





# Eastern Bank Ltd.

Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000

## Quarterly Financial Statements (unaudited) First Quarter, 2011

### Eastern Bank Limited Profit & Loss Account (unaudited)

for the first quarter ended 31 March 2011

Particulars	01 January 2011 to 31 March 2011	01 January 2010 to 31 March 2010
	Taka	Taka
Interest Income	1,939,987,918	1,635,942,747
Less: Interest paid on deposits and borrowings	1,231,183,503	975,715,982
<b>Net Interest Income</b>	<b>708,804,415</b>	<b>660,226,765</b>
Income from investments	479,956,482	297,134,302
Commission, exchange and brokerage	386,608,623	254,972,793
Other operating income	112,730,583	43,804,773
<b>Total operating income</b>	<b>1,688,100,103</b>	<b>1,256,138,633</b>
Salary & allowances	296,848,330	223,717,503
Rent, taxes, insurance, electricity etc.	47,292,208	45,002,880
Legal & professional expenses	7,455,279	5,062,888
Postage, stamp, telecommunication etc.	7,010,637	5,762,396
Stationery, printing, advertisement, etc.	37,196,039	17,131,097
Managing Director's salary and allowances	2,868,000	2,497,200
Directors' Fees & Expenses	447,883	390,819
Auditor's fees	-	-
Charges on loan losses	228,595	-
Repairs, maintenance and depreciation	59,938,661	48,684,385
Other office operating expenses	48,804,451	34,945,688
<b>Total operating expenses</b>	<b>508,090,082</b>	<b>383,194,855</b>
<b>Other non operating income</b>	<b>-</b>	<b>-</b>
<b>Profit before provisions</b>	<b>1,180,010,021</b>	<b>872,943,778</b>
Provision for loans and advances		
General provision	117,766,367	50,000,000
Specific provision	64,439,800	16,500,000
Provision against loss on revaluation of shares	112,299,813	-
<b>Total provisions</b>	<b>294,505,980</b>	<b>66,500,000</b>
<b>Profit before tax for the period</b>	<b>885,504,041</b>	<b>806,443,778</b>
Provision for tax made for the period	410,136,912	365,523,506
<b>Profit after tax for the period</b>	<b>475,367,129</b>	<b>440,920,272</b>
<b>Earnings per share (EPS)-Note-2.9</b>	<b>1.05</b>	<b>0.97</b>

