</b>	<b>25,639,220,166</b>	<b>336,969,398</b>	<b>27,867,369,198</b>
<b>6.1.a Classification based on type of security</b>					
Secured		-	-	-	-
Unsecured		358,891,107	30,110,963,874	420,973,470	34,814,505,938
		<b>358,891,107</b>	<b>30,110,963,874</b>	<b>420,973,470</b>	<b>34,814,505,939</b>
<b>7 Deposits and other accounts</b>					
Current deposits and other accounts	7.1	3,604,540	302,420,884	2,276,746	188,286,891
Term deposits	7.2	-	-	-	-
		<b>3,604,540</b>	<b>302,420,884</b>	<b>2,276,746</b>	<b>188,286,891</b>
<b>7.1 Current deposits and other accounts:</b>					
Current account	7.1.a	1,525,714	128,007,388	1,567,614	129,641,650
Other Accounts		2,078,826	174,413,496	709,132	58,645,241
		<b>3,604,540</b>	<b>302,420,884</b>	<b>2,276,746</b>	<b>188,286,891</b>
<b>7.1.a Other Accounts:</b>					
Interest Payable on deposit		-	-	-	-
Margin on Facility		2,078,826	174,413,496	709,132	58,645,241
		<b>2,078,826</b>	<b>174,413,496</b>	<b>709,132</b>	<b>58,645,241</b>
<b>7.2 Term deposits</b>					
Special notice deposit- SND		-	-	-	-
Term deposit - BB		-	-	-	-
		-	-	-	-
<b>8 Other liabilities</b>					
Provision for taxation	8.1	-	-	-	-
Provision for unclassified Loans and advances (Including provision for off Balance Sheet items)		2,773,684	232,712,071	3,388,574	280,235,064
Interest Suspense Account		-	-	-	-
Interest payable on Borrowing		2,764,701	231,958,426	2,727,069	225,528,577
Privilage Creditors		27,876	2,338,832	42,700	3,531,314
Sundry Creditors		4,045	339,376	3,212	265,618
		<b>5,570,306</b>	<b>467,348,705</b>	<b>6,161,555</b>	<b>509,560,574</b>
<b>8.1 Provision for tax of the unit is accounted for in the book of Eastern Bank Limited.</b>					
<b>9 Foreign currency translation difference</b>					

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 Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank i.e. USD 1 = BDT 83.90 (2017: BDT 82.70) and incomes and expenses are translated using monthly average of standard mid rate of exchange (USD 1= BDT 83.4592).

Note	2018		2017	
	USD	BDT	USD	BDT
<b>10 Interest income</b>				
Interest on Advances	16,656,027	1,390,098,707	15,588,584	1,254,300,699
Interest on Money at Call and Short Notice	-	-	-	-
Interest on Placement with other Banks	3,867,482	322,776,968	3,391,169	272,862,836
	<b>20,523,509</b>	<b>1,712,875,675</b>	<b>18,979,752</b>	<b>1,527,163,535</b>
<b>11 Interest paid on deposits and borrowings</b>				
Interest on Deposits	-	-	-	-
Interest on Borrowings	17,842,619	1,489,130,742	14,349,513	1,154,601,646
Interest on Margin	-	-	-	-
	<b>17,842,619</b>	<b>1,489,130,742</b>	<b>14,349,513</b>	<b>1,154,601,646</b>
<b>12 Commission, exchange and brokerage</b>				
Fees & Commission	333,904	27,867,360	214,705	17,275,733
Exchange gain/(loss) net off exchange gains*	(13,407)	(1,118,902)	29,225	2,351,509
Brokerage	-	-	-	-
	<b>320,497</b>	<b>26,748,457</b>	<b>243,929</b>	<b>19,627,242</b>
*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 IAS 21 (The Effect of changes in Foreign Exchange Rates).				
<b>13 Other Operating Income</b>				
Rebate of Foreign Correspondence Charges	120,054	10,019,617	127,815	10,284,350
Swift charges recovered	29,743	2,482,327	30,077	2,420,079
Postage charges recovered	7,362	614,435	10,038	807,707
Service charges (others)	70,749	5,904,652	64,391	5,181,062
	<b>227,908</b>	<b>19,021,032</b>	<b>232,321</b>	<b>18,693,197</b>
<b>14 Operating Expenses</b>				
Account Maintenance & Processing fees	440,330	36,749,626	715,355	57,559,468
Other charges	265	22,137	3,509	282,330
	<b>440,596</b>	<b>36,771,763</b>	<b>718,864</b>	<b>57,841,798</b>
<b>15 Provision for Loans and Advances</b>				
General Provision	(614,890)	(51,318,237)	307,823	24,768,320
Specific Provision	-	-	-	-
	<b>(614,890)</b>	<b>(51,318,237)</b>	<b>307,823</b>	<b>24,768,320</b>
<b>16 Surplus in profit and loss account</b>				
Opening balance	4,079,803	328,272,210	4,622,498	362,675,220
Add: Profit during the year	3,403,590	284,060,896	4,079,803	328,272,210
	7,483,393	612,333,106	8,702,301	690,947,430
Less: Transferred to Main operation during the year	(4,079,803)	(328,272,210)	(4,622,498)	(362,675,220)
<b>Closing balance</b>	<b>3,403,590</b>	<b>284,060,896</b>	<b>4,079,803</b>	<b>328,272,210</b>
<b>17 Cash received from commission, exchange and brokerage</b>				
Commission, exchange and brokerage	320,497	26,748,457	243,929	19,627,242
	<b>320,497</b>	<b>26,748,457</b>	<b>243,929</b>	<b>19,627,242</b>
<b>18 Cash received from other operating activities</b>				
Service charges, SWIFT charges etc.	227,908	19,021,032	232,321	18,693,197
	<b>227,908</b>	<b>19,021,032</b>	<b>232,321</b>	<b>18,693,197</b>
<b>19 Paid for operating expenses</b>				
Operating expenses	(440,596)	(36,771,763)	(718,864)	(57,841,798)
	<b>(440,596)</b>	<b>(36,771,763)</b>	<b>(718,864)</b>	<b>(57,841,798)</b>
<b>20 Cash and cash equivalent</b>				
Balance with other banks & FIs	108,261,049	9,083,101,983	111,437,933	9,215,917,091
Money at call and short notice	-	-	-	-
	<b>108,261,049</b>	<b>9,083,101,983</b>	<b>111,437,933</b>	<b>9,215,917,091</b>

# Financial Statements of the Subsidiaries

EBL Securities Limited

## Independent Auditor's Report

To the Management of EBL Securities Ltd.

