

Independent auditor's report to the shareholders of Eastern Bank Limited

Report on the financial statements
We have audited the accompanying 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 balance sheet and the separate balance sheet as at 31 December 2016, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements and internal controls
Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations 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.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in Note 2.

Report on other legal and regulatory requirements
In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- 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 consolidated financial statements of the Group and the financial statements of the Bank 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:
 - internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 of the financial statements appeared to be materially adequate;
 - nothing has come to our attention regarding material instances of forgery or irregularity or administrative error or exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in these financial statements;
- financial statements of all subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;
- 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;
- 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 dealt with by the report are in agreement with the books of account;
- the expenditure incurred was for the purposes of the Bank's business;
- the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanation required by us have been received and found satisfactory;
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4,850 person hours for the audit of the books and accounts of the Bank.

Rahman Rahman Haq
Rahman Rahman Haq

Dhaka, 20 March 2017

Eastern Bank Limited and its subsidiaries Consolidated Balance Sheet as at 31 December 2016

	Note	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3		
Cash in hand (including foreign currencies)	3.1	2,035,038,421	1,781,735,932
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	10,164,025,705	9,162,962,735
		12,199,064,126	10,944,698,667
Balance with other banks and financial institutions	4		
In Bangladesh	4.1	9,799,656,546	10,947,113,801
Outside Bangladesh	4.2	826,202,789	528,187,921
		10,625,859,335	11,475,301,722
Money at call and short notice	5	100,000,000	-
Investments	6		
Government	6.1	18,320,613,148	19,775,255,082
Others	6.2	4,619,215,993	4,127,134,524
		22,939,829,141	23,902,389,606
Loans and advances	7		
Loans, cash credits, overdrafts, etc.	7.1	137,473,558,900	120,083,051,166
Bills purchased and discounted	7.2	18,897,775,910	14,366,370,854
		156,371,334,810	134,449,422,020
Fixed assets including land, building, furniture and fixtures	8	5,954,156,754	5,953,130,377
Other assets	9	4,032,882,402	4,212,281,675
Non-banking assets	10	154,050,500	154,050,500
		212,377,177,068	191,091,274,567
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	39,369,685,979	31,534,839,615
Deposits and other accounts	12		
Current accounts and other accounts	12.1	16,651,527,406	15,413,733,946
Bills payable	12.2	797,002,510	910,454,248
Savings bank deposits	12.3	38,426,476,123	32,646,443,552
Fixed deposits	12.4	84,330,111,292	78,935,264,980
Bearer certificate of deposit		-	-
		140,205,117,331	127,905,896,726
Other liabilities	13	11,970,564,023	10,943,083,283
		191,545,367,333	170,383,819,624
Capital/shareholders' equity			
Paid-up capital	14	7,028,567,520	6,111,797,850
Statutory reserve	15	6,991,700,268	6,111,797,850
Dividend equalisation reserve	16	356,040,000	356,040,000
Excess of reserve over pre-take over loss-BCCI	17	617,792,231	617,792,231
Asset revaluation reserve	18	2,534,874,738	2,534,874,738
Reserve for amortisation of treasury securities (HTM)	19	6,200,987	2,764,446
Reserve for revaluation of treasury securities (HFT)	20	12,145,508	1,374,979,477
General reserve	21	130,000,000	130,000,000
Reserve against non-banking assets	21	141,288,665	141,288,665
Foreign currency translation difference	22	657,505	12,523,775
Surplus in profit and loss account	23	3,012,542,313	3,313,595,911
		20,831,809,735	20,707,454,943
		212,377,177,068	191,091,274,567
OFF BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements	24.1	32,666,382,402	29,367,215,759
Letters of guarantees	24.2	15,905,357,265	13,233,474,177
Irrevocable letters of credit	24.3	17,720,419,522	17,203,519,865
Bills for collection	24.4	5,836,991,295	5,667,837,422
Other contingent liabilities		-	-
		72,129,150,484	65,472,047,223
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		3,447,156,360	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		3,447,156,360	-
		75,576,306,844	65,472,047,223

The annexed notes 1 to 45 form an integral part of these financial statements.

Rahman Rahman Haq
Rahman Rahman Haq
Chartered Accountants

Dhaka, 20 March 2017

Eastern Bank Limited and its subsidiaries Consolidated Profit & Loss Account for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Interest income	25	13,662,629,884	13,616,377,868
Interest paid on deposits and borrowings etc.	26	(8,055,398,021)	(9,933,643,160)
		5,607,231,863	3,682,734,708
Investment income	27	3,261,885,000	3,534,606,776
Commission, exchange and brokerage	28	2,637,539,212	2,747,234,544
Other operating income	29	181,614,792	189,986,279
		6,081,039,004	6,471,827,599
		11,688,270,867	10,154,562,307
Salary & allowances (except those of MD)	30	2,883,203,413	2,625,916,475
Rent, taxes, insurance, utilities etc.	31	655,424,381	622,899,704
Legal & professional expenses	32	110,821,082	105,177,134
Postage, stamp, telecommunication, etc.	33	144,449,537	133,502,520
Stationery, printing, advertisements, etc.	34	302,496,398	283,910,528
Managing Director's salary and allowances (Bank only)	35	20,413,194	19,240,568
Directors' fees & expenses	36	3,963,477	4,068,190
Auditors' fees	37	1,598,574	1,304,483
Depreciation and repair of Bank's assets	38	503,229,958	508,251,628
Other expenses	39	546,735,667	496,252,839
		5,172,335,681	4,800,524,069
		6,515,935,186	5,354,038,238
Profit before provision (C=A-B)			
Provision for loans and advances:	13.4.1		
General provision		283,884,025	201,443,264
Specific provision (net of w/off recovery)		1,906,885,158	2,020,593,013
Provision for off-balance sheet exposures		101,003,143	41,962,728
Other provision	40	(282,833,038)	(457,434,831)
		1,906,889,288	1,806,564,174
		4,517,045,898	3,547,474,064
Provision for taxation (F)	41		
Current tax expense		1,830,849,042	1,344,784,441
Deferred tax (income)/expense		(30,138,865)	(79,919,330)
		1,800,710,177	1,264,865,111
		2,716,335,721	2,282,608,953
Net profit after tax (G=E-F)			
Appropriations	15		
Statutory reserve		(879,902,418)	-
General reserve		-	-
		(879,902,418)	-
		1,836,433,303	2,282,608,953
Retained surplus for the year			
Earnings per share (EPS)	42	3.86	3.25

The annexed notes 1 to 45 form an integral part of these financial statements.

Rahman Rahman Haq
Rahman Rahman Haq
Chartered Accountants

Dhaka, 20 March 2017

Eastern Bank Limited and its subsidiaries Consolidated Cash Flow Statement for the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
A) Cash flows from operating activities			
Interest receipts in cash		14,560,752,356	13,124,823,464
Interest paid		(8,082,609,372)	(9,388,080,842)
Dividend receipts		83,507,340	19,499,577
Fees and commission receipts in cash		2,637,539,212	2,954,668,920
Income from investment (other than dividend received)		3,510,540,389	3,458,124,093
Recovery of loans previously written off	13.4.1	380,021,967	281,710,606
Cash payments to employees (including directors)		(2,860,908,860)	(2,625,112,009)
Cash payments to suppliers		(1,450,104,087)	(1,371,452,996)
Income taxes paid	13.3.2	(987,773,957)	(1,725,978,643)
Receipts from other operating activities		181,614,792	189,986,279
Payments for other operating activities		(546,735,667)	(714,625,347)
		7,425,844,111	4,203,563,075
Increase/(decrease) in operating assets and liabilities			
Sale/(purchase) of trading securities		(196,623,896)	9,299,141,812
Loans and advances to customers (other than banks)		(21,925,596,087)	(14,053,175,938)
Other assets	43	(1,047,202,631)	(383,822,800)
Deposits from other banks	12.1	297,406,250	720,581,038
Deposits from customers (other than banks)		12,172,697,540	9,932,696,977
Recovery from BCCI assets	17.2	-	31,261,200
Liability for tax		(812,936,221)	461,113,531
Liabilities for provision		(2,378,911,255)	(2,088,274,777)
Other liabilities	44	835,539,112	1,280,065,147
		(13,055,627,188)	5,199,586,190
Cash generated from operating assets and liabilities (ii)		(5,629,783,077)	9,403,149,265
B) Cash flows from investing activities			
(Purchase)/sale of non-trading securities		(202,512,063)	(7,710,111,484)
(Purchase)/sale of property, plant and equipment		(267,343,647)	(282,468,853)
		(469,855,710)	(7,992,580,337)
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents	11	7,834,846,364	4,673,465,123
Dividend paid (cash dividend)		(1,222,359,570)	(1,222,359,570)
		6,612,486,794	3,451,105,553
Net increase in cash and cash equivalents (A+B+C)		512,848,012	4,861,674,483
E) Effects of exchange rate changes on cash and cash equivalents		(10,223,940)	3,222,383
F) Opening cash and cash equivalents		22,424,784,489	17,559,887,623
G) Closing cash and cash equivalents (D+E+F)*		22,927,408,561	22,424,784,489
*Cash and cash equivalents at end of the year consists of:			
Cash in hand (including foreign currencies)	3.1	2,035,038,421	1,781,735,932
Balances with Bangladesh Bank and its agent bank(s)	3.2	10,164,025,705	9,162,962,735
Balances with other banks and financial institutions	4	10,625,859,335	11,475,301,722
Money at call and short notice	5	100,000,000	-
Prize bonds	6	2,485,100	4,784,100
		22,927,408,561	22,424,784,489

The annexed notes 1 to 45 form an integral part of these financial statements.

