

# Quarterly Financial Statements (Unaudited) Third Quarter 2015

### Consolidated Balance Sheet (Unaudited) As at 30 September 2015 Figures are in Taka 30-09-2015 31-12-2014 PROPERTY AND ASSETS Cash in hand (including foreign currencies) Balances with Bangladesh Bank and its agent bank(s) 2,184,810,979 1,707,006,385 8.764.636.340 8.594.833.742 (including foreign currencies) 10,949,447,319 10,301,840,127 Balances with other Banks and Financial Institutions In Bangladesh Outside Bangladesh 8.971.523.609 5.811.308.229 382,916,367 **6,194,224,596** 11.011.109.268 Money at call and short notice 570,000,000 1,060,000,000 31,245,795,875 21.224.314.333 Government 4,391,334,849 35,637,130,724 3,695,667,824 24,919,982,157 **Loans and advances** Loans, Cash Credits, Overdraft etc. 112,235,564,037 112,393,132,778 Bills discounted and purchased 120,012,343,042 125,793,654,050 Fixed assets including land, building, furniture and fixtures 7.132.904.927 7.096.632.691 4,288,708,115 191,733,000 3,666,794,180 191,733,000 Non banking assets TOTAL ASSETS 195,574,687,404 173,443,549,792 LIABILITIES AND CAPITAL Liabilities Borrowing from other banks, financial institutions and agents 34,787,674,089 26,861,374,492 Deposits and other accounts Current deposits & other accounts, etc. Savings bank deposits 10 307 565 783 12 821 882 574 30,919,078,021 23,982,033,088 81 398 775 594 Fixed deposits 83.735.907.392 Bills payable Bearer certificates of deposits 128,361,182,417 116,722,401,675 9,625,224,915 **153,209,001,082** 10,276,776,191 173,425,632,696 TOTAL LIABILITIES SHAREHOLDERS' EQUITY Share Capital-Paid up capital Statutory reserve General reserve 6,111,797,850 130,000,000 6,111,797,850 130,000,000 Dividend equalisation reserve 356.040.000 356.040.000 597,017,231 3,689,495,550 Excess of reserve against pre take over loss-BCCI 3,689,495,550 Asset revaluation reserve Reserve for non banking assets Reserve for amortization of treasury securities (HTM) 178,971,165 178,971,165 2,076,822 Reserve for revaluation of treasury securities (HFT) 1.868.810.700 805.190.521 Foreign currency translation gain Profit & loss account -retained earnings 8,090,699 9,963,290 3,095,080,680 2,252,684,630 TOTAL SHAREHOLDERS' FOLLITY 20,234,548,709 **173,443,549,792** 195,574,687,404 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY OFF BALANCE SHEET ITEMS Contingent liabilities 28,368,760,386 29,802,563,348 Acceptances and endorsements Letters of guarantees Irrevocable letters of credit 13,438,645,039 17,946,191,978 9,974,191,339 16,329,554,466 Bills for collection 3.953.224.514 5.152.721.657 Other liabilities (bad and loss) 63,706,821,917 Other commitments Documentary credits and short term trade -related transactions Forward assets purchased and forward deposits placed Undrawn note issuance and revolving facilities Undrawn formal standby facilities, credit lines and other commitments Claims against the Bank not acknowledged as debt TOTAL OFF-BALANCE SHEET ITEMS 63,706,821,917 61,259,030,810

Dhaka, 21 October 2015

Consolidated Profit & Loss Account (Unaudited)