### 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 2018 and 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 fairly, in all material respects of the statement of financial position of EBL Securities Ltd. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Securities & Exchange Rules 1987 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 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), together with the ethical requirements that are relevant to our audit of the Financial Statements in jurisdictions and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The company has carried out a valuation of both the DSE & CSE TREC including share holding position in order to find out fair value of the demutualized TREC value of both the TREC & shares as per the valuation report conducted by a renowned Chartered Accountancy firm, M/S ACNABIN & Co. Chartered Accountants dated 31 December 2018 to reflect the fair value (prevailing market price) of those classes of assets.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than 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.

#### 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, the Companies Act 1994, the Securities & Exchange Rules 1987 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- 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 found the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, the Securities & Exchange Rules 1987 and other applicable laws & regulation, we also report the following:

- 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;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.



SHEIKH ZAHIDUL ISLAM, FCA MBA  
Partner

Dhaka, 11 February 2019

**Statement of Financial Position**

as at 31 December 2018

Amount in BDT

	Note	2018	2017
<b>ASSETS</b>			
<b>A. Non-Current Assets:</b>		<b>878,623,832</b>	<b>232,865,885</b>
Property, Plant & Equipment	04.00	37,906,965	31,359,885
Investments with DSE & CSE	05.00	840,716,867	201,506,000
<b>B. Current Assets:</b>		<b>5,642,224,730</b>	<b>6,034,742,642</b>
Advances, Deposits & Prepayments	06.00	20,839,124	11,329,451
Advance Income Tax	07.00	181,193,046	123,552,780
Accounts Receivable	08.00	58,855,280	1,101,316,270
Loan to Customers	09.00	2,650,197,470	2,569,190,504
Investments	10.00	1,965,755,378	1,545,328,205
Cash & Bank Balance	11.00	765,384,434	684,025,432
<b>TOTAL ASSETS (A+B)</b>		<b>6,520,848,562</b>	<b>6,267,608,527</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>C. Shareholders' Equity:</b>		<b>2,139,137,625</b>	<b>1,540,555,295</b>
Share Capital	12.00	1,500,000,000	1,500,000,000
Revaluation reserve for investments with DSE & CSE	13.00	639,212,367	-
Retained Earnings	14.00	(74,742)	40,555,295
<b>D. Non-Current Liabilities</b>		-	-
<b>E. Current Liabilities:</b>		<b>4,381,710,937</b>	<b>4,727,053,230</b>
Accounts Payable	15.00	316,039,703	1,314,164,282
Borrowings from Bank & others	16.00	3,523,161,168	2,719,403,939
Liabilities for Expenses	17.00	34,087,484	26,967,401
Other Liabilities	18.00	320,729,870	517,470,154
Provision for Tax	19.00	187,692,711	149,047,454
<b>TOTAL SHAREHOLDERS EQUITY &amp; LIABILITIES (C+D+E)</b>		<b>6,520,848,562</b>	<b>6,267,608,527</b>
<b>NET ASSET VALUE PER SHARE</b>		<b>1,426.09</b>	<b>1,027.04</b>


The annexed notes form an integral part of these financial statements



Managing Director



Director



Chairman

Signed in terms of our annexed report of even date.


Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 11 February 2019

EBL Securities Limited

## Statement of Profit or Loss & Other Comprehensive Income

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
<b>A. Revenue:</b>			
Brokerage Commission	20.00	264,229,315	430,198,494
Less: Direct Expenses		(33,198,850)	(53,772,032)
<b>Net Brokerage Commission</b>		<b>231,030,465</b>	<b>376,426,462</b>
Investment Income	21.00	122,382,199	593,576,869
Interest Income	22.00	299,684,108	201,889,727
Less: Interest Expense		(379,053,870)	(181,352,073)
<b>Net Interest Income</b>		<b>(79,369,761)</b>	<b>20,537,655</b>
Other Operating Income	23.00	2,009,819	1,997,806
<b>Total Income</b>		<b>276,052,721</b>	<b>992,538,792</b>
<b>B. Expenses:</b>			
Office & Administrative Expenses	24.00	144,267,374	122,090,252
Bank Charge and Other Expenses	25.00	12,564,073	9,203,175
<b>Total Expense</b>		<b>156,831,448</b>	<b>131,293,427</b>
<b>C. Operating Profit (A-B)</b>		<b>119,221,274</b>	<b>861,245,365</b>
Provision made/ (release) on margin loan		50,035,917	20,000,000
Provision (released)/made on revaluation of quoted securities	26.00	45,675,508	21,978,543
<b>Profit/(Loss) Before Tax</b>		<b>23,509,849</b>	<b>819,266,822</b>
Current Tax Expense	27.00	64,139,886	149,047,455
<b>Net Profit/(Loss) After Tax</b>		<b>(40,630,037)</b>	<b>670,219,367</b>
<b>Earnings Per Share (EPS)</b>	28.00	<b>(27.09)</b>	<b>446.81</b>

The annexed notes form an integral part of these financial statements.



Managing Director



Director



Chairman

Signed in terms of our annexed report of even date.



Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 11 February 2019

EBL Securities Limited

## Statement of Changes in Shareholders' Equity

for the year ended 31 December 2018

Amount in BDT

Particulars	Paid up Capital	Revaluation reserve for investments with DSE & CSE	Share Money Deposit	Retained Earnings	Total
Balance as on 01 January 2018	1,500,000,000	-	-	40,555,295	1,540,555,295
Add: Net Profit for the year	-	-	-	(40,630,037)	(40,630,037)
Interim Dividend	-	-	-	-	-
Revaluation reserve for investments with DSE & CSE	-	639,212,367	-	-	639,212,367
Share Money Deposit	-	-	-	-	-
<b>Balance as on 31 December 2018</b>	<b>1,500,000,000</b>	<b>639,212,367</b>	<b>-</b>	<b>(74,742)</b>	<b>2,139,137,625</b>

