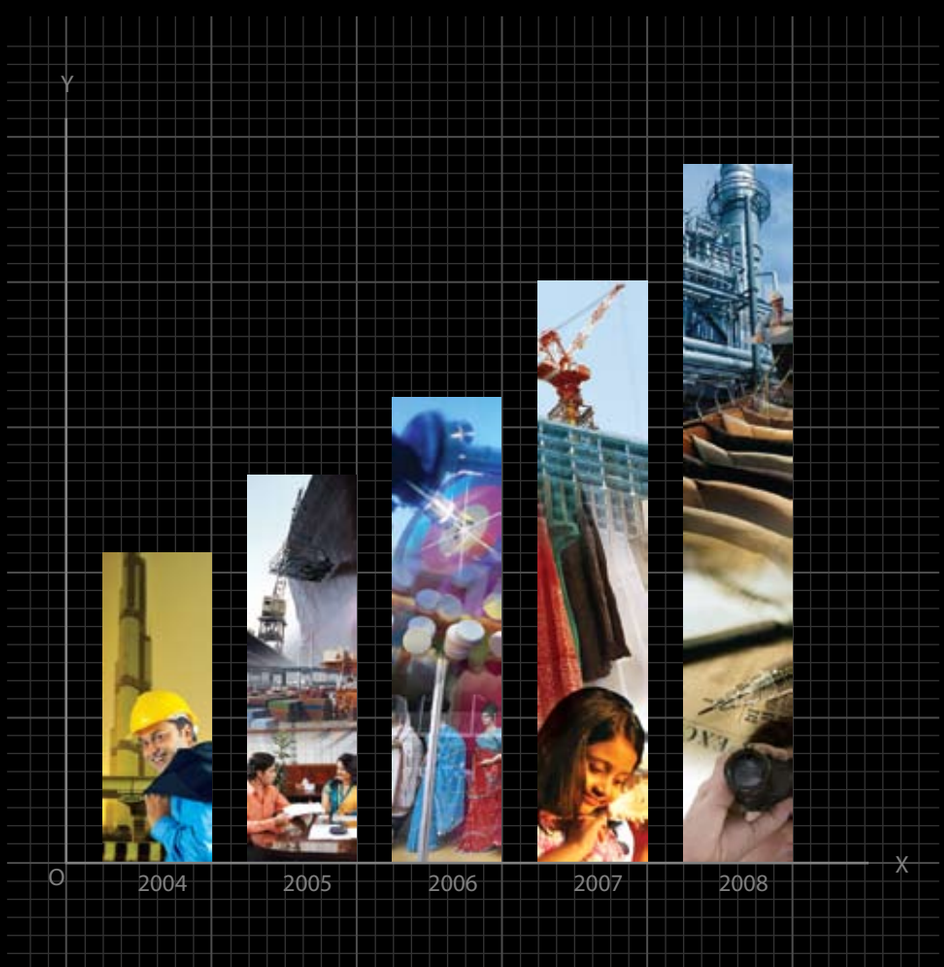
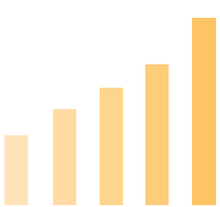
Eastern Bank Ltd.

www.ebl.com.bd



ANNUAL REPORT 2008



ANNUAL REPORT 2008

Eastern Bank Ltd.
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vision

To become the bank of choice by transforming the way we do business and developing a truly unique financial institution that delivers superior growth and financial performance and be the most recognizable brand in the financial services in Bangladesh.





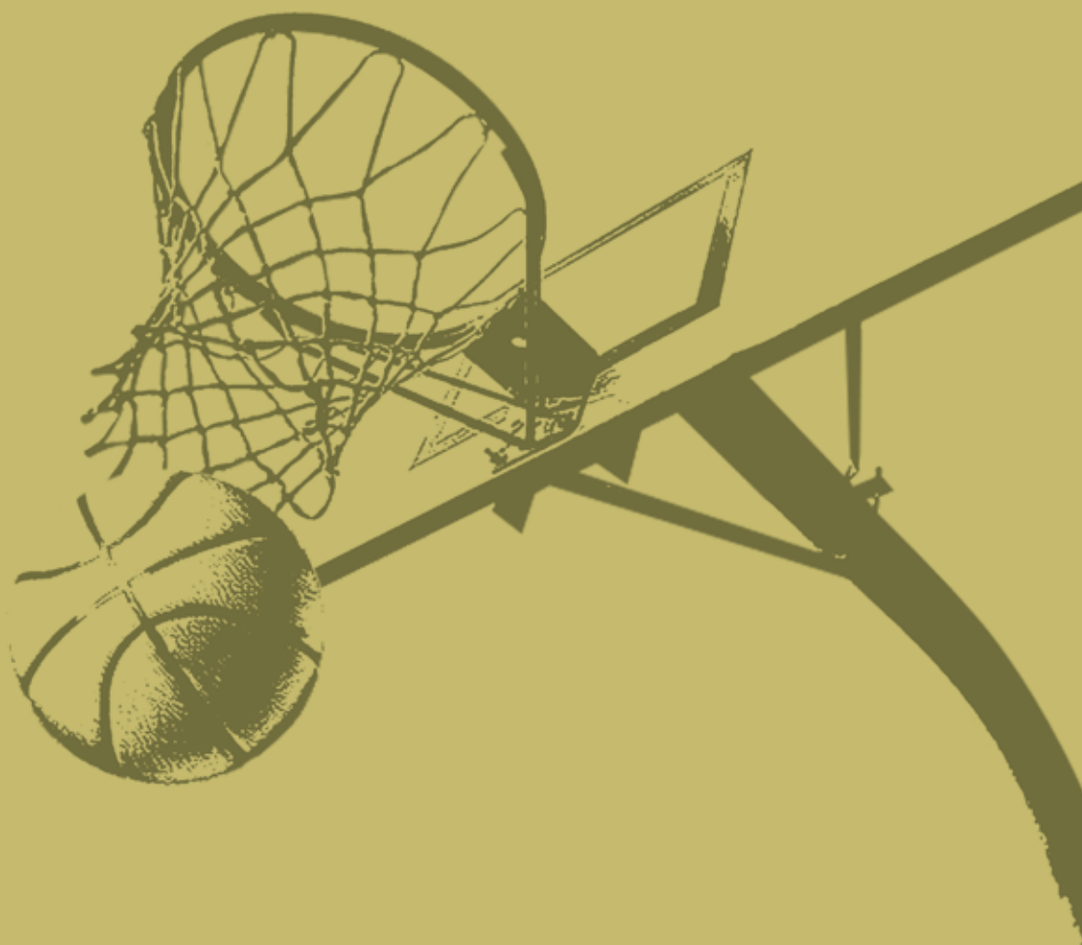
mission

We will deliver service excellence to all our customers, both internal and external.

We will ensure to maximize shareholders' value.

We will constantly challenge our systems, procedures and training to maintain a cohesive and professional team in order to achieve service excellence.

We will create an enabling environment and embrace a team based culture where people will excel.



values

SERVICE EXCELLENCE	We passionately drive customer delight. We use customer satisfaction to accelerate growth. We believe in change to bring in timely solution.
OPENNESS	We share the business plan. We encourage two way communications. We recognize achievements, celebrate results.
TRUST	We care for each other. We share learning/ knowledge. We empower our people.
COMMITMENT	We know our roadmap. We believe in 'continuous improvement'. We do not wait to be told.
INTEGRITY	We say what we believe in. We respect every relationship. We do not abuse information power.
RESPONSIBLE CORPORATE CITIZEN	We are tax-abiding citizen. We promote protection of the environment for our children. We conform to all laws, rules, norms, sentiments and values of the land.



strategic priority

- Focus on asset quality
- Reduce cost of deposit by changing the mix
- Strengthen cost control measures to reduce cost
- Improve service quality by realigning or changing structures and processes
- Diversify products to suit customers' requirements
- Exert all out effort to recover assets that are classified and written off
- Emphasize on businesses that offer better risk adjusted return
- Diversify corporate loan portfolio
- Put more emphasis on Corporate Social Responsibility (CSR)
- Maximize shareholders' value



corporate directory

BOARD OF DIRECTORS

Chairman
Mir Nasir Hossain

Directors
Md. Showkat Ali Chowdhury
A. M. Shaukat Ali
Mohd. Noor Ali
Aneela Haque
Gazi Md. Shakhawat Hossain
Asif Mahmood
Meah Mohammed Abdur Rahim
Ormaan Rafay Nizam
Ali Reza Iftekhar (Ex-officio)

Company Secretary
Safiar Rahman, FCS

EXECUTIVE COMMITTEE

Chairman
Mohd. Noor Ali

Members
Md. Showkat Ali Chowdhury
Asif Mahmood
Ali Reza Iftekhar

Secretary
Safiar Rahman, FCS

AUDIT COMMITTEE

Chairman
A. M. Shaukat Ali

Members
Gazi Md. Shakhawat Hossain
Meah Mohammed Abdur Rahim

Secretary
Safiar Rahman, FCS

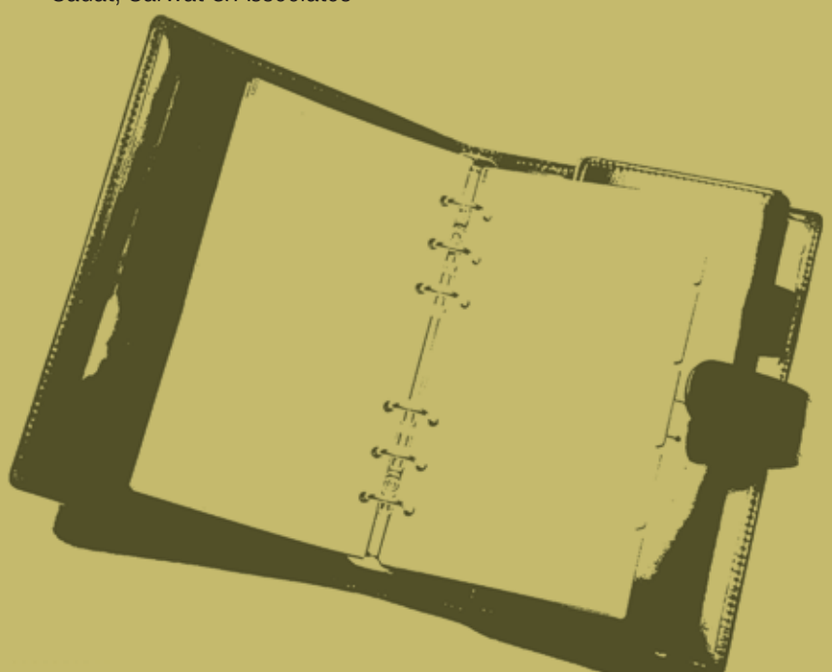
Head of Finance
Malick Musfique Reza

Head of Internal Control & Compliance
Sheikh Mahfuzul Hoque, FCA

Auditors
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Legal Advisors
Sadat, Sarwat & Associates

Registered Office
10, Dilkusha C/A
Dhaka-1000, Bangladesh
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Fax: 880-2-9562364, 9554610
E-mail: info@ebl-bd.com
SWIFT: EBLDBDDH, Cable: EASTBANK
Web: www.ebl.com.bd



company milestones

August 08, 1992	: Date of incorporation.
August 16, 1992	: Date of commencement of banking operations.
March 20, 1993	: Listed with Dhaka Stock Exchange Ltd.
November 12, 1998	: First dividend declared for income year 1997.
January 19, 2002	: Centralization of Trade Service.
July 17, 2003	: First online banking operations across all the branches.
January 25, 2004	: Obtained permission from Bangladesh Bank for Offshore Banking Unit, Bangladesh.
May 19, 2004	: Commencement of operation of Offshore Banking Unit, Bangladesh.
September 11, 2004	: Listed with Chittagong Stock Exchange Ltd.
June 27, 2005	: Authorized share capital increased to BDT 3.3 billion.
November 30, 2005	: Became partner Bank of IFC under Global Trade Finance Program (GTFP) to support EBL handle complex trade transactions.
March 05, 2006	: Centralization of liability product processing functions at Service Delivery.
June 06, 2006	: Launching of SME Banking Division.
November 09, 2006	: Signed agreement with ADB to become ADB's partner Bank under their Trade Finance Facilitation Program (TFFP) supporting guarantee and revolving credit facility.
May 25, 2008	: First 'Right Issue' declared @ 2:1 at par.



board of directors





Mir Nasir Hossain
Chairman



Md. Showkat Ali Chowdhury
Director



Mohd. Noor Ali
Director



A. M. Shaukat Ali
Director



Aneela Haque
Director

board of directors



Asif Mahmood
Director



Gazi Md. Shakhawat Hossain
Director



Meah Mohammed Abdur Rahim
Independent Director/ Director from the Depositors



Ormaan Rafay Nizam
Director from the Depositors

board of directors



Ali Reza Iftekhar
Managing Director & CEO

chairman's statement





Chairman's Statement

"The word "crisis" has two sides: one represents 'challenges' and another represents 'opportunity'. We continued to maintain 'consistency' in achieving financial and non financial targets of EBL in 2008 despite downturn in the global financial and economic environment and its primary impact on the local economy. Earning per share (EPS) has increased by 90.33 per cent to BDT 57.52 during 2008 riding on 27.54 percent growth in operating profit (BDT 2,385.54 million vs. BDT 1,870.40 million in 2007) and an impressive 22.27 per cent decrease of loan provisions (BDT 454.54 million vs. BDT 584.74 million in 2007). Board recommended Stock Dividend @ 20% for the year 2008. Credit rating of EBL has been upgraded to A^+ by CRISL."

Dear Shareowners,

This is my pleasure to share the successes and failures, performance and prospects of EBL during 2008. Distinguished Shareholders, on behalf of myself and the Board of Directors, I extend my warm greetings and welcome you all to the 17th Annual General Meeting of the Bank.

We have stepped into a different world of finance and economy in 2009 where 'pessimism' has replaced the word 'optimism' and in modern finance 'optimism' is everything. From Wall Street to main street (real economy), it is disconcerting to see how quickly the shape of our world is changing. Output, employment and consumer spending are under freefall and global GDP as projected by World Bank is going to shrink by around 2.0 percent in 2009, an event only comparable to those of the great depression in 1930. Rather than finding the cause, policymakers of the world's leading economies, are busy in devising varying degrees of bail out and stimulus packages to prevent their respective economies from further deterioration. It signifies only the gravity of this recession facing the rich countries that the champions of capitalism are in a dramatic U-turn advocating 'protectionism'-pushing global trade and capital flows into reverse order. As a natural consequence, countries relying on exports to drive growth will slump unless they can boost domestic demand quickly. The effect on Bangladesh economy will, therefore, largely depend on how exports of goods and manpower are affected. On the flip side of the looming crisis, we see the opportunity to diversify our RMG market. Since recession has pushed down the prices, it's high time to go for large scale capital intensive investment projects, building inventories, raw materials and upgrading technology.

Although the financial industry in Bangladesh has survived the primary shock from global financial turmoil due to relative insulation, our real economy has not. Rather the year 2009 is going to be the most challenging year due to possible full blown

impact emanated from the ever worsening recession in the world's leading countries including U.S, EU and oil rich Middle East, the major destination of our exports of goods and manpower. It is therefore likely that our GDP may grow at a moderate 5.5 to 6.0 percent in fiscal year 2009 against earlier forecast of 6.5 percent and 6.2 percent growth in FY 2008. This projected lower output growth certainly has a cascading effect on the banks' businesses and profitability in 2009. The only good news around is that the prices of essentials including food and fuel have decreased in both the local and global markets easing inflationary pressure on the mass people of Bangladesh. Our strategy for the near term has to be revisited to match recent developments in the economy.

Adherence to compliance and business ethics and the objectives of profitability and shareholders' wealth maximization are not inconsistent; rather they are critical and complementary for sustainable, long term value creation. Our revised strategy of slower loan growth, procuring more deposit, enhancing asset quality and fostering control and compliance produced remarkable results during 2008. Our Non-performing loans (NPL) to total loans ratio has decreased by more than 100 basis points to 3.30 per cent against 4.31 per cent in 2007 and gross credit to deposit ratio has decreased to 95.40 per cent against 103.61 per cent in 2007 which improved the health of liquidity. We continued to excel in providing prompt quality service through technology and innovation, curtailing unnecessary expenditures, restraining aggressive lending and enhancing better risk management and effective control and compliance. In a continuing journey towards reaching and upholding the image of 'Bank of choice', we are committed to inculcate a sense of 'service mindset' among our people to deliver services and newer products to make life simple for our customers. We believe, people are the key that differentiate our products and services from those of competitors.

At EBL, we believe in continuous improvement, consistency in performance and sustainability in results. We want to make our brand stronger and stronger only through customers' delight. We are well aware that today's excellent customer service will be tomorrow's common expectation. Therefore our journey towards better customer service through wider access, transactional ease, innovative products and services and various strategic alliances will continue with renewed vigor.

Loan portfolio has got a satisfactory growth of 28.10 percent and stood at BDT 39,662 million as on year end 2008 while Deposit grew by an impressive 39.12 percent in 2008 and stood at BDT 41,573 million at the year end 2008. As a result, our gross Credit to deposit ratio has come down to 95.40 percent against 103.61 percent at the year end 2007.

Corporate Banking contributed, as usual, a major portion of interest as well as fees income during the year with largest volume of loan portfolio measuring around 79 percent. Adding 6 more branches at strategic locations, Consumer Banking continued to supply major part of funds for corporate and SME. Small & Medium Enterprise (SME), being one of the high priority sectors, remained buoyant during 2008 in terms of loan and deposit growth. Adding two new loan products (EBL Banijjo and EBL Mukti) and establishing different Business development centers across the strategic locations of the country during 2008, EBL SME Banking is well on track in achieving desired growth. EBL Treasury has achieved 10.74 per cent growth in FX income and 70.25 percent growth in investment income during 2008, mainly due to commensurate increase of SLR requirement due to deposit increase and increased and profitable participation in the secondary market for govt. bills and bonds.

We have taken active measures e.g. capacity building and GAP analysis to follow the instructions of Bangladesh Bank to implement BASEL II from 2009. Our regulatory capital already in a comfort zone with BDT 5,252 million on year end 2008 will further increase in 2009 once BDT 693.45 million from right issue is added with our paid up capital by March 2009. Furthermore, our statutory capital (Paid up capital and statutory reserve) will reach BDT 4,000 million by the end of 2009 as prescribed by the central bank (Deadline is August 2011). We are well aware about the added capital requirement in the face of creating provisions against market and operational risks under Basel II and have active plan to increase our regulatory capital to match with new requirement.

Banks falling in the highest tax bracket of 45 percent make a significant contribution towards government revenue line both as direct tax and withheld tax and VAT deducted from suppliers' bills. Being a regular tax payer we have made a direct contribution to government exchequer an amount of BDT 940 million in the calendar year 2008 against BDT 723 million in 2007 registering a growth of 30 percent. Besides, we have deducted and deposited to govt. exchequer an amount of BDT 424 million compared to BDT 387 million in 2007 as withholding tax and VAT against various bills we paid for procuring different goods and services (including HR services) during 2008.

EBL's first strong CSR initiative "EBL-DUAA Inspiration" got materialized this year. A total of 224 students from each academic year of 56 departments of University of Dhaka received awards for their academic achievements in 2007. Among others, EBL also donated a hefty amount to Bangladesh Protibondhi Foundation for building its own premises at Mirpur, Dhaka. More CSR activities will continue in 2009 and beyond.