Rahman Rahman Haq
Rahman Rahman Haq
Chartered Accountants

Dhaka, 20 March 2017

Eastern Bank Limited and its subsidiaries Consolidated Statement of Changes in Equity for the year ended 31 December 2016

Particulars	Balance as at 1 January 2015	Balance as at 31 December 2015	Balance as at 1 January 2016	Balance as at 31 December 2016
Shareholders' equity				
Paid-up capital	6,111,797,850	6,111,797,850	6,111,797,850	6,111,797,850
Statutory reserve	6,111,797,850	6,111,797,850	6,991,700,268	6,991,700,268
Dividend equalisation reserve	356,040,000	356,040,000	356,040,000	356,040,000
Excess of reserve over pre-take over loss-BCCI	617,792,231	617,792,231	617,792,231	617,792,231
Asset revaluation reserve	2,534,874,738	2,534,874,738	2,534,874,738	2,534,874,738
Reserve for amortisation of treasury securities (HTM)	2,764,446	6,200,987	6,200,987	2,764,446
Reserve for revaluation of treasury securities (HFT)	1,374,979,477	1,374,979,477	12,145,508	1,374,979,477
General reserve	130,000,000	130,000,000	130,000,000	130,000,000
Reserve against non-banking assets	141,288,665	141,288,665	141,288,665	141,288,665
Foreign currency translation difference	12,523,775	657,505	657,505	12,523,775
Surplus in profit and loss account	3,313,595,911	3,012,542,313	3,012,542,313	3,313,595,911



Eastern Bank Ltd.

CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS 2016 (AUDITED)

Eastern Bank Limited Profit & Loss Account for the year ended 31 December 2016

Note	2016 Taka	2015 Taka	
Interest income	13,545,638,173	13,338,187,892	
Interest paid on deposits and borrowings etc.	(8,016,221,690)	(7,793,129,887)	
Net interest income	5,529,416,483	5,545,058,005	
Investment income	3,315,432,277	3,576,370,328	
Commission, exchange and brokerage	2,449,245,814	2,629,430,927	
Other operating income	164,926,912	144,843,472	
5,929,605,003	6,350,644,727	6,489,702,732	
Total operating income (A)	11,459,021,486	12,034,760,764	
Salary & allowances (except those of MD)	2,800,838,055	2,560,741,641	
Rent, taxes, insurance, utilities etc.	635,809,908	604,864,153	
Legal & professional expenses	109,721,716	104,249,918	
Postage, stamp, telecommunication, etc.	138,553,553	127,867,304	
Stationery, printing, advertisements, etc.	299,380,147	281,559,632	
Managing Director's salary and allowances	20,413,194	19,240,568	
Directors' fees & expenses	3,769,127	3,925,740	
Auditors' fees	805,000	575,000	
Depreciation and repair of Bank's assets	496,720,598	502,390,170	
Other expenses	534,795,483	485,797,065	
Total operating expenses (B)	5,040,806,781	4,691,212,191	
Profit before provision (C=A-B)	6,418,214,705	7,343,548,573	
Provision for loans and advances	134.1	1,000,000,000	
General provision	283,884,025	201,443,264	
Specific provision (net off w/off recovery)	1,902,684,147	2,020,593,013	
Provision for off-balance sheet exposures	101,003,143	41,962,728	
Other provision	(268,868,702)	(476,064,123)	
Total provision (D)	2,018,702,613	1,787,934,882	
Total profit before taxes (E=C-D)	4,399,512,092	5,555,613,691	
Provision for taxation (F)	41	1,773,164,131	
Current tax expense	(1,773,164,131)	(1,773,164,131)	
Deferred tax (income)/expense	1,743,025,266	1,956,679,457	
Net profit after tax (G=E-F)	2,656,486,826	3,782,449,560	
Appropriations	15	(879,902,418)	
Statutory reserve	(879,902,418)	(879,902,418)	
General reserve	(1,776,584,408)	(2,220,916,202)	
Retained surplus for the year	879,902,418	1,776,584,408	
Earnings per share (EPS)	42	3.78	3.16

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO:
 Director:
 Director:
 Chairman:

Signed as per our annexed report of same date
 Rahman Rahman Huq
 Chartered Accountants

Eastern Bank Limited Cash Flow Statement for the year ended 31 December 2016

Note	2016 Taka	2015 Taka
A) Cash flows from operating activities		
Interest receipts in cash	14,459,952,512	12,848,541,447
Interest paid	(8,043,433,043)	(9,247,567,569)
Dividend receipts	78,344,764	101,306,370
Fees and commission receipts in cash	2,449,245,814	2,821,108,202
Income from investment (other than dividend received)	3,569,250,241	3,418,080,852
Recovery of loans previously written off	380,021,967	281,710,606
Cash payments to employees (including directors)	(2,782,961,428)	(2,559,873,725)
Cash payments to suppliers	(1,417,702,446)	(1,417,702,446)
Income taxes paid	(948,480,473)	(1,688,991,842)
Receipts from other operating activities	164,926,912	144,843,472
Payments for other operating activities	(534,795,483)	(485,797,065)
Cash generated from operating activities before changes in operating assets and liabilities (i)	7,374,369,338	4,087,993,853
Increase/(decrease) in operating assets and liabilities		
Sale/(purchase) of trading securities	782,145,588	9,539,969,644
Loans and advances to customers (other than banks)	(21,880,661,882)	(11,566,249,898)
Other assets	(1,103,952,043)	(378,667,598)
Deposits from other banks	297,406,250	270,581,038
Deposits from customers (other than banks)	12,167,602,010	9,947,559,385
Recovery from BCCI assets	-	31,261,200
Liability for tax	(794,544,794)	493,352,384
Liabilities for provision	(2,398,724,580)	(2,069,645,488)
Other liabilities	548,167,377	1,271,842,142
Cash generated from operating assets and liabilities (ii)	(12,382,562,073)	7,990,002,809
Net cash from operating activities (i+ii)	(5,008,192,735)	1,097,993,662
B) Cash flows from investing activities		
(Purchase)/sale of non-trading securities	(194,512,063)	(7,711,558,484)
(Purchase)/sale of property, plant and equipment	(259,872,371)	(277,691,683)
Investment in Subsidiary-EBL Securities Limited	(600,000,000)	(500,000,000)
Net cash used in investing activities	(1,054,384,434)	(8,489,250,167)
C) Cash flows from financing activities		
Borrowings from other banks, financial institutions and agents	8,517,680,311	4,522,842,389
Dividend paid (cash dividend)	(1,222,359,570)	(1,222,359,570)
Net cash from financing activities	7,295,320,741	3,300,482,819
D) Net increase in cash and cash equivalents (A+B+C)	1,232,743,577	6,889,229,314
E) Effects of exchange rate changes on cash and cash equivalents	820,161	1,249,911
F) Opening cash and cash equivalents	24,640,180,161	17,749,700,936
G) Closing cash and cash equivalents (D+E+F)	25,873,743,899	24,640,180,161

The annexed notes 1 to 45 form an integral part of these financial statements.

Managing Director & CEO:
 Director:
 Director:
 Chairman:

Signed as per our annexed report of same date
 Rahman Rahman Huq
 Chartered Accountants

Particulars	2016 Taka	2015 Taka
Balance at 1 January 2016	6,111,797,850	6,111,797,850
Balance sheet based for 2015	9,616,699,070	(1,222,359,570)
Cash dividend paid for 2015	(1,222,359,570)	(1,222,359,570)
Transfer to statutory reserve	879,902,418	(879,902,418)
Adjustment of revaluation reserve	(1,262,831,969)	(1,262,831,969)
Reserve for amortisation of government securities (HTM)	3,416,541	3,416,541
Reserve for revaluation of government securities (HFT)	(948,480,473)	(948,480,473)
Net profit for the year	2,656,486,826	2,656,486,826
Net profit for the year difference	1,441,077	1,441,077
Company dividend for 2016	1,441,077	1,441,077
Balance at 31 December 2016	25,873,743,899	24,640,180,161

The annexed notes 1 to 45 form an integral part of these financial statements.

Particulars	Figures in Taka	Figures in Taka
	Total	Above 5 years term
Assets	12,198,971,592	100,000,000
Cash in hand (including balance with Bangladesh Bank and its agent bank)	13,572,287,207	21,448,633,783
Balances with other banks and financial institutions	100,000,000	152,083,687,536
Money at call and short notice	8,221,042,101	5,382,773,561
Investments	7,271,900,788	5,305,383,689
Loans and advances	50,598,195,066	497,000,379
Fixed assets including land, building, furniture and fixtures	1,250,064,273	1,250,064,273
Other assets	134,433,000	154,050,500
Non-banking assets	19,617,500	19,617,500
Total assets	211,185,458,156	211,185,458,156
Liabilities		
Borrowing from other banks, financial institutions and agents	39,061,159,749	1,910,549,260
Deposits and other accounts	140,284,138,650	2,230,736,470
Provisions & other liabilities	11,268,997,353	2,303,564,493
Total liabilities	190,614,315,752	190,614,315,752
Net liquidity gap	20,571,142,404	20,571,142,404
Cumulative net liquidity gap	11,633,951,501	11,633,951,501

Eastern Bank Limited and its subsidiaries Notes to the Financial Statements as at and for the year ended 31 December 2016

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 inside 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 it 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 82 branches across major cities in Bangladesh. The shares of the Bank is listed with both Dhaka Stock Exchange (DSE) Limited and Chittagong Stock Exchange (CSE) Limited. The registered office of the Bank is located at Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000.