Malik Musfique Reza  
EVP & Head of Finance

Ali Reza Iftekhar  
Managing Director & CEO

### Eastern Bank Limited Cash Flow Statement (unaudited)

for the first quarter ended 31 March 2011

A) Cash flows from operating activities	01 January 2011 to 31 March 2011	01 January 2010 to 31 March 2010
	Taka	Taka
Interest received	1,901,995,505	1,109,605,033
Interest paid	(775,070,162)	(995,412,327)
Dividend received	5,629,707	4,520,050
Fees and commission received	386,608,623	179,394,398
Income from investment	474,326,775	312,310,198
Recovery of loans previously written off	106,826,535	23,987,904
Cash paid to employees (including directors)	(300,164,213)	(188,468,804)
Cash paid to suppliers	(98,954,163)	(78,113,468)
Income taxes paid	(340,502,026)	(365,523,506)
Received from other operating activities	5,904,048	92,782,541
Paid for other operating activities	(72,226,006)	(116,612,183)
<b>Operating cash flow before changes in operating assets and liabilities</b>	<b>1,294,374,625</b>	<b>(21,530,164)</b>
<b>Increase/(decrease) in Operating Assets &amp; Liabilities</b>		
Changes in trading securities	(882,190,231)	(741,779,418)
Loans and advances to other banks	-	-
Loans and advances to customers (other than banks)	(3,323,863,997)	(1,017,669,484)
Other assets	116,880,186	(482,238,477)
Deposits from other Banks	3,461,762	-
Deposits from customers (other than banks)	8,713,055,505	2,994,737,216
Other liability/other non operating income	-	-
Other liability/tax	(69,634,886)	-
Other liability/provision	(294,505,980)	-
Other liabilities	547,168,424	(598,495,002)
<b>Net Cash received from operating activities</b>	<b>6,104,745,407</b>	<b>133,024,671</b>
<b>B) Cash flows from investing activities</b>		
Changes in non-trading securities	5,000,000	-
Net proceeds/(payments) for sale/purchase of securities	-	-
Purchase of property, plant and equipment	(49,427,375)	(2,993,458)
Investment - Others	-	(315,333,452)
<b>Net cash used in investing activities</b>	<b>(44,427,375)</b>	<b>(318,326,910)</b>
<b>C) Cash flows from financing activities</b>		
Borrowings from other banks, financial institutions and agents	1,049,714,554	1,655,174,386
Received from issue of loan capital and debt securities	-	-
Dividend paid (cash dividend)	-	-
Received from issue of right share	-	-
<b>Net cash received from financing activities</b>	<b>1,049,714,554</b>	<b>1,655,174,386</b>
<b>D) Net (decrease)/increase in cash (A+B+C)</b>	<b>7,110,032,585</b>	<b>1,469,872,147</b>
<b>E) Opening cash and cash-equivalents</b>	<b>8,238,097,105</b>	<b>10,513,933,056</b>
<b>F) Closing cash and cash-equivalents (D+E)*</b>	<b>15,348,129,690</b>	<b>11,983,805,202</b>
*Closing cash and cash-equivalents		
Cash In hand (including foreign currencies)	810,948,523	527,836,534
Balances with Bangladesh Bank and its agent bank (s)	4,371,623,601	2,537,713,116
Balances with other Banks and Financial Institutions	6,271,653,265	8,565,802,351
Money at call and short notice	3,890,000,000	350,000,000
Prize bonds	3,904,300	2,453,200
	<b>15,348,129,690</b>	<b>11,983,805,202</b>

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### Eastern Bank Limited Statement of Changes in Equity (unaudited) for the first quarter ended 31 March 2011

Particulars	Paid up capital	Statutory reserve	Dividend equalisation reserve	Reserve against pre take over loss	Pre take over loss	Asset revaluation reserve	Reserve for amortization of treasury securities (HTM)	Reserve for revaluation of treasury securities (HFT)	General reserve	Reserve for non banking assets	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 1 January 2011	2,920,811,400	2,725,521,942	356,040,000	1,554,759,750	(989,138,238)	2,651,941,750	-	823,251,969	160,000,000	233,527,796	1,646,838,194	12,083,554,563
Net profit for the period after tax	-	-	-	-	-	-	-	-	-	-	475,367,129	475,367,129
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-
Bonus share issued	1,606,446,270	-	-	-	-	-	-	-	-	-	(1,606,446,270)	-
Reserve for revaluation of treasury securities (HFT)	-	-	-	-	-	-	-	(86,468,275)	-	-	-	(86,468,275)
Recovery of pre-takeover loss	-	-	-	-	200,000,000	-	-	-	-	-	-	200,000,000
<b>Balance as at 31 March 2011</b>	<b>4,527,257,670</b>	<b>2,725,521,942</b>	<b>356,040,000</b>	<b>1,554,759,750</b>	<b>(789,138,238)</b>	<b>2,651,941,750</b>	<b>-</b>	<b>736,783,694</b>	<b>160,000,000</b>	<b>233,527,796</b>	<b>515,759,053</b>	<b>12,672,453,417</b>
<b>Balance as at 31 March 2010</b>	<b>2,920,811,400</b>	<b>1,927,039,732</b>	<b>356,040,000</b>	<b>1,554,759,750</b>	<b>(994,716,025)</b>	<b>913,678,854</b>	<b>22,956,196</b>	<b>895,435,906</b>	<b>160,000,000</b>	<b>233,527,796</b>	<b>461,449,702</b>	<b>8,450,983,310</b>