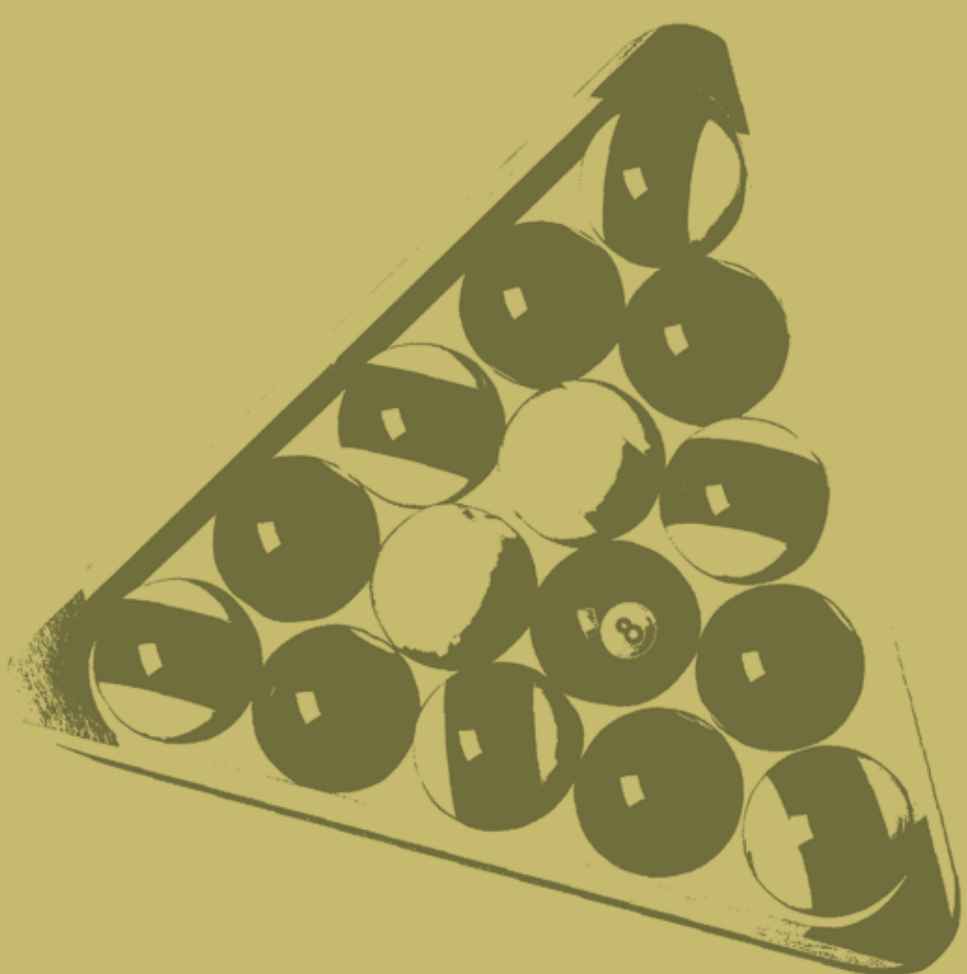
I feel privileged to convey my thanks to all the distinguished members of the Board of Directors for their continued cooperation and oversight and the employees for their sincerity and committed service. I also convey my thanks and gratitude to all our valued clients, honorable shareholders, partners, patrons and well wishers for their continued support, trust and cooperation. My special thanks to the regulatory authorities, especially Bangladesh Bank for their guidance and cooperation.

I thank you all.



Mir Nasir Hossain
Chairman of the Board of Directors

management committee



Management Committee (MANCOM)

In group photo from left to right

Noor A Alam Chowdhury
IT Consultant

Muklesur Rahman
DMD-Operations

Md. Fakhrul Alam
DMD-Corporate & Treasury

Ali Reza Iftekhar
Managing Director & CEO

Mahbubul Alam Tayiab
SEVP & Head of Operations

Md. Sirajul Islam
EVP & Head of Human Resources

Malick Musfique Reza
EVP & Head of Finance

Sa'ad Zaglul Abbas
EVP & Head of Credit Risk Management

Syed Rafiqul Haq
SEVP & Area Head Corporate Banking, Dhaka

Md. Safiar Rahman
EVP & Company Secretary

Mamoon Mahmood Shah
DMD-Consumer & SME Banking

Sheikh Mahfuzul Hoque
SVP & Head of Internal Control & Compliance



Expanded Management Team (EMT)

NAME	DESIGNATION	STATUS IN EMT
Syed Rafiqul Haq	SEVP & Area Head Corporate Banking, Dhaka	Chairman
S M Akhtaruzzaman Chowdhury	EVP & Head of Service Delivery	Vice Chairman
Ahmed Shaheen	EVP & Head of Trade Services	Member Secretary
Akhtar Kamal Talukder	EVP & Head of Special Asset Management	Member
Sami Karim	EVP & Head of Credit Administration	Member
Abu Rakib Md. Saduzzaman	EVP & Unit Head , Corporate Banking, Dhaka.	Member
Mohammad Musa	SVP & Area Head- Consumer Banking, Dhaka & Outstation Branches	Member
A M M Moyenuddin	SVP & Head of Application Support, IT	Member
Abul Moqsud	SVP & Head of Corporate Risk Management	Member
Md. Abdul Hakim	SVP & Unit Head, Corporate Banking, Dhaka	Member
Md. Abdul Wadud	SVP & Head of Structured Finance	Member
Ahsan Zaman Chowdhury	SVP & Area Head - Consumer Banking, Chittagong & Sylhet Branches	Member
Md. Khurshed Alam	VP & Head of Business, SME Banking	Member
Moinul Hossain Asif	VP & Chief Dealer (Foreign Exchange), Treasury	Member
Md. Kamruzzaman	VP & Head of Strategy & MIS, Consumer Banking	Member
Maj Md. Abdus Salam, psc, (Retd)	VP & Head of Administration & Security	Member
Md. Obaidul Islam	SAVP & Head of International Division	Member
M. Nazeem A. Choudhury	SAVP & Head of Marketing	Member
Syed Sazzad Haider Chowdhury	SAVP & Head of Trade Products & Support	Member
Mohammad Saifuzzaman	SAVP & Head of Cards Operation	Member
Masudul Hoque Sardar	FAVP & Head of Financial Analysis & Reporting	Member
Md. Rezaul Islam	FAVP & Manager Audit	Member
Selina Rahman	AVP & Manager, Human Resources	Member



message from the managing director & CEO





Message from the Managing Director & CEO

"'Consistency' in business and financial performance has become a hallmark for EBL. Our financial soundness lies in adding value to shareholders' wealth in whatever we do, rather than just making short term profits. Despite having corporate loan portfolio of around 80 percent, we continued our efforts to reduce NPL ratio year over year. Reduced loan provision helps increase profit after tax and distributable profit. Therefore, EBL's return to its shareholders has been consistent over the years. Besides paying dividend @ 30 percent or more for couple of years, EBL issued right shares @ 2:1 only at par which helped increase shareholders' wealth significantly."

Dear Stakeholders,

We and our EBL showed greater resilience to the primary shock wave of global financial and economic tsunami as did our economy in 2008. Our revised strategy for 2008 worked well to produce an impressive business and financial results during the year despite looming economic recession. Earning per share (EPS) has increased by 90.33 percent to BDT 57.52 during 2008 mainly due to 27.54 percent growth in operating profit and a decrease of loan provision by 22.27 percent. Our continued efforts to enhance asset quality helped reduce ratio of non performing loans (NPL) to total loans by more than 100 basis points to 3.30 percent in 2008 compared to 4.31 percent in 2007. Our strategy of slower loan growth and faster fund generation produced wonderful results. Our deposits grew by 39.12 percent whereas loans grew by 28.10 percent in 2008 that eased pressure on liquidity. Gross credit to deposit ratio has come down to 95.40 percent in 2008 against 103.61 per cent in the year end 2007.

Global economy, as projected by World Bank, is destined to embrace a negative GDP growth of around 2.0 percent during 2009. Global output, international trade, employment and consumer spending are plunging into a historic low since the great depression of 1930. Major share markets have shed around 50 percent of their indexes. High concentration of our export basket (mainly RMG and manpower) and less diversified markets (U.S, EU for RMG and the Middle East for manpower) has made the economy of Bangladesh vulnerable to ongoing global recession. Export earnings and remittance, two vital components of our economy, are already in a declining mode and are apprehended to continue at least throughout 2009. The world's economic order is, therefore, reshaping and will give rise to whole new sets of opportunities and market leaders.

The richness of a nation or an organization is put to occasional test of sustainability through crisis. Financial industry, due to its symbiotic relationship

with real economy, is expected to be affected alike. Hence, we remain highly vigilant to abrupt changes in the business climate due to probable fall out in foreign trade, remittance and export earnings. We will pursue a moderate business and profitability growth target in 2009. We plan to put more focus on house keeping rather than aggressive business growth. Our following strategies are framed keeping those above factors in mind:

- Be cautious on fresh loans that we bring in during the year so that defaults are extremely low compared to existing level.
- Be more vigilant on assets that are deteriorating and if possible plan exit from assets that signal longer than temporary deterioration in order to keep average credit risk grading on target.
- Cautious lending growth will allow us be choosy about our liability portfolio. As such we will be focusing more on restructuring our liability mix to reduce dependency on high cost FDR and thereby decrease our cost of fund and increase NII i.e. profitability.
- Focus on innovative products (beyond conventional loans) that bear lesser risk with better return especially in the areas of structured finance and treasury products to keep revenue on target.
- Be more cost conscious and try to keep our cost-to-income ratio one of the lowest in the industry while not sacrificing quality in whatever we do.
- Be extremely cautious with new investment decisions and headcount increases.
- Analyze existing business models and explore improvements/ modifications with control and compliance strengthened.

'Consistency' in business and financial performance has become a hallmark for EBL. Our financial soundness lies in adding value to shareholders' wealth in whatever we do, rather than just making short term profits. Despite having corporate loan portfolio of around 80 percent, we continued our efforts to reduce NPL ratio year over year. Reduced loan provision helps increase profit after tax and distributable profit. Therefore, EBL's return to its shareholders has been consistent over the years. Besides paying dividend @ 30 percent or more for couple of years, EBL issued right shares @ 2:1 only at par which helped increase shareholders' wealth significantly. However, the Board has recommended 20% stock dividend for 2008 mainly due to:

- A mandatory transfer of BDT 351.90 million to statutory reserve.
- A 50 percent increase in paid up capital for right issue by BDT 693.45 million.

Bangladesh Bank has imposed a restriction for banks in paying cash dividend before reaching a prescribed statutory capital (paid up capital and statutory reserve) of BDT 4,000 million with minimum 50 percent paid up capital by August 2011. Our statutory capital will be BDT 3,883.32 million (Paid up capital of BDT 2,496.42 million and Statutory reserve of BDT 1,386.90 million) once recommended 20 percent stock dividend for 2008 is distributed. We expect this capital to exceed the BDT 4,000 million mark by the end of 2009 and from then onwards we will be able to provide cash dividend too.

EBL is a reliable brand and our advertising tool is 'word of mouth' of satisfied customers. To match growing expectations of our customers, we continue to extend our reach through conventional and alternative delivery channels, through innovative products and seamless services. We deploy upgraded technology, build partnerships, arrange attractive events and make strategic alliances with various local and multilateral institutions to provide our customers better and reliable service. It is the soft factors such as relationship, alliance and network that help in adverse times.

We are happy to share that CRISL has upgraded the credit rating of EBL to A^+ from A in the long term and reaffirmed ST-3 in the short term based on 2007 financials. Banks rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. We expect to enhance this rating further based on our 2008 financials that improved significantly over those of 2007 including improved position of liquidity. We are taking appropriate measures to implement BASEL II following capital adequacy guidelines from the central bank. We are in the process of selecting an international rating agency to do the 'GAP' analysis for EBL in partnership with SEDF. This will be a diagnostic exercise to determine our existing level of preparedness against prescribed requirements in implementing Basel II. Based on their findings and suggestions, we will take our next course of actions. In the meantime, we have already communicated to our corporate and mid segment customers to do credit rating of their respective companies by ECAIs duly approved by central bank. We are well aware of increased capital requirement under Basel II for market and operational risks and are planning our capital requirement accordingly.

Our economy is facing a tough time ahead. So will be the business prospects of the financial industry. We, therefore, look forward to continued support of all our stakeholders to uphold our mutual goal. We convey our sincere thanks to our customers, people and shareholders for their trust and cooperation. We also convey our thanks and gratitude to Bangladesh Bank and other regulatory authorities for their guidance and cooperation. We record our appreciation and gratitude for the Board of Directors of EBL for their judicious guidance and oversight all the way through.

Let's face the challenges and grow together, we and our EBL.



Ali Reza Iftekhar
Managing Director & CEO

five year's progression of EBL



Five year's progression of Eastern Bank Limited

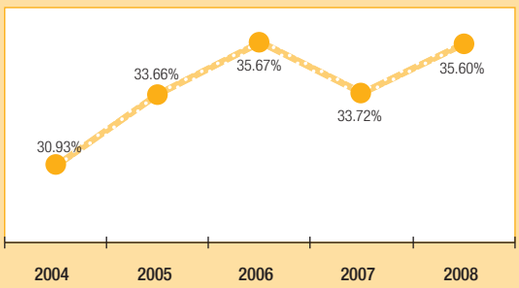
(Figures are in million BDT)

Particulars	2008	2007	2006	2005	2004
BALANCE SHEET MATRIX					
Authorised capital	3,300	3,300	3,300	3,300	1,000
Paid up capital	1,387	1,035	828	828	828
Shareholders' equity	4,733	3,829	3,315	3,071	2,630
Deposits	41,573	29,882	25,734	19,395	15,649
Loans and advances	39,662	30,962	26,008	17,757	14,973
Credit to deposit ratio	95.40%	103.61%	101.06%	91.55%	95.68%
Investments	5,325	3,457	5,890	5,009	4,399
Fixed Assets	1,246	871	580	489	271
Earning assets (Interest bearing assets)	46,831	34,706	32,751	25,504	22,307
Total assets	54,598	40,204	35,971	27,400	23,048
Borrowings	4,948	3,793	4,405	3,360	3,015
INCOME STATEMENT MATRIX					
Net interest income (excluding Investment Income)	1,551	1,312	670	710	679
Investments Income	863	507	459	298	266
Non-interest income (Excluding investment income)	1,290	1,003	983	584	347
Net financial revenue (Total revenue less Interest Expense)	3,704	2,822	2,111	1,592	1,292
Operating profit (Profit before tax and provision)	2,386	1,870	1,358	1,056	892
Provision for loans, investment and other assets	455	585	224	88	41
Profit before tax	1,931	1,286	1,134	967	851
Profit after tax (PAT)	798	419	513	546	483
CAPITAL MATRIX					
Risk weighted assets (RWA)	41,315	30,687	25,721	16,901	18,829
Core capital (Tier 1)	4,271	3,395	3,068	2,837	2,631
Supplementary capital (Tier 2)	981	755	537	333	161
Regulatory capital (Tier 1 and 2)	5,252	4,151	3,605	3,170	2,792
Statutory capital (Paid up capital and statutory reserve)	2,774	2,070	1,656	1,656	1,656
Capital adequacy ratio (Regulatory capital/RWA)	12.71%	13.53%	14.02%	18.76%	14.88%
Core capital (Tier 1) to RWA	10.34%	11.07%	11.93%	16.79%	13.97%
RWA to total assets	75.67%	76.33%	71.50%	61.68%	81.69%
CREDIT QUALITY					
Non performing/classified loans (NPLs)	1,309	1,334	986	961	1,077
Specific Provision	692	660	394	464	493
General Provision	727	516	391	193	138
NPL to total loans and advance	3.30%	4.31%	3.79%	5.41%	7.19%
TRADE BUSINESS MATRIX					
Export	35,555	26,673	24,286	13,239	8,303
Import (LC)	62,203	45,298	39,347	29,692	24,414
Guarantee	2,170	1,201	651	555	947

Five year's progression of Eastern Bank Limited

Particulars	2008	2007	2006	2005	2004
EFFICIENCY/PRODUCTIVITY RATIOS					
Return on average equity (ROE)	18.64%	11.73%	16.07%	19.17%	18.44%
Return on average assets (PAT/average assets)	1.68%	1.10%	1.62%	2.17%	2.32%
Cost to income ratio (Operating expense/Total Revenue)	35.60%	33.72%	35.67%	33.66%	30.93%
Yield on advance (average)	13.90%	13.76%	12.72%	-	-
Cost of deposits (average)	8.66%	8.05%	8.49%	-	-
Net interest margin ratio (NII/average earning assets)	3.80%	3.89%	2.30%	2.97%	3.64%
Operating profit per employee (Million BDT)	3.13	2.71	2.22	1.97	1.71
Operating profit per branch (Million BDT)	70.16	66.80	54.32	48.00	40.55
SHARE-DISTRIBUTION MATRIX					
Earning per share or EPS (In BDT)	57.52	30.22	49.58	66.00	58.38
Price earning ratio (times)	10.24	26.44	15.98	18.53	13.36
Market value per share BDT (as on close of the year at DSE)	589.30	1,070.75	792.50	1,222.75	780.00
Net assets (book value) per share in BDT	341.25	369.91	400.38	370.93	317.73
Dividend:					
Cash (%)	-	-	20	40	43
Stock (%)	20	34	25	-	-
Market capitalization at close of year (Million BDT)	8,173	11,082	6,562	10,124	6,458
Market price to net assets ratio (times)	1.73	2.89	1.98	3.30	2.45
OTHER INFORMATION (Actual figure)					
No of branches	34	28	25	22	22
No of employees	763	690	612	536	522
No of deposit accounts	159,445	110,321	90,703	-	-
No of Loan Accounts	34,324	21,474	19,016	-	-
No of foreign correspondents	876	838	822	808	796
ATMs	36	19	12	8	-
Kiosks	5	5	3	3	-
SME Centers	18	16	12	-	-
No of Bills Pay Machine	5	5	3	3	-
Number of Credit Cards	13,468	4,200	-	-	-

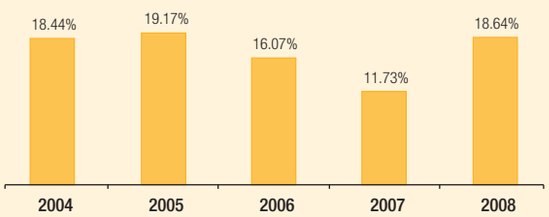
Cost to Income Ratio



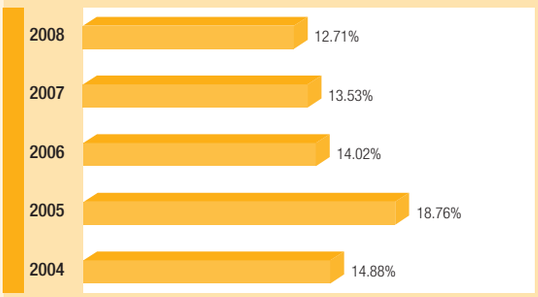
Book Value Vs Market Value



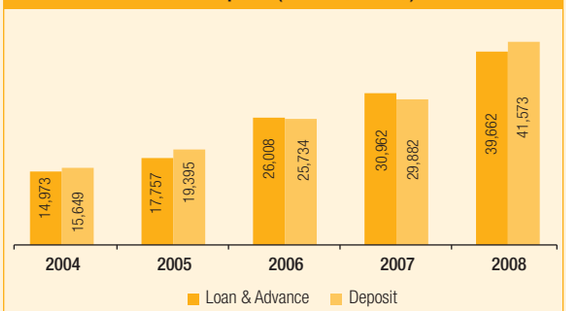
ROE



Capital Adequacy Ratio



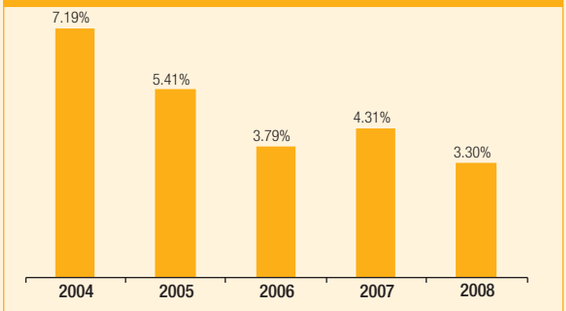
Loan Deposit (In Million Taka)