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.

1.2 **Offshore Banking Unit (OBU)**

Offshore Banking Unit ("OBU" or "the Unit") is a separate business unit of the Bank, operates its business through a separate charter governed under the rules and guidelines of the Bangladesh Bank letter ref. BRPD/74/489/2004 dated 23 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 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 supply LCs in accordance with Bangladesh Bank guidelines.

The unit commenced its operations from 19 May 2004 and its office is located at Jiban Bima Bhaban, 10 Dilkusha C/A (1st floor), Dhaka-1000.

1.3 **Subsidiaries of the Bank**

The Bank has four fully owned subsidiaries; three of them have been in operations on the reporting date. These are EBL Securities Limited, EBL Investments Limited and EBL Finance (HK) Limited. Although the subsidiary of another fully owned subsidiary 'EBL Asset Management Limited' is completed, full fledged operation of this company is yet to start.

EBL Securities Limited

EBL Securities Limited (EBLSL), a securities brokerage firm acquired in two phases, is a public limited company having TRICs (Trading Right Entitlement Certificate) and an ordinary shares of the issuer. Dhaka Stock Exchange (DSE) Ltd. and Hong Kong Dollar (HKD) respectively. All financial information presented in Taka has been rounded off to the nearest integer, except when otherwise indicated.

EBL Investments Limited

EBL Investments Limited (EBLIL) was incorporated on 30 December 2009. It obtained required license from 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 59, Motiheb C/A (1st floor), 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 (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 Unit 1201, 12th Floor, Albon Plaza, 2-6 Granville Road, Tsimshatsui, Hong Kong.

EBL Asset Management Limited

EBL Asset Management Limited (EBLAM) was incorporated on 9 January 2011 to carry out the business of asset management, capital market operation, equity investment etc. Subscription of this company was completed in 2015 but full fledged business operation will start after getting license from BSEC.

2. Basis of preparation and significant accounting policies

Basis of preparation

The separate financial statements of the Bank as at and for the year ended 31 December 2016 comprise those of Domestic Banking Unit (DBU) and its subsidiaries (EBL OBU, EBL Securities Limited, EBL Investments Limited, EBL Finance (HK) Limited, EBL Asset Management Limited) 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 were no significant changes 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. But the Financial Reporting Council (FRC) under the FRA is yet to be formed which is to issue financial reporting standards for public interest entities such as banks. The Bank Company Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC is yet to be formed and as such financial reporting standards have been issued as per the provisions of the FRA. Hence, the consolidated financial statements of the Bank and its subsidiaries and the separate financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Company Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994, the Securities and Exchange Rules 1987. In case any requirement of the Bank Company Act 1991 and provisions and circulars issued by BB differ with those of BFRS, the requirements of the Bank Company Act 1991 and provisions and circulars issued by BB shall prevail. Material departures from the requirements of BFRS are as follows:

i) Presentation of financial statements

BFRS: As per BAS 39, financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per para 60 of BAS 1, 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 flows statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of the Bank Company Act 1991 (amendment up to 2013) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) Investments in shares, mutual funds and other securities

BFRS: As per requirements of BAS 39, investments in shares and securities generally fall either under 'at fair value through Profit and Loss account' or under 'available for sale' account where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve account respectively.

Bangladesh Bank: As per 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 instruction of another 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 & MFs at each quarter end and took provision of Tk. 79.97 million as of 2016 as per BB guidelines (note 13.8).

iii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39, T-bills and T-bonds are to be categorised as 'Held For Trading (HFT)' and 'Held To Maturity (HTM)' where any change in the fair value of HFT securities is recognised in profit and loss account, and amortised cost method is applied for HTM securities using an effective interest rate.

Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in 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 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 HTM are measured at amortised cost method but interest income & gain is recognised through equity.

The Bank recognised revaluation loss of Tk. 222 million and amortisation loss of Tk. 83 million in profit and loss account in 2016 against its investment in government treasury securities categorised as HFT and HTM respectively. Unrealised gain of Tk. 12 million arising from revaluation of HFT securities and Tk. 6 million arising from amortisation gain have been booked in equity as reserve in compliance with BB guidelines (note 18 & 20).

iv) Provision on loans and advances

BFRS: As per BAS 39 an entity should undertake impairment assessment when objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 December 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 16 dated 15 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-loans should be made at 20%, 50% and 100% respectively on loans net of eligible securities (if any). Also, a general provision of 1% should be provided for off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

The Bank charged to its profit & loss account a general provision of Tk. 385 million (Tk. 284 million against unclassified loans & advances, and Tk. 101 million for off-balance sheet exposures) in 2016 (note 13.4.1).

v) Other comprehensive income and appropriation of profit

BFRS: As per BAS 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. BFRS 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 as 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 BAS 39. As such those disclosures and presentation requirements of BFRS 7 and BAS 32 cannot be made in these financial statements.

vii) REPO transactions

BFRS: When an entity 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 collateralised borrowing and the underlying asset continues to be recognised in the entity's financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BB circular/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

BFRS: As per BAS 39, 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 the guarantee except the cash margin.

ix) Cash and cash equivalents

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

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

BFRS: No indication of non-banking assets is found in any BFRS.

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

BFRS: Cash flow statement can be prepared either in direct method or indirect method. The presentation method is selected to present cash flows 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)

BFRS: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.

xiii) Off-balance sheet items

BFRS: No concept of off-balance sheet items in any BFRS, 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. LC, LG, acceptance should be disclosed separately on the face of the balance sheet.

xiv) Loans and advance net of provision

BFRS: Loans and advances should be presented net of provisions.

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.

*Please refer to note 2B compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) for further details.

xv) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based 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 in suspense account, which is presented as liability in the balance sheet.

xvi) Presentation of intangible asset

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

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

2.2 Basis of measurement

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared on the historical cost basis except for the following material items:

- Government treasury bills and 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 bonds designated as 'Held to Maturity (HTM)' are amortised yearly with resulting gain credited to revaluation reserve account but loss charged to profit and loss account.
- Land is amortised at cost at the time of acquisition and subsequently measured at fair value as per BAS 16 'Property, Plant & Equipment' and BSEC notification no. CMRBC/D/2009-19/150/Admn/51 dated 18 August 2013.

2.3 Going Concern Basis of Accounting

These financial statements have been prepared on the assumption 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 denoted by both the rating agencies (CRISIL 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 BFRS 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 Taka (BDT) which is the functional currency of the parent, except for EBL Finance (HK) Ltd. where the functional currency is US Dollar (USD) and Hong Kong Dollar (HKD) respectively. All financial information presented in Taka 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 (Bangladesh Taka 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 day of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at standard mid-rate of exchange rate 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 BAS 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 Taka (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 BAS 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



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Investment in Subsidiaries

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'.

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 or available-for-sale.

After initial recognition, 'loans, advances and receivables' are subsequently measured at amortised cost using effective interest rate (EIR) over the relevant periods. The amortised cost of a 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 (estimated 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 @ 1% on 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 instructions contained in 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. Provisions and interest suspense are separately shown under other liabilities as per First Schedule of the Bank Company Act 1991 (amendment upto 2013), instead of setting off with loans.

Heads	Rate
General provision on:	
Unclassified (including SMA) general loans and advances	1%
Unclassified (including SMA) small and medium enterprise	0.25%
Unclassified (including SMA) loans to BHM/MB/SDs against shares etc.	2%
Unclassified (including SMA) loans for housing finance and on loans for professionals	2%
Unclassified consumer financing other than housing finance and loans for professionals	2%
Short term agri credit and micro credit	5%
Off-balance sheet exposures	1%
Specific provision on:	
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%

Fixed assets

The group applies the accounting requirements of BAS 16 'Property, Plant and Equipment' for its own assets (including finance lease where the bank is lessee) which are held for existing and future use in the business or other administrative purposes 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 BAS 16. Land is recognised at cost at the time of acquisition and subsequently measured at revalued amounts which are 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.

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.

Cost of an item of fixed assets comprises:

- purchase price, including input 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. The cost of day to day servicing of fixed assets, i.e. repairs and maintenance is charged to profit and loss account as expense when incurred.

Category	Estimated useful lives (Years)	Rate of depreciation/ amortisation
Buildings	40	2.50%
Furniture and Fixtures	10	10.00%
Machinery and equipment	5	20.00%
Computers	5	33.33%
Stabilisers and UPS	3	33.33%
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/building under construction
Building under construction is recognised and reported under fixed assets as per BAS 16 as capital work in progress until the 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 when it is available for 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.

Leased Assets

Fixed assets which are procured under finance lease arrangement (under which substantially all the risks and rewards incidental to ownership are transferred to the lessee i.e. EBL) are reported as leased assets as per BAS 17 'Leases'.

Assets held under finance lease are recognised as assets of the Bank at an amount equal to lower of their fair value and the present value of minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Any initial direct costs incurred are added to the amount recognised as leased asset.

Intangible Assets

Intangible asset is an identifiable non-monetary asset without physical substance. The Group classifies its intangible assets as per BAS 38 'Intangible Assets' which comprises the value of all licensed computer software (including core banking software of the Bank, cards management software, cheque processing software (i.e. BEFTN), software of subsidiaries and other integrated customised software for call center, ATM services, HR & 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 BAS 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 it 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 proceeds 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 in which the application of the software is made for use.

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 & CSC, advance for revenue and capital expenditure, stocks of stationary and stamps, security deposits to government agencies, other receivables etc.