For the period ended 30 September 2015

				Figures are in Taka
Particulars	01 January 2015 to 30 September 2015	01 January 2014 to 30 September 2014	01 July 2015 to 30 September 2015	01 July 2014 to 30 September 2014
Interest Income	10,183,375,705	9,845,276,950	3,416,695,165	3,223,617,478
Less: Interest paid on deposits and borrowings	7,571,691,954	6,788,340,911	2,605,084,327	2,219,245,220
Net Interest Income	2,611,683,751	3,056,936,039	811,610,837	1,004,372,258
Income from investments	2,797,565,882	2,274,258,321	1,219,818,070	816,031,131
Commission, exchange and brokerage	2,201,113,985	2,029,685,138	717,301,690	619,249,691
Other operating income	107,871,000	120,638,527	33,985,761	50,113,442
Total operating income	7,718,234,617	7,481,518,025	2,782,716,358	2,489,766,523
Salary & allowances	1,847,514,138	1,708,017,163	639,332,676	592,702,196
Rent, taxes, insurance, utilities etc.	451,482,130	399,943,423	161,959,205	145,047,694
Legal & professional expenses	63,413,225	42,417,619	24,755,646	18,191,162
Postage, stamp, telecommunication etc.	106,152,791	84,775,647	42,433,971	31,613,835
Stationery, printing, advertisement, etc.	209,910,418	172,764,842	80,366,673	65,277,267
Managing Director's salary and allowances	12,951,168	12,181,516	4,073,168	4,711,516
Directors' Fees & Expenses	2,841,610	2,577,584	555,876	892,262
Auditor's fees	17,250	5,029	17,250	5,029
Charges on loan losses	-	-	-	-
Repairs, maintenance and depreciation	357,312,067	300,304,531	132,666,404	106,677,351
Other operating expenses	477,420,745	389,899,951	180,221,109	155,248,127
Total operating expenses	3,529,015,542	3,112,887,305	1,266,381,978	1,120,366,439
Profit before provisions	4,189,219,075	4,368,630,720	1,516,334,380	1,369,400,084
Provision for loans and advances				
Specific provision	1,462,097,480	1,176,383,077	440,691,637	517,309,346
General provision	99,640,445	144,951,969	(25,081,437)	146,648,667
Other Provisions:				
For diminution of value of Investment (net)	(484,504,201)	1,590,633	(22,808,931)	(217,025,201)
For other assets	-	-	-	-
Total provisions	1,077,233,724	1,322,925,679	392,801,269	446,932,812
Profit before tax for the period	3,111,985,351	3,045,705,041	1,123,533,111	922,467,273
Provision for tax made for the period	1,190,606,112	1,764,436,456	444,234,574	588,691,289
Deferred tax income (net)	142,784,087		142,784,087	
Profit after tax for the period	2,064,163,327	1,281,268,585	822,082,624	333,775,984
Earnings per share (EPS)	3.38	2.10	1.35	0.55

Consolidated Cash Flows Statement (Unaudited) For the period ended 30 September 2015

Figures are in Taka Cash flows from operating activities Interest received 9.592.673.880 8 783 230 761 (7,018,036,917) (6,653,660,318) Interest paid 37,864,048 2,201,113,985 Dividend received 75.525.036 2,029,685,138 Fees and commission received Income from investment 2,198,733,285 Recovery of loans previously written off 90.215.901 69.730.859 Cash paid to employees (including directors) (1,682,588,466) (1,722,776,263) Cash paid to suppliers (830.958.563) (699.901.530) (1,273,570,605) (595,135,644) Income taxes paid Received from other operating activities 107,871,000 120.638.527 Paid for other operating activities (630,907,200) Operating cash flow before changes in operating assets and liabilities 3,284,934,535 3,080,512,307 Increase/(decrease) in Operating Assets & Liabilities (8,115,076,777) Loans and advances to customers (5,270,437,004) Recovery from BCCI assets 10.486.200 4.850.000 Deposits from Banks 854,059,965 (503,922,912) Deposits from customers (other than banks) 10,315,812,591 (10.033.250.449) Other liability/tax 225,748,580 (1,169,300,812) Other liability/provision (1,167,449,625) (1,392,656,538) 1,835,063,733 Other liabilities Net cash received from/used in operating activities 482,110,036 Cash flows from investing activities Changes in non-trading securities (1,884,698,300) 2,673,133,836 Purchase of property, plant and equipment (241,822,846) (229, 154, 767) Sales proceeds of fixed assets 2 444 646 069 Net cash used in/received from investing activities (2,124,796,148) Cash flows from financing activities Borrowings from other banks, financial institutions and agents 5.341.552.748 12,563,297,684 Received from issue of loan capital and debt securities 2,500,000,000 (1,222,359,570) **6,619,193,178** Dividend paid (cash dividend) Net cash received from financing activities 11,340,938,114 Net (decrease) / increase in cash (A+B+C) (1,965,475,383) (1,280,302) 17,559,887,622 Effects of exchange rate changes on cash and cash equivalents 18,736,894,818 Opening cash and cash-equivalents Closing cash and cash-equivalents (D+E)\* 22,535,114,387 16,770,688,022 \*Closing cash and cash-equivalents Cash In hand (including foreign currencies) 2 184 810 979 1 932 719 846 Balances with Bangladesh Bank and its agent bank (s) 8,764,636,340 6,698,904,928 Balances with other Banks and Financial Institutions 11,011,109,268 7,035,603,748