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### Eastern Bank Limited and its Subsidiaries Selected Explanatory Notes to the Financial Statements

as at and for the first quarter ended 31 March 2011

- 1 Activities of the Bank**  
The principal activities of Eastern Bank Limited "the Bank" are to provide a comprehensive range of financial services; personal and commercial banking; trade services; cash management; treasury, securities and custody services.
- 2 Significant Accounting Policies and bases of preparation**
  - 2.1 Statement of compliance**  
The financial statements of the Group and the Bank as at and for the period ended 31 March 2011 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by the BRPD Circular 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards, the Companies Act 1994, the Securities and Exchange Rules 1987 and other relevant laws and rules applicable in Bangladesh.
  - 2.2 Functional and presentation currency**  
The financial statements of the Group and the Bank (excluding Off-shore Banking Unit) are presented in Taka which is the functional currency of the Group/Bank. However, the functional currency of Off-shore Banking Unit is the US Dollar (USD). The USD (which is the functional currency of Off shore Banking Unit) figures have been converted into Taka using conversion rate of 1 USD = Taka 72.7648.
  - 2.3 Use of estimates and judgements**  
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.
  - 2.4 Basis of consolidation**  
Eastern Bank Limited acquired 60% shares of LRK Securities Limited (renamed afterwards as 'EBL Securities Limited') and established another subsidiary 'EBL Investments Limited' with 99.99% shareholdings. The financial statements of these two subsidiaries have been consolidated with those of the Bank following Bangladesh Accounting Standard (BAS) 27.  
All intra-group transactions, balances, income and expenses are eliminated on consolidation.
  - 2.5 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.

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 on Revaluation to P & L, Unrealized gain to Revaluation Reserve through P & L.
Govt. T-bills/bonds (HTM)	Cost	Amortised cost	Increase or decrease in value to equity.
Debenture/Bond	Face value	None	None
Shares	Cost	Lower of cost or market value	Loss to P & L but no unrealized gain booking.
Prize bond	Cost	None	None

- 2.6 Loans and advances**  
Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities.
- 2.7 Fixed assets and depreciation**
  - Fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.
  - Depreciation is charged on all fixed assets on the basis of estimated useful lives as articulated in the fixed asset policy of the Bank. Depreciation is calculated from the month of acquisition (for full month) and no depreciation is charged for the month in which it is disposed off.
- 2.8 Revenue Recognition**  
The revenue during the period is recognised following all conditions of revenue recognition as prescribed by BAS - 18 "Revenue".
- 2.9 Earnings per share**  
Earnings per share (EPS) has been computed by dividing the profit after tax (PAT) by the weighted average number of ordinary shares outstanding as on 31 March 2011 as per BAS- 33 "Earnings Per Share". Bonus share issued during 2011 has been treated as if they had been in issue from the beginning of 2010 as per BAS-33. Diluted earning per share was not required to calculate as there were no dilution possibilities during the period.

A) Weighted average number of shares:	31-Mar-11	31-Mar-10
Number of shares in 2010 before bonus share issued	-	249,642,000
Bonus share issued in 2010	-	42,439,140
Number of shares in 2011 before bonus share issued	292,081,140	-
Bonus share issued in 2011	160,644,627	160,644,627
<b>Weighted average number of shares</b>	<b>452,725,767</b>	<b>452,725,767</b>

  

B) Earnings Per Share (EPS):	31-Mar-11	31-Mar-10
Profit attributable to the shareholders of EBL for the first quarter (after consolidation)	487,034,630	445,641,307
Profit attributable to the shareholders of EBL for the first quarter (before consolidation)	475,367,129	440,920,272
Weighted average number of shares (A)	452,725,767	452,725,767
Earnings per share (EPS)-before consolidation	1.05	0.97
Earnings per share (EPS)-after consolidation	1.08	0.98

- 2.10 Cash Flow Statement**  
Cash Flow Statement is prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Cash Flow Statement" and under the guideline of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003. The Statement shows the Structure of Changes in cash and cash equivalents during the period.
- 2.11 Statement of Changes in Equity**  
Statement of changes in Equity is prepared in accordance with Bangladesh Accounting Standard (BAS) 1 "Presentation of Financial Statements" and relevant guidelines of Bangladesh Bank.
- 2.12 General**  
Corresponding period's figures have been rearranged wherever necessary to conform to current period's presentation.