



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

Figures are in Taka

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

Head of Finance

Company Secretary

Managing Director & CEO

Director

Chairman

Dhaka, 21 October 2015

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

1 Activities of the Bank

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

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

Subsidiaries of the Bank

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

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

2 Basis of Preparation and Significant Accounting Policies

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

Basis of Preparation

2.01 Statement of compliance

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

2.02 Functional and presentation currency

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

2.03 Use of estimates and judgements

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

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

Significant accounting policies

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

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

using uniform accounting policies of the Bank (Parent) for transactions and other events in similar nature.

Certain comparative amounts in these financial statements have been reclassified and rearranged to conform to the current period's presentation.

2.04 Basis of consolidation

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

The consolidated financial statements incorporate the financial statements of the Bank and those of its subsidiaries from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank are eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.

Intra-group balances and transactions, and any incomes and expenses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

2.05 Investments

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

Investments are stated as per following bases:

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

* Provision against quoted shares has been made on unrealized loss (gain net off) according to DOS circular no. 4 dated 24 November 2011 and for Mutual Funds (closed -end) as per DOS circular letter no.03 dated 12 March 2015.

Investment in Subsidiaries

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

2.06 Loans and advances

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

2.07 Fixed assets and depreciation

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

i. Lands are recognized at cost at the time of acquisition and subsequently measured at revalued amounts which is the fair value at the time of revaluation done by independent valuers and any surplus on revaluation is shown as equity component until the disposal of the asset.

ii. Depreciation is charged on all fixed assets (except land) on the basis of estimated useful lives as determined by the management. In all cases depreciation is calculated on the straight line method. Depreciation of the assets is charged from the month of acquisition (for full month) and no depreciation is charged for the month when the assets are disposed off.

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

Building under construction:

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

2.08 Deposits, borrowings and other accounts

Deposits and other accounts which are initially recognised at the consideration received, are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counterparties. Borrowings from other Banks, FIs and agents are stated in the financial statements at principal amount of the outstanding balance where interest payables are reported under other liabilities.

2.09 Revenue Recognition

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

2.10 Deferred Tax

Deferred tax (DT) is calculated on taxable/deductible temporary differences between tax base and carrying amount of assets and liabilities as per BAS-12 'Income Taxes' and BRPD Circular no. 11 dated 12 December 2011. DT income mainly arises from Specific Provision against Bad and Loss accounts which is not distributable as per the same BRPD Circular.

2.11 Contingent liabilities

Contingent liabilities which include certain Acceptances, LGs and LCs are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank. Disclosure on contingent liabilities have been made on the face of balance sheet under 'Off-balance Sheet Items' as per the guidelines of BRPD Circular No. 14 dated 25 June 2003.

2.12 Cash Flow Statement

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

2.13 Statement of Changes in Equity

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

2.14 Earnings per share

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

2.15 General

Reporting Period

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

Review of the Financial Statements

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