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Money at call and short notice

Director

Dhaka, 21 October 2015

570,000,000

22,535,114,387

1,100,000,000

16,770,688,022

Balance Sheet (Unaudi As at 30 September 2019		
713 at 30 3eptember 201.		Figures are in Taka
	30-09-2015	31-12-2014
ROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	2,184,562,542	1,706,937,953
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	8,764,636,340 10,949,198,882	8,594,833,742 10,301,771,695
alances with other Banks and Financial Institutions	10,545,150,002	10,001,771,000
Bangladesh	8,700,404,432	5,349,573,125
lutside Bangladesh	3,821,157,206	1,034,533,216
	12,521,561,638	6,384,106,341
loney at call and short notice	570,000,000	1,060,000,000
overnment	31,245,795,875	21,224,314,333
Others	3,882,442,974	3,430,622,784
	35,128,238,848	24,654,937,117
oans and advances		
oans, Cash Credits, Overdraft etc. bills discounted and purchased	110,605,878,715	111,438,313,688
siis discourted and purchased	11,645,976,841 122,251,855,556	6,853,032,495 118,291,346,183
ived exacts including land building furniture and firtures		
ixed assets including land, building, furniture and fixtures other assets	7,122,213,668 5,312,693,138	7,086,875,736 4,153,360,812
lon banking assets	191,733,000	191,733,000
OTAL ASSETS	194,047,494,730	172,124,130,884
IABILITIES AND CAPITAL		
iabilities		
Borrowing from other banks, financial institutions and agents	33,818,984,378	26,020,637,050
Deposits and other accounts Current deposits & other accounts, etc.	12,833,489,462	10,314,018,874
avings bank deposits	30,920,502,930	23,982,033,088
ixed deposits	83,799,578,653	81,461,596,944
ills payable	884,314,431	1,034,027,209
Bearer certificates of deposits	400 407 005 475	440 704 070 445
	128,437,885,475	116,791,676,115
OTAL LARBUTIES	9,896,599,535	9,224,966,318
OTAL LIABILITIES	172,153,469,388	152,037,279,483
SHAREHOLDERS' EQUITY Share Capital-Paid up capital	0 111 707 050	6,111,797,850
itatutory reserve	6,111,797,850 6,111,797,850	6,111,797,850
Seneral reserve	130,000,000	130,000,000
Dividend equalisation reserve	356,040,000	356,040,000
xcess of reserve against pre take over loss - BCCI	597,017,231	586,531,031
sset revaluation reserve deserve for non banking assets	3,689,495,550 178,971,165	3,689,495,550 178,971,165
deserve for amortization of treasury securities (HTM)	1,952,984	2,076,822
Reserve for revaluation of treasury securities (HFT)	1,868,810,700	805,190,521
oreign currency translation gain/(loss)	(19,565)	1,062,706
rofit & loss account -retained earnings	2,848,161,578	2,113,887,906
OTAL SHAREHOLDERS' EQUITY OTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21,894,025,342 194,047,494,730	20,086,851,401 172,124,130,884
FF BALANCE SHEET ITEMS	134,047,434,730	172,124,130,004
contingent liabilities cceptances and endorsements	28,368,760,386	29,802,563,348
etters of guarantees	13,438,645,039	9,974,191,339
revocable letters of credit	17,946,191,978	16,329,554,466
tills for collection	3,953,224,514	5,152,721,657
Other liabilities (bad and loss)		04 050 000 511
Other commitments	63,706,821,917	61,259,030,810

Forward assets purchased and forward deposits placed Undrawn note issuance and revolving facilities
Undrawn formal standby facilities, credit lines and other commitments

Claims against the Bank not acknowledged as debt

Dhaka, 21 October 2015

Managing Director & CEO

63,706,821,917

Profit & Loss Account (Unaudited)