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 37 of the Arthian Adalat Act 2003. The value of the properties has been recognised in the financial statements as non-earning assets on the basis of party valuation report. 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.

Impairment of assets

An asset is impaired when its carrying value exceeds its recoverable amount as per BAS 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 and impairment losses are recognised in the profit and loss account. However, impairment of any assets are guided by the relevant BB circulars/instructions and BAS 39.

Liabilities and provisions

Borrowings from other banks, financial institutions and agents
Borrowings from other banks, financial institutions and agents include interest bearing borrowings which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

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 & BSEC. Principal amount outstanding against the debt is covered 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.

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.

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 and Bangladesh Financial Reporting Standards (BFRS).

Dividend payments

Interim dividend of the Group is recognised only 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 2016 has not been recognised as a liability in the balance sheet in accordance with BAS 10 'Events after the Reporting Period'. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

Provision for loans and advances

Provision for 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, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 16 dated 18 November 2014. Details are stated in Note 13.4 of these financial statements.

Provision against investment in Capital Market

Provision for investment of value of quoted shares and mutual funds (closed-end), placed under other liability, has been made on portfolio basis (gain net off) following DOS circular No. 04 dated 24 November 2011 and DOS circular letter No. 03 dated 12 March 2015 respectively. For unquoted shares, provision has been made based on available MVAF of respective nos of units. 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.

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 @ 1% against off-balance sheet exposures (mainly contingent assets/liabilities).

Provision for other assets

Provision for other assets is made as per the instructions made in the BRPD circular No. 14 dated 25 June 2003 i.e. 100% provision is required on other assets which are outstanding for one year or more or classified as bad/loss.

Provision for nostro accounts

Provision for unsettled transactions in nostro accounts is made as per FPDF circular no. FPDF (FEMO) /01/2005-07 dated 13 September 2005 of Foreign Exchange Department (FED) 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.

Provision for liabilities and accrued expenses

In compliance with BAS 37, 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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 BAS 19 'Employee Benefits'. Two subsidiaries i.e. EBLSL & EBLIL of the Bank have 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 or 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.

Defined benefit plans

Post-employment benefit plans those define the amount that outgoing members will receive from the plans on separation on the basis of length of service and salary level. 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 separate trustee boards. Subsidiaries (i.e. EBLSL & EBLIL) of the Bank also maintain a funded defined benefit plans i.e. 'Gratuity fund' under separate trustee boards from 01 March 2015.

Gratuity fund

The Bank operates a funded gratuity scheme recognised by NBR with effect from 01 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 up on separation to the eligible employees i.e. who have completed at least seven 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 2015. As per this valuation, effective from 1 October 2015, a contribution of 14.90% of basic salary is to be made to the fund per month until the next actuarial review is carried out. Contribution for the year 2016 has been made @14.90% 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 2015. As per the valuation, effective from 1 October 2015, Tk. 1.49 million is to be contributed to the fund each month until the next actuarial valuation is done. During 2016, Tk. 17.88 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 plan and amount recognised in profit & loss account are stated in note 30 of these financial statements.

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 is the eligible employees is encashment of earned leave upto maximum 90 days which is calculated based on last Basic Salary. House rent and Medical allowance and is paid in cash at the time of paying end service benefit. The Bank recognises earned leave encashment as expense as when paid to outgoing employees.

The Group does not have any other long term employee benefit plans.

Short term benefits

Short term employee benefits i.e. group insurance policy, hospitalisation facilities etc. are expensed as the related service is provided to the eligible employees or '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.

Contingent liabilities

Contingent liabilities which 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 unless the possibility of an outflow of resources embodying economic benefits is probable and the amount can be measured reliably. 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.

Share capital and reserves

A. Authorized 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 fulfillment of relevant provisions of the Companies Act 1994. Part of the authorised capital usually remains unissued. Part of the authorised capital already issued to shareholders is referred to as the issued share capital of the Bank.

B. 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 Company and subsequently approved by the shareholders from time to time in the Annual General Meeting (AGM).

C. 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.

D. Statutory reserve

In compliance with the provision of section 24 of the Bank Company Act 1991, the Bank is to transfer at least 20% of its profit before tax (PBT) 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 2016, the Bank transferred Tk. 879.90 million to statutory reserve equivalent to 20% of PBT.

E. Asset revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount after deducting deferred tax liability which may arise against such revaluation gain as per BAS 12 'Income Tax', is credited directly to equity under the heading of asset revaluation reserve as per BAS 16 'Property, Plant and Equipment'. Apart from financial assets, the Bank revalues its lands following relevant circulars of Bangladesh Bank and BSEC.

F. Reserve for amortization/ 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.

G. Revenue recognition

i) Interest income

Interest on unclassified loans and advances is recognised as income on accrual basis, interest on classified loans and advances 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) Fees and commission income

Fees and commission income arises from services provided by the Bank and recognised as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions except those which are received in advance.

iii) Interest income from investments

Interest income on investments in government and other securities, debentures and bonds is accounted for on accrual basis.

iv) 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.

v) Dividend income

Dividend income from investments is recognised at the time when it is declared, ascertained and right to receive the payments is established as per BAS 18 'Revenue'.

vi) Interest paid on borrowings and deposits

Interest paid on borrowings and deposits is 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.

vii) Management and other expenses

Expenses incurred by the Bank are recognised on actual and accrual basis.

viii) 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.

B. Deferred tax

Provision for current income tax of the Bank has been made on taxable income @ 40% considering major disallowances of expenses and concessional rates on certain incomes (0% on gain on trading of securities, 10% on capital gain of shares & MFS and 20% on dividend income) as per Income Tax Ordinance (FTO) 1984. Tax provision of the Group entities is made on taxable income of subsidiaries at different rates applicable as per the FTO 1984 and the tax authority of the country where it is incorporated.

C. Deferred tax assets

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 BAS 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.

D. Others

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 9.12 in the financial statements.

E. 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 BAS 1 'Presentation of Financial Statements'.

F. 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 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.

G. Comparative information

Comparative information including narrative and descriptive one 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.

H. Earnings per share (EPS)

As per BAS 33 'Earnings per Share' the Bank has been providing 'Basic EPS' 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 in current period are considered for number of ordinary shares outstanding for preceding period to present comparative EPS with retrospective adjustment (restated).

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or jointly control it. Other parties making financial and operating decisions on behalf of the Bank 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 BAS 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 at the end of 2016.

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

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 unrecorded balances within non-material level.

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 BAS 10 'Events after the Reporting Period'. Boards recommendation for dividend distribution is a common item presented in the note 45.

Operating segments

The Group has identified following six reportable segments which are the Group's major strategic business units. The strategic business units are different from the internal management reports 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, SME, Consumer 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/loss. 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

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015

11.1 Non-Convertible Subordinated Bond
The Bank with due approval from Bangladesh Bank and BSEC issued a 7-year unsecured, non-convertible subordinated bond of Tk. 2,500 million (face value of Tk 1 million) in February 2015 through private placement to enhance Tier II capital. The Bond will be redeemed at the end of 4th, 5th, 6th and 7th year of maturity at 20% per year. Coupon rate of the issued bonds is variable with a floor and ceiling rate of 11.5% and 14.50% respectively. The instrument is Tk 1 million and has been rated and awarded A++ by CRISIL in the long term with validity upto 28 December 2017. Although it is a recognised 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:

	200,000,000	200,000,000	200,000,000	200,000,000
Agrani Bank Limited	200,000,000	200,000,000	200,000,000	200,000,000
Brac Bank Limited	100,000,000	100,000,000	100,000,000	100,000,000
Janata Bank Limited	250,000,000	250,000,000	250,000,000	250,000,000
Mercantile Bank Limited	250,000,000	250,000,000	250,000,000	250,000,000
One Bank Limited	600,000,000	600,000,000	600,000,000	600,000,000
Rupali Bank Limited	600,000,000	600,000,000	600,000,000	600,000,000
Sonal Bank Limited	500,000,000	500,000,000	500,000,000	500,000,000
Total	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000

11.2 Borrowing from Outside Bangladesh
In non-interest bearing with Deutsche Trust Company Americas, USA
HSBC, USA
15,740
10,105,572
29,663,995
34,307,335
623,646
33,183,788
10,121,467
141,188,521
10,121,467
141,188,521

11.3 Remaining liability grouping of borrowings (including OBU)
On demand
91,098,818
991,360,176
481,572,588
In more than one month
6,213,533,106
4,076,656,662
6,513,501,467
4,992,472,708
In more than one month but not more than three months
7,937,208,533
9,319,136,789
7,637,240,173
8,614,820,683
In more than three months but not more than one year
12,930,199,400
12,128,862,500
13,050,199,400
12,312,362,500
In more than one year but not more than five years
9,468,157,221
2,452,336,594
9,468,157,221
2,452,336,594
In more than five years
39,368,665,759
31,439,899,615
39,368,139,759
30,543,479,819

12 Deposits and other accounts
Current deposits and other accounts etc.
12.1 16,631,527,406
15,413,739,946
16,639,952,664
15,429,365,528
Bills payable
12.2 797,025,510
910,454,248
797,025,510
910,454,248
Savings bank deposits
12.3 38,426,678,123
32,646,453,352
38,426,678,123
32,646,453,352
Fixed deposits
12.4 84,311,802,132
78,933,368,980
84,311,802,132
78,933,368,980
Bearer certificates of deposits
12.5 140,265,117,301
127,905,896,726
140,265,117,301
127,905,896,726