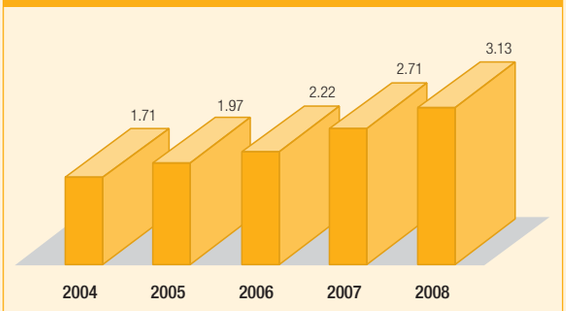
Shareholders' Equity (In Million Taka)



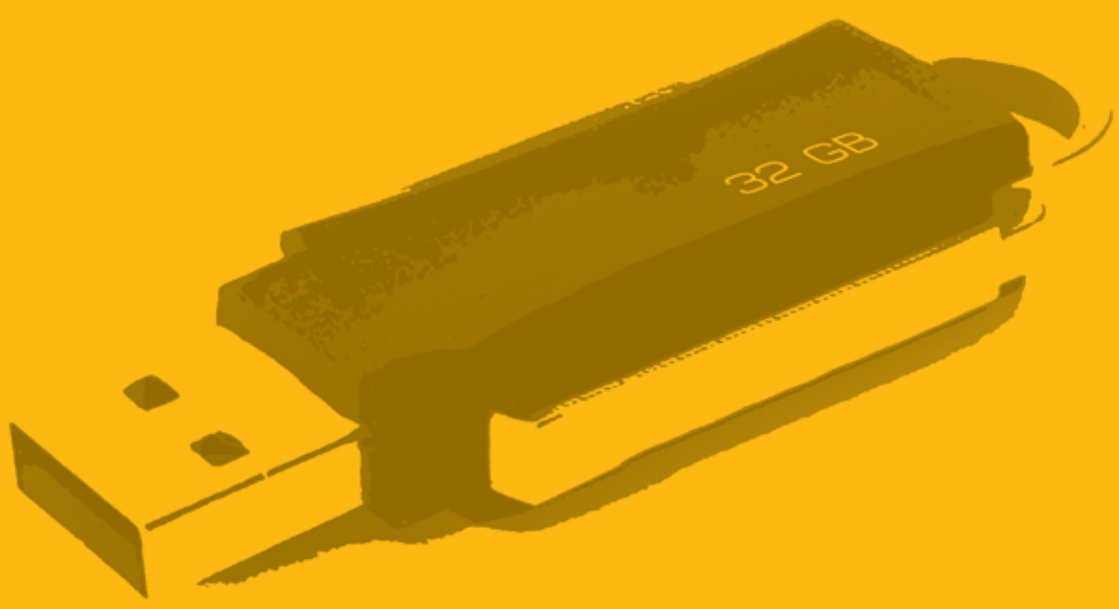
Non Performing Loan (Ratio)



Operating Profit Per Employee (In Million Taka)



directors' report



Directors' Report 2008

The Board of Directors of Eastern Bank Limited takes the pleasure in presenting the 17th Annual Report before you along with the Audited Financial Statements as on and for the year ended on 31 December 2008. A brief overview of the relevant business environment, financial performance, various Board committees and their Terms of References (TOR) with special focus on corporate governance among others are placed before you.

Business environment review: The "Housing sector bubble burst" originated in the U.S in late 2007 and its snowballing impact pushed the world financial system into a state of paralysis in 2008. Finance, the lifeline of real economy, itself is under a life support system requiring fresh fund to make them survive. Result is unprecedented: a synchronized recession in the real economy of major countries characterized by lower or negative GDP growth, shrinkage of world trade and exports, millions of job losses and drastic reduction of household spending. Growth projection of world GDP in 2009 is in freefall: becoming lower and lower every month (Recent projection by World Bank is negative GDP growth of 2.0 percent in the year 2009). In a world of integrated finance and economy, almost every country, be it large or small, north or south is going to be affected with varying degree of severity and length. Already compared with the great depression of 1930 for its severity and reach, this recession is not just a routine economic cycle boom-decline-recession-recovery, rather it's a meltdown of structure of finance and economy usually seen once or twice in a century. Tougher global financial regulations, various reforms and transparency to the financial markets are surely under way to prevent such future catastrophe that changed the very shape of world financial and economic systems.

World leaders, central bankers and economists from US to Europe, China to Singapore, Brazil to India are battling with every possible monetary and fiscal tool with varying degrees of bail out and stimulus packages to restore their respective economies back to normalcy, possibly by the end of 2010 as experts tend to converge. An unprecedented rescue move (government buy-out of ailing financial institutions) by the very capitalist nations is certainly a paradigm shift that sparked a widespread debate among key policymakers. Effectiveness of this rescue plan will depends on many factors and therefore needs to put time testing.

Bangladesh is one of very few developing countries that are expecting to attain around 6.0 percent GDP growth in current fiscal (FY 2009). Although our financial system has escaped the primary shock due to relative insulation from world financial market but our exports and remittance, two vital components of our real economy, is gradually embracing hit as evidenced from negative export growth of 1.4 percent during October to December 2008 whereas remittance flow is also slowing as net export of manpower is on gradual fall. This should serve as a wake up call for the policy makers to take proactive measures at least to match with those of competitors to prevent falling behind in the race.

Financial performance of EBL: The financial year 2008 for EBL was remarkably different. We restrained aggressive lending, procured more deposits, recovered more bad loans, enhanced quality of assets and fostered control and compliance during the year. Earning per share (EPS) has increased by 90.33 percent to BDT 57.52, Non-performing loans (NPL) to total loans ratio has decreased by more than 100 basis points to 3.30 percent against 4.31 percent in 2007 and gross loans to deposit ratio has decreased to 95.40 percent against 103.61 percent in 2007.

Financial Highlights: The financial performance for the year 2008 is summarized in the following table:

	(BDT in million except percentage)		
	2008	**2007**	**% Change**
Net interest income and other income	3,704.00	2,822.02	31.25%
Operating profit	2,385.54	1,870.40	27.54%
Provision for loans and contingent assets	454.54	584.74	(22.27%)
Profit before tax	1,931.00	1,285.66	50.20%
Profit after tax	797.77	419.14	90.33%

Appropriations: The combined Profit & Loss Account for the year 2008 shows Profit after tax (PAT) of BDT 797.77 million but the distributable profit is BDT 445.87 million after a mandatory transfer of BDT 351.90 million to statutory reserve. Taking into account that paid up capital of EBL would increase to BDT 2,080.35 million by the record date (March 30, 2009) due to right issue, your Directors have recommended a Stock Dividend @ 20 percent (one share for five shares held as on record date) for the year 2008:

(Figures are in million BDT)

	Year 2008	Year 2007
Profit after tax	797.77	419.14
Retained earnings carried forward from previous year	-	139.76
To be appropriated	797.77	558.90
Transfer to statutory reserve	351.90	207.00
Dividend for the year (proposed):		
Stock dividend (20% for 2008 vs. 34% for 2007)	416.07	351.90
Cash dividend	-	-
Retained earnings to be carried forward	29.80	-

Market price information: Shares of EBL have been traded regularly in both the DSE and CSE. Following table shows the month high, low price and number of traded shares at each month in 2008:

Month	Month High (BDT)	Month Low (BDT)	No. of shares traded
January 2008	1,000.00	814.00	127035
February 2008	1,090.00	1,002.00	183841
March 2008	1,065.00	999.50	273150
April 2008	1,400.00	821.00	478603
May 2008	980.00	819.00	144149
June 2008	1,000.00	868.00	142604
July 2008	924.00	831.00	111665
August 2008	900.00	835.00	63328
September 2008	877.75	818.00	48364
October 2008	899.75	750.25	81689
November 2008	890.00	714.00	136972
December 2008	828.00	505.00	92600

Reaching BDT 4,000 million Statutory Capital: Bangladesh Bank (BBK) has mandated all the commercial banks vide BRPD circular letter no. 11, dated August 14, 2008 to raise statutory capital (the sum of paid up capital and statutory reserve) to BDT 4,000 million by August 11, 2011 with minimum paid up capital of BDT 2,000 million. By the same circular BBK has restricted banks from paying any cash dividend until a bank fulfills the above requirements. As shown in the Balance Sheet, our statutory capital (Paid up capital and statutory reserve) as on December 31, 2008 stood at BDT 2,773.80 million (of which paid-up capital was BDT 1,386.90 million) which would rise to BDT 3,467.25 million (paid-up capital BDT 2,080.35 million) once the proceeds from right issue amounting to BDT 693.45 million is added up to paid up capital after necessary formalities before the record date (March 30, 2009).

We expect this figure to touch BDT 4,000 million by the end of 2009.

Auditors: Our statutory auditor M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, served last year in 2008 of their consecutive three years tenure as per the central bank circular No BCD (P) 748/2-551 dated March 31, 1991 and is therefore, ineligible for reappointment. Shareholders will appoint new auditors in the 17th Annual General Meeting scheduled to be held on April 28, 2009.

Independence of Statutory/External Auditors: Complying with provision 4 of SEC guidelines we declare that M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, involved in statutory audit, was not engaged in any of following services during 2008:

- Appraisal or valuation services or fairness opinions
- Financial information system design and implementation
- Bookkeeping or other services related to accounting records or financial statements
- Broker-dealer service
- Actuarial services
- Internal audit services.

Board of Directors: Eastern Bank Limited, many believe as the fastest turn around Bank in Bangladesh, started its operation in 1992 with all the businesses of a collapsed Bank (BCCI Overseas) including 85 percent non-performing loans. The Bank has been growing and evolving along with the economy and the people of Bangladesh for 16 years or so. The single most factors to the success of the Bank have always been its leadership and vision. The Bank's Board of Directors comprises prominent people from diverse backgrounds with proven knowledge, experience and expertise, who are known and respected for their leadership.

In compliance with Bangladesh Bank BRPD circular no. 12 dated April 23, 2003 & SEC guideline No 1.1, the Board of Directors of Eastern Bank Limited is currently constituted with 10 (ten) directors among whom 9 (nine) are Non executive directors including the Chairman and 1 (one) is Managing Director (Ex-Officio). Regarding the Independent (Non-shareholder) Directors as guided by SEC (No. 1.2), we report that there is one Independent Director in the present Board of Directors of EBL.

In compliance with the BRPD Circular No. BRPD (R-1) 717/2008-462 dated 22 July 2008, the Board of Directors of Eastern Bank Limited has also appointed two Directors from among the Depositors as per Rule-2008 of Bangladesh Bank who has subsequently approved the appointment vide letter no. BRPD (R-1) 651/9 (DL-1)/2008-745 dated 11 November 2008 and letter No. BRPD (R-1) 651/9 (DL-1)/2008-807 dated 15 December 2008.

Election of Directors: In the 16th Annual General Meeting (AGM) held on Sunday 25th May 2008, four Directors retired and two of them being eligible for re-election were re-elected and two Directors were newly elected by the shareholders, they are:

1. Md. Showkat Ali Chowdhury (Re-elected)
2. A. M. Shaukat Ali (Re-elected)
3. Mir Nasir Hossain (Elected)
4. Mohd. Noor Ali (Elected).

This year three Directors shall retire from the office at the 17th Annual General Meeting and will be eligible for re-election.

Mir Nasir Hossain, Chairman of Eastern Bank Limited, the immediate past President of The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) joined as Director of the Bank effective from 25 May 2008 and subsequently the Board on June 17, 2008 unanimously elected him as the Chairman of the Board of Directors of Eastern Bank Limited with effect from June 17, 2008. The Board places on record appreciation for the role played by Mr. Mir Nasir Hossain during his tenor as Director of the Board and his judicious guidance and contributions as Chairman of the Board.

Mohd. Noor Ali, Chairman and Managing Director of Unique Group of Companies, joined as Director of the Bank effective from 25 May 2008. The Board places on record appreciation of the role played by Mr. Mohd. Noor Ali, during his tenor as a Director and his guidance and contributions as Member of the Board.

A.Q.I. Chowdhury, OBE, Director and immediate past Chairman of the Board of Directors of Eastern Bank Limited has resigned from the office of the Director on 23 October 2008. Subsequently, the Board in an emergency meeting held on 25 October 2008 has accepted the said resignation.

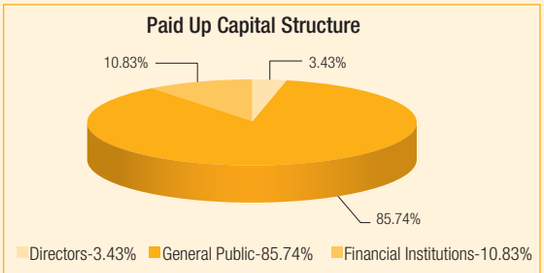
Board of Directors meeting: The Board of Directors holds meetings on a regular basis: usually twice a month while additional meetings are called when required. At each meeting, management provides information, references and details of each agenda item to all Directors for consideration. At the meeting, the Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda item in a prudent way and allow them to freely discuss, inquire, and express opinions on the items of interest so that they can fulfill their duties to the best of their ability.

During the year 2008, total 24 Board Meetings were held. The attendance record of the Directors is as follows:

Name of the Directors	Meetings Attended
Mir Nasir Hossain (From 25-05-2008)	12
Md. Showkat Ali Chowdhury	18
A. M. Shaukat Ali (Abul Mansur Shaukat Ali)	20
Mohd. Noor Ali (From 25-05-2008)	7
Aneela Haque	16
Gazi Md. Shakhawat Hossain (Representing Unique Eastern Pvt. Ltd.)	23
Asif Mahmood (Representing Aquamarine Distributions Ltd.)	18
Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	15
A. Q. I. Chowdhury , OBE (Up to 25-10-2008)	15
Mahbuba Hossain (Up to 25-05-2008)	9
Ahmed Jamal (Up to 25-05-2008)	9
Miah Muhammad Shaheedullah (Up to 25-05-2008)	7
Ormaan Rafay Nizam (From 15-12-2008) (Director from the Depositors)	1
Ali Reza Iftekhar	23

The Directors who could not attend the meetings were granted leave of absence by the Board.

Directors' shareholding status: As on December 31, 2008 the Directors of Eastern Bank Limited held only 3.43 percent of total shares numbering 13,869,000 as portrayed below:



Major composition of shareholders		
Shareholder's Group	**No. of shares**	**(%) of share holding**
Directors	476,100	3.43%
General Public	11,890,425	85.74%
Financial Institutions	1,502,475	10.83%
Total	**13,869,000**	**100.00%**

Shareholding by individual directors is as follows:

Directors' shareholding as on December 31, 2008		
	No. of shares held	**% of total shares**
Mir Nasir Hossain, Chairman	158,321	1.14%
Md. Showkat Ali Chowdhury	2,579	0.02%
Mohd. Noor Ali	10,485	0.08%
A.M. Shaukat Ali	72,695	0.52%
Aneela Haque	22,545	0.16%
Unique Eastern (Pvt.) Ltd. (Represented by Gazi Md. Shakhawat Hossain)	164,686	1.19%
Aquamarine Distributions Ltd. (Represented by Asif Mahmood)	43,952	0.32%
Meah Mohammed Abdur Rahim	837	0.01%
Ormaan Rafay Nizam	-	-
Ali Reza Iftekhar, CEO & MD	-	-
	476,100	**3.43%**

CORPORATE GOVERNANCE:

Philosophy of corporate governance: Corporate Governance is based on several critical principles. ***They include an independent, active and engaged Board of Directors which has the skill to properly evaluate and oversee the business process, business and financial performance, internal control and compliance structure and direct management on strategic and policy issues.*** On the other hand, the Board has to ensure that the management headed by Chief Executive Officer (CEO) fully discharge their day to day business and administrative responsibilities prescribed by the central bank and the Board itself and necessarily refrain themselves from micro management of the management affairs. The only guideline regarding Corporate Governance so far issued by Securities & Exchange Commission (SEC) vide letter no. SEC/CFD/246/2006-2378 dated January 26, 2006 is currently being followed by Banks, although not mandatory yet.

Eastern Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, procedures and practices based on the best practices of local and global banks. At EBL we attach a simple meaning to 'Corporate Governance' which is 'Due diligence' in observing responsibilities by Board as well as management to safeguard interest of key stakeholders i.e. depositors and shareholders. Two very important pillars of a good corporate governance structure are ***"Transparency" and "Accountability"*** backed by strong Internal Control and Compliance Structure and MIS capabilities. To ensure proper accountability and transparency through 'Due diligence', we have several committees comprising Board members mainly to oversee and direct the operations, performance and strategic direction of the bank whereas different management committees are engaged to discharge their roles effectively.

Clear Segregation of Duties: Complying clause 1.3 of SEC guidelines we report that the chairman of the board is elected from among the directors and there is clear and defined roles and responsibilities of Chairman and the Chief Executive Officer. The Chairman of the Board approves the agenda for the Board meetings, assisted by the Managing Director and the Company Secretary. Regular agenda items include approving credits beyond CEO's authority and aspects of the Bank's corporate strategy, financial performance, core risks, corporate governance and organization structure, human resources policy, customer and services strategies, procurement policy, etc.

On the other hand, CEO, being the head of management team of the Bank, is accountable to the Board and its Committees to run and manage the Bank in accordance with the prescribed policies and principles established by the Board and the central bank. Management's primary responsibilities are to:

- Manage the operation of the Bank safeguarding interests of customers and other stakeholders in compliance with the highest standards of ethics and integrity;
- Implement the policies and strategic direction established by the Board;
- Establish and maintain a strong system of internal controls;
- Ensure that the Bank's compliance with applicable legal and regulatory requirements.

Communication for transparency and accountability: We sincerely believe that all stakeholders should have access to complete information regarding the business and financial performance and position of the bank to enable them in accurately assessing its future potential. EBL disseminates information on its operations and initiatives regularly through electronic, print and other media. The web site of the bank (www.ebl.com.bd) serves as a key information source for business, financials and other relevant information for easy access by the stakeholders.

The Annual Report comprising audited financial statements for the year are posted to this web site every year whereas audited financial statements for any particular year are published in two widely circulated Bengali and English dailies. The half yearly (Jan-Jun) financial statements are sent to the shareholders and stock exchanges following rule 13 of the SEC Rules 1987. At every general meeting, the Board of Directors gives shareholders the opportunity to exercise their rights to vote on the scheduled agenda, and express their valued opinions or inquire about company's affairs, business, future prospects and other matters of interest. The 16th Annual General Meeting of the Bank was held on May 25, 2008 at the BDR Darbar Hall which was presided by A. Q. I. Chowdhury, OBE, Chairman of the Board of Directors and attended by 7 out of 11 members of the Board of Directors including the Chairman and Managing Director.



EBL Board of Directors at the 16th Annual General Meeting held at BDR Darbar Hall, Dhaka.



A part of honorable Shareholders attending 16th Annual General Meeting held at BDR Darbar Hall, Dhaka.

Board and Management Committees: The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Eastern Bank Limited has several Board committees as well as Committees comprising Management people. Audit Committee and Executive Committee are comprised of Board members whereas Management Committee (MANCOM), Asset Liability Committee (ALCO) and the Expanded Management Team (EMT) are comprised of management teams to closely monitor and oversee its operations on a regular basis. These committees include:

The Audit Committee: Following are the main objectives of the Audit Committee of the Board:

- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the bank.
- To review the financial reporting process, the system of internal control and approach to manage financial risks, the audit process, and the Bank processes for monitoring compliance with laws and regulations and its own code of business conduct.