## Statement of Changes in Shareholders' Equity

for the year ended 31 December 2017

Amount in BDT

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total
Balance as on 01 January 2017	900,000,000	-	75,335,929	975,335,929
Add: Net Profit for the year	-	-	670,219,366	670,219,366
Interim Dividend	-	-	(705,000,000)	(705,000,000)
Add: Additional Capital raised during the year	600,000,000	-	-	600,000,000
<b>Balance as on 31 December 2017</b>	<b>1,500,000,000</b>	<b>-</b>	<b>40,555,295</b>	<b>1,540,555,295</b>



Managing Director



Director



Chairman

**Statement of Cash Flows**

for the year ended 31 December 2018

Amount in BDT

Particulars	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Net Profit/(Loss) during the year	(40,630,037)	670,219,367
Depreciation	8,129,099	6,416,342
Amortization	24,644	270,574
<b>Net Profit/(Loss) after Depreciation</b>	<b>(32,476,295)</b>	<b>676,906,283</b>
<b>Changes in Working Capital:</b>	<b>128,536,119</b>	<b>(748,169,531)</b>
Advances, Deposits & Pre-payments	(9,509,672)	(2,670,697)
Advance Income Tax	(57,640,266)	(92,127,826)
Accounts Receivable	1,042,460,990	(843,850,590)
Loan to Customers	(81,006,966)	(1,281,888,940)
Investment in Securities	(420,427,172)	(196,723,356)
Accounts Payable	(998,124,578)	678,007,750
Borrowings from Bank & others	803,757,229	1,355,615,737
Liabilities for Expenses	7,120,083	14,102,601
Other Liabilities	(196,738,786)	212,037,450
Interim Dividend	-	(705,000,000)
Provision for Tax	38,645,257	114,328,340
<b>A. Net Cash provided from/ (used in) Operating Activities:</b>	<b>96,059,824</b>	<b>(71,263,249)</b>
<b>Cash Flows from Investing Activities:</b>		
Sale/Disposal of Assets	235,966	-
Fixed Assets Purchased	(14,936,788)	(25,739,488)
<b>B. Net Cash (used in) Investing Activities</b>	<b>(14,700,822)</b>	<b>(25,739,488)</b>
<b>Cash Flows from Financing Activities:</b>		
Share Money Deposit	-	-
Paid-up Capital	-	-
<b>C. Net Cash provided from/ (used in) Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in Cash during the Year (A+B+C)</b>	<b>81,359,002</b>	<b>(97,002,737)</b>
Add: Opening Cash & Bank Balance	684,025,432	781,028,152
<b>Closing Cash &amp; Bank Balance</b>	<b>765,384,434</b>	<b>684,025,432</b>
<b>Net Operating Cash Per Share</b>	<b>64.04</b>	<b>(47.51)</b>



Managing Director



Director



Chairman

EBL Securities Limited

## Notes to the financial statements

as at and for the year ended 31 December 2018

### 01.00 Reporting Entity:

#### 01.01 Legal status 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 Ltd. 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.

#### 01.02 Nature of business activities:

The principal activities of the company are 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.

### 02.00 Basis of Preparation:

#### 02.01 Statement of compliance:

The financial statements are prepared on the historical cost basis except measuring fair value of DSE and 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 (IASs) and International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

#### 02.02 Regulatory compliances:

EBL Securities Ltd. is registered with the Bangladesh Securities and Exchange Commission (BSEC) to act as Stock Dealer for carrying its own investment in the capital market. It also extends margin loan to its clients against their margin for investment in the listed securities. The required margin level is monitored daily and pursuant to established guidelines, customers are required to deposit additional margin to reduce the position, where necessary.

EBL Securities Ltd. encompasses a wide range of services having registered with the Securities and Exchange Commission to act as "custody participant" of Central Depository of Bangladesh Limited (CDBL).

#### 02.03 Basis of accounting:

The financial statements expect for cash flow information have been prepared on accrual basis of accounting.

#### 02.04 Use of estimates and assumptions:

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.

#### 02.05 Consistency:

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, EBL Securities Ltd. 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. However, we have applied the same accounting principles in financial statements for the year ended 31 December, 2018 as was for in financial statements for 2017.

### 03.00 Significant Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

#### 03.01 Property, plant & equipments and depreciation:

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 basis 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 quarter.

Furniture & Fixture	10.00%
Television & Multimedia	20.00%
Computer & Accessories	33.33%
Generator	20.00%
Office Equipment	20.00%
Office Decoration	10.00%
Vehicles	20.00%

### **03.02 Intangible assets and amortization:**

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognized as incurred.

### **03.03 Impairment:**

#### **Financial assets:**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred indicating a negative effect on the estimated future cash flows from the asset. However, no such condition that might be suggestive of a heightened risk of impairments of assets existed at the reporting date.

#### **Non-financial assets:**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

### **03.04 Cash & Bank Balance:**

Considering the provisions of IAS-1 and IAS-7, cash on hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined by adjusting profit for the year under indirect method as per IAS-7 "Statement of Cash Flows".

### **03.05 Receivables:**

Trade 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.

### **03.06 Margin loan/ Loan to customer:**

EBL Securities 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.

### **03.07 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. Provision for share against unrealized loss (gain net off) has been made as per DOS circular no.4 dated 24 November 2011 of Bangladesh Bank.

### **03.08 Authorized Share Capital:**

Authorized capital of the company has been increased from BDT 100 crore to BDT 200 crore with the approval of shareholders in its EGM held on 28 August 2016 which was duly certified by Registrar of Joint Stock Companies (RJSC). The company converted to Public Limited Company and the related changes in the Memorandum & Articles of Association was duly certified by RJSC on 01 July 2015.

**03.09 Paid up Capital:**

Paid up capital of the company has been increased from BDT 90.00 crore to 150.00 crore as per decision of the company's 92nd Board Meeting held on 04 August, 2016.

6,00,000 nos. shares @ Tk. 1,000.00 each per share allotted on 25 January, 2017 in favor of Eastern Bank Ltd. after completion of necessary regulatory formalities.

Shareholder position of EBL Securities Limited as on 31 December 2018 is as follows:

<b>Name of member Shareholders</b>	<b>Nos of Shares</b>	<b>Value per share (Tk.)</b>	<b>Amount (Tk.)</b>
Eastern Bank Limited	1,499,994	1,000/=	1,499,994,000/=
Other shareholders'	06	1,000/=	6,000/=
<b>Total</b>	<b>1,500,000</b>		<b>1,500,000,000/=</b>

**03.10 Payables:**

Trade and other payables are stated at their nominal values.

**03.11 Due from/to related party:**

Due from/to related party is stated at their nominal values.