12.1 Current deposits and other accounts
Current deposits
12.1.1 9,782,269,814
8,043,445,928
9,779,693,732
8,059,077,510
Deposit margin on facilities (LC, LG, acceptance etc.)
12.1.2 1,177,094,793
5,506,768,075
1,177,094,793
5,506,768,075
Sundry deposits (TD redemption)
12.1.3 1,692,162,799
1,683,045,984
1,692,162,799
1,683,045,984
Interest accrued on deposits
12.1.4 16,631,527,406
15,413,739,946
16,639,952,664
15,429,365,528

12.1.1 Current deposits
Local currency
7,663,524,187
7,117,011,002
7,663,524,187
7,117,011,002
Foreign currencies
1,177,094,793
5,506,768,075
1,177,094,793
5,506,768,075
Less: Inter unit/company elimination
12.1.1.1 (84,258,258)
(15,631,582)
12.1.1.2 (84,258,258)
(15,631,582)

12.1.2 Deposit margin on facilities (LC, LG, acceptance)
Margin on letter of credit
47,027,401
286,648,021
47,027,401
286,648,021
Margin on letter of guarantee
23,910,121
144,805,237
23,910,121
144,805,237
Margin on acceptance
1,473,157,271
5,075,314,817
1,473,157,271
5,075,314,817

12.2 Bills payable
Local currency
796,567,310
561,431,521
796,567,310
561,431,521
Foreign currencies
435,200
349,022,727
435,200
349,022,727
797,025,510
910,454,248
797,025,510
910,454,248

12.3 Savings bank deposits
Transactional deposits
31,005,891,733
26,867,362,620
31,005,891,733
26,867,362,620
Local currencies
355,188,534
277,659,476
355,188,534
277,659,476
Foreign currencies
31,005,891,733
27,143,963,144
31,005,891,733
27,143,963,144

12.4 Fixed deposits
Special Notice Deposits (SND) account
65,793,951,301
67,644,919,145
65,793,951,301
67,644,919,145
Term deposits account
3,889,420
4,834,277
3,889,420
4,834,277
NCD account
49,715,816
50,459,146
49,715,816
50,459,146
Less: Inter unit/company elimination
84,311,802,132
78,933,368,980
84,311,802,132
78,933,368,980

12.4.1 Deposits from banks inside Bangladesh
297,406,250
720,581,038
297,406,250
720,581,038
Deposits from banks outside Bangladesh
139,907,711,081
127,185,315,687
139,907,711,081
127,185,315,687
140,265,117,301
127,905,896,726
140,265,117,301
127,905,896,726

12.4.2 Deposits from banks
Janata Bank Limited
42,311
43,169
42,311
43,169
Mehana Bank Limited
2,714,465
1,494,889
2,714,465
1,494,889
Midland Bank Limited
2,974,277
1,316,868
2,974,277
1,316,868
Mudhombani Bank Limited
5,096,385
5,309,644
5,096,385
5,309,644
National Bank Limited
156,253
156,253
156,253
156,253
Commercial Bank Limited
504,480
504,480
504,480
504,480
NRB Bank Limited
78,799,169
141,206,095
78,799,169
141,206,095
NRB Commercial Bank Limited
3,147,348
4,963,067
3,147,348
4,963,067
One Bank Limited
703,520
539,750
703,520
539,750
Southeast Bank Limited
28,150
29,153
28,150
29,153
SBAC Bank Limited
203,241,029
27,755,975
203,241,029
27,755,975
Standard Bank Limited
2,883
3,933
2,883
3,933
297,406,250
720,581,038
297,406,250
720,581,038

12.4.3 Sector-wise concentration of deposits and other accounts
Government sector
977,312,960
1,512,135,580
977,312,960
1,512,135,580
Other public sector
2,276,432,472
2,276,432,472
2,276,432,472
2,276,432,472
Private sector
126,918,316,167
117,117,128,674
126,918,316,167
117,117,128,674

12.4.3.1 Business segment-wise concentration of deposits and other accounts
Corporate
33,083,178,288
27,114,130,396
33,083,178,288
27,114,130,396
Overseas banking unit (OBU)
319,899,058
162,822,173
319,899,058
162,822,173
SME
15,474,447,454
13,774,679,817
15,474,447,454
13,774,679,817
Consumer
86,850,496,764
85,843,810,329
86,850,496,764
85,843,810,329
Others - bills payables
797,025,510
910,454,248
797,025,510
910,454,248
140,265,117,301
127,905,896,726
140,265,117,301
127,905,896,726

12.4.3.2 Residual maturity grouping of deposits
Payable
On demand
297,406,250
720,581,038
297,406,250
720,581,038
In more than one month but less than six months
297,406,250
720,581,038
297,406,250
720,581,038
In more than six months but less than one year
297,406,250
720,581,038
297,406,250
720,581,038
In more than one year but within five years
297,406,250
720,581,038
297,406,250
720,581,038
In more than five years but within ten years
297,406,250
720,581,038
297,406,250
720,581,038

12.4.3.3 From other than banks
Payable
On demand
9,537,692,352
71,644,249
9,537,692,352
71,644,249
Within one month
9,463,039,689
12,317,317
9,463,039,689
12,317,317
In more than one month but less than six months
19,651,200
20,405,720
19,651,200
20,405,720
In more than six months but less than one year
33,576,136,047
38,891,128,853
33,576,136,047
38,891,128,853
In more than one year but within five years
66,048,638,312
47,320,310,621
66,048,638,312
47,320,310,621
In more than five years but within ten years
2,230,756,470
9,356,358,864
2,230,756,470
9,356,358,864
18,907,711,081
127,185,315,687
18,907,711,081
127,185,315,687
140,265,117,301
127,905,896,726
140,265,117,301
127,905,896,726

12.4.3.4 Other liabilities
Privileged creditors
13.1 322,742,146
343,645,207
322,742,146
343,645,207
Acquirer liabilities
13.2 500,234,880
342,963,297
500,234,880
342,963,297
Sundry creditors
61,162,902
76,724,893
61,162,902
76,724,893
Security deposit
44,290,752
61,330,582
44,290,752
61,330,582
Current tax liabilities/assets
13.3 1,492,097,992
692,734,057
1,492,097,992
692,734,057

12.4.3.5 Provision for loans, advances and OBU
Provision for loans, advances and OBU (excluding OBU)
13.4 5,808,671,101
4,805,947,698
5,808,671,101
4,805,947,698
Provision for loans, advances and OBU (including OBU)
13.4.1 242,461,849
201,335,529
242,461,849
201,335,529
Interest suspense account
13.5 14,763,817,994
14,444,993,449
14,763,817,994
14,444,993,449
Provision for protested bill & others
13.6 11,046,380
11,937,098
11,046,380
11,937,098
Provision for rebate to good borrowers
13.7 18,510,673
18,510,673
18,510,673
18,510,673
Provision for rebate to eligible good borrowers has been maintained as per BBPD circular No. 3 dated 16 February 2016 based on the following selection criteria:
i) Relationship with bank for last 3 years i.e. since January 2014.
ii) No past due during last 3 years i.e. since January 2014.
iii) No late servicing of quarterly interest during last 3 years.
iv) Clean CIB report against those borrowers in last 3 years i.e. 2014, 2015 & 2016.
v) Full compliance as per sanction terms.

12.4.3.6 Provision for diminution of value of quoted securities
Opening balance
11,937,098
10,817,967
11,937,098
10,817,967
Provision made/(released) during the year
280,000
1,119,131
280,000
1,119,131
Adjustment made during the year
(1,170,718)
(617,967)
(1,170,718)
(617,967)
Balance at the end of the year
11,046,380
11,937,098
11,046,380
11,937,098

12.4.3.7 Interest payable on borrowing
Interest payable on borrowing (including subordinated bond)
207,705,261
190,599,748
207,705,261
190,599,748
Interest payable on borrowing-OBU
185,287,151
108,276,128
185,287,151
108,276,128
Less: Inter unit/company elimination
(27,401,840)
(22,548,953)
(27,401,840)
(22,548,953)
365,590,572
276,326,923
365,590,572
276,326,923

12.4.3.8 Security value adjustment account for REPO
This account was created by charging Profit & Loss account to reflect reduction in the total portfolio of government securities under REPO outstanding on 31.12.2015 against which due effect of mark-to-market valuation was not considered while doing REPO. However, due adjustment was made in 2016 complying relevant instruction and circulars of BB.
12.4.3.8.1 Miscellaneous payable
Payable to Bangladesh Bank for Sanchayatra & WEDB
421,540,000
367,542,000
421,540,000
367,542,000
Unclaimed instruments
2,231,300
2,229,474
2,231,300
2,229,474
Unclaimed settlement of labelled & written off loans
147,250,316
105,755,805
147,250,316
105,755,805
Other liabilities (ETD payable, loan & REPO adjustment account, etc.)
72,571,272
331,073,728
72,571,272
331,073,728
643,773,388
806,599,657
643,773,388
806,599,657

12.4.3.9 Payable to Bangladesh Bank for Sanchayatra & WEDB
For sale of Sanchayatra
412,140,000
362,215,000
412,140,000
362,215,000
For sale of Wager Earners Development Bond (WEDB)
9,400,000
5,327,000
9,400,000
5,327,000
421,540,000
367,542,000
421,540,000
367,542,000