Composition and Qualifications: In compliance with the BRPD circular no. 12 dated 23 December 2002, an Audit Committee was first constituted by the Board of Directors of Eastern Bank Limited in its 253rd meeting held on 7th January, 2003 and thereafter last reconstituted in 397 Board Meeting held on 17 June, 2008 which was duly confirmed by the Board in the next meeting held on 02 July, 2008. Following is the list of members of this committee with their respective status and educational qualifications:

Sl No	Name	Status in the Bank	Status in the Committee	Educational Qualification
1	A. M. Shaukat Ali	Director	Chairman	B. Sc. Engineer
2	Gazi Md. Shakhawat Hossain	Director	Member	M.Com (Accounting)
3	Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	Director	Member	Bachelor of Commerce/A.I.C.S

The Company Secretary acts as Secretary of the Audit Committee of the Board.

Roles and Responsibilities of Audit Committee: Following is the details roles and responsibilities of Audit Committee:

Internal Control:

- Evaluate whether management is adhering to the appropriate compliance culture by communicating the importance of internal control and management of risks and ensuring that all employees have understanding of their roles and responsibilities.
- Review the arrangements made by the management for building and maintaining a suitable Management Information System (MIS) including computerization system and its applications.
- Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management.
- Review the existing risk management procedures for ensuring an effective internal check and control system.
- Review the corrective measures taken by the management as regards the reports relating to fraud forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the board on a regular basis.

Financial Reporting:

- Review the Annual Financial Statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority.
- Meet with Management and External/Statutory Auditors to review the financial statements before their finalization.

Internal Audit:

- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made.
- Review the efficiency and effectiveness of internal audit function.
- Review that findings and recommendations made by the Internal Auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.

External Audit:

- Review the performance of auditing and their audit reports by the external auditors. Review that findings and recommendations made by the external auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.
- Make recommendations to the Board regarding the appointment of the external auditors.

External Audit:

- Review the performance of auditing and their audit reports by the external auditors. Review that findings and recommendations made by the external auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.
- Make recommendations to the Board regarding the appointment of the external auditors.

Compliance with existing laws and regulations: Review whether the laws and regulations framed by the regulatory authorities (Central Bank and other bodies) and internal circular/instructions/policy/regulations approved by the board have been complied with.

Meeting: The Audit Committee holds meetings at least once in every three months to scrutinize matters as assigned by the Board of Directors. The Audit Committee held 4 (Four) Meetings in 2008 as per following dates:

21st meeting held on 28 January, 2008
22nd meeting held on 30 April, 2008
23rd meeting held on 27 November, 2008
24th meeting held on 4 December, 2008

Reporting: The Audit Committee has the responsibility to report its performance to the Board of Directors.

The Executive Committee: In compliance with the BRPD circular no. 16 dated 24 July 2003, the Board of Directors of Eastern Bank Limited has reconstituted its Executive Committee (EC) in its 405 Board Meeting held on 9 November 2008 which was duly confirmed by the Board in the following meeting held on 03 December 2008. This Committee is comprised of 3 (Three) Non–Executive Directors and Managing Director of the Bank who are:

Sl No.	Name and Status in the Board	Status in the EC
1.	Mohd. Noor Ali, Director	Chairman
2.	Md. Showkat Ali Chowdhury, Director	Member
3.	Asif Mahmood, Director	Member
4.	Ali Reza Iftekhar, Managing Director & CEO	Member

Functions and responsibilities: This EC is entrusted with the following broader responsibilities and functions:

- Establish and periodically review the Bank's overall credit and lending policies and procedures.
- Develop and implement uniform and minimum acceptable credit standards for the Bank.
- Approve all revision, restructure and amendments made to the credit proposals initially approved by this Committee.

The Management Committee (MANCOM): MANCOM is considered the highest decision and policy making authority of the Bank which consists of the CEO and different business and support unit heads. Following is the major scope of work by this committee:

- Set or review vision, mission and strategies of the Bank as a whole and for business units and organogram and its changes.
- Strategic and tactical decisions relating to business, credit, operations, administration, HR, internal and financial control and compliance etc.
- Analysis of business and financial performance of the Bank.
- Review and discuss policies and procedures of the Bank and make changes if necessary before taking to the Board (if needed).
- Finalize periodic (usually once in a year) employee performance appraisal and promotions.
- Market analysis and internal service quality.
- Discuss and approve Budget before forwarding to Board (if needed).
- Empowered to co-opt any other member as deemed and decided suitable by MANCOM.
- Acting Managing Director can preside over the MANCOM meeting in absence of MD.

The routine agenda of a typical MANCOM meeting includes the following:

- Monthly business and financial performance analyses.
- Monthly business review and analysis of each business units (Corporate, Consumer, SME and Treasury) performance.
- Monthly review of control and compliance (internal and regulatory) issues.
- Consider and propose innovative projects, products and services as well as management methodology and business strategies to the Board of Directors (if needed).
- Manage external communications, including management of advertising and public relations.
- Management and development of human resources.
- Exploring ways to strengthen and vitalize support functions (Operations, HRD, ITD, CRM etc.).

Current list of MANCOM members are as follows:

Name	Designation
Ali Reza Iftekhar	Managing Director & CEO
Muklesur Rahman	Deputy Managing Director-Operations
Md. Fakhrul Alam	Deputy Managing Director-Corporate & Treasury
Mamoon Mahmood Shah	Deputy Managing Director-Consumer & SME Banking
Syed Rafiqul Haq	SEVP & Area Head Corporate Banking, Dhaka
Mahbubul Alam Tayiab	SEVP & Head of Operations
Sa'ad Zaglul Abbas	EVP & Head of Credit Risk Management
Md. Safiar Rahman	EVP & Company Secretary
Malick Musfique Reza	EVP & Head of Finance
Md. Sirajul Islam	EVP & Head of Human Resources
Sheikh Mahfuzul Hoque	SVP & Head of Internal Control & Compliance
Noor A Alam Chowdhury	IT Consultant

Meeting: Usually MANCOM sits once in every month. However, EBL MANCOM held 9 meetings during the year 2008.

Asset Liability Committee (ALCO): In broader term, ALCO is responsible for protecting the Bank's earnings and capital position against adverse interest rate and currency movements in its trading portfolios. Managing liquidity profile of assets and liabilities of the Bank on a consistent basis is another important but routine job of ALCO. Success of ALCO lies with maintaining a fine balance between profitability, growth and risks. In line with the objective, ALCO has to define, measure, monitor and manage the Bank's exposure to Foreign Exchange, Interest Rate and Liquidity Risks. ALCO is primarily entrusted with the following tasks:

- ALCO particularly focus on current Market scenario, Monetary and Fiscal Policy, Interest rate spectrum, Currency volatility and Liquidity profile of credits and deposits.
- They work on managing the company's capital structure i.e. the balance sheet risk.
- They set standards and policies for transfer pricing for inter Business Unit transactions, manages the corporate investment portfolio of the bank and are responsible for setting overall Value-at-Risk (VaR) limits.

Following table lists the members of ALCO including ALM Desk:

Name	Designation	Status in ALCO
Ali Reza Iftekhar	Managing Director & CEO	Chairman
Corporate Banking:		
Md. Fakhrul Alam	DMD-Corporate & Treasury	Member
Syed Rafiqul Haq	SEVP & Area Head Corporate Banking, Dhaka	Member
Asif Fahimul Haque	SAVP & Head of Cash Management	Member
Consumer & SME Banking:		
Mamoon Mahmood Shah	DMD-Consumer & SME Banking	Member
Treasury:		
Sidhartha Roy	SVP & Acting Head of Treasury	Member
Operations:		
Muklesur Rahman	DMD-Operations	Member
Credit Risk Management:		
Sa'ad Zaglul Abbas	EVP & Head of Credit Risk Management	Member
Finance:		
Malick Musfique Reza	EVP & Head of Finance	Member
ALM Desk:		
Mehdi Zaman	SAVP & Senior Dealer (FX)	Head of ALM Desk

During 2008, ALCO held 12 meetings.

Expanded Management Team: Expanded Management Team (EMT) is a platform to enhance leadership capability of the potential individuals to drive business results. The team is represented by member(s) from every division and is accountable to Management Committee for its deliverables. Chairman of this EMT is a MANCOM member by default who acts as a bridge between EMT and MANCOM. Chaired by Syed Rafiqul Haq, SEVP & Area Head Corporate Banking, Dhaka, EMT comprises mid level managers (23 members at present) from cross sections nominated by their respective divisional heads on yearly basis. The Scope of this team is to excel the projects and initiatives approved by the MANCOM. EMT sits bi monthly and in 2008 three meetings were held.

Directors' declaration to Shareholders: Complying with Clause 1.4 of SEC guidelines on Corporate Governance the Directors' declaration is as follows:

- The financial statements prepared by the management of Eastern Bank Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There are no significant deviations in 2008 operating results of Eastern Bank Limited in comparison to that of 2007. However, Profit after tax (PAT) increased by 90.33 percent mainly due to a combined effect of 27.54 percent rise in operating profit but 22.27 percent decrease of loan loss provisions during 2008.

Corporate Governance Checklist: Status of Compliance with the conditions imposed by the Securities and Exchange Commission Order no. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No.5.00)

Condition	Title	Compliance Status (Put √ in the appropriate column)		Explanation for non-compliance
		Complied	Not Complied	
1.00	**Board of Directors (BOD):**			
1.1	Board's Size (Should not be less than 5 but not more than 20)	√		
1.2 (i)	Independent Directors (At least 1/10th i.e. minimum one)	√		
1.2 (ii)	Appointment of Independent Director by elected Directors	√		
1.3	Separate Chairman & CEO and their clearly defined roles and responsibilities.	√		
1.4	***Directors' Report to Shareholders:***			
1.4 (a)	Fair presentation of Bank financials	√		
1.4 (b)	Maintenance of proper books of account	√		
1.4 ('c)	Adoption of appropriate accounting policies and estimates consistently	√		
1.4 (d)	Compliance with International Accounting Standard	√		
1.4 (e)	Soundness of Internal Control System	√		
1.4 (f)	Ability to continue as a going concern	√		
1.4 (g)	Significant deviations in operating results from last year	√		
1.4 (h)	Presentation of key operating and financial data of at least 3 preceding years	√		
1.4 (i)	Declaration of Dividend	√		
1.4 (j)	Number of Board Meetings held and attendance by each Director.	√		
1.4 (k)	Shareholding pattern.	√		
2.00	**CFO, Head of Internal Audit (HoIA) and Company Secretary (CS):**			
2.1	Appointment of CFO, HoIA and CS and their clearly defined roles and responsibilities.	√		
2.2	Attendance of CFO & CS in the Board of Directors' Meeting.	√		CFO attends the Board Meeting as and when required.
3.00	**Audit Committee:**			
3.1	Constitution of Audit Committee:	√		
3.1 (i)	Size of the Audit Committee (Should be at least 3 members.)	√		
3.1 (ii)	Audit Committee comprised of Board members including independent director(s).	√		
3.1 (iii)	Filling of casual vacancy in the Audit Committee.			No such case
3.2 (i)	Selection of Chairman of the Audit Committee.	√		
3.2 (ii)	Professional qualification and experience of the Chairman of the Committee.	√		
3.3.1 (i)	Reporting to BOD on the activities of the Audit Committee.	√		
3.3.1 (ii) (a)	Reporting of conflict of interest to the BOD.	√		
3.3.1 (ii) (b)	Reporting of any fraud or irregularity to the BOD.	√		
3.3.1 (ii) (c)	Reporting of suspected infringement of laws to the BOD.	√		
3.3.1 (ii) (d)	Reporting of any other matter to the BOD.	√		
3.3.2	Reporting of anything having material financial impact to the Commission.			
3.4	Reporting of activities to the shareholders and general investors.	√		
4.00	**External/Statutory Auditors:** The external auditors should not be engaged in:			
4.00 (i)	Appraisal or valuation services or fairness opinions.	√		
4.00 (ii)	Design and implementation of Financial Information System.	√		
4.00 (iii)	Book keeping or any other related services.	√		
4.00 (iv)	Broker or dealer services.	√		
4.00 (v)	Actuarial services.	√		
4.00 (vi)	Internal audit services.	√		
4.00 (vii)	Any other services determined by the Audit Committee.	√		

Status of compliance of Bangladesh Bank's guideline for Corporate Governance (BRPD circular no. 16 dated 24-07-2003):

Sl No.	Particulars	Compliance Status
1	**Responsibilities and authorities of the board of Directors:** (a) Work planning and strategic management: (¡) The board shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of work plans.	Complied
	(¡¡) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and the other senior executives and have it evaluated at times.	Complied
	(b) Loan and Risk Management: (¡) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-schedulement and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	Complied
	(¡¡) The board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	Complied
	(c) Internal Control Management: The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding the compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
	d) Human Resources Management and Development: (¡) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves and interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied
	(¡¡) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies, and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated in its annual work plan.	Complied
	(e) Financial Management: (¡) The annual budget and the statutory financial statements shall finally be prepared with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied

Sl No.	Particulars	Compliance Status
	(¡¡) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	Complied
	(f) Formation of Supporting Committees: For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	Complied
	(g) Appointment of CEO: The board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.	Complied
2	**Responsibilities of the Chairman of Board of Director:** (a) As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policymaking or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
	(b) The chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	Complied
	(c) The chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
3	**Responsibilities of Adviser:** The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	No such Adviser
4	**Responsibilities and authorities of CEO:** The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:	Complied
	(a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He/she shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
	(b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
	(c) The CEO shall report to Bangladesh Bank of issues in violation of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the board post facto.	Complied
	(d) The recruitment and promotion of all staff of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the board. The board or the chairman of any committee of the board or any director shall not get involved of interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he/she shall nominate officers for training etc.	Complied

Upholds interest of other stakeholders: The Bank recognizes and always upholds the rights of other group of stakeholders, and treats them fairly:

Customers: To the EBL crew, customers are the cause of existence, never just a queue in the bank counter. Recognizing 'customer satisfaction' as a journey not destination, EBL is determined to serve its customers' needs by offering innovative but useful financial products and services, while maintaining good relationships with them as trusted partner. To do so, the Bank has developed working systems, applied modern technology, and made available knowledgeable and skilled people so as to ensure that customers receive the best possible service. The Bank continually expands its network of branches, ATMs, Kiosks and business centers nationwide, protects confidentiality of customer's information, and manages and duly rectifies complaints.

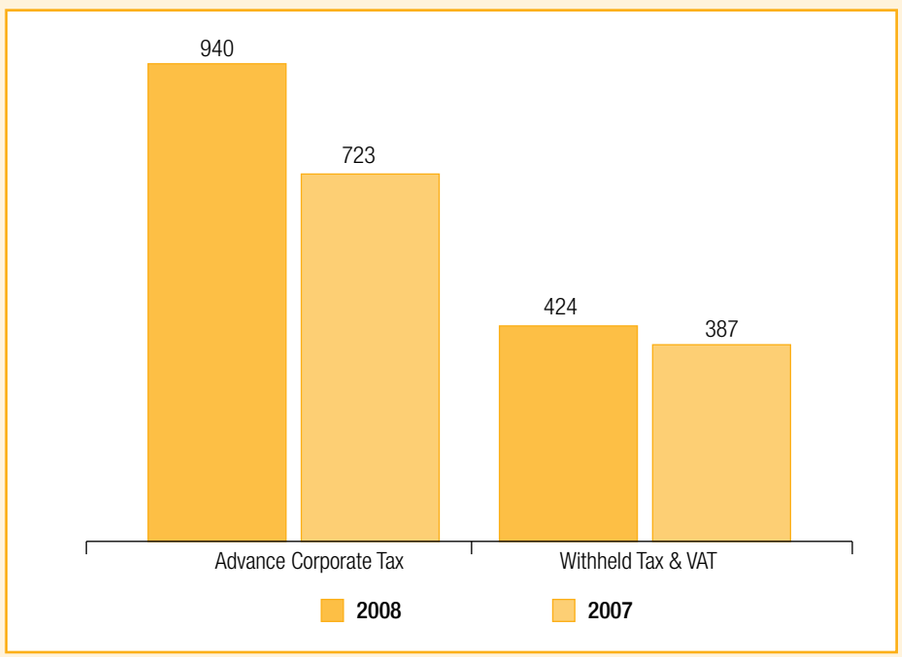
Employees: Many view that to run a bank successfully, one needs customers, staff and technology. Recognizing human resources as the most valuable soft factor, EBL has established a competitive and enabling working environment to help employees perform their best. To attract and retain good people, EBL follows a balanced compensation scheme meaning financial and qualitative benefits. Besides providing competitive package, the Bank provides various welfare schemes such as healthcare and contributory provident funds, house building and car loan schemes as well as gratuity and super annuation benefits to eligible employees. The Bank also arranges several Town Hall Meetings in a year with all its employees to freely exchange their views, ideas and evaluation of ongoing performance. Besides a program called "EBL Family Night" is arranged once a year with all the family members of all employees. Various annual conferences and recreational events are arranged for EBL employees which add vitality and motivation towards work and organization. Employees are provided with orientation, local and foreign training and development programs. The Bank allocates a budget each year for various technical and leadership training and development programs to help improve the capabilities of its people.

Suppliers: The Bank believes that suppliers play a significant role in supporting its business, and so honors its agreements with suppliers. The Bank duly deducts AIT and VAT from all the eligible suppliers' bills at prescribed rate and deposits to government exchequer timely.

Creditors: The Bank recognizes its responsibility for contractual commitments and obligations. It honors loan conditions and agreements made with creditors and depositors.

Society, Community and Environment: The Bank realizes the importance of contributing to the public, community, and society as a whole for a sustainable future. The Bank ensures that the customer having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities. Through different CSR activities, EBL always tries to maximize utility for the target group of people.

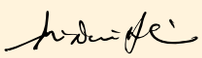
Government: Being a responsible and compliant corporate citizen, EBL regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit withheld tax and VAT to govt. exchequer on time deducted from employee salary as well as customers and vendors. During the calendar year 2008 we paid advance corporate tax of BDT 939.91 million while deposited withheld tax and VAT of BDT 424.24 million as shown in the following graph **(Figures are in million BDT):**



Conflicts of interest: A good corporate governance structure should effectively refrain directors as well as management to pursue other interests at the cost of the organization. The Bank keeps extra vigil towards actual or potential conflicts of interest, connected transactions, or related party transactions, and ensures that the directors who are related people must not be involved with the scrutiny and approval of such transactions. In addition, the Bank will not prescribe any special conditions for such transactions in favor of the directors involved.

Directors are required to report changes in their holdings of the Bank's shares thru' buy or sell to the office of the Securities and Exchange Commission before one month of such transactions. Furthermore, the Bank has set up guidelines to prevent any illegal use of inside information and has disseminated these guidelines to its staff, executives and directors for their knowledge and observance. The guidelines include the prohibition of directors, executives, and personnel involved with preparation of financial statements from buying or selling, offering to buy or sell, or advising others to buy or sell the Bank's shares during the period of completion of Bank's income year to the date of approval of Financial Statements by the Board.

On behalf of the Board of Directors



Mir Nasir Hossain
Chairman of the Board of Directors

review of business & operations 2008



Business Review 2008

Global Economy: For a quarter of a century finance has been in a golden age through innovation and sophistication of financial products and services. Financial globalization spread capital more widely. Markets expanded, businesses were able to finance new ventures and ordinary people had unprecedented access to borrowing and foreign exchange. Thus modern finance improved countless lives. But more recently something went seriously wrong. Instead of providing shelter through insurance and savings, financial services offered just reverses to life. There might be ongoing debate regarding cause of this recent financial catastrophe but there is little doubt about the consequences. Willem Buiter of London School of Economics says, "Finance is a scary, inherently unstable, essential activity." So, everyone needs an effective fix to live it with.