**03.12 Accrued expenses and other liabilities:**

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal values.

**03.13 Provisions:**

Provision is recognized in the Statement of Financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

**03.14 Revenue recognition:**

Revenue, which comprises of brokerage commission, service charges and capital gain, is recognized in accordance with International Accounting Standard (IAS) 18: Revenue Recognition.

**03.15 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.

**03.16 Income from margin loan:****Dividend income:**

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the year in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

**03.17 Gain/loss on sale of securities:**

Capital gain/loss on disposal of securities listed in the stock exchange is recorded on realized basis i.e. only when securities are sold in the market.

**03.18 Suspense interest account:**

Suspense interest account is created against interest income from negative equity customers and vulnerable margin account.

**03.19 Income tax expenses:**

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Income tax expenses comprise current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**03.20 Events after the Reporting Period:**

There are no such events after the reporting period existed at the end of the reporting period.

**03.21 Going concern basis of accounting**

These financial statements have been prepared on the assessment of the Company's ability to continue as a going concern. EBLSL has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**03.22 Currency:**

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.

**03.23 General:**

Previous year's figures have been re-arranged/re-classified, where consider necessary, to conform to current year's presentation.



# EBL Investments Limited

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of EBL Investments Limited, which comprise the statement of financial position as at 31 December 2018, and statements 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 fairly in all material respects of the statement of financial position of EBL Investments Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the company Act 1994 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 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), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than 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.

#### 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, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing the opinion on the effectiveness of the company's internal control.
- 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 Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and other applicable laws and regulations, we also report the following:

- 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 company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

*Khan Wahab Shafique Rahman & Co.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 12 February 2019

EBL Investments Limited

## Statement of Financial Position

as at 31 December 2018

Amount in BDT

	Note	2018	2017
<b>A. ASSETS</b>			
<b>Non-Current Assets:</b>			
<b>Tangible Assets:</b>			
Property, Plant & Equipment	4	4,414,674	622,220
<b>Intangible Assets</b>			
Software	5	867,170	446,360
		<b>5,281,844</b>	<b>1,068,580</b>
<b>B. Current Assets:</b>			
Cash & Bank balance	6	55,503,804	24,287,807
Advances, Deposit & Prepayments	7	23,279,244	90,265,340
Margin Loan	8	171,019,426	118,665,672
Accounts Receivable	9	11,328,129	7,634,826
Investments	10	161,105,556	199,726,304
		<b>422,236,159</b>	<b>440,579,948</b>
<b>TOTAL ASSETS (A+B)</b>		<b>427,518,003</b>	<b>441,648,529</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>C. Share Holders Equity:</b>			
Paid up capital	11	300,000,000	300,000,000
Retained earnings	12	33,499,443	11,020,237
<b>Total Shareholders' Equity</b>		<b>333,499,443</b>	<b>311,020,237</b>
<b>D. Current Liabilities</b>			
Trade Payable	13	66,828,054	17,743,083
Current tax liability/(assets)	14	6,925,460	10,634,288
Provision for Diminution in value of Investments	15	15,187,569	19,457,140
Other Liabilities	16	5,077,476	82,793,782
		<b>94,018,560</b>	<b>130,628,292</b>
<b>TOTAL SHAREHOLDERS EQUITY &amp; LIABILITIES(C+D)</b>		<b>427,518,003</b>	<b>441,648,529</b>

The annexed notes form an integral part of the financial statements

Managing Director

Director

Chairman

Signed in terms of our annexed report of even date

*Khan Wahab Shafique Rahman & Co.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 12 February 2019

EBL Investments Limited

## Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

Particulars	Note	Amount in BDT	
		2018	2017
<b>A. Operating Income</b>			
Fees & Commission	17	17,980,593	16,629,376
Income from Investment	18	7,171,283	62,875,713
Interest Income	19	24,303,686	24,522,064
<b>Total operating income</b>		<b>49,455,562</b>	<b>104,027,153</b>
<b>B. Operating Expense</b>			
Administrative Expenses	20	20,971,241	21,037,076
Financial Expenses	21	100,665	71,979
<b>Total operating expense</b>		<b>21,071,906</b>	<b>21,109,054</b>
<b>C. Operating Profit before Provision(A-B)</b>		<b>28,383,656</b>	<b>82,918,099</b>
Provision (Released)/Charged for diminution in value of investments	22	(4,269,571)	7,805,336
<b>Profit before Provision for tax</b>		<b>32,653,226</b>	<b>75,112,763</b>
Current tax expenses	23	10,174,021	15,056,704
<b>Net profit after tax</b>		<b>22,479,205</b>	<b>60,056,059</b>
<b>Earning per share</b>	24	<b>7.49</b>	<b>20.02</b>

The attached notes form an integral part of the financial statements.



Managing Director



Director



Chairman

Signed in terms of our annexed report of even date

*Khan Wahab Shafique Rahman & Co.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

Dhaka, 12 February 2019

Ebl Investments Limited

## Statement of Changes in Equity

for the year ended 31 December 2018

Amount in BDT

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on 01 January 2018	300,000,000	11,020,237	311,020,237
Add: Net Surplus/ (Deficit) for the year	-	22,479,205	22,479,205
Interim Dividend	-	-	-
<b>Balance as on 31 December 2018</b>	<b>300,000,000</b>	<b>33,499,443</b>	<b>333,499,443</b>

for the year ended 31 December 2017

Amount in BDT

Particulars	Paid up Capital	Retained Earnings	Total
Balance as on 01 January 2017	300,000,000	30,964,178	330,964,178
Add: Net Surplus/ (Deficit) for the year	-	60,056,059	60,056,059
Interim Dividend	-	80,000,000	80,000,000
<b>Balance as on 31 December 2017</b>	<b>300,000,000</b>	<b>11,020,237</b>	<b>311,020,237</b>