12.4.3.10 Other liabilities of subsidiaries
Accounts payable (trading)
6,501,268
19,021,320
6,501,268
19,021,320
Liabilities for expenses
18,798,743
28,041,819
18,798,743
28,041,819
Bank overdraft
14,019,727
1,157,555
14,019,727
1,157,555
Provision for employee gratuity fund
812,339,551
229,220,694
812,339,551
229,220,694
Less: Intra group outstanding balances
(2,764,446)
(6,626,831)
(2,764,446)
(6,626,831)
Share trading account
(21,207,195)
(4,338,298)
(21,207,195)
(4,338,298)
Bank overdraft (net off cheque in transit)
(362,625,122)
(10,965,129)
(362,625,122)
(10,965,129)
Net other liabilities
449,714,429
208,255,565
449,714,429
208,255,565

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015

13.1 Privileged creditors (payable to government)
Tax Deducted at Source (TDS)
123,978,187
122,088,444
123,978,187
122,088,444
VAT Deducted at Source (VDS)
32,105,804
42,927,093
32,105,804
42,927,093
Excise duty deducted from customer accounts
166,658,155
178,629,670
166,658,155
178,629,670
322,742,146
343,645,207
322,742,146
343,645,207

13.2 Acquirer liabilities
These liabilities are temporary in nature arising 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 liability to relevant parties arising due to withdrawal of cash by EBL cardholders from Q-Card/VISA/ATMs (not owned by EBL).
Prepaid card liability
364,754,242
234,731,248
364,754,242
234,731,248
Travel card liability
19,395,398
21,040,293
19,395,398
21,040,293
Credit card liability
36,733,050
22,046,739
36,733,050
22,046,739
Debit card liability
45,014,523
39,449,687
45,014,523
39,449,687
Acquirer cash and other liabilities
34,497,667
24,795,330
34,497,667
24,795,330
500,234,880
342,063,297
500,234,880
342,063,297

13.3 Current tax liabilities/assets
Provision for tax
1,972,993,023
2,454,312,964
1,905,727,553
2,414,340,608
On tax payable during the year
(1,540,279,640)
(1,828,102,383)
(1,459,610,975)
(1,784,135,293)
Provision for tax made during the year
1,830,849,842
1,344,784,411
1,773,164,131
1,275,558,787
2,063,564,613
1,972,993,023
2,063,564,613
1,972,993,023

13.3.1 Income tax expense/provision for tax
Current tax expenses
1,830,782,099
1,344,727,879
1,773,164,131
1,275,558,787
Adjustment for prior year
86,843,215
21,562
86,843,215
21,562
1,830,849,842
1,344,784,411
1,773,164,131
1,275,558,787

13.3.2 Income tax paid during the year
Withholding tax deducted at source
105,480,302
116,198,638
72,676,385
88,173,372
Advance tax paid in cash
882,293,655
1,609,780,005
875,804,088
1,600,818,470
Advance income tax paid
987,793,957
1,725,978,643
948,480,473
1,688,911,842
1,052,077,914
1,725,978,643
1,052,077,914
1,725,978,643

13.3.3 General provision movement on non funded deposits
Opening balance
630,938,922
603,570,465
630,938,922
603,570,465
Provision made during the year
107,928,404
27,368,457
107,928,404
27,368,457
Provision held at the end of the year
738,867,326
630,938,922
738,867,326
630,938,922

13.3.4 Provision for loans, advances and OBU expenses (OBU)
General provision on funded exposures
225,636,102
177,553,977
225,636,102
177,553,977
General provision on non-funded exposures
16,825,747
23,781,552
16,825,747
23,781,552
242,461,849
201,335,529
242,461,849
201,335,529

13.3.5 Total provision for loans, advances and OBU expenses (including OBU)
6,051,132,950
5,007,283,227
6,020,787,084
4,981,138,372

13.4 Provision for loans and advances charged during the year (Bank only)
Main Operation
236,405,912
47,478,113
283,884,025
201,443,264
OBU
107,998,404
(6,995,261)
101,003,143
41,962,728
Total
344,404,316
40,482,852
384,887,168
243,405,992

13.4.1 Provision for loans and advances charged during the year
General provision for UC loans & advances
236,405,912
47,478,113
283,884,025
201,443,264
General provision on off-balance sheet exposures (OBS)
107,998,404
(6,995,261)
101,003,143
41,962,728
General provision charged during the year
344,404,316
40,482,852
384,887,168
243,405,992
Recovery from loans previously written off
2,282,706,111
2,282,706,111
2,282,706,111
2,282,706,111
Specific provision (net off recovery for the year)
(380,210,666)
(380,210,666)
(380,210,666)
(380,210,666)
1,902,684,147
1,902,684,147
1,902,684,147
1,902,684,147

13.4.2 Calculation of provision for loans and advances (Bank only)
Nature
Outstanding
Interest suspense
Eligible



Eastern Bank Ltd.

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Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
28.2 Exchange gain (net off exchange loss)	1,419,891,780	1,686,759,170	1,384,798,090	1,681,720,287
Gain on exchange trading (other than cards business)	791,280,104	835,102,421	728,386,820	831,226,287
Less: Exchange loss	628,611,676	831,656,749	626,111,270	830,493,500
Exchange gain from cards business	64,337,913	44,695,803	64,237,913	44,695,803
Less: Exchange loss	19,249,268	12,477,826	19,249,268	12,477,826
Other expenses of 39.1 subsidiaries	44,988,645	32,317,977	44,988,645	32,317,977
Other expenses of 39.1 subsidiaries	674,680,321	883,824,296	671,399,515	882,711,427
Total	124,287,068	89,289,415		

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
28.3 Brokerage commission	126,280,572	89,844,542		
Brokerage commission (DSE & CSE)	5,251,658	3,611,284		
Brokerage commission (dealer)	9,784,901	11,590,689		
Settlement commission	141,317,131	105,046,515		
Less: Direct expenses	10,921,187	7,528,196		
Laga & howla charges	6,108,876	8,280,904		
CDL charges	17,030,063	15,757,100		
Total	124,287,068	89,289,415		

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
29 Other operating income	57,397,169	54,132,824	57,397,169	54,132,824
Rebate earnings	28,104,652	19,499,460	28,104,652	19,499,460
Postage charges recovered	56,253,365	56,253,365	56,253,365	56,253,365
Swift charges recovered	9,887,729	32,891,651	9,887,729	32,891,651
Service charges (others)	14,970,440	13,431,810	14,970,440	13,431,810
Locker rent	1,874,527	5,268,895	1,874,527	5,268,895
Gain on sale of fixed assets	13,126,950	6,556,097	13,126,950	6,556,097
Other earnings	181,614,792	189,986,279	161,926,912	144,843,472

*The number of regular employees engaged for the whole year or part thereof who received a total remuneration of BDT 76,000 p.a. or above were 1,584 at the end of December 2016 as against 1,577 at the end of December 2015.

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
30.1 Contribution to gratuity fund	132,231,491	132,231,491	132,231,491	132,231,491
Required contribution for the year (14.90% on basic salary)	132,231,491	132,231,491	132,231,491	132,231,491
Maintained during the year	-	-	-	-
Surplus (shortage)	-	-	-	-
Surplus (Deficit)	-	-	-	-

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
30.2 Contribution to superannuation fund	17,880,000	17,880,000	17,880,000	17,880,000
Required contribution for the year	17,880,000	17,880,000	17,880,000	17,880,000
Maintained during the year	-	-	-	-
Surplus (shortage)	-	-	-	-

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
31 Rent, taxes, insurance, electricity, etc.	461,068,443	420,540,276	444,635,867	405,011,665
Rent, rates and taxes - premises & equipments	91,075,317	100,990,930	90,984,259	100,013,120
Insurance premium*	103,280,621	102,268,407	100,189,782	99,839,368
Utilities (except telecommunication)	65,424,381	622,899,704	635,809,908	604,864,153

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
32 Legal & professional expenses	32,223,765	19,595,049	31,878,675	18,667,833
Professional fees (consultancy, advisory, certification, etc.)	24,045,110	10,775,280	24,045,110	10,775,280
Professional fees (loan recovery & contact point verification)	16,836,482	17,154,574	16,977,407	17,154,574
Lawyers' professional fees	37,715,725	57,652,231	37,600,524	57,652,231
Other legal expenses (court expense, auction notice, etc.)	110,821,082	105,177,134	109,721,716	104,249,918

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
33 Postage, stamp, telecommunication, etc.	42,545,325	38,448,230	42,297,303	38,208,155
Telephone - office	61,029,696	57,684,871	58,658,590	55,703,700
Network link, internet, swift and DR maintenance cost	31,299,118	29,858,989	28,035,680	26,445,783
Postage & courier charges	9,575,398	7,510,430	9,561,980	7,509,666
Stamp & court fees	144,449,337	133,502,520	138,553,553	127,867,304

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
34 Stationery, printing, advertisements, etc.	78,881,342	85,007,275	77,253,758	83,294,492
Printing and stationery	55,360,633	83,053,702	54,757,706	82,415,589
Advertisement	168,454,423	115,849,551	167,368,683	115,849,551
Business promotional expenses	302,496,398	283,910,528	299,380,147	281,559,632

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
35 Managing Director's salary and allowances (Bank only)	11,747,097	10,920,516	11,747,097	10,920,516
Basic salary	4,523,387	4,380,000	4,523,387	4,380,000
Allowances	2,968,000	2,848,000	2,968,000	2,848,000
Bonus	1,174,710	1,092,052	1,174,710	1,092,052
Bank's contribution to provident fund	20,413,194	19,240,568	20,413,194	19,240,568

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
36 Directors' fees	2,209,150	1,813,355	2,014,800	1,671,905
Meeting attendance fees	1,754,327	2,254,835	1,754,327	2,254,835
Other expenses (refreshment, conveyance, etc.)	3,963,477	4,068,190	3,769,127	3,926,740