The first wave of financial tsunami hit the epicenter i.e. US financial industry in 2008. Primary casualty is dozens of bank failure, millions of job losses, shattered investment/business confidence, trillion dollar erosion of share prices, drastic fall in consumer spending, record corporate losses, trillion dollar bail out packages and eventual negative GDP growth. But the most valuable thing lost so far is "optimism" in general and "trust in the financial institution" in particular in the affected countries which will certainly have a spill over effect on other countries due to increased globalization in financial system and economic activities. As a result, credit flow or the lubricant of the economy is halted resulting decreased production, consumption and eventually a persistent fall in global GDP which is estimated to shrink by 1.0 to 2.0 percent in 2009 as forecasted by IMF and World Bank recently.

Economy of most of the OECD countries is set to embrace a negative GDP growth in 2009 as reflected in their recent growth trend. Developing and emerging countries including BRIC (Brazil, Russia, India, and China) are projected to grow by 3.25 percent in 2009 against 6.25 percent in 2008. ILO has predicted an appalling number of global job losses of around 51 million in 2009 due to ongoing recession which might trigger a serious social unrest. To fight this downturn in the financial as well economic systems, trillions of dollars have already been pumped out by the governments of affected countries rallied by the U.S.

> "Decrease in inflation came as a matter of great relief for the masses of the country after a heated period of essentials' price hike"

Bangladesh Economy: In a dubious but commendable distinction, Bangladesh has been one of the least affected countries so far from recent economic fallout during 2008. Major economic indicators i.e. private sector credit growth, export-import, forex reserve, remittances, inflation, money and capital market activities, and above all GDP growth have been positive and within expected range. Decrease in inflation came as a matter of great relief for the masses of the country after a heated period of essentials' price hike up to mid 2008, thanks to sharp downfall of commodities price (mainly oil and food) in world market during 2008 as well as good local harvest of agricultural crops.

Because of limited exposure, the financial sector including domestic capital market remained largely unaffected. Export and remittance, two major drivers of our economy, also remained on or above target during 2008. As we have competitive advantage over major global RMG exporters in producing low end RMG products, we escaped from the first hit of economic recession in major importing nations. How long we can sustain this positive trend depends on, among others, scale and depth of current recession, change in demand pattern of consumers in those countries, our effective search for alternate destinations (market) and policy support for this valuable sector by the govt. Since majority of remittance comes from unskilled labor force working mostly in Middle East where the GDP growth projection has been slashed by around 50 percent for 2009 by IMF mainly due to sharp downfall of oil prices, we might see a decrease in remittance during 2009. Again, the pace of recovery of these economies will largely determine whether this sustained trend of Bangladesh foreign remittance will prevail.

GDP Growth: Riding on bumper local crops, more than expected remittance inflow and increased export earnings, Bangladesh economy grew by 6.2 percent during fiscal year (FY) 2008 despite looming recession in the developed economies. Bangladesh Bank has projected our GDP growth by 6.5 percent in FY 2009 whereas the same projection by different multilateral agencies fall between 5.5 percent to 6.0 percent, mainly due to snowballing impact of recession on our export and remittance earnings in the second half of said fiscal. Agriculture sector is projected to grow by 4.0 percent against 3.6 percent in FY 08. Growth of industry sector is expected to be in the range of 6.6 percent to 7.2 percent in FY 2009 against 6.9 percent in FY 08 with production for export likely to slow down. As the shaken business confidence is getting back to normalcy, a buoyant local business and investment activities may help attain projected industrial growth in FY 2009. Growth in service sectors may slow and range between 5.8 percent to 6.2 percent against 6.7 percent in FY 08.

Export, Import, Balance of Payments: Exports in the first half of FY 2009 grew by 19.38 percent earning USD 7.85 billion against USD 6.50 billion same period last year driven mainly by increased volume of export of low end RMG products and export to diversified destinations. Imports, on the other hand, rose by 23.2 percent over same period last year (FY 2008) mainly due to fall in oil and commodities prices in international market. The country's overall trade deficit rose to USD 2.974 billion during first half of FY 2009 compared to USD 2.227 billion in the corresponding period last year. Despite robust growth (30.9 percent) in remittance during this period, higher deficits in trade and service payments reduced current account surplus during July-December 2008 to USD 232 million against USD 298 million corresponding period 2007. The overall balance showed a larger surplus of USD 489 million in first half FY 2009 against a surplus of USD 44 million in the same period last year.

Foreign Remittance & FX Reserve: Remittance inflow in 2008 calendar year set a record high of USD 8.22 billion against USD 6.55 billion during 2007. Record number of workers sent in 2007 and 2008 numbering around 1.7 million made a huge contribution in galloping remittance. Easy, safe and fast transfer of money provided by banks and money transfer agencies played a complementary role. Gross Foreign Exchange Reserves of Bangladesh Bank fell to USD 5.6 billion (equivalent to about 3 months import) at the end of January 2009 from USD 6.1 billion at the end of June 2008.

Inflation and Exchange Rates: From USD 147 per barrel of petroleum prices in July 2008 to USD 40 per barrel in December 2008: radical downslide indeed! Perhaps this is the single most positive piece of statistics (for the oil importing countries) at a time of worsening recession that keeps forcing down the inflation menace for the low income group of import dependent countries. Major food prices in global markets have decreased drastically due to worldwide bumper harvests and recessionary impacts. Country's point-to-point inflation dipped to 6.03 percent in December 2008 and below two digit mark in the year due to falling prices of imported primary commodities.

The exchange rate showed little volatility in the face of global financial crisis. With currency convertibility limited to current account transactions only, the risk of capital flight and exchange rate instability is minimal. Taka remained broadly steady at BDT 68.50 to 69.50 per USD whereas major currencies like euro and pound sterling were extremely volatile during 2008. Regional currencies like Indian rupee and Pakistani rupee lost value against greenback.

Money and Capital Market: The country's money market experienced some volatility in 2008 against unusual calmness in 2007 due to surplus liquidity. Call money rates hovered mostly between 7.0 percent to 15.0 percent in 2008 compared to 6.5 percent to 9.5 percent in 2007. Bangladesh Bank (BBK) in its second half yearly (Jan – Jun 2009) monetary policy for the fiscal year 2009 projected an upbeat outlook for the economy at least in short term. The policy will encourage credit flows to productive sectors like agriculture and small and medium enterprises (SMEs) and discourage less productive consumer finance. With cautious optimism in terms of timing and degree of possible impact of global economic crisis on local economy, BBK has set the goals of achieving 6.5 percent economic growth keeping inflation at 9.0 percent. While making agriculture credit mandatory for commercial banks, BBK has a proposition to restrict credit growth within 20 percent from existing 24 percent in right alignment with nominal GDP growth of around 16 percent. Also it has instructed to enhance minimum CRR to be maintained daily 4.5 percent in place of existing 4.0 percent keeping daily average of 5.0 percent on time and demand liabilities on fortnightly basis which will be effective from March 2009.

Although far less magnitude than those in capital markets of developed countries, Bangladesh's capital market was somewhat volatile in 2008. Although first half of 2008 was bullish, second half turned out bearish mainly due to 'perceived pessimism' caused by global financial crisis as well as uncertainty of holding national election timely. In comparison to the closing index of 2007, DSE General Index dropped by 213.57 points or 7.1 percent to 2,795.34 points on December 30, 2008. The highest index recorded was on June 1, 2008 at 3,207.89 points and the lowest was on November 27, 2008 at 2,459.48 points. Daily average turnover recorded a 106.89 percent rise over that of 2007 (2008: Tk 281.84 crore, 2007: Tk 136.23 crore). Market capitalizations also rose with 15 new issues worth TK 5.6 billion through IPOs, all of which were oversubscribed. At the year end 2008, market capitalization stood at Tk 1,043.80 billion or 19.26 percent of GDP which is the highest of any year end so far. Introduction of book building, a modern pricing method for IPO will contribute to the expected growth as it will encourage big companies to be listed with the stock exchanges.

Banking Industry: It turns out to be a sheer blessing that the financial sector of Bangladesh is not as globally integrated as our neighboring countries. Being highly regulated and closely supervised by central bank, Banks in Bangladesh are maintaining a sound capital base and sufficient liquidity and are not holding any toxic cross border assets. Therefore it is less likely that this sector will be affected by ongoing global financial crisis. The scale and dimension of change in external customer demand for our RMG products and unskilled labor will determine how much affected our economy will become. Corresponding effect will be on the overall banking industry reflected through availability of credit, change in demand for credit and ability to repay by the borrowers etc.

Bangladesh Bank has already issued 'Risk-based capital adequacy for banks' and instructed all the commercial banks to follow both Basel II in parallel with Basel I during 2009 to calculate capital adequacy, a recognized safeguard indicator against risks. From January 2010 the banks will have to report their capital adequacy only under Basel II framework. Since banks have to maintain additional capital to cover operation as well as market risk in addition to credit risk, Bangladesh Bank instructed all the commercial banks through a circular (BRPD circular letter no 11, dated August 14, 2008) to enhance capital (paid up capital and statutory reserve) to 400 crores by August 2011 and instructed not to distribute cash dividend before reaching that mark. Total regulatory capital (Tier 1 & 2) of banks to risk weighted assets popularly known as 'Capital Adequacy Ratio' has increased significantly to 9.5 percent in June 2008 against 7.4 percent in December 2007 although it still falls short by 50 basis points to the required minimum 10 percent.

The central bank has long been persuading commercial banks to reduce the spread below 5 percent against existing rate of over 6.0 percent through reducing lending rates. Bangladesh Bank has also been persuading the banks to reduce service charges. Bangladesh Bank's move to activate and deepen secondary market for government bills and bonds has produced some positive results during 2008. Secondary trading among primary dealers (PDs) and non primary dealers has increased significantly in 2008. There is now a widespread understanding of bond trading dynamics and settlement processes among the banks.

Loan Deposit Growth & NPL: Credit to private sectors grew rapidly by 26.6 year-on-year in September 2008 up from 15.8 percent in September 2007 largely due to expansion of credit by commercial banks to trade and commerce, industry, working capital, consumer credit etc. Overall deposit grew by 19.19 during 2008 whereas credit grew by 22.31 percent. Weighted average lending rates (WALR) in commercial banks have fallen steadily since September 2007 (when the WALR was 12.92 percent) and comes to 12.4 percent in September 2008. Weighted average deposit rate (WADR) rose to 7.2 in September 2008. The interest rate spread narrowed from 6.2 percent in September 2007 to 5.2 percent in September 2008 mainly due to consistent persuasion by Bangladesh Bank to keep spread within 5.0 percent. Gross Non Performing Loans (NPL) of all banks declined to 12.3 percent at the end of September 2008 from 14.0 percent at the end of September 2007.

BASEL II & its implementation: Bangladesh Bank has selected standardized approach for calculating risk weighted assets and associated capital charge against credit and market risks and basic indicator approach for the operational risk. Credit rating of the borrowers of the banks is to be done by the external credit assessment institutions (ECAIs) duly recognized by Bangladesh Bank. These ratings will be the primary input for the banks in calculating risk weighted assets against credit and market risks.

The Basel II framework comprising three pillars is considered a regulatory tool of central bank for supervising commercial banks. **Pillar 1** deal with minimum capital requirement in a wider scale than in Basel I which covers calculation of capital to risk weighted assets ratios where Operational Risks as well as Market Risks are taken into consideration along with Credit Risk. **Pillar 2** is the supervisory review process of the central bank to supervise consistency between capital fund maintenance of commercial banks against actual confronted risk of a particular commercial bank. **Pillar 3** covers adequacy of a commercial bank's disclosure of information to public such as depositors and investors etc.

BASEL II implementation Unit (BIU): Following recommendation from central bank, EBL formed the BIU in April 2007.

Current composition of BIU: Following is the current composition of EBL BIU:

Name & Designation (EBL)	Status in the BIU
1. Muklesur Rahman, DMD-Operations	Chairman
2. Sheikh Mahfuzul Hoque, Head of Internal Control & Compliance	Member
3. Sa'ad Zaglul Abbas, Head of CRM	Member
4. Mahbubul Alam Taiyab, Head of Operations	Member
5. Mehdi Zaman, Senior Dealer, Treasury	Member
6. Malick Musfique Reza, Head of Finance	Member Secretary

Terms of Reference (TOR): As follows:

1. To implement action plans.
2. To communicate issues related to BASEL II to senior management.
3. To attend to QIS.
4. To arrange awareness programs.
5. To arrange training according to training need assessment.
6. Meet quarterly to discuss issues.

At EBL, we are well aware of the extended version of market and operational risks which may demand certain amount of capital charges under BASEL II regime. Besides issuing rights @ 2:1 at par, EBL is planning to enhance its capital base further to match any extended requirement by the central bank in future. Following is the brief sketching of BASEL II components:

- **Operational Risk Management:** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events but does not include credit risk.

  One of the key challenges in Operational Risk Management is to identify the Key Risk Indicators (KRIs) in Processes, People and Systems. Eastern Bank Limited has well defined processes for all the products and services, a pool of experienced and motivated people and state of the art International Standard IT platform to minimize its day to day operational risks. Moreover, there are dedicated Branch Operation team members at each Branch of EBL to ensure regular output checking and compliance issues. Reorganization of 'Internal Audit' to 'Internal Control and Compliance' will help in identifying and managing operational risk in more focused way.

- **Credit Risk Management (CRM):**

  Continuous and consistent oversight by the Board, Executive Committee and the Audit Committee in compliance with good corporate governance norms.

  Series of capacity building training on BASEL II has been arranged at home and abroad for the professional team of CRM department and related others and it will continue in a more focused way.

  Different risk management process under individual business units have been evaluated and modified accordingly.

  EBL is already doing its own grading of risks for corporate and mid segment clients in addition to risk grading formula of Bangladesh Bank. We have already urged our corporate and mid segment customers to complete their credit rating by ECAIs as required by BBK capital adequacy circular.

- **Market Risk Management:**
  Treasury is closely following the existing directives from central bank in dealing securities, investment, borrowing and FX. Any action plan prescribed by central bank in facing market risk under BASEL II regime will be instantly followed.

Review of Business Performance in 2008

Profile in Brief: Eastern Bank Limited (EBL) is a commercial bank with 34 online branches across major cities in Bangladesh and 763 full time employees on year end 2008. It offers full range of commercial banking products and services to the corporate, mid-market and retail segment. Under the corporate banking segments the Bank has comprehensive range of financial products including corporate deposit accounts, syndicated financing, trustee and agency services, term loan, project finance, export-import financing, working capital and other finance, bonds and guarantees, investment and business counseling, infrastructure finance, cash management services etc.

With urban banking focus, the Bank is offering various alternative delivery channels like ATMs, Bills Pay Machines, Kiosks, and Internet Banking etc. The Bank has set up a brand image attributable in part to its policy of continuous customer service excellence, innovative products and services at competitive prices and maximum technology utilization. Unlike conventional branch banking, credit proposals as well as business operations are processed centrally at EBL. Besides Main Operation, EBL has an Offshore Banking Unit (OBU) set up in 2004 which gives loans, takes deposits and off balance sheet exposure only in freely convertible foreign currency to and from non resident person/institutions, fully foreign owned EPZ companies etc.

Business Matrix: EBL follows centralized business line based matrix compared to branch based business matrix used by most of the local banks. The set up is identical to global bank's practice proven to be efficient and effective for optimal return and control. The Business Matrix of EBL consists of Corporate, Consumer and SME Banking as core business units and Treasury being the manager of funds maintains CRR, SLR with Bangladesh Bank, makes investments, placements and borrowing in money and capital markets, deals with foreign exchange etc. Also there are Project Finance Unit, Structured Finance Unit, Cash Management Unit, and newly formed Investment Banking Unit under the umbrella of corporate banking that contributes towards fee based earnings without assuming significant risk.



EBL Financed Samuda Chemical Complex Ltd's Hydrogen Peroxide Plant.

CORPORATE BANKING

Structure of Corporate Banking: EBL Corporate Banking comprises of 9 Relationship Units (6 in Dhaka and 3 in Chittagong) and four specialized units i.e. Project Finance Unit, Structured Finance Unit, Cash Management Unit and newly formed Investment Banking Unit. There are four Customer support units under Corporate Banking: three in Dhaka and one in Chittagong.



Esquire Knit Composite Ltd's Machines (at finishing section) financed by EBL.

Corporate Banking Focus: During the year 2008, the thrust of the Corporate Banking was to diversify its portfolio given the risk management appetite under changed business landscape. Emphasis was also given to grab Emerging Business Market and potential Future Corporate Giants. Accordingly a relationship unit was assigned with this special objective. Apart from traditional RMG, Steel, Pharmaceuticals, Textiles, Ship Breaking & Trading sector, EBL enhanced its foot print into packaging (other than garments), Food, Power, Agri-business (poultry) etc.

Ensuring credit quality remains one of the cornerstones in our focus especially under the recent global financial crisis as it unfolds its impact on us. Vigilance, market intelligence and prompt move to fix the issues or limit damage will remain at the top of our agenda. Despite having difficult risk issues, EBL intends to maintain competitive edge in the market and continue to keep position as one of the most sought after Corporate Bank in Bangladesh with its diverse array of innovative & effective financial solutions and risk appetite that suits the market needs.

Risk Grading for quality: In line with the Core Risk Management Guidelines (CRMG) of Bangladesh Bank, EBL has put thrust on getting organized in managing risks. An integrated Credit Risk Grading Manual has been developed and rolled out for this purpose. Credit Risk Grading Matrix (CRGM) is being used meticulously for all corporate loans as well as mid segment loans other than those guided by 'Consumer and Small Enterprises Financing Prudential Guidelines' and also the Short Term Agricultural and Micro-Credit and staff loans.

Credit Risk Grading is a management tool to assess each borrowing client of the Bank against a set of pre-determined standards. It provides a method to monitor default risk based on historical, current and anticipated future information and characteristics of a borrower or the business environment where the borrower operates. Risk Grading is designed to enable all action plans on preventive basis which also determines the associated asset pricing, credit cost, portfolio management and loan loss reserves requirement. In short, it is the bedrock for managing credit risk in a bank. One of the prime challenges of the Corporate Banking was to enhance its overall risk grading to maximum 4.75 to ensure quality of our loan portfolio. Corporate have been successful to do so by diversifying its portfolio towards more sound sectors, industries and companies. EBL has successfully implemented the Risk Grading for entire asset portfolio including staff loans. The year end overall rating without classified loans was 4.78 which indicates that the quality of EBL asset stands at Fair (5) Level. Such ratings are updated on a continuous basis and corrective steps are taken simultaneously with a clear strategy for the up gradation of the loan portfolio.

One of the prime objectives of EBL is to get sound working relationship with esteemed global financial institutions like ADB, World Bank and IFC to spread its business horizon. EBL has successfully achieved this objective through development of its image as a trust worthy organization whose track record of partnership has already been recognized by such prestigious institutions.

"Apart from traditional RMG, Steel, Pharmaceuticals, Textiles, Ship Breaking & Trading sector, EBL enhanced its foot print into packaging (other than garments), Food, Power, Agri-business (poultry) etc."



EBL & General Pharma senior management at the BDT 650 Million Term Loan Syndication launching ceremony

Structured Finance Unit (SFU): Structured Finance Unit continued to pursue its relentless effort to become country's best product structuring unit by doing syndications (Off-Shore & On-shore) of different products, performing trust role, agency functions, etc. Presently, SFU is one of the leading players in the syndication market among all Banks (Foreign & Local) in the country. SFU attained a significant growth in their fees income in 2008 compared to 2007. In performing agency role, EBL has been excelling to be visible as an efficient and result oriented entity and thereby playing Agency Role for different lenders involving local lenders as well as multilaterals like DEG Germany, ADB, FMO, World Bank etc. Following are some mention worthy deals of SFU:

- In 2008, for the first time as Lead Arranger, SFU closed a multidimensional syndication deal of BDT 650.00 million for Everest Power Generation Company Ltd. (a concern of Meghna Group) which also comprises Preference Share of BDT 200.00 million too.
- For the first time – Structured Finance Unit arranged approval of syndication loan with IPFF which is a World Bank fund under infrastructure project in the form of Public Private Partnership (PPP) to set up a power plant named Regent Power Ltd.
- USD 8.00 million offshore fund approval was finalized from DEG Germany for Rising Spinning Mills Ltd.
- In 2008, one of the mile stone achievements of SFU was to be able to act as the Trustee for Grameenphone Bond for BDT 4,250.00 million. EBL, for the first time of its kind, is acting as Registrar, Transfer Agent, and Paying Agent for this transaction. SFU has also been mandated for BRAC Micro Credit Securitization Trust 2008. At present in total, SFU is dealing 12 accounts in different Agency and Trust roles.
- SFU raised required fund from the financial market (Off-Shore & On-shore) for 5(five) projects as Lead Arranger involving total fund of BDT 3,185 million. Agreement Signing formalities were completed for three deals out of five deals.