Managing Director



Director



Chairman

**Statement of Cash Flows**

for the year ended 31 December 2018

Particulars	Amount in BDT	
	2018	2017
<b>A. Cash flows from operating activities</b>		
Net Profit/(Loss) during the year	22,479,205	60,056,059
Add: Depreciation and Amortization	771,413	366,852
<b>Net Profit/(Loss) after Depreciation</b>	<b>23,250,618</b>	<b>60,422,911</b>
<b>Changes in other operating assets/liabilities</b>	<b>12,950,053</b>	<b>(50,818,362)</b>
Advances, Deposit & Prepayments	66,986,096	59,940,233
Margin Loan	(52,353,754)	(55,792,009)
Accounts receivable	(3,693,304)	2,372,658
Advance Income Tax	1,715,641	1,927,891
Investment	38,620,748	(57,135,796)
Trade payable	49,084,971	3,886,927
Provision for Tax	(5,424,470)	5,148,638
Other liabilities	(81,985,876)	(11,166,904)
<b>Net cash flow from operating activities</b>	<b>36,200,671</b>	<b>9,604,549</b>
<b>B. Cash flows from investing activities</b>		
Fixed Assets	(4,984,676)	(381,665)
Net cash flow from investing activities	<b>(4,984,676)</b>	<b>(381,665)</b>
<b>C. Cash flows from financing activities</b>		
Cash Dividend		
<b>Net cash flow from financing activities</b>	-	-
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	31,215,995	9,222,884
<b>E. Opening cash and Bank balance</b>	24,287,808	15,064,924
<b>F. Closing cash and Bank balance</b>	<b>55,503,804</b>	<b>24,287,808</b>
<b>Closing cash and Bank balance represents</b>		
Cash in hand	63,152	39,940
Stamp in hand	40,050	46,700
Balances with other banks and financial institutions	55,400,602	24,201,168
	<b>55,503,804</b>	<b>24,287,808</b>



Managing Director



Director



Chairman

## Notes to the Financial Statements

as at and for the year ended 31 December 2018

### 01.00 REPORTING ENTITY:

#### 01.01 Legal status

EBL Investments Limited (here-in-after referred to as "EBL Investments Limited (EBLIL)" or "the Company") was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C 81417/09 dated 30 December 2009 as a Private Limited Company under the Companies Act, 1994 and obtained required marchant banking license from BSEC in 27 January 2013. This Company is a fully owned subsidiary of Eastern Bank Limited. EBLIL is well equipped with skilled human resources and business set up to start full fledged operations from July,2013.

#### 1.02 Nature of business :

EBLIL has started full fledge merchant banking operation from mid of 2013. The activities of the Company include services broadly classified as fees and commission based and fund based services, such as underwriting of securities, issue management, portfolio management, corporate advisory services etc.

### 02.00 BASIS OF PREPARATION:

#### 02.01 Statement of compliance

The financial statements are prepared on the historical cost convention 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, International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

#### 02.02 Basis of accounting:

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

#### 02.03 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 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 2018 as in financial statements for 2017.

#### 02.04 Reporting period

The financial statements of the Company covers a period from 01 January 2018 to 31 December 2018 and is followed consistently.

### 03.00 SIGNIFICANT ACCOUNTING POLICIES:

The accounting polices set out below have been applied consistently to all periods presented in these financial statements:

#### 03.01 Tangible Assets

##### Property, Plant & Equipment and its Depreciation

##### Recognition and measurement

Assets are recognised initially at cost and subsequently at cost less accumulated depreciation in compliance with BAS 16, "Property Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all up gradation/ enhancement are generally charged off as revenue

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

##### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an 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.

##### Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each components of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

Category of assets	Rate of depreciation
Furniture and fixtures	10%
Office equipments	20%
Vehicle	20%
Office Decoration & Other Accessories	20%

No depreciation is charged in the month of disposal.

**Disposal of fixed assets**

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property plant and equipment disposed off and is recognised net with "other income" in statement of profit and loss account and other comprehensive income.

**03.02 Intangible assets and amortization:**

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization @ 15% and accumulated impairment losses. Intangible assets include software, integrated systems along with related hardware.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognized as incurred.

**03.03 Cash and Bank balance:**

Considering the provisions of IAS-1 and IAS-7, cash in hand and bank deposits, which were held and available for use of the company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined for the period under indirect method as per IAS-7 "Cash Flow Statement

**03.04 Books of accounts**

The Company maintains its books of accounts in electronic form through Mbank software.

**3.05 Risk and uncertainty for use of estimates (Provisions):**

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.

Provision is recognized in the Statement of Financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

**03.06 Revenue Recognition**

"Revenue" is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably in accordance with International Accounting Standards (IAS) 18: Revenue Recognition.

**03.07 Fees and Commission:**

Fees and Commission income arises on services rendered by the company and recognized on and accrual basis.

**03.08 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.

**03.09 Dividend income:**

Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend.

**03.10 Events after the Reporting Period:**

There are no such events after the reporting period existed at the end of the reporting period.

**03.11 Going concern basis of accounting:**

These financial statements have been prepared on the assessment of the Company's ability to continue as a going concern. EBLIL has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**03.12 General:**

The amounts in the Financial Statements have been rounded off to the nearest integer in Bangladeshi Taka.



# 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 2018.

### 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 2018 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 2018 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 9 to the financial statements.

### Charitable donations

Donations made by the Company during the year amounted to HK\$13,000.

### 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 13 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



Chairman, Eastern Bank Limited  
(Represented by Meah Mohammed Abdur Rahim)  
Hong Kong, 15 January 2019

EBL Finance (HK) Limited

## **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 21, which comprise the statement of financial position as at 31 December 2018, 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 2018, 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 ("HKSAs") 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 HKSAs 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](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

15 January 2019

EBL Finance (HK) Limited

## Statement Of Comprehensive Income

year ended 31 December 2018

Particulars	Note	2018 HK\$	2017 HK\$
Revenue	5	41,888,589	31,348,368
Cost of sales		(17,208,087)	(14,100,230)
Gross profit		24,680,502	17,248,138
Other income and net gains or (losses)	5	79,200	164,194
Operating expenses		(5,021,651)	(4,732,285)
Operating profit	6	19,738,051	12,680,050
Finance costs		-	-
Profit before taxation		19,738,051	12,680,050
Income tax	7	38,395	28,055
Over provision in prior years		(3,100,000)	(2,100,000)
Provision for the year		(3,061,605)	(2,071,945)
Profit for the year		16,676,446	10,608,105
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		16,676,446	10,608,105

The annexed notes form an integral part of these financial statement.