*Details of depreciation are presented in Annexure-A

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
39.1 Other expenses of subsidiaries	546,735,667	496,252,839	534,795,483	485,797,065
Expense for EBL subordinated bond	3,629,643	4,091,740	3,629,643	4,091,740
AGM expenses	2,440,578	2,595,955	2,440,578	2,595,955
Other operating expenses (uniform, freight, books, share etc.)	13,746,879	7,274,582	13,729,078	6,544,462
Other expenses of 39.1 subsidiaries	5,847,967	4,076,185		

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
40 Other provision	280,000	1,119,131	280,000	566,380
Provision charged for (released) for protected bill & others	280,000	1,119,131	280,000	566,380
Provision for rebate to good borrowers	20,000,000	18,510,673	20,000,000	18,510,673
Provision (Provision released) on revaluation (or sale) of quoted securities	(313,163,038)	(477,064,635)	(289,148,702)	(495,141,176)

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
41 Provision for taxation/Income tax expenses	1,830,849,042	1,344,784,441	1,773,164,131	1,275,558,787
Current tax expenses	(30,138,865)	(79,919,330)	(30,138,865)	(79,919,330)
Deferred tax (income)/ expenses	1,800,710,177	1,264,863,111	1,743,025,266	1,195,639,457

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
41.1 Deferred tax income (net)	(25,793,717)	(74,502,222)	(25,793,717)	(74,502,222)
Deferred tax income in 9.1.2a charging specific provision	(4,345,148)	(5,417,108)	(4,345,148)	(5,417,108)
Deferred tax (income)/ expense in WDV of FA	(30,138,865)	(79,919,330)	(30,138,865)	(79,919,330)

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
41.2 Reconciliation of effective tax rate (Bank only)	4,399,512,092	3,416,555,659	4,399,512,092	3,416,555,659
Profit before income tax as per Profit and Loss account	4,399,512,092	3,416,555,659	4,399,512,092	3,416,555,659
Income tax as per applicable tax rate	40.00%	1,759,804,837	40.00%	1,366,622,264
Factors affecting tax charge for current year				
Non deductible expenses	8.35%	367,371,009	4.83%	164,855,391
Tax exempt income	-7.39%	(325,043,456)	-6.77%	(231,142,286)
Tax savings from reduced tax rates for dividend	-0.87%	(38,304,646)	-0.77%	(26,403,643)
Tax loss/(savings) from reduced tax rates for capital gain	1.39%	61,132,634	3.26%	111,267,664
Prior year adjustment (due to reduction of tax rate from 42.5% to 40.0%)	-	-	-3.21%	(109,640,611)
Prior year adjustment (for increasing the prerequisite threshold from 0.35 million to 0.45 million in 2014)	-1.18%	(51,796,247)	-	-
Deferred tax income (net)	-0.69%	(30,138,865)	-2.34%	(79,919,330)
Total income tax expenses	39.62%	1,743,025,266	35.00%	1,195,639,457

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
42 Earnings Per Share (EPS) (Restated)	3.86	3.25	3.78	3.16
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 2016 as per B.S. 33 'Earnings per Share'. Diluted earnings per share was not required to calculate as there were no dilution possibilities during the year.				
Number of shares before bonus share issued in 2016	611,179,785	611,179,785	611,179,785	611,179,785
Bonus shares issued in 2016	91,676,967	91,676,967	91,676,967	91,676,967
Number of ordinary shares outstanding (restated)	702,856,752	702,856,752	702,856,752	702,856,752

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
43 Changes in other assets (cash flows item)	4,212,281,676	3,663,824,404	3,474,780,652	2,918,211,885
Opening balance:	553,800,000	553,800,000	553,800,000	553,800,000
TREC of DSE (membership license)	201,500,000	201,500,000	201,500,000	201,500,000
TREC of CSE (membership license)	-	-	6,626,831	50,935,416
Stock of stationeries	16,489,089	13,005,088	16,489,089	13,005,088
Stamps on hand	3,276,242	2,912,441	3,234,292	2,912,441
Advance to staff for expenses	2,401,000	757,052	2,401,000	757,052
Security deposits-govt. agencies	6,762,514	3,400,476	6,762,514	2,960,476
Interest and dividend receivables	987,321,907	873,179,098	1,022,701,957	871,072,093
Sundry receivables	657,431,871	444,641,968	657,431,871	444,641,968
Advance rent	274,353,565	321,069,492	274,353,565	319,005,678
Prepayments and advance to vendors	590,649,401	386,002,983	581,711,833	385,869,094
Deferred tax assets	906,971,909	827,052,579	906,971,909	827,052,579
Other assets of subsidiaries	11,124,715	36,503,227	-	-
Closing Balance:	4,212,281,676	3,663,824,404	3,474,780,652	2,918,211,885

Figures in Taka

Note	Consolidated		Bank	
	2016	2015	2016	2015
44 Changes in other liabilities (cash flows item)	(1,047,202,631)	(883,822,800)	(1,103,952,042)	(378,667,597)
Opening balance:	1,047,202,631	1,047,202,631	1,047,202,631	1,047,202,631
Privileged creditors	343,645,207	286,783,691	343,645,207	286,783,691
Acquirer liabilities	342,063,298	277,304,749	342,063,298	277,304,749
Sundry creditors	76,274,893	63,096,228	76,274,893	63,096,228
Security deposit	61,530,582	57,290,130	61,530,582	57,290,130
Current tax liabilities/(assets)	692,734,058	1,075,823,159	657,002,859	1,070,435,914
Provision for loans, advances and OIB exposures (excluding OIB)	4,805,947,696	4,226,658,425	4,779,802,842	4,200,513,991
Provision for loans, advances and OIB exposures (OIB)	201,335,529	124,242,089	201,335,529	



Eastern Bank Ltd.

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2) Transactions relating to procurement, service & rent

Figures in Taka

Name of the Company/ Person	Related Directors of EBL	Nature of transactions	Amount of transaction made in 2016	Outstanding as at 31 Dec 2016
Coloasia Limited	Mir Nasir Hossain	Monthly recurring charge for EBL Data Center at Jessore.	2,401,200	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Monthly internet connectivity bills.	4,742,485	-
BTS Communications (BD) Limited	Mir Nasir Hossain	Licensing cost for customer relationship management solution (CRM Next).	11,538,517	-
Mir Ceramic Limited	Mir Nasir Hossain	Purchase of stair tiles for EBL Corporate Head Office at 100 Gulshan, Dhaka.	786,791	-
Unique Hotel & Resorts Limited	Salma Ali	Security Deposit against lease rental agreement for ATM booth at The Westin, Gulshan, Dhaka.	-	438,900
Unique Hotel & Resorts Limited	Salma Ali	Rental payment for ATM booth at The Westin, Gulshan, Dhaka.	240,000	-
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Advance rent for EBL DST Sales office at Dhamondi, Dhaka.	-	180,000
Md. Showkat Ali Chowdhury	Md. Showkat Ali Chowdhury	Rental payment for EBL DST Sales office at Dhamondi, Dhaka.	2,640,000	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Advance rent for EBL New Market Branch, Chittagong.	-	2,494,800
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL New Market Branch, Chittagong.	4,573,800	-
Tashmia Ambarin	Md. Showkat Ali Chowdhury	Rental payment for EBL Godown at New Market, Chittagong.	609,840	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Rental payment for EBL office premises at ZN Tower, Gulshan, Dhaka.	17,612,000	-
Namreen Enterprise Limited	Md. Showkat Ali Chowdhury	Advance rent for EBL office premises at ZN Tower, Gulshan, Dhaka.	-	70,800,240

3 Inter-company balances between EBL and its subsidiaries

Figures in Taka

Name of Subsidiaries	Nature of Account	Balance as at 31 Dec 2016
EBL Securities Limited	In Special Notice Deposit (SND) Account	2,712,807
	Dividend receivable	90,000,000
	In Current Deposit (CD) Account	345
EBL Investments Limited	In Special Notice Deposit (SND) Account	14,991,664
	Dividend receivable	20,000,000
	In Nostro Account	8,424,913
	Dividend receivable	30,912,927
EBL Finance (HK) Limited	Short Term Finance	3,777,142,647
	In Special Notice Deposit (SND) Account	52,911,590
EBL Asset Management Limited	Receivable against expense	-

4 Compensation of key management personnel: Refer to note 35

Annexure-D

SI	Counterparty name	Agreement date	Reversal Date	Amount (1st Leg cash consideration)
There is no outstanding REPO as on 31 December 2016				

Disclosure regarding outstanding Reverse REPO as on 31 December 2016

SI	Counterparty name	Agreement date	Reversal Date	Amount (1st Leg cash consideration)
There is no outstanding Reverse REPO as on 31 December 2016				

b. Disclosure regarding overall transaction of REPO and reverse REPO

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under REPO	-	-	-
With Bangladesh Bank	-	-	-
With other banks & financial institutions	107,492,093	15,047,988,324	1,336,952,669
Securities purchased under Reverse REPO	-	-	-
With Bangladesh Bank	-	-	-
With other banks & financial institutions	103,065,332	1,732,841,152	18,592,025