EBL & Magnum Steel high officials at the BDT 300 Million Term Loan Syndication launching ceremony

Project Finance Unit: PFU was established under Corporate Banking Division to appraise technical and financial viability of projects during pre-booking stage and also to monitor the projects during post-booking stage. It helps the bank to find out the potential projects in the initial stage according to bank's perspective and support those projects to be groomed in a planned way which ultimately creates win-win situation both for the bank and customers. The team members of PFU are highly capable and earned good repute in the industry through professionalism and commitment. PFU assists all the CBU teams to book most of the new clients through their technical expertise. It also provides advisory services in different issues of CBU and SFU.

Cash Management Unit: Companies today find themselves in an increasingly competitive local, regional and global marketplace. Businesses have to focus on staying profitable while managing heightened credit risk and narrowing margins.

Keeping in view the challenges of our business environment, EBL has developed a range of Cash Management products and solutions that accelerate Cash inflows, maximize liquidity, reduce credit risks, automate payments and strengthen reconciliation. At EBL, our products and services are value added and offer end to end solutions that optimize cash flows and reduce operating costs. Since inception of Cash Management Unit our focus is to create transactional value and enhance comprehensive range of fee based revenues.



Members of Hajj Agencies Association of Bangladesh attended a seminar on Hajj Remittance Service organized by EBL.

Following are some of the mention worthy initiatives made by Cash Management Unit during the year 2008:

- EBL is the pioneer in providing the Hajj Remittance Service to the Private Hajj Agencies in co-ordination with Correspondent bank of Saudi Arabia through D.D. & T.T. in Saudi Currency.
- Collection agreement with large Oil Marketing companies of Bangladesh Petroleum Corporation.
- Dedicated Utility Bill collection center at Narayangonj, where subscribers of all Govt. Utility Companies (DESA, TITAS, WASA, and BTCL) can pay their bills in one single point.
- Govt. revenue collection through setting up booth at Chittagong Port and Chittagong Custom house premises.
- Collection and Payment solution through online network and cheque writing software
- Enhanced uses of Internet Banking for reporting & reconciliation purpose.

Investment Banking Wing: Capital market of Bangladesh has been experiencing organic growth to triple the market capitalization over the last three years. Such growth is expected to continue as the market capital to GDP ratio of Bangladesh remains least among the regional comparable countries (only 19 percent of GDP). DSE was among the best performing markets last year in the backdrop of Global Financial Crisis. EBL, being focused to exploit good risk adjusted return and growth, set up its Investment Banking Unit (under Corporate Banking umbrella) to exploit huge business opportunities in Bangladesh capital market.

Followings were the leading and trailing developments surrounding the set up of Investment Banking Unit:

- Due diligence study was undertaken to double-check whether capital market operation would be able to maximize shareholders value on a sustainable basis and fit well into bank's overall competitive strategy.
- Research and Analysis team is set up for facilitating prudent investment decisions.
- Place policies, procedures and operational risk optimizers in place and set up the market-wide network and develop strategic partnership.
- EBL's application for the Merchant Banking license has been waiting for green-signal from Securities and Exchange Commission.
- EBL is going to sponsor "EBL's 1st Mutual Fund" of BDT 1 billion which is the first MF sponsored by any bank in Bangladesh. This fund aims to make EBL visible in the capital market and to take EBL next stage as a brand. RACE Management has been appointed as Asset Manager for the fund for high-quality research driven portfolio selection and balancing experience of their top management in the Wall Street.



Commodore R.U. Ahmed, (E) ndu. afwc. psc, Bangladesh Navy and Chairman Chittagong Port Authority inaugurated the EBL Chittagong Port Booth. EBL Chairman Mir Nasir Hossain, Director Meah Mohammed Abdur Rahim & MD & CEO Ali Reza Iftekhar were also present.

Today, in the face of global financial crisis, more resources are diverting to frontier and emerging markets like Bangladesh. Our mission is to be one of the eminent capital market catalysts and to add another feather of success towards EBL's portfolio. In the near future, Investment Banking Unit is expected to be distinguished as a key value-generator for the Bank as an independent business division, rather than remaining as just a unit under Corporate Banking.

Corporate Events: EBL Corporate Banking was full of events this year. The grand Corporate Conference 2008 was the most exciting event of the corporate besides fulfilling the budget. The conference took place in Sylhet, Zastat Holiday resort from 31st October to 1st November 2008. The conference slogan was "Excelling Always" to make the corporate more committed towards its goals and objectives.

CONSUMER BANKING



EBL launched much awaited Home Loan in July 2008. EBL Managing Director & CEO speaking at a press conference marking the launch.

Consumer Banking: EBL Consumer Banking (CNB) has continued expanding its deposit base in line with its growth strategy for 2008. It has also stepped up its Consumer Loan portfolio focusing mainly on the EMI based loans. In 2008, CNB Deposit grew by 27 percent over 2007 compared to 11.53 percent growth in 2007 over that of 2006. Consumer Loan portfolio increased by 23.87 percent in 2008 over 2007 compared to 13.42 percent growth in 2007 over that of 2006.

Products and services: Offering customers with diversified financial products and services is one of the major goals of EBL. In 2008, CNB launched several products to make the lives of our customers simple. **EBL Education Finance Pack** was launched to cater the ever growing need of loan for education purpose in Bangladesh. The product came in three variants to make sure every single student's need is met. EBL introduced **Home Loan** – designed keeping in mind the customer convenience. The higher the tenor, higher the interest formula was not followed and EBL offered higher amount – higher interest method. With maximum 20 years of repayment option, the product became very popular among the middle class segment that requires medium size loan but higher repayment tenor. After education and home, EBL offered TraveLoan – a travel loan facility for the individuals. It is a seasonal loan product that helped EBL enrich its product portfolio. The next EBL loan product 'EBL Parséloan' is a revelation for the customers. In many occasions, we received query, "I have this amount of money – can you give me that amount against this?" The need was identified and the product Partial Secured Loan - Parséloan was launched. The product came in two variants – loan against 30 percent security deposit and 50 percent security deposit. We have introduced a very useful and innovative card product – 'Hajj Card' offering more comfort and ease for individuals willing to perform the holy Hajj. On the deposit end, 'EBL Just Double' was launched where depositors got the opportunity to double their deposit in six years time. The product was an instant hit and fetched a sizable deposit from the customers.

On the service side, we standardized all forms including application forms for customer convenience. Service Executives were appointed at key branches to greet and direct all incoming customers to the right point of service. This gave the customers a huge comfort as well as helped the bank officials to give more time and resource on servicing the clientele over the counter. Many of the existing branches were renovated with large banking halls for making banking convenient and enjoyable for the customers. Now we can confidently say – banking is an experience at EBL.



EBL Chairman Mir Nasir Hossain inaugurated the renovated Motijheel Branch.

Channel distribution: EBL branch network is further expanded to 34 with the introduction of 6 new branches (Panchlaish, Banani, Board Bazar, Mogh Bazar, Keraniganj and Cox's Bazar branch). To enhance customer convenience, EBL own ATM network is extended to 36 with 17 new ATMs. Under Q-Cash shared ATM network EBL customers can use a total of 118 ATMs across the country. We have relocated some of our branches to accommodate more space and convenience for customers.



EBL Chairman Mir Nasir Hossain & Former Chairman M. Ghaziul Haque jointly inaugurated EBL Gulshan branch. EBL Directors Asif Mahmood, Ormaan Rafay Nizam, Managing Director & CEO Ali Reza Iftekhar, Deputy Managing Director Mamoon Mahmood Shah were present at the event.

Card business during 2008: For the first time in Bangladesh EBL Card Division launched Hajj Card – a prepaid Visa card through which Bangladeshi pilgrims could take their allowable expense to Saudi Arabia. EBL was the first bank in Bangladesh to launch such type of card. On the other hand EBL Credit Card that was launched in 2007 completed its first year of operation with a base of 12,000 plus cards and an outstanding close to Taka 37 crore. This impressive result will help EBL cards business to take off in 2009. 2008 is a milestone for the EBL debit card too. This year whole debit card base was migrated to EBL's own system from ITCL and now EBL produces and manages its approximately 50,000 strong debit card base on its own. Different offers, promotions and campaigns were run round the year around this customer base which made the products and bank a household name this year.

Organizational restructuring: During mid 2008, CNB underwent a major restructuring in its departments to ensure that the organization structure is robust enough to support our ambitious growth. Notably a separate department called Operational Risk has been established to monitor the risk factors associated with CNB operations which will proactively suggest preventive measures, where necessary. CNB established a separate Product Development and Alternative Distribution Channel department to oversee its growing number of alternative distribution channels (e.g. ATMs, Kiosks, Bills Pay Machines etc.).

NRB Business during 2008: Launched in the later half in 2005, EBL Non Resident Business (NRB) unit under Consumer Banking has passed another successful year with inward remittance of USD146.07 million in 2008 against USD 131.84 million in 2007.

This unit has built up a network of 16 exchange houses based mainly in Middle East and United Kingdom and active efforts are under way to spread it to other strategic countries including Saudi Arabia. With prompt and efficient service provided to the foreign remitters, this unit has already achieved a remarkable level of customer satisfaction manifested by enhanced remittance flow. This success is highly attributable to govt. initiatives to encourage remitters to use official channels and thereby help rich country's FX reserve and keep FX market stable. EBL recognizes the huge potential of this business and understands the expectation of this highly sensitive customer segments and is equipped with modern technology to cater those with upbeat service mindset. Successful FX business somewhat depends on success of this unit.

EBL has prepared its CNB division for further expansion in terms of branch and ATM network, product range and other development initiatives for the years ahead. CNB looks forward to continue its service excellence and strengthen it even more in future.

SME BANKING



EBL opened its first Women Entrepreneurs' Cell at Dhanmondi Branch under SME Banking.

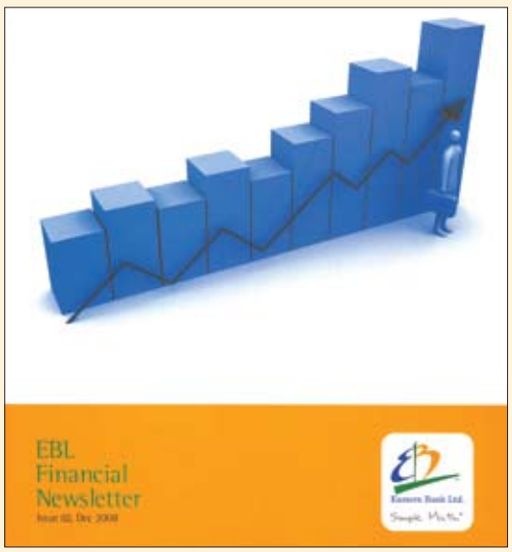
SME Banking during 2008: Small and medium enterprises (SMEs) remain the engine of growth in almost all the emerging economies worldwide. SME's contribution to economic growth, risk mitigation through diversification, employment generation and an effective vehicle for sustainable development made it an indispensable way of business in every economic system. To serve this overwhelmingly promising sector, EBL SME Banking started its journey in 2006. The pie of SME loan portfolio is getting bigger with around 9.25 percent of total loan portfolio in the year end 2008 compared to 7.80 percent in 2007 end. On the other hand, deposit of SME occupies around 5.25 percent in 2008 end against 5.40 percent in the year end 2007.



EBL and Banglalink signed a Strategic Alliance agreement to work jointly on SME sector development.



EBL in association with FBCCI and IFC-SEDF organized seminars on SME Banking in Bangladesh at Dhaka & Chittagong.



EBL Treasury started publishing Quarterly Financial Newsletter in 2008.

New products and services: During the year loans of SME grew by around 51 percent with strong growth across all the product lines. In 2008, we have launched product "EBL-BANIJJO" which is a composite trade facility product partially secured by FDR. It offers a package of L/C opening and Import loan facility with the minimal margin for import oriented businesses. Another product launched was "EBL MUKTI" which is the first ever SME loan product designed with the country lowest interest rate especially for women entrepreneurs. Women, comprising over 50 percent of the total workforce of the country are equivalent contributor of the national growth.

Electronic 'Loan Automation Processing System (LAPS)' was introduced during 2008 to facilitate faster processing of loans which requires less documentation and ensures prompt service for the customers.

Managing SME risks: Relatively small ticket size of SME loans among diverse business sectors help keep default risk within reasonable range. We apply inclusive approach from selecting the client, appraising product features, analyzing customer's financing needs to monitoring and realization in a structured way.

EBL SME-a brand: In the SME industry of Bangladesh, EBL has established itself as a brand. This success story is already recognized by different government and foreign development organizations. By 2008, we have become the highest receiver of Bangladesh Bank Refinancing Facility. Our recognition has reached across the border. A team of Nepalese visitors came to share EBL SME experience in 2008 and tried to learn about the structure, risk posture and management and several relevant aspects. It is now not very surprising to see the EBL pattern and structure of SME Banking in many emerging economies including those of neighbors.

Potentials of SME: SMEs have true potentials to shape our economy. EBL SME Banking is, therefore, trying to penetrate market to take first mover advantage. Nevertheless, banks are facing some difficulties in dealing with SME customers. These include failure to provide proper supporting documents such as TIN certificate, Trade License, Bank Statement etc. Shortage of skilled manpower poses challenge for SMEs to better understand banking procedures, prepare financial statements, and impact of financial decisions. Asymmetry of information, understanding and supporting documents between bank and the entrepreneurs sometimes hinder sustained relationship. However, gradually we are gaining mastery in handling these keeping journey towards bigger business horizon live.

TREASURY

Foreign Exchange earning and interest earnings have shown a moderate success in 2008. Money market experienced a lot of volatility in 2008 while Forex Market remained stable. Money market overnight rate was ranging 6.50 percent to 20.0 percent with more volatility in the first and second quarter in 2008. USD/BDT currency market started at 68.58 and ended at 68.95 in an uptrend fashion. In this dynamism, Treasury had handled a total of USD 2,515 million which is 106 percent higher than that of year 2007, while Money Market had an overall turnover of BDT 3,072.11 billion during the year.

- Treasury positioned itself in the Foreign Exchange movement cycle through optimum use of Bangladesh Bank Overnight Open Position Limit which created an extra revenue stream for the Bank. Though this volatility was flat in some months still the business volume of EBL throughout the year has generated substantial revenue.

- Market volatility also created awareness in the local corporate world to a great extent. For catering their need Treasury has successfully run Corporate Desk for customized solutions for various corporate customers. This initiative has added USD 108.36 Million business volume in 2008.
- Trading in Government Securities has added a new dynamism in EBL Treasury activity. Total volume of BDT 1,434 crore was traded during 2008.

Depending on the global and national economic outlook Treasury will continue to further contribute towards EBL profitability in 2009. EBL Treasury is planning to expand its Corporate Sales Desk to foster business through a wider array of products in terms of Foreign Exchange and Fixed income securities for various corporate customers.

Review of Operations and Activities in 2008

Brand and Marketing Initiatives: EBL is different. 2008 has made us different from others. The transformation that we started in 2007 continued throughout 2008 and now we can proudly say that we have achieved the mark. Let's explore how:



EBL sponsored a CD of Late Khan Ataur Rahman's memorable songs sung by his daughter Rumana Islam.

Uniform look and wider visibility: Whenever you walk into an EBL location, you need not look into the signboard or wallboards to understand that you are at EBL. Sounds unusual? Might be, but that is the feat we have achieved in 2008. Now all of our branches, ATMs, Kiosks, Centers have the same color, material, layout, feel and above all EBL warmth to greet you on board. From Raozan to Rajshahi, from Sylhet to Khulna – we have kept the same premises identity for the valued customer. The reason is simple: to give our valued customers the assurance of same level of high service standards at any location. Outdoor visibility of EBL has also increased significantly during the year which is easily discernible and doesn't warrant publishing.

Alliance and events for customer delight: EBL Customer benefit program "EBL Advantage" was run in full swing round the year and more than 100 large shops, hotels and restaurants were brought into the network where all the EBL Cardholders get certain amount of discount and privileged services on using or showing their EBL cards. Nationwide Road shows were arranged in cooperation with Nepal Tourism Board to promote tourism. This is the first time in Bangladesh – a foreign national tourism board liaised with any Bangladeshi company to promote tourism. Following the step – EBL partnered with Tourism Malaysia and Malaysia Airlines in promoting tourism destinations in Bangladesh. EBL provided the support by making and distributing desktop calendars through the travel agencies. EBL also partnered with Best Air – local airline and Biman Bangladesh Airlines – the national carrier of Bangladesh, where EBL sponsored their ticket jackets to promote EBL Credit Card among the travelers.

EBL arranged a medical seminar for its customers in joint collaboration with Raffles' Hospital Singapore in Dhaka as part of its customer benefit program. Hundreds of medical advice seekers attended the program where a senior medical professional was present and answered their queries. Such events will continue throughout 2009.



EBL signed a customer benefit program agreement with Apollo Hospitals, Dhaka.

EBL Celebrated the World Music Day – for the first time in Bangladesh along with Advantage partner Pan Pacific Sonargaon at the hotel premises. Legendary musicians of Bangladesh were invited and honored at the event. Socialites, high government and public officials and EBL customers attended the gala event. A regular musical evening program titled "Praner Khela" was also launched in joint collaboration with Bengal Foundation in 2008. Eminent artists performed live in those personalized musical programs which were appreciated by the audiences.



Immediate past EBL Chairman A.Q.I. Chowdhury, OBE is seen with Dhaka University Alumni Association (DUAA) high ups and immediate past Vice Chancellor of DU Prof. Dr. S.M.A. Faiz at EBL sponsored financial grant program titled "EBL-DUAA Inspiration".

Corporate social responsibility (CSR): EBL's first strong CSR initiative "EBL-DUAA Inspiration" got materialized this year. A number of 224 students from each academic year of 56 departments of University of Dhaka received awards for their 2007 academic achievements. Dhaka University Alumni Association is the official partner of the initiative. The award program was arranged at TSC Auditorium and more than 600 teachers, parents and students attended the event. EBL-DUAA Inspiration is the first private financial grants program that encompasses every department of the University. EBL also donated several desktop and laptop computers to different departments of the university round the year as part of its developmental commitment to the University. EBL also donated a hefty amount to Bangladesh Protibondhi Foundation for building its own premises at Mirpur, Dhaka. Other than this several CSR activities were done – especially in the education sector.

We thrive to know Our customers better: EBL is a modern and trendy bank that interacts frequently with its clientele. We know our market. We serve 140,000 plus customers, primarily in Dhaka, Chittagong, Sylhet, Khulna, Rajshahi & Bogra. We listen and we respond as only a local community bank can. From 2007, we had started to penetrate the market by increasing our visibility, ensuring excellent customer service and providing a complete range of financial products. While Corporate Banking remains our biggest strength, we strive to grow with Consumer Banking and SME Banking.

Future outlook-EBL Marketing: In 2009 – we will continue doing what we have done so well, serving the customers, responsive to the needs of the people, businesses and communities among whom we live, and striving to set a standard for customer service and performance. All our marketing and branding activities shall revolve around this theme. We're a bank that does the unexpected given our size. We serve with passion and we're determined to do it well, which is both a hallmark of our success and the reason for it.