EBL Finance (HK) Limited

## Statement of Financial Position

as at 31 December 2018

Particulars	Note	2018 HK\$	2017 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	94,988	89,357
<b>Current assets</b>			
Bills financed	10	565,382,768	549,891,268
Interest receivables		9,057,845	7,104,857
Deposits and prepayments		178,200	168,660
Cash and bank balances		17,768,629	14,354,065
		592,387,442	571,518,850
<b>Current liabilities</b>			
Accruals and other payables		10,597,548	3,610,274
Receipt in advance		1,165,670	559,954
Loan from holding company		560,686,500	551,380,500
Provision for taxation		1,173,395	815,555
		573,623,113	556,366,283
<b>Net current assets</b>		18,764,329	15,152,567
<b>NET ASSETS</b>		18,859,317	15,241,924
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital			
Issued and fully paid			
1,410,000 ordinary shares		1,410,000	1,410,000
Retained profits		17,449,317	13,831,924
<b>TOTAL EQUITY</b>		18,859,317	15,241,924

Approved and authorised for issue by the board of directors on 15 January 2019

On behalf of the Board

For and on behalf of Eastern Bank Limited



Director

Eastern Bank Limited

(Represented by Meah Mohammed Abdur Rahim)

The annexed notes form an integral part of these financial statements.



Director

IFTEKHAR Ali Reza Md

EBL Finance (HK) Limited

## Statement of Changes In Equity

year ended 31 December 2018

	Share Capital HK\$	Retained profits HK\$	Total HK\$
Balance at 1 January 2017	1,410,000	6,447,638	7,857,638
Net profit for the year	-	10,608,105	10,608,105
Other comprehensive income	-	-	-
Dividend (Note 9)	-	(3,223,819)	(3,223,819)
Balance at 31 December 2017	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 9)	-	(13,059,053)	(13,059,053)
Balance at 31 December 2018	1,410,000	17,449,317	18,859,317

The annexed notes form an integral part of these financial statements.

EBL Finance (HK) Limited

## Statement of Cash Flows

year ended 31 December 2018

	2018 HK\$	2017 HK\$
<b>Operating activities</b>		
Profit before taxation	19,738,051	12,680,050
<b>Adjustment for:</b>		
Interest expense	17,208,087	14,100,230
Depreciation	45,448	49,613
Operating cash flows before working capital changes	36991586	26829893
Increase in bills financed	(15,491,500)	(172,794,600)
Increase in interest receivables	(1,952,988)	(3,327,861)
Increase in deposits and prepayments	(9,540)	(1,200)
Increase/(decrease) in accruals and other payables	6,987,274	(2,108,309)
Decrease in temporary receipts	-	(709,257)
Decrease in amounts due to holding company	-	(28,950)
Increase/(decrease) in receipts in advance	605,712	281,865
Increase in loan from holding company	9,306,000	182,242,500
Cash generated from operations	36,436,548	30,384,081
Tax paid	(2,703,765)	(1,586,028)
Interest Paid	(17,208,087)	(14,100,230)
<b>Net cash generated from operating activities</b>	<b>16,524,696</b>	<b>14,697,823</b>
<b>Net cash used in from investing activities</b>		
Payments to acquire property, plant and equipment	(51,079)	(69,827)
<b>Net cash used in financing activities</b>		
Dividend paid	(13,059,053)	(3,223,819)
<b>Net increase in cash and cash equivalents</b>	<b>3,414,564</b>	<b>11,404,177</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>14,354,065</b>	<b>2,949,888</b>
<b>Cash and cash equivalents at end of year</b>	<b>17,768,629</b>	<b>14,354,065</b>
<b>Analysis of cash and cash equivalents at end of year</b>		
<b>Cash and bank balances</b>	<b>17,768,629</b>	<b>14,354,065</b>

The annexed notes form an integral part of these financial statements.

## Notes To The Financial Statements

31 December 2018

### 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 2018 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 policy 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.

Annual Improvements Project  
HKFRS 16

Annual Improvements to HKFRSs 2015 - 2017 Cycle<sup>1</sup>  
Leases<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

### 3. SUMMARY OF THE EFFECTS OF THE MAJOR CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

#### (a) HKFRS 9, Financial Instruments

The following set out effect of adopting HKFRS 9: Financial Instruments:-

HKFRS 9 replaces the provision of HKAS 39: Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

##### (i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

HKFRS 9 categorises financial liabilities into two principal classification categories: measured at amortised cost, and at fair value through profit or loss ("FVPL").

The measurement categories for all financial assets and liabilities of the Company have been assessed by the Company to have the same classification as measured under amortised cost under both HKAS 39 and HKFRS 9. The carrying amounts for all financial assets and liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9. The carrying amounts of the financial assets measured at amortised cost as at 31 December 2018 are HK\$ 592,387,442 (2017: HK\$ 571,518,850) while the carrying amounts of the financial liabilities measured at amortised cost as at 31 December 2018 are HK\$ 573,623,113 (2017: HK\$ 556,366,283).

##### Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognised ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The company assessed each item of the financial assets as at 1 January 2018 and 1 January 2017 that were subject to the ECL model and concluded that there were no provisions on top of the existing level of loan loss provisions upon the adoption of HKFRS. As a result of this conclusion, the company's retained earnings as at 1 January 2018 and 1 January 2017 remained the same as the amounts that were originally stated in the Company's financial statements on those dates.

#### (b) HKFRS 15, Revenue from contracts with customers

The company has adopted HKFRS 15 from 1 January 2018. This new standard on the recognition of revenue replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

Upon an assessment made by the company on the effects of applying this new standard, the Company has concluded that the standard does not have material impact on its financial statements. As a result of this conclusion, there were no adjustments made to amounts recognised in the statement of financial position at the date of initial application.

#### 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:-

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) Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**(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 receivable 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 measured at each reporting date to reflect changes in the financial instruments' 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 adjustments 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:-

	2018 HK\$	2017 HK\$
Revenue		
Interest income on bills financed	30,352,197	22,219,573
Fees, commission and charges on letter of credit	11,536,392	9,128,795
	41,888,589	31,348,368
Other income and net gains or (losses)		
Net exchange gain	79,200	164,194
Total revenues	41,967,789	31,512,562

## 6. OPERATING PROFIT

Operating profit is stated after charging:-

Auditor's remuneration	72,000	60,000
Depreciation	45,448	49,613
Operating lease charges	549,931	511,938
Retirement benefit costs	79,568	79,379
Salaries and allowances	3,022,022	2,773,022

## 7. TAXATION

- (a) Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year.
- (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.

## 8. DIRECTORS' EMOLUMENTS

During the years ended 31 December 2018 and 2017, 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 12 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.