				Figures are in Taka
Particulars	01 January 2015 to	01 January 2014 to	01 July 2015 to 30	01 July 2014 to 30
	30 September 2015	30 September 2014	September 2015	September 2014
Interest Income	9,972,565,657	9,758,479,215	3,342,116,154	3,188,358,340
Less: Interest paid on deposits and borrowings	7,461,536,723	6,768,300,312	2,572,343,570	2,201,006,339
Net Interest Income	2,511,028,934	2,990,178,903	769,772,584	987,352,001
Income from investments	2,786,549,055	2,320,814,607	1,195,409,280	812,147,636
Commission, exchange and brokerage	2,072,043,386	1,952,487,659	666,067,050	597,496,566
Other operating income	107,096,098	107,536,604	33,985,761	37,011,519
Total operating income	7,476,717,472	7,371,017,773	2,665,234,674	2,434,007,723
Salary & allowances	1,802,147,648	1,673,669,783	622,488,616	578,664,784
Rent, taxes, insurance, utilities etc.	438,098,431	388,886,152	157,504,070	141,443,936
Legal & professional expenses	63,048,735	42,410,119	24,662,744	18,191,162
Postage, stamp, telecommunication etc.	102,282,159	79,513,511	40,856,328	29,467,652
Stationery, printing, advertisement, etc.	208,510,129	171,864,709	80,010,705	64,955,232
Managing Director's salary and allowances	12,951,168	12,181,516	4,073,168	4,711,516
Directors' Fees & Expenses	2,724,310	2,499,584	524,826	868,262
Auditor's fees	-	-	-	-
Charges on loan losses	-	-	-	-
Repairs, maintenance and depreciation	352,794,186	295,926,302	131,230,067	105,168,872
Other operating expenses	460,869,944	379,214,893	173,272,586	151,707,446
Total operating expenses	3,443,426,710	3,046,166,569	1,234,623,110	1,095,178,862
Profit before provisions	4,033,290,762	4,324,851,204	1,430,611,564	1,338,828,861
Provision for loans and advances				
Specific provision	1,462,097,480	1,176,383,077	440,691,637	517,309,346
General provision	99,640,445	144,951,969	(28,081,437)	146,648,667
Other Provisions:				
For diminution of value of Investment (net)	(479,104,146)	9,098,900	(25,386,310)	(207,880,550)
For other assets	-		-	
Total provisions	1,082,633,779	1,330,433,946	387,223,890	456,077,463
Profit before tax for the period	2,950,656,983	2,994,417,258	1,043,387,674	882,751,398
Provision for tax made for the period	1,137,400,118	1,731,494,915	422,745,128	579,622,908
Deferred tax income (net)	142,784,087	-	142,784,087	-
Profit after tax for the period	1,956,040,952	1,262,922,343	763,426,633	303,128,490
Earnings per share (EPS)	3.20	2.07	1.25	0.50