Our market knows us. More than just brand awareness, it is reputation, built upon trust, customer service and performance coupled with customer involvement. We're Eastern Bank and we're proud to be different.

Operations: With the objective of providing faster service to the customers while ensuring increased control over operational activities, EBL has established a central operations unit named as Service Delivery.

EBL Service Delivery (SD): EBL Service Delivery (SD) has been formed at Dhaka and Chittagong to ensure faster and error free processing of all bulk products of Branches and control over operational activities. Centrally the unit is providing various focused banking services to the Corporate and SME customers like bulk cheque collections, bulk salary payment to employees of corporate customers through electronic payment systems, IPO payment services, Hajj related International remittances and other commercial remittance payment services etc. To emphasis the remittances of non-residence 'foreign exchange earners', the unit centrally processes and tracks the delivery of each remittance to ensure reaching to the beneficiary's hand within shortest time.

Following are the broad objectives of the centralized Operational service units:

- **Business Support:** To enhance capability to offer best support to the front and middle offices, significant reduction in bulk processing time and provide comprehensive and customized MIS. Develop resources to offer new products and services for the customers.
- **Risk Management:** To establish control over the daily operational risks through monitoring, supervision and archiving.
- Hu**man Resources:** Optimum utilization and better development of human resources to reduce overall operating costs.

"Our market knows us. More than just brand awareness, it is reputation, built upon trust, customer service and performance coupled with customer involvement. We're Eastern Bank and we're proud to be different."



EBL & IFC-SEDF senior officials are seen at an agreement signing ceremony.

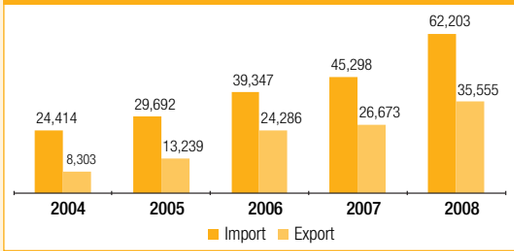
In the year 2008, SD units brought more activities from Branches under Account Services and Item Processing to shape the unit as a complete centralized processing platform.

- To enhance the quality of service standard, the best practiced process guidelines on all the processes/services have been implemented this year.
- The unit introduced dedicated service of documents picking up and dropping between Branches and SD units by the Bank's own arrangement to ensure quick processing of deliverables and to ensure safe movements of security items and financial instruments.
- The unit has also finalized the MICR encoded and personalized standard customer cheque with high security features in compliance with the Bangladesh Bank guidelines. This preparation is to participate in the Bangladesh automated clearing house (BACH) which is going to be implemented very soon by Bangladesh Bank.

Trade services operations

Trade Business: In 2008 number of LC, LG & Export bills have increased from 22,651 to 27,971 with growth of 23.49 percent. Amount of trade business increased from BDT 73,171 million to BDT 99,928 million with growth of 36.57 percent.

Export-Import Business (In Million Taka)



New Product: Tailor made structured Letter of Credit has been introduced, making cost-effective transaction for corporate customers. Approximately USD 25 million worth structured letter of credits has been opened in 2008.

Strategic Alliances: EBL has been maintaining effective strategic alliances with IFC under Global Trade Finance Program (GTFP) and with ADB under Trade Finance Facilitation Program (TFFP). Upon excellent utilization of the line IFC, being highly satisfied, doubled guarantee line to USD 20 million in 2008. EBL also participated in the "2nd GTFP Partner Banks' Meeting" held in October, 2008 in Paris.

Working on shared view with correspondent banks: EBL trade services have been working continuously with global correspondent banks on shared view of risk and revenue with best utilization of each party's competitive advantage. This helps smooth transactions without disputes, raise competitive edge and value adding proportions for all the parties in trade transactions.

Transaction Accuracy: EBL Trade Service team achieved 100 percent STP (Straight Through Processing) in 3 months in 2008 through largest USD clearing bank, JP Morgan Chase in New York. Overall STP rate had been 97 percent which is one of the highest among the banks in South Asia.



EBL 'Certified Documentary Credit Specialist' award recipients are seen at the award ceremony.

Skill Development & Certification: 5 (Five) trade professionals passed CDCS (Certified Documentary Credit Specialist) in 2008. CDCS is ICC's most recognized certification for trade professionals around the world. With 5 CDCS, EBL is leading among all the local & foreign banks in Bangladesh.

11 (Eleven) trade professionals from Trade Services Division & International Division passed IFC – FIT (Finance of International Trade) graduation conducted by Electronic Business School of Ireland. EBL has also proven its excellence by acquiring the highest number of IFC-FIT graduates among all the banks in Bangladesh.

2 (Two) professionals of Trade Services Division become ISO 9001:2000 (Quality Management System) certified lead auditor.

INTERNATIONAL DIVISION (ID) INITIATIVES

Correspondent Banking: In order to facilitate Foreign Exchange (FX), Foreign Trade and Other Foreign Currency (FCY) Business and Transactions, EBL maintains Correspondent Banking Relationship with number of banks at home and abroad. As of December 31, 2008 total number of Correspondent Networks stands at 876 ensuring relationship with world largest banks. Standard Settlement Instructions (SSI) including Drawing and Telegraphic Transfer (TT) arrangements have been established in all major currencies like US Dollar (USD), Great Britain Pound (GBP), EURO, ACU Dollar, Singapore Dollar (SGD), Japanese Yen (JPY), Australian Dollar (AUD), Canadian Dollar (CAD), Swiss Franc (CHF) and Saudi Arabian Riyal (SAR). Number of SSI has been rationalized to 26 as of December 31, 2008. Business lines have been established with International Finance Corporation (IFC) and Asian Development Bank (ADB) along with other Global Correspondents. Drawing, TT and Collection arrangements have been established with total 15 local banks and branches. A special arrangement has been made with Commerzbank, Frankfurt, Germany to avoid third bank charges in different countries by fixing it beforehand. Swiss Frank (CHF) business arrangements have been established with Zurcher kantonalbank (ZKB), Switzerland for multi area supports including Foreign Exchange (FX), Fund Trasfer (FTT), Documentary Credit, Nostro Transactions, Trade Settlements, Confirmation, Guarantee, remittances etc.

> “We will continue to devise newer strategy to cater newer business needs based on priorities. Our focus will remain on capacity building, knowledge sharing and contributing to effective service delivery mostly to business and internal customers i.e. to support services too.”

Global Banking Turmoil vs. EBL Strategy for Nostro Operations: Effective strategies and measures have been taken in the face of global banking turmoil to safeguard bank and customers' interest. Steps have been taken regarding Nostro transactions: change of using of nostro in terms of Foreign Demand Drafts (FDD), Foreign Telegraphic Transfer (FTT), Nostro Rationalization, opening of new nostro etc. to ensure smooth operations/ transactions safeguarding bank and customers' interest.

New Business Line with New Idea Established in Saudi Arabia: With due processing with Bangladesh Bank and Saudi Arabian Monetary Agency (SAMA), an unique arrangement has been established with National Commercial Bank (NCB), Saudi Arabia for Hajj Remittance, Umrah Guarantee, FX Business etc. in Saudi Arabian Riyal (SAR).

Information Technology Update: It is increasingly recognized that to be successful in business, banks need to have effective technology platform. Our bank gives right attention to it's overall technology service management by not only acquiring technology but also investing in training and continuous refinement of processes. Our capable IT team working with business has already built effective partnerships with key stakeholders for improved monitoring and capacity building to deliver more and more proactive financial services to target customers.

We are open to accept industries good practices. We have continued relationship with core technology providers for developing, updating a realistic platform for our business. We will continue to devise newer strategy to cater newer business needs based on priorities. Our focus will remain on capacity building, knowledge sharing and contributing to effective service delivery mostly to business and internal customers i.e. to support services too.

Given the global financial sector challenges, we plan to further strengthen our technology base, financial analytical tools that are capable of giving predictive results based on historical data and projections. Keeping this in mind, we are to initiate some projects to re-align our existing systems for effective data management.

Internal Control and Compliance (ICC) in 2008: EBL has established a sophisticated organizational structure to establish and maintain a strong control culture by implementing and strengthening policy guidelines of internal controls. We believe, internal control is an integral part of the daily activity of a bank, which on its own merit identifies the risks associated with the process and adopts a measure to mitigate the same.

Objectives: The main objectives of the Internal Control and Compliance Department are as follows:

- Efficiency and effectiveness of activities (performance objectives).
- Reliability, completeness and timelines of financial and management information (information objectives).
- Compliance with applicable laws and regulations (compliance objectives).

Structure of ICC: The head of Internal Control and Compliance Department [ICCD] have a reporting line with Managing Director and the Audit Committee of the board. The department now has three separate units: Monitoring unit, Compliance unit and internal audit and inspection unit.

The Monitoring unit is responsible to monitor the operational performance of various branches and departments. They will collect relevant data and analyze those to assess the risk of individual units. In case they find major deviation they will recommend to the Internal Control Head for sending audit and inspection team for thorough review.



EBL organized fire drill at Head Office as part of Safer Workplace Campaign.

The Compliance unit is entrusted to ensure that bank complies with all regulatory requirements while conducting its business. They will maintain liaison with the regulators at all levels and notify the other units regarding regulatory changes.

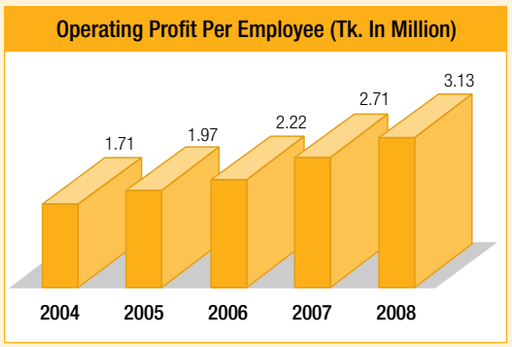
The Audit team performs periodic and special audit. This unit prepares a risk-based audit plan, normally on an annual basis. These plans are approved by the bank's senior management and by the audit committee. This risk based approach of audit assists the organization by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.

Achievements of ICCD during 2008: Activity highlights in 2008 are as follows:

- Application of Risk based audit approach by implementing a robust Audit Policy and Guidelines.
- Department has completed audit of all branches and departments within set timeframe.
- 4 [Four] audit committee meetings required as per Bangladesh Bank Circular was held on time and the necessary directives from the Members of the Audit Committee of the Board of Directors have been implemented.
- To encourage employees to comply with all the policies, procedures and regulations.
- To maintain continuous liaison with the regulators at all levels to obtain regular information on regulatory changes and
- To establish an effective communication process to distribute smoothly the relevant regulations among the officials of the concerned departments and Branches.



General Manager of Bangladesh Bank Chittagong Office Mr. S.K. Sur Chowdhury conducted a session on Anti Money Laundering for EBL officials at Chittagong.



> "Other than 27 Management Trainee Officers, 144 permanent employees and 356 contractual new faces were added to the crew to do the right jobs effectively."

Money Laundering Risk Management: EBL is committed to take all necessary steps to comply with the rules for prevention of money laundering and combating the financing of terrorism. The Bank has recognized a mechanism of mitigating the Risk of Money Laundering through its Central Compliance Unit (CCU) of Head Office and Branch Anti-Money Laundering Compliance Officers (BAMLCO). The CCU has been ensuring the proper enforcement and implementation of Anti-Money Laundering policies, procedures and legislations in the Bank. The BAMLCOs have been conducting ongoing due-diligence in all business relationships on a risk-sensitive basis. They also monitor and supervise all the Anti-Money Laundering devices at Branch level. Regular training towards employees on Anti Money Laundering plays an important role in mitigating the said risk.

Human Resources: As EBL Human Resources directly involves with the People, Education and Innovation, it created a positive impression in the Banking Environment of Bangladesh. The Human Resources Department is working relentlessly to meet need and desire of the bank as it believes in serving. Creating a progressive and a possessive environment for the people to work at EBL is the undeviating objective of the team.

The communal task for the recruitment and selection team is not simply hiring the people to fill up the gap rather creating an enabling environment putting right people in right place on right time. The pre and post orientation programs, learning and development program enhance propensity of the employees to maximize their output through achieving target on time. Other than 27 Management Trainee Officers, 144 permanent employees and 356 contractual new faces were added to the crew to do the right jobs effectively in pursuit of upholding the image of being 'The Bank of Choice'.

In the year 2008 a vast number of seminar, workshop and trainings had been provided to the employees on various topics like: SME Credit & Lending, Basel II compliance and Operational Risk Management, Assessing Credit Risk, Using Financial Statement and Cash Flow Analysis, Anti Money Laundering, Global leadership Summit 2008, FOREX Dealing with Bourse Game, Linux Directory Service & LDA, Information Systems Audit & IT Risk Management, Basic Banking and many others both in home and overseas that created a good impression on the mind of the employees to motivate themselves and act as accordingly as learnt through the course. 65 trainees were sent overseas and 1081 were coached and trained locally to upgrade their knowledge and thus, enhancing the quality.

Performance Highlight of HRD: In the year 2008 under supervision of Human Resources Department all the organogram of the Division/Departments in EBL were reviewed. In line with the organogram a Job description bank has been created where details requirements of every position along with the job prerequisites of the job holders are furnished. This will help HRD and the business team to select the right candidate at the right job.

With the aim of proper Training Need Assessment an academic training calendar has been introduced to be accelerated in 2009 for the development of the work efficiency of the employees.

A strong data bank is one of the most essential requirements for an efficient HR to ensure that HRD has converted their legacy of Excel based data bank to fully automated data software in 2008.

The HR Policy Manual has been revised with new policies and significant modification of existing policies to keep it updated with the current realities and to make it competitive with market standard.

Employees' soft skills and behavioral aspect both are equally important for his or her assessment. Considering this, a two dimensional Performance Management system has been proposed to be implemented in 2009.



EBL Mancom members are seen at a Townhall meeting.



EBL Management Trainees performing at EBL Family Night 2008.

> "Eastern Bank Limited is prepared for parallel implementation of Basel II in 2009, and continues its preparation for Internal Risk Based approach by 2012."

HRD outlook for 2009: We envisage engaging in the following areas in 2009:

- Implementation of Revised Human Resources Policy and Procedure Manual.
- Implementation of restructured package for the employees.
- Salary and Employee Satisfaction Survey.
- Functional Designation Alignment of Different Department/Divisions.
- Implementation of new Performance Management Policy.
- Campus recruitment.
- To recruit as many MTOs as required by different Division/Departments through proper analysis.
- A proper 'Training Need Assessment' will be done. Outcome will be aligned with the training calendar and the training will be provided as per schedule.
- Foreign training will be arranged in ad-hoc basis depending on the job requirement.
- As a part of retention program, HRD is going to implement succession plan, review some benefits. Internal talent hunt is already in place offering the opportunity for job rotation to enhance their knowledge and ability as a core banker.

Risk Management: Eastern Bank Limited has a risk management framework established on the bases of global best practice, and Bangladesh Bank core risk management guidelines. This process followed by our qualified human skills promote judicious analysis of risk to ensure effective management of banks portfolio so that it reflects stakeholders risk appetite and expected return.

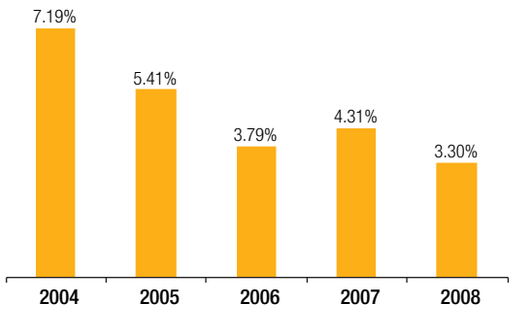
In 2009, risk management framework of the bank shall face a major shift due to introduction of Basel –II. According to this agreement, commercial banks shall have to maintain regulatory capital to mitigate credit risk, market risk, and operational risk, and its implementation may warrant more regulatory capital for commercial banks. Until 2008, banks maintained capital to mitigate credit risk only.

Risk Management Realities: During the last quarter of 2008, the credit risk environment has dramatically changed due to global financial turmoil that triggered downturn in commodity, and fuel oil prices. Importers and traders lost value of their inventories even by 60 percent in some cases. The worst affected sectors are textiles, agro commodities, ship breaking, and steel. However, close monitoring, and proactive approach contained the percentage of delinquent assets of EBL within the management target level. Banks impaired assets (classified loans) at the end of 2008 was 3.30 percent of total loans and advances, compared to 4.31 percent in 2007. It will be a great challenge in 2009 to retain the existing risk profile of bank's assets in the context of uncertainties in export, workers' remittance, receipts, and foreign direct investment.

It was also a challenge to maintain balance between risk and return of the asset portfolio due to central bank stipulation of charging maximum 12 percent on post import finance of some selected essential commodities. Central bank also reduced/fixed charges for some ancillary services to the customers.

The bank strongly supports the principle of a more risk sensitive approach to capital adequacy and so the new Basel II framework. It is reasonably assumed that the Basel II agreement will be a driver for continuous improvement of risk management activities, and also a regulatory exercise in 2009 onwards. Eastern Bank Limited is prepared for parallel implementation of Basel II in 2009, and continues its preparation for Internal Risk Based approach by 2012.

Non Performing Loan (Ratio)



Risk Governance: Eastern Bank Limited has a system of check and balance through its risk management structure to manage the core risks efficiently. The basic principles of risk management followed by the bank include:

i. Independent Credit Risk Management function: risks associated with an investment proposal are challenged by a team who do not have revenue target.

ii. Documented Delegation of Authority: risk is taken only within agreed authorities approved by the Board of Directors.

iii. Portfolio parameters: risk is taken in support of the bank's business strategy and within its risk appetite.

iv. Early Alert Process: the bank looks to anticipate future deteriorations that could arise from changes in the economy, industry, and/or the company.

v. Independent Audit Function: to review each business unit on a regular basis and provides opinion on the quality of the credit process and portfolio.

Ultimate responsibility for the effective management of risk rests with the Board of Directors, and other committees and individuals acting within an authority delegated by the Board. Other than credit approvals, Board of the Directors is responsible for banks strategies and policies. Management Committee (MANCOM) is responsible for overall risk management of the bank, and continuous monitoring of changes to identify any necessary shift in strategy and policy. Asset Liability Committee (ALCO) is responsible for liquidity risk, structural interest rate for asset and liabilities, foreign exchange exposures, and regulatory capital ratios.

Besides, designated individuals are responsible for management of credit risk, market risk, operational risk, legal & compliance risks. The process ensures that standards and policies are cascaded down through the organization from the Board of Directors to top level, and mid level managers.

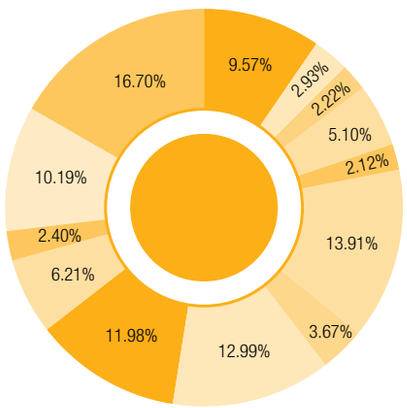
Credit Risk Management: Credit risk is the risk that counterparty will not settle its obligations in accordance with agreed terms. Credit exposures include both individual borrowers and groups of affiliated /connected counterparties. The Head of Credit Risk Management (HoCRM) has clear responsibility for management of credit risk. Policies/instructions in this respect are approved by the Board of Directors or authorities acting on their delegation.

Within the Corporate Banking business, a numerical grading system is used for quantifying the risk associated with a borrower. The grading is based on Credit Risk Grading Matrix (CRGM) that analyzes a borrower against a range of quantitative and qualitative measures. There is a clear segregation of duties with loan applications being prepared separately from the approval chain. All large loan exposures are reviewed and approved by the Board of Directors.