## 9. Dividends

	2018 HK\$	2017 HK\$
Final Dividend for 2017 declared and paid of HK\$3.76 (2017: HK\$Nil) per share	5,304,053	3,223,819
Interim dividend for 2018 declared and paid of HK\$5.50 (2017: HK\$2.29) per share	7,775,000	-
	13,059,053	3,223,819



## 10 PROPERTY, PLANT AND EQUIPMENT

	<b>Machineries and equipments HK\$</b>	<b>Furniture and fixtures HK\$</b>	<b>Total HK\$</b>
COST			
At 1 January 2017	110,750	242,759	353,509
Additions	35,289	34,538	69,827
At 31 December 2017	146,039	277,297	423,336
Additions	21,597	29,482	51,079
At 31 December 2018	167,636	306,779	474,415
ACCUMULATED DEPRECIATION			
At 1 January 2017	86,283	198,083	284,366
Provided for the year	29,077	20,536	49,613
At 31 December 2017	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
CARRYING AMOUNTS			
At 31 December 2018	33,260	61,728	94,988
At 31 December 2017	30,679	58,678	89,357

## 11. BILLS FINANCED

The following is the aging analysis of bills financed at the end of the reporting period:-

	<b>2018 HK\$</b>	<b>2017 HK\$</b>
0-3 months	331,217,054	254,743,606
4-6 months	124,466,599	176,754,751
7-9 months	40,204,836	101,963,455
10-12 months	69,494,279	16,429,456
Over 12 months	-	-
	<b>565,382,768</b>	<b>549,891,268</b>

## 12. LOAN FROM HOLDING COMPANY

The amounts are unsecured, interest bearing and repayable within one year.

## 13. RELATED PARTY TRANSACTIONS

During the year, the Company had the following transaction with a related party in the normal course of business:-

<b>Type of transaction</b>	<b>Related party</b>	<b>Relationship</b>	<b>Connected directors</b>	<b>2018 HK\$</b>	<b>2017 HK\$</b>
Interest expense	Eastern Bank Limited	Holding company and director	IFTEKHAR ALI Reza Md	17,208,087	14,100,230

## 14. COMMITMENTS UNDER OPERATING LEASE

At 31 December 2018, total future minimum lease payments under non-cancellable operating leases are payable as follows:-

	Land and building	
	2018	2017
	HK\$	HK\$
		
Within 1 year	540,960	211,650
After 1 year but within 5 years	229,908	-
Over 5 years	-	-
	770,868	211,650

## 15. 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 with a maximum exposure equal to the carrying amount of these financial assets in the counterparties, 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:-

	2018 HK\$	2017 HK\$
Due and payable		
0-3 months	573,623,113	551,755,774
4-6 months	-	4,610,509
7-9 months	-	-
10-12 months	-	-
Over 12 months	-	-
Total current liabilities	573,623,113	556,366,283

**(d) Fair value**

The company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2018.

**16. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The directors regard Eastern Bank Limited, a company incorporated in Bangladesh, as being the immediate and ultimate holding company.

**17. 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 from 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

### Opinion

We have audited the financial statements of EBL Asset Management Ltd., which comprise the statement of financial position as at 31 December 2018, and statements 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 fairly in all material respects of the statement of financial position of EBL Asset Management Ltd. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the EBL Asset Management Ltd. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

### Other Information

Management is responsible for the other information. The other information comprises all of the information other than 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.

### 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, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing the opinion on the effectiveness of the company's internal control.
- 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 Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and other applicable laws and regulations, we also report the following:

- 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 company so far as it appeared from our examination of these books;
- 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 and returns.

Dhaka, 14 February 2019

*Khan Wahab Shafique Rahman & Co.*

Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

EBL Asset Management Limited

## Statement of Financial Position

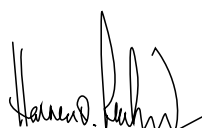
as at 31 December 2018

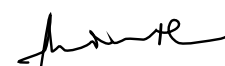
Amount in BDT

Particulars	Note	2018	2017
<b>ASSETS</b>			
<b>A. Non-Current Assets:</b>			
Property, Plant & Equipment	3.00	1,138,364	1,099,656
		<u>1,138,364</u>	<u>1,099,656</u>
<b>B. Current Assets:</b>			
Investment in Securities	4.00	37,848,531	-
Loans and advances	5.00	207,000,000	203,416,667
Advance Income Tax		-	116,328
Dividend Receivable		472,998	-
Other Assets	6.00	11,796,292	-
Cash & Cash Equivalents	7.00	13,776,547	53,680,793
		<b>270,894,368</b>	<b>257,213,788</b>
<b>TOTAL ASSETS (A+B)</b>		<b>272,032,733</b>	<b>258,313,444</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>C. Share Holders Equity:</b>			
Paid up capital	8.00	250,000,000	50,000,000
Share money deposit		-	200,000,000
Retained earnings	9.00	14,722,527	4,897,850
		<b>264,722,527</b>	<b>254,897,850</b>
<b>D. Non-Current Liabilities:</b>			
		-	-
<b>E. Current Liabilities:</b>			
Accounts Payable	10.00	530,000	2,123,589
Provision for loss on revaluation of quoted shares		2,682,699	-
Provision for Tax		-	1,292,005
Current tax liability	11.00	4,097,507	-
		<b>7,310,206</b>	<b>3,415,594</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES (C+D+E)</b>		<b>272,032,733</b>	<b>258,313,444</b>

The annexed notes form an integral part of these financial statements.

  
Managing Director

  
Director

  
Chairman

Signed as per our annexed report of even date.



Khan Wahab Shafique Rahman & Co.

Chartered Accountants

Dhaka, 14 February 2019

**Statement of Profit or Loss and Other Comprehensive Income**

for the year ended 31 December 2018

Amount in BDT

Particulars	Note	2018	2017
<b>A. Revenue:</b>			
Gain on sale of securities	12.00	5,596,280	-
Interest Income	13.00	18,469,180	4,579,943
Dividend Income		472,998	-
<b>Total Income</b>		<b>24,538,458</b>	<b>4,579,943</b>
<b>B. Expense:</b>			
Office & Administrative Expenses	14.00	7,539,396	862,351.00
Bank charge and Other Expenses	15.00	18,515	26,150
<b>Total Expense</b>		<b>7,557,911</b>	<b>888,501</b>
<b>C. Operating Profit (A-B)</b>		<b>16,980,547</b>	<b>3,691,442</b>
Provision for loss on Revaluation of shares		2,682,699	-
<b>Profit/Loss before tax</b>		<b>14,297,848</b>	<b>3,691,442</b>
Provision for tax made for the year	16.00	4,473,172	1,292,005
<b>Profit after tax</b>		<b>9,824,676</b>	<b>2,399,437</b>
<b>Earnings per share</b>	17.00	<b>3.93</b>	<b>4.80</b>

The annexed notes form an integral part of these financial statements.