Director Dhaka, 21 October 2015

Cash Flows Statement (Unaudited) For the period ended 30 September 2015

Figures are in Taka

		01 January 2015 to 30 September 2015	01 January 2014 to 30 September 2014
A)	Cash flows from operating activities		
	Interest received	9,392,505,907	8,699,684,268
	Interest paid	(6,905,072,832)	(6,633,058,261)
	Dividend received	21,481,730	73,017,746
	Fees and commission received	2,072,043,386	1,952,487,659
	Income from investment	2,696,622,965	2,247,796,861
	Recovery of loans previously written off	90,215,901	69,730,859
	Cash paid to employees (including directors)	(1,641,858,350)	(1,688,350,883)
	Cash paid to suppliers	(811,939,453)	(682,674,490)
	Income taxes paid	(1,208,692,819)	(569,584,749)
	Received from other operating activities	107,096,098	107,536,604
	Paid for other operating activities	(613,026,580)	(513,404,715)
	Operating cash flow before changes in operating assets and liabilities	3,199,375,952	3,063,180,896
	Increase/(decrease) in Operating Assets & Liabilities		
	Changes in trading securities	(7,443,824,372)	1,393,670,768
	Loans and advances to customers (other than banks)	(3,460,277,444)	(7,102,319,402)
	Other assets	(590,887,967)	(957,011,578)
	Recovery from BCCI assets	10,486,200	4,850,000
	Deposits from Banks	854,059,965	(503,922,912)
	Deposits from customers (other than banks)	10,323,241,208	(10,031,783,777)
	Other liability/tax	214,076,788	(1,161,910,166)
	Other liability/provision	(1,172,849,680)	(1,400,164,805)
	Other liabilities	495,668,441	1,732,707,932
	Net cash received from/used in operating activities	2,429,069,091	(14,962,703,044)
B)	Cash flows from investing activities		
	Changes in non-trading securities	(1,885,418,300)	2,693,133,836
	Purchase of property, plant and equipment	(237,700,480)	(226,668,141)
	Sales proceeds of fixed assets	1,724,998	542,982
	Investment in Subsidiary-EBL Securities Limited	(500,000,000)	- (40,000,000)
	Investment in Subsidiary-EBL Asset Management Ltd.		(49,999,900)
<b>C</b> )	Net cash used in/received from investing activities	(2,621,393,783)	2,417,008,778
C)	Cash flows from financing activities	F 010 701 004	11 700 005 000
	Borrowings from other banks, financial institutions and agents	5,210,791,624	11,733,325,932
	Received from issue of loan capital and debt securities	2,500,000,000	(1 222 250 570)
	Dividend paid (cash dividend)  Net cash received from financing activities	(1,222,359,570) <b>6,488,432,054</b>	10,510,966,362
D)	Net (decrease) / increase in cash (A+B+C)	6,296,107,362	(2,034,727,905)
E)	Effects of exchange rate changes on cash and cash equivalents	(489,979)	(724,801)
F)	Opening cash and cash-equivalents	17,749,700,936	
			18,586,591,300
G)	Closing cash and cash-equivalents (D+E)*	24,045,318,320	16,551,138,595
	*Closing cash and cash-equivalents  Cash In hand (including foreign currencies)	0.104 560 540	1 022 512 022
	,	2,184,562,542	1,932,512,033
	Balances with Bangladesh Bank and its agent bank (s) Balances with other Banks and Financial Institutions	8,764,636,340 12,521,561,638	6,698,904,928 6,816,262,134
	Money at call and short notice	570,000,000	6,816,262,134
	Prize bonds	4,557,800	1,100,000,000 3,459,500
		24,045,318,320	16,551,138,595

Consolidated Statement of Changes in Equity (Unaudited) For the period ended 30 September 2015

Figures are in Taka Balance as on 1 January 2015 20,234,548,709 FCY adjustment for OBU RE 592,291 592,291 Net profit for the period after tax 2,064,163,327 2,064,163,327 Cash Dividend Paid (1,222,359,570) (1,222,359,570) 10.486.200 Recovery of pre-takeover loss 10.486.200 (123,838) Reserve for HTM securities (123,838) Adjustment of revaluation of treasury securities (HFT) 1.063.620.179 1.063.620.179 (1,872,591) (1,872,591) Currency translation difference 597,017,231 1,868,810,700 Balance as at 30 September 2015 6,111,797,850 6,111,797,850 130,000,000 356,040,000 3,689,495,550 178,971,165 1,952,984 3,095,080,680 8,090,699 22,149,054,708 Balance as at 30 September 2014 6,111,797,850 5,362,423,625 356,040,000 586,531,032 3,689,495,550 19,463,954,643 130,000,000 178,971,165 827,635 902,078,502 2,145,456,333

Head of Finance

Dhaka, 21 October 2015

0 Director

Dhaka, 21 October 2015

Company Secretary

Managing Director & CEO



# Quarterly Financial Statements (Unaudited) Third Quarter 2015

Statement of Changes in Equity (Unaudited) For the period ended 30 September 2015