Annexure-E

Particulars	Figures in million Taka														
	Consolidated	Subsidiaries			Bank			Sole			Main Operation				
	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)
Interest income	13,662	119	142	13,546	119	142	13,546	119	142	13,546	119	142	13,546	119	142
Interest expense	8,025	75	45	7,950	75	45	7,950	75	45	7,950	75	45	7,950	75	45
Net interest income	5,637	44	97	5,596	44	97	5,596	44	97	5,596	44	97	5,596	44	97
FX income	1,965	60	60	1,905	60	60	1,905	60	60	1,905	60	60	1,905	60	60
FX commission and brokerage	673	-	-	673	-	-	673	-	-	673	-	-	673	-	-
Other operating income	182	-	-	182	-	-	182	-	-	182	-	-	182	-	-
Total operating income	11,688	117	117	11,469	117	117	11,469	117	117	11,469	117	117	11,469	117	117
Salaries and allowances	2,883	47	47	2,836	47	47	2,836	47	47	2,836	47	47	2,836	47	47
Legal fees	615	-	-	615	-	-	615	-	-	615	-	-	615	-	-
Legal taxes (insurance, utilities etc.)	111	-	-	111	-	-	111	-	-	111	-	-	111	-	-
Stamp, printing, advertisement etc.	144	-	-	144	-	-	144	-	-	144	-	-	144	-	-
Stationery, telecommunication etc.	302	-	-	302	-	-	302	-	-	302	-	-	302	-	-
Managing Director's salary and allowances	20	-	-	20	-	-	20	-	-	20	-	-	20	-	-
Directors' fees and expenses	4	-	-	4	-	-	4	-	-	4	-	-	4	-	-
Audit fees	2	-	-	2	-	-	2	-	-	2	-	-	2	-	-
Repairs, maintenance and depreciation	503	-	-	503	-	-	503	-	-	503	-	-	503	-	-
Provision for loans, advances & OIB exposures	2,922	-	-	2,922	-	-	2,922	-	-	2,922	-	-	2,922	-	-
Other provisions	(203)	-	-	(203)	-	-	(203)	-	-	(203)	-	-	(203)	-	-
Total provisions	1,999	-	-	1,999	-	-	1,999	-	-	1,999	-	-	1,999	-	-
Profit before tax	6,517	61	61	6,456	61	61	6,456	61	61	6,456	61	61	6,456	61	61
Tax provision	1,801	-	-	1,801	-	-	1,801	-	-	1,801	-	-	1,801	-	-
Profit after tax	4,716	61	61	4,655	61	61	4,655	61	61	4,655	61	61	4,655	61	61

Annexure-F

Particulars	Figures in million Taka														
	Consolidated	Subsidiaries			Bank			Sole			Main Operation				
	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)	EBL	EBL(HK)	EBL(AM)
Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash in hand (including balance with Bangladesh Bank and its agent bank)	12,199	-	-	12,199	-	-	12,199	-	-	12,199	-	-	12,199	-	-
Balances with other banks and financial institutions	13,759	-	-	13,759	-	-	13,759	-	-	13,759	-	-	13,759	-	-
Money at call and short notice	100	-	-	100	-	-	100	-	-	100	-	-	100	-	-
Investments	21,449	-	-	21,449	-	-	21,449	-	-	21,449	-	-	21,449	-	-
Loans and advances	128,520	22,564	12,965	151,084	12,965	12,965	138,119	12,965	12,965	128,520	22,564	12,965	151,084	12,965	12,965
Fixed assets including land, building, furniture and fixtures	5,940	-	-	5,940	-	-	5,940	-	-	5,940	-	-	5,940	-	-
Other assets	5,682	460	402	6,544	460	402	6,544	460	402	6,544	460	402	6,544	460	402
Non-banking assets	154	-	-	154	-	-	154	-	-	154	-	-	154	-	-
Total assets	188,723	21,186	13,367	223,276	21,186	13,367	208,726	21,186	13,367	188,723	21,186	13,367	223,276	21,186	13,367
Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing from other banks, financial institutions and agents	17,685	29,418	39,061	86,164	29,418	39,061	38,679	29,418	39,061	17,685	29,418	39,061	86,164	29,418	39,061
Deposits and other accounts	139,044	320	140,284	140,284	320	140,284	139,044	320	140,284	139,044	320	140,284	140,284	320	140,284
Provisions and other liabilities	10,866	414	11,280	11,280	414	11,280	10,866	414	11,280	10,866	414	11,280	11,280	414	11,280
Total liabilities	168,515	30,152	23,325	208,723	30,152	23,325	198,589	30,152	23,325	168,515	30,152	23,325	208,723	30,152	23,325
Total shareholders' equity	20,208	-	-	20,208	-	-	20,208	-	-	20,208	-	-	20,208	-	-
Total liabilities & shareholders' equity	188,723	21,186	13,367	223,276	21,186	13,367	218,797	21,186	13,367	188,723	21,186	13,367	223,276	21,186	13,367

Eastern Bank Limited Highlights on the overall Activities /Performance

Annexure - F

Sl No	Particulars	2016	2015
1	Paid up capital	Taka 7,028,567,520	6,111,797,850
2	Total capital (Tier-I & Tier-II)	Taka 22,472,074,264	20,463,336,507
3	Surplus/(shortage) capital	Taka 7,590,928,970	6,092,646,160
4	Total assets	Taka 211,185,458,156	189,563,399,618
5	Total deposits	Taka 140,284,158,650	127,990,033,575
6	Total loans and advances	Taka 152,083,687,536	130,226,324,465
7	Total contingent liabilities	Taka 75,576,306,844	65,472,047,222
8	Loans to deposits ratio (total loans/total deposits)	% 108.41	101.75
9	% of classified loans against total loans and advances	% 2.49	3.27
10	Profit after tax and provisions	Taka 2,656,486,826	2,220,916,202
11	Loans classified during the year (gross)	Taka 3,022,330,872	2,380,275,747
12	Provision held against classified loans	Taka 3,474,760,744	2,820,642,668
13	Surplus of provision	Taka -	-
14	Cost of fund (interest expense/average borrowing and deposits)	% 4.75	6.50
15	Interest bearing assets	Taka 183,760,577,206	163,992,828,815
16	Non-interest bearing assets	Taka 27,424,880,946	25,570,570,806
17	Return on assets (ROA) (PAT/average assets)	% 1.33	1.23
18	Income from investments	Taka 3,315,432,277	3,576,370,138
19	Return on investment or ROI (PAT/average equity, long term borrowings and deposits)	% 2.26	2.25
20	Earnings per share (PAT/weighted average number of shares) (restated)	Taka 3.78	3.16
21	Operating profit per share (Net operating profit/ weighted average number of shares)	Taka 9.13	7.40
22	Price earning ratio	Times 7.67	9.63

Eastern Bank Limited Offshore Banking Unit, Bangladesh Balance Sheet as at 31 December 2016

Annexure - G

Note	2016		2015		
	USD	Taka	USD	Taka	
PROPERTY AND ASSETS					
Cash					
In hand (including foreign currencies)	-	-	-	-	
With Bangladesh Bank (including foreign currencies)	-	-	-	-	
Balance with other banks and FIs	3				
In Bangladesh	52,046,711	4,096,190,636	55,515,732	4,358,001,617	
Outside Bangladesh	47,558,989	3,758,737,512	32,404,989	2,543,801,391	
99,805,700	7,854,928,148	87,920,721	6,901,803,008		
Money at call and short notice					
Investment	-	-	-	-	
Loans and Advances:	4				
Loans, cash credits, overdrafts etc.	4.1	120,261,482	9,464,843,231	97,333,759	7,640,729,269
Bills purchased and discounted	4.2	166,434,572	13,098,766,954	128,848,787	10,114,668,455
286,696,054	22,563,610,185	226,182,546	17,755,397,724		
Fixed assets including land, building, furniture and fixtures					
Other assets	5	1,235,883	97,266,696	1,275,887	100,157,513
Non banking assets					
Total assets		387,737,637	30,515,805,029	315,379,155	24,757,358,245
LIABILITIES AND CAPITAL					
Liabilities					
Borrowing from other banks, financial institutions and agents					
Demand borrowing	6	84,568,473	6,655,724,888	71,300,526	5,597,120,183
Term borrowing	6.2	289,221,676	22,762,382,199	235,082,295	18,454,030,682
373,790,149	29,418,107,087	306,382,821	24,051,150,865		
Deposits and other accounts					
Current accounts and other accounts	7.1	4,064,677	319,899,058	2,074,160	162,822,173
Term deposits	7.2	-	-	-	-
Other liabilities	8	4,064,677	319,899,058	2,074,160	162,822,173
Total liabilities		8,133,461	639,798,116	4,148,786	1,725,644,929
Capital/shareholders' equity					
Paid up capital					
Foreign currency translation difference	9	-	1,125,580	-	1,720,332
Surplus in profit and loss account	16	4,622,498	362,675,645	3,120,076	243,198,937
Total shareholders' equity		4,622,498	363,801,225	3,120,076	244,919,465
Total liabilities and shareholders' equity		387,737,637	30,515,805,029	315,379,155	24,757,358,245
OFF-BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements		9,000,567	708,346,418	9,013,009	707,523,886
Letter of guarantees		-	509,500	-	39,995,903
Bills for collection		8,501,676	669,083,629	12,170,147	955,360,176
Irrevocable letters of credit		3,876,761	305,101,883	8,602,199	675,275,193
Other commitments		-	-	-	-
Total off-balance sheet items including contingent liabilities		21,379,005	1,682,531,930	30,294,854	2,378,155,158

Eastern Bank Limited Offshore Banking Unit, Bangladesh Profit and Loss Account for the year ended 31 December 2016

Annexure - G1

Note	2016		2015	
	USD	Taka	USD	Taka
Interest income	16,995,408	1,333,437,611	12,986,913	1,012,284,413
Interest paid on deposits and borrowings	(12,143,652)	(952,775,126)	(8,730,251)	(680,492,517)
Net interest income	4,851,7			