*A. A. A. A. A.*  
Managing Director

*H. H. H. H. H.*  
Director

*Sh. Sh. Sh. Sh. Sh.*  
Chairman

Signed as per our annexed report of even date.

Dhaka, 14 February 2019

*Khan Wahab Shafique Rahman & Co.*  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

**Statement of Changes in Equity**

for the year ended 31 December 2018

Particulars	Paid up capital	Share money deposit	Retained earnings	Total Equity
Balance as on 01 January 2018	50,000,000	200,000,000	4,897,850	254,897,850
Addition during the year (share money deposit)	200,000,000	(200,000,000)	-	-
Net profit during the year	-	-	9,824,677	9,824,677
<b>Balance as at 31 December 2018</b>	<b>250,000,000</b>	<b>-</b>	<b>14,722,527</b>	<b>264,722,526</b>

**for the year ended 31 December 2017**

Particulars	Paid up capital	Share money deposit	Retained earnings	Total Equity
Balance as on 01 January 2017	50,000,000	-	2,498,413	52,498,413
Addition during the year (share money deposit)	-	200,000,000	-	200,000,000
Net profit during the year	-	-	2,399,437	2,399,437
<b>Balance as at 31 December 2017</b>	<b>50,000,000</b>	<b>200,000,000</b>	<b>4,897,850</b>	<b>254,897,850</b>

*A. Arafat*  
Managing Director

*Harun D. Khan*  
Director

*Harun D. Khan*  
Chairman

**Statement of Cash Flows**

for the year ended 31 December 2018

Amount in BDT

Particulars	2018	2017
<b>A. Cash flows from operating activities</b>		
Interest Income	7,693,306	1,163,276
Withholding tax	(52,664)	(116,328)
Advance income Tax	(1,498,678)	(214,193)
Cash Paid to Employees	(3,757,714)	-
Cash Paid for Other Operating Expenses	(339,530)	(63,552)
<b>Net cash used in /received from operating activities</b>	<b>2,044,720</b>	<b>769,203</b>
<b>B. Cash flows from investing activities</b>		
Cash Inflow from Purchase of Securities	25,826,035	-
Cash Inflow from EBLSL agt. Loan	200,000,000	-
Cash Outflow from Purchase of Securities	(30,775,000)	-
Cash Deposited to EBLSL ( Trading)	(30,000,000)	-
Loans and Advance to EBLSL	(207,000,000)	(200,000,000)
<b>Net cash used in investing activities</b>	<b>(41,948,965)</b>	<b>(200,000,000)</b>
<b>C. Cash flows from financing activities</b>		
<b>Net cash received from financing activities</b>	<b>-</b>	<b>200,000,000</b>
<b>D. Net increase/(decrease) in cash and cash-equivalents (A+B+C)</b>	<b>(39,904,245)</b>	<b>769,203</b>
<b>E. Opening cash and bank balance</b>	<b>53,680,793</b>	<b>52,911,590</b>
<b>F. Closing cash and cash-equivalents*</b>	<b>13,776,547</b>	<b>53,680,793</b>
<b>Closing cash and cash-equivalents*</b>		
Cash in hand	-	-
Balances with other banks and financial institutions	13,776,547	53,680,793
	<b>13,776,547</b>	<b>53,680,793</b>

*A. A. A. in*  
Managing Director

*Harun D. Khan*  
Director

*Chairman*  
Chairman



EBL Asset Management Limited

## Notes to the Financial Statements

as at and for the period ended 31 December 2018

### 01.00 Reporting Entity:

#### 01.01 Legal status of the Company

EBL Asset Management Limited (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 Limited 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 Limited. 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.

#### 01.02 Nature of 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.

### 02.00 Basis of preparation and significant accounting policies:

#### 02.01 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2018 have been prepared 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), International Financial Reporting Standards (IFRS), 1994 and other laws and rules applicable in Bangladesh.

#### 02.02 Basis of measurement

The financial statements are prepared on the historical cost basis.

#### 02.03 Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

#### 02.04 Use of estimates and judgments (Provisions)

The preparation of the financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 periods affected.

#### 02.05 Reporting period

The financial statements of the Company cover a period from 01 January 2018 to 31 December 2018.

#### 02.06 Property, Plant & Equipment and its Depreciation

##### Recognition and measurement

Assets are recognised initially at cost and subsequently at cost less accumulated depreciation in compliance with IAS 16, "Property Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

##### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an 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.

## Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each components of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

Category of assets	Rate of depreciation
Furniture and fixtures	10%
Machineries	20%

No depreciation is charged in the month of disposal.

## Disposal of fixed assets

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property plant and equipment disposed off and is recognised net with "other income" in profit and loss account.

### 02.07 Cash and Bank Balance and Statement of Cash Flows

Considering the provision of IAS-7, cash in hand and bank deposits, which were held and available for use of the Company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined for the period under direct method as per Bangladesh Accounting Standard (IAS) 7 'Statement fo Cash Flows'. The statement shows the structure of changes in cash and cash equivalents during the year.

### 02.08 Revenue Recognition

As per IAS-18, 'Revenue' is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

#### 02.8.1 Interest income is accounted for on accrual basis.

### 02.09 Income and expenditures

Income and expenditures are recognised on accrual basis. Income is only recognised if its realisation is reasonably certain.

### 02.10 Provision for Tax:

Provision for for current income tax of the Asset Management company has been made on taxable income @ 35% considering major disallowance of expenses and concessional rates on certain incomes ( 10% on capital gain of shares & MFs and 20% on dividend income) as per Income Tax Ordinance (ITO) 1984.

### 2.11 Going concern basis of accounting

These financial statements have been prepared on the assessment of the Company's ability to continue as a going concern. EBLAML has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

### 02.12 General

- i) The financial statements are presented in BDT which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integar.
- ii) Previous year's figure have been rearranged to conform the current year's presentation, where necessary.