Figures are in Taka

Particulars	Paid up capital	Statutory reserve	General reserve	Dividend equalisation reserve	Excess of reserve against pre takeover loss-BCCI	Asset revaluation reserve	Reserve for non banking assets	amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	Foreign currency translation gain / (loss)	Retained earnings	Total
Balance as on 1 January 2015	6,111,797,850	6,111,797,850	130,000,000	356,040,000	586,531,031	3,689,495,550	178,971,165	2,076,822	805,190,521	1,062,706	2,113,887,907	20,086,851,402
FCY adjustment for OBU RE	-	-	-	-	-	-	-	-	-	-	592,291	592,291
Net profit for the period after tax	=	=	=	-	-	-	-	-	=	=	1,956,040,952	1,956,040,952
Cash Dividend Paid	-	-	-	-	-	-	-	-	-	-	(1,222,359,570)	(1,222,359,570)
Recovery of pre-takeover loss	=	=	=	-	10,486,200	-	-	-	=	=	-	10,486,200
Reserve for HTM securities	-	-	-	-	-	-	-	(123,838)	-	-	=	(123,838)
Adjustment of revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	-	1,063,620,179	-	-	1,063,620,179
Currency translation difference	-	-	-	-		-		-	-	(1,082,271)	-	(1,082,271)
Balance as at 30 September 2015	6,111,797,850	6,111,797,850	130,000,000	356,040,000	597,017,231	3,689,495,550	178,971,165	1,952,984	1,868,810,700	(19,565)	2,848,161,578	21,894,025,342
Balance as at 30 September 2014	6,111,797,850	5,362,423,625	130,000,000	356,040,000	586,531,032	3,689,495,550	178,971,165	827,635	902,078,502	(545,542)	2,019,672,744	19,337,292,558

Head of Finance

elesti-Director

Dhaka, 21 October 2015

Eastern Bank Limited and its subsidiaries Selected explanatory notes as at and for the period ended 30 September 2015

# Activities of the Bank

The principal activities of the Bank are to provide a comprehensive range of financial products (loans & deposits), personal and commercial banking, trade services, cash management, treasury, securities and custody services.

The Bank does have a separate Off shore Banking Unit (OBU) which started its operation on 19 May 2004. The activities of the unit is to give loans (on and off -balance sheet exposures) and take deposits only in freely convertible foreign currencies to and from non-resident person/institutions, fully foreign owned EPZ companies etc.

# Subsidiaries of the Bank

The Bank has four fully owned subsidiaries among which three of them has been in operations. These are: EBL Securities Ltd, a securities borkerage firm, 'EBL Investments Limited', a merchant bank and 'EBL Finance (HK) Limited', a foreign subsidiary for trade finance & offshore banking business in Hong Kong.

The subscription of another fully owned subsidiary i.e. EBL Asset Management Company Limited, has been completed in 2014 but full fledged operations of this company is yet to start.

# Basis of Preparation and Significant Accounting Policies

Basis of preparation, accounting policies and estimates applied in these financial statements for the period ended 30 September 2015 are same as those applied in the audited annual financial statements for the year ended 31 December 2014, Certain selected explanatory notes are given below:

### Basis of Preparation 2.01 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank as at and for the third quarter ended 30 September 2015 have been prepared under the historical cost convention except land which gets revalued fulfilling BB & BSEC requirements and Govt treasury securities (bills/bonds) classified as held for trading (HFT) which are measured at fair value, and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the "First Schedule" (section 38) of the Bank Company Act 1991 (amendment upto 2013), BRPD Circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh. In case the requirement of provisions and Circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail.

# 2.02 Functional and presentation currency

These consolidated financial statements of the Group and the separate financial statements of the Bank are presented in BDT which is the Group's and the Bank's functional currency except OBU & EBL Finance (HK) Ltd. where functional currency is US Dollar (USD) & Hong Kong Dollar (HKD) respectively. All financial information presented in BDT has been rounded to the nearest integer,

# 2.03 Use of estimates and judgements

The preparation of the consolidated financial statements of the Group and the separate financial statements of the Bank in conformity with BFRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these

 $Estimates\ and\ underlying\ assumptions\ are\ reviewed\ on\ an\ ongoing\ basis.\ Revisions\ to\ accounting\ estimates\ are\ recognized\ in\ the$ period in which the estimate is revised and in any future period affected.

# Significant accounting policies

The accounting policies set out have been applied consistently to all periods presented in these finacial statements, and have been applied consistently by group entities, except otherwise instructed by the Central Bank as prime regulator.

The financial statements of subsidiaries which are included in Consolidated Financial Statements of the Group have been prepared

using uniform accounting policies of the Bank (Parent) for transactions and other events in similar nature. Certain comparative amounts in these financial statements have been reclassified and rearranged to conform to the current

### period's presentation. 2.04 Basis of consolidation

Subsidiaries (investees) are entities controlled by the parent (investor). Control exists when the investor has the power over the investee that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with this investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

The consolidated financial statements incorporate the financial statements of the Bank and those of its subsidiaries 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 bank are eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements

Intra-group balances and transactions, and any incomes and expenses arising from intra-group transactions are eliminated in full

# 2.05 Investments

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

Investments are stated as per following bases:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes		
Govt. T-bills/bonds (HFT)	Cost	Fair value	Loss to Profit & Loss Account, gain to Revaluation Reserve through Profit & Loss Account.		
Govt. T-bills/bonds (HTM)	Cost	Amortised cost	Increase or decrease in value to equity.		
Debenture/Bond	Face value	None	None		
Shares (Quoted) *	Cost	Lower of cost or market value	Loss (net) to Profit & Loss Account but no unrealized gain booking.		
Mutual Funds (Closed-end)*	Cost	Lower of cost and (higher of market value and 85% of NAV)	Loss (net) to Profit & Loss Account but no unrealized gain booking.		
Shares (Unquoted) *	Cost	Lower of cost or Net Asset Value (NAV)	Loss (net) to Profit & Loss Account but no unrealized gain booking.		
Prize bond	Cost	None	None		

Provision against quoted shares has been made on unrealized loss (gain net off) accroding to 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.

Investment in subsidiaries are accounted for under the cost method of accounting in the Bank's financial statements in accordance with BAS 27 'Consolidated and Separate Financial Statements' and BFRS 3 'Business Combination'. Impairment of investment in subsidiaries is made as per the provision of BAS 36 'Impairment of Assets'.

## 2.06 Loans and advances

Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets; specific provisions for classified loans and interest suspense thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter-end review by the management and instructions contained in BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013 and BRPD Circular no. 16 dated 18 November 2014.

# 2.07 Fixed assets and depreciation

Fixed assets except land are stated at cost less accumulated depreciation as per BAS-16 'Property, Plant and Equipment' Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working

- Lands are recognized at cost at the time of acquisition and subsequently measured at revalued amounts which is the fair value at the time of revaluation done by independent valuers and any surplus on revaluation is shown as equity component until the disposal
- Depreciation is charged on all fixed assets (except land) on the basis of estimated useful lives as determined by the management. In all cases depreciation is calculated on the straight line method. Depreciation of the assets is charged from the month of
- acquisition (for full month) and no depreciation is charged for the month when the assets are disposed off.

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

Building under construction is recognised under Fixed Assets as per BAS 16- 'Property, Plant & Equipment' as Capital work inprogress until the construction work is completed and the asset is ready for intended use. Depreciation of the asset will be charged from the date of its intended use.

## 2.08 Deposits, borrowings and other accounts

Deposits and other accounts which are initially recognised at the consideration received, are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties.

# 2.09 Revenue Recognition

Borrowings from other Banks, FIs and agents are stated in the financial statements at principal amount of the outstanding balance where interest payables are reported under other liabilities.

# The revenue during the period is recognised following all conditions of revenue recognition as prescribed by BAS - 18 "Revenue".

Deferred tax (DT) is calculated on taxable/deductible temporary differences between tax base and carrying amount of assets and liabilities as per BAS-12 'Income Taxes' and BRPD Circular no. 11 dated 12 December 2011. DT income mainly arises from

Specific Provision against Bad and Loss accounts which is not distributable as per the same BRPD Circular.

Contingent liabilities which include certain Acceptances, LGs and LCs 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. 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.  $Cash \ Flow \ Statement \ is \ prepared \ in \ accordance \ with \ \textbf{Bangladesh Accounting Standard (BAS) 7 'Cash \ Flow \ Statement'} \ \ and$ 

# under the guideline of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003. The Statement shows the Structure of Changes

in cash and cash equivalents during the period. 2.13 Statement of Changes in Equity

# Statement of changes in Equity is prepared in accordance with Bangladesh Accounting Standard (BAS) 1 'Presentation of

2.14 Earnings per share

Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the number of ordinary shares outstanding as on 30 September 2015 as per BAS- 33 "Earnings Per Share". Diluted earnings per share was not required to calculate as there were no dilution possibilities during the period.

# Reporting Period

The reporting period of these financial statements of the Group and the bank cover from 1 January 2015 to 30 September 2015.

These financial statements were reviewed by the Audit Committee of the Board of EBL in its 77 meeting held on 21 October 2015 and was subsequently approved by the Board in its 565 meeting held on the same date

The details of the published quarterly financial statements are available at www.ebl.com.bd

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