For Consumer Banking, standard credit application forms are generally used, which are processed centrally using Product Program Guidelines as approved by the Board of Directors. Like corporate banking, origination and approval roles are segregated too.

Problem Credit Management and Provisioning: Eastern Bank Limited has a Special Asset Management Department (SAMD), dedicated for management of problem credits. Major responsibility of this department is to formulate strategy and action plans for minimization of risk, prevention of loss, maximization of recoveries, and restoring profits through restructuring, direct recovery, and/or legal actions.

Portfolio Diversification



- Commerce and Trading-9.57%
- Commodity Import-2.93%
- Construction-2.22%
- Edible Oil Refinery-5.10%
- Electronic Goods-2.12%
- Individuals-13.91%
- Pharmaceuticals Industries-3.67%
- Readymade Garments (RMG)-12.99%
- Ship Breaking Industry-11.98%
- Steel Products6.21%
- Telecommunication-2.40%
- Textile Mills-10.19%
- Others-16.70%

In Eastern Bank Limited, when any borrowing relationship displays signs of weakness that account is placed on Early Alert. Such relationships warrant dedicated and close monitoring by the respective relationship manager and risk manager. Account strategies are re-evaluated and remedial actions are agreed upon with counterparties and monitored accordingly. Remedial actions may include, but are not limited to, exposure reduction, security enhancement, exit of the account or restructuring.

Eastern Bank Limited strictly follows the Bangladesh Bank Circulars and guidelines for loan classification and provisioning. The summary of some objective criteria for loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 05 dated June 05, 2006 is as below:

Type of Facility	Loan Classification							
	SMA		Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Demand Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Term Loan upto 5 years	90 days or more	5%	6 months or more but less than 12 months	20%	12 months or more but less than 18 months	50%	18 months or more	100%
Term Loan over 5 years	90 days or more	5%	12 months or more but less than 18 months	20%	18 months or more but less than 24 months	50%	24 months or more	100%
Short Term Agricultural & Micro Credit	90 days or more	5%	12 months or more but less than 36 months	5%	36 months or more but less than 60 months	5%	60 months or more	100%

- Provision requirement is 1 percent for unclassified loans other than consumer loans, 5 percent for unclassified consumer loans other than housing finance and loans to professionals, 2percent for unclassified housing & loans to professionals under consumer finance.
- Provision for contingent items (non funded facilities) is 1 percent.
- Provisions for SMA portfolio are maintained netting of interest suspense; and for classified portfolio both interest suspense and eligible securities are netted off.

Eastern Bank Limited also apply qualitative judgment stringently on case to case basis where any amount is considered un-collectable.

Movements in Provisioning for Classified Portfolio:

(BDT in million)

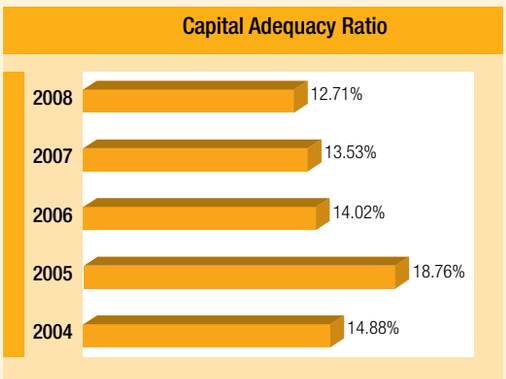
Particulars	31 December 2008	31 December 2007
Opening balance of provision held	659.69	393.88
New provisions	241.42	459.83
Provisions no longer required	(208.74)	(194.02)
Closing balance of provision held	692.37	659.69
Amount written off	199.93	234.78
Recovery of written of loans	56.04	73.09

Market Risk: The bank recognizes market risk as the exposure created by potential changes in market prices and rates. The management of market risk will be more effective under the Basel II agreement. Guidelines prescribed by Bangladesh Bank for Basel II implementation covers both trading and non-trading books of a commercial bank. Eastern Bank Limited also encourage stress testing to foresee potential risks that may arise from extreme market events, which are rare but plausible. The bank performed a stress test / impact study on the impact of global financial crisis on its portfolio.

Interest Rate Risk: Structural interest rate risk arises from the re-pricing characteristics of banking assets and liabilities. ALCO is mainly responsible for establishing guidelines for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. These guidelines and actions are taken in adherence to the policies issued by Bangladesh Bank from time to time.

Foreign Exchange Risk: The bank's foreign exchange trading exposures are principally derived from customer driven transactions, and major risk arises from movement of price. Ideally, EBL's foreign currency exposure is tagged with its open position, which is USD 6.0 million. In 2008, there was no significant movement in foreign exchange rate that causes any significant loss. Besides, forward contracts are rare and 50 percent of which are mandatory to be covered. Bank's Treasury Division manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

Liquidity Risk: Liquidity risk is defined as the risk that the bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. It is the policy of the bank to maintain adequate liquidity at all times. Liquidity risk management is governed by ALCO and responsible for both statutory and prudential liquidity. Since liquidity have inverse relationship with profitability, prudential management of liquidity is important. A substantial portion of the bank's assets are funded by customer deposits made up of current, savings, fixed, and other deposits. The bank also maintains significant levels of marketable securities usually or for compliance with statutory requirements. Credit to Deposit ratio of the bank as on 31 December 2008 was 95.40 percent, and the bank maintained statutory liquidity in 2008 in all cases.



Operational Risk: Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The bank seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The bank established a dedicated Operational Risk Management team for such purposes.

Business Continuity & Disaster Recovery Plan: A comprehensive Business Continuity Plan (BCP) of Eastern Bank Limited is underway. Our BCP, at present revolves in securing business and financial information from any disaster through Disaster Recovery (DR) System. This system is tested to ensure functional and effective disaster recovery capability. EBL has DR site at Uttara about 20 kilometers away from its production site. It is equipped with identical Servers, storage system and other equipments similar to production. It has the 1Gbps fiber optic link for data transmission. Mirror View software for Asynchronous Replication is installed for replication data from live server to DR server. It is minimizing the risk of losing the banks customer data, eliminates any singly point of failure and matches the service standard of those of the peers.

Risk Monitoring: An internal audit team is working to provide independent confirmation that the bank has complied with business standards, policies, and procedures. Where necessary, they also recommend corrective measures. Head of Internal Control and Compliance has reporting lines to both the Managing Director and Chief Executive Officer, and to the Audit Committee of the Board.

Capital Adequacy: Capital is a mitigating element or cushion against expected losses arising from credit, market, operational and other risks. The principal objective of the Bank's capital management is to ensure maintenance of adequate level of capital to meet regulatory requirement, and to support growth strategies. As on 31 December 2008, EBL's capital was 12.71 percent of its risk weighted assets against regulatory requirement of 10 percent. Core capital was 10.34 percent of risk weighted assets against regulatory requirement of 5.0 percent.

Details of EBL Capital as on 31 December 2008:

(BDT in million)

Particulars	2008	2007
Core Capital (Tier -1)		
Paid up Capital	1,386.90	1,035.00
Non repayable share premium account	-	-
Statutory Reserve	1,386.90	1,035.00
General Reserve	100.00	100.00
Retained Earnings	445.87	351.90
Other reserves	60.00	60.00
Excess of reserve over pre-take over loss	535.00	457.46
Minority interest in subsidiaries	-	-
Non Cumulative irredeemable preference share	-	-
Dividend Equalization Account	356.04	356.04
Total Tier - 1 Capital	**4,270.71**	**3,395.40**
Supplementary Capital (Tier – 2)		
General Provision	727.19	515.93
Asset Revaluation Reserve (50%)	202.51	202.51
Revaluation/amortization reserve HFT/HTM (50%)	28.53	14.09
All other preference share	-	-
Perpetual Subordinated Debt	-	-
Exchange Equalization Account	22.63	22.63
Total Tier - 2 Capital	**980.86**	**755.16**
Total Capital Base	**5,251.57**	**4,150.56**
Core Capital as % of risk weighted assets	10.34%	11.07%
Supplementary Capital as % of risk weighted assets	2.37%	2.46%



GET ALL
THE COLORS OF THE WORLD IN
EBL TRAVEL CARD

- Prepaid travel quota VISA Card
- Free back-up card facility
- Worldwide cash withdrawal facility in local currency
- Reloadable in Bangladesh against remaining individual travel quota
- Roaming telephone bill payment facility
- Accepted at over 24 million VISA locations worldwide
- No transaction fee for purchases
- 24-hour dedicated customer service hotline
- Full amount of travel quota can be loaded at a time



*conditions apply

For details please contact: 044 7670 1031-34

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NO BOUNDARIES

Eastern Bank Ltd.
Simple Math™

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EBL
Consumer
Banking



EBL Home Loan

Apartment Purchase | Home Construction
Home Extension | Home Renovation

Conditions Apply

EBL Offers the most convenient & practical Home Loan that suits your all home financing needs.
Let it be for apartment Purchase, home construction, extension or removation – EBL is here with the ultimate solution for you. With so many attractive features in it – the home you wanted to buy, or to extend the existing one or renovate the same is no longer a distant dream.

Loan facility up to Tk. 75 Lac | Loan amount up to 80% of the property value

Repayment tenor up to 20 years | Loan Transfer facility @1% less than your existing home loan

For Details 011 9601 1533

Eastern Bank Ltd.
Simple Math™

EXISTING PRODUCTS & SERVICES OFFERED BY THE BANK

Consumer Banking Products

Loan Products

জীবনধারা লোন
Any Purpose Loan

EBL Jibandhara Loan: EBL Jibandhara Loan is an unsecured loan facility. Loan amount ranges from BDT 50,000 to BDT 1,000,000 at an attractive interest rate.

উৎসব লোন
ইচ্ছে গুলোকে রাঙিয়ে দিতে।

EBL Utshab Loan: Utshab Loan is a short-term festival loan facility. Loan amount ranges from BDT 50,000 to BDT 150,000 and repayable in 12-36 months.

FastCash
Easy cash in your pocket!

Fast Cash: A secured loan facility against security deposit. It is a revolving credit facility and interest is charged on drawn amount.

FastLoan
Meet your needs fast!

Fast Loan: An EMI based secured loan facility for any emergency cash need. Any individual having an FD or other securities like wage Earner's Bond, ICB unit Certificate etc can avail this short term personal loan with 12-36 months repayment period.

EXECUTIVE LOAN
Loan for Executives

EBL Executive Loan: Any purpose loan facility for Salaried Executives (Both Private sector & government service). Loan amount ranging from minimum BDT 50,000 to maximum BDT 1,000,000 and the interest rate is highly competitive.

EBL AUTO LOAN
Drive Your Dream

EBL Auto Loan: EBL Auto Loan is an EMI based loan facility for the purpose of purchasing Cars. Loan amount ranges from BDT 350,000 to BDT 2,000,000.

traveloan
Making Travel Simple

EBL Travel Loan: Available in secured and unsecured versions, EBL Travel Loan offers EMI based loan facility for meeting the travel related financial needs. Loan amount ranges from BDT 50,000 to BDT 500,000.

এডুকেশন ফাইন্যান্স প্যাক
Loan for Education

EBL Education Finance Pack: EBL Education Finance Pack comprises of three unique products – EduLoan Secured, EduLoan Unsecured, and EduLine. This pack is designed to meet any type of education financial need of a student. Any Credit worthy Person can avail the loan for his/ her children or for him/ herself. Loan amount is maximum BDT 1,000,000 or 95% of the cash security value.

Parséloan
Partial Secured Loan

EBL ParseLoan: Partial Secured Loan facility for the individuals where one can take loan up to BDT 1,000,000 by providing 30% or 50% cash security. Loan interest rate is highly competitive and can be repayable in maximum 60 months.

Home Loan
Home is where the heart is

EBL Home Loan: EBL introduces the most convenient & practical Home Loan that suits your all home financing needs. Let it be for apartment purchase, home construction, extension or renovation - EBL is here with the ultimate solution for you. With so many attractive features in it - the home you wanted to buy, or to extend the existing one or renovate the same is no longer a distant dream

Deposit Products

INTERESTING SAVINGS ACCOUNT
Daily Interest in Your Account

EBL Interesting: A savings account where interest is calculatedon daily basis and credited to the account on monthly basis.

Campus account
Banking for Students

EBL Campus Account: This is interest bearing savings account for the students.

High Performance Savings Account
You gain more, simply!

EBL High Performance Account: Daily Interest bearing product with unlimited cash withdrawal facility . Minimum balance requirement Tk 20,000 and interest is credited in to account twice a year.

Repeat
Extra Income Every Month

EBL Repeat: Monthly interest payable fixed deposit scheme with 1-3 years tenure.

Confidence
Monthly Savings Scheme

EBL Confidence: It is an annuity based deposit Scheme with monthly installment, not exceeding BDT 20,000 per month.

EBL Just DOUBLE
Double Return in 6 Years

EBL Just Double: At EBL opportunities are simple. Hook your possibilities with us and our new deposit scheme, EBL Just Double. The amount your deposit with us today gets double in just six years.

Card Products



One Life. One Card.

EBL Simple Credit Card: EBL Simple Credit Card is a complete Credit Card Solution. This VISA branded card comes in gold and dual versions with both local and dual currency facility. Other than regular card features, EBL simple Credit Card Offers Zero Renewal fee, Double insurance benefit, free cheque book and balance transfer option.

LifeStyle Card
Reload the Fun of Life!

EBL LifeStyle Card: A VISA branded local currency prepaid Card that can be used at any VISA POS or ATM countrywide. A very popular product among the student segment.

Cool Card
Live Life - Fashionably!

EBL Cool Card: This VISA electron Debit Card for the Student banking accounts.

Hajj Card

EBL Hajj Card: This is a VISA prepaid Card valid only in Saudi Arabia. This card frees one from the hassles of carrying foreign currency during Hajj.

EBL TRAVEL CARD
NO BOUNDARIES

EBL Travel Card: Prepaid travel quota VISA Card available over the counter to both EBL and non-EBL customers. Specially designed to give you more convenient access to your own money-in USD-while you are traveling abroad.

SME Banking Products

Loan Products

অগ্রিম
সাফল্যের দিকে নিন, এক অগ্রিম পদক্ষেপ!

EBL Agrim: This is a short-term unsecured loan facility to meet immediate fund requirement for any business concern. Loan amount ranges from Tk. 200,000 to Tk. 950,000 with single shot repayment at the end of 1 to 6 months tenure.

উদ্যোগ
EBL-এর উদ্যোগ-এ ব্যবসা চলবে পুরোদমে!

EBL Uddog: EBL Uddog is intended to finance business expansion with 50% of the loan amount in the form of fixed deposit as security. Loan amount ranges from Tk. 600,000 to Tk. 5,000,000 with monthly installment based repayment within maximum 60 months tenure.

আশা
ব্যবসার প্রত্যাশা, পূরণ করবে আশা

EBL Asha: This loan is intended to meet immediate business fund requirement. Loan amount ranges from Tk. 200,000 to Tk. 1,000,000 and monthly installment can be payable within maximum 24 month tenure.

পুঁজি
ব্যবসার বৃদ্ধি, এনে দেবে পুঁজি

EBL Puji: It is a long term loan for capital investment under collateral security. Loan amount ranges from Tk. 500,000 to Tk. 5,000,000 and the loan can be repaid within 36 months.

বাণিজ্য
EBL বাণিজ্যে, সমৃদ্ধি নিশ্চিন্তে!

EBL Banijjo: Credit facility up to BDT 20,000,000 to any legitimate import business with Nil margin LC facility. 30-40% of total limit in the form of FD as collateral required. Monthly installment based repayment facility available.

মুক্তি
ব্যবসায় আত্মবিশ্বাস ও সমৃদ্ধি EBL মুক্তি

EBL Mukti: This is an unsecured loan facility for the women entrepreneurs. Loan amount is maximum Tk. 300, 000 and can be repayed in 36 installments.

Deposit Products

EBL Subidha: A daily interest bearing deposit amount for SME entrepreneurs.

Other Services

Corporate Banking: EBL Corporate Banking is the strongest unit of the Bank where customized corporate banking solution is offered to the local and MNC corporates. Highly efficient corporate team backed by cutting-edge technology and determination to serve the customers is the driving force behind the success of EBL Corporate Banking division.

Internet Banking: EBL Internet Banking Application addresses the needs of small, individual and corporate account holders of the bank. This application provides a comprehensive range of banking services such as Account Operation and inquiries, Fund Transfers and Payments, Utility Bill Payment, Deposits, Loans, Inquiries and other services including a session summary.

NRB Banking Products:

EBL Matribhumi is a service concept-where we envisage to offer product and services that will help our NRBs to build a stronger financial future as well as provide hasslefree quality banking services. There are four deposit products under this.

EBL Shonchoy: This a Taka deposit account for NRBs, where they can directly deposit their remittance and start building a solid financial base for future. The account is a daily interest bearing monthly payable account with a debit card.

EBL Paribar: Family maintenance account for NRBs-the beneficiary can open this account and have the facilities of debit card, unlimited chequing and reduced charges. This is also a daily interest bearing monthly payable account.

EBL Global: FCY Current Account with a global debit card facility that can be used anywhere in the world. This is a foreign currency account and the amount is freely remittable.

EBL NFCD: FCY Time Deposit account for NRBs who want to see their money grow at a faster rate. Attractive interest rates and features make the account even more customer friendly.

Student Banking: Other than education loans and student accounts-EBL offers student file services for the students who seek to study abroad through its dedicated student centers at Gulshan and Dhanmondi.

Hajj Remittance Service: EBL's Hajj Remittance Service provides convenient, secure and reliable money transfers during pilgrimage in Mecca, Madina and Jeddah for EBL account holders. Services include handling Foreign Demand Drafts (FDDs) and Foreign Telegraphic Transfers (FTTs) in Saudi Arabian and local currency.

Other than these , EBL offers Treasury, Syndication, Trade Services, and other banking products and services to serve the customers with utmost sincerity.

"We make things simple for you"– is the corporate statement of EBL and through our innovative and need-based product and service solutions we demonstrate our pledge to make things simple for the customers.

management discussion & analysis





Carry EBL's Dual Currency Credit Card anywhere in the world. A single card which gives you the benefit of many.

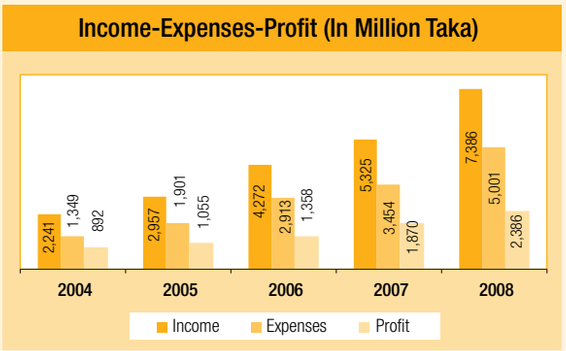
- Zero Renewal Fee
- Balance Transfer
- Triple Insurance Benefit
- Worldwide Cash Advance Facility

Eastern Bank Ltd.
Simple Math™

For priority service delivery please call: 01819-278811, 01819-278822. We are open 24 hours.

Management Discussion and Analysis

Summary Financials: Eastern Bank Limited has made 27.54 percent growth in Operating Profit (Profit before provisions and tax) during 2008 to BDT 2,385.54 million primarily due to 18.21 percent increase in Net Interest Income or NII (BDT 1,551.21 million against BDT 1,312.27 million in 2007) and 42.59 percent increase of other revenue (BDT 2,152.79 million compared to BDT 1,509.75 million in 2007) offset in part by 38.55 percent increase of operating expenses (BDT 1,318.46 million vs. BDT 951.62 million in 2007). Profit after tax increased by a staggering 90.33 percent to BDT 797.77 million compared to BDT 419.14 million in 2007 mainly due to decrease of provision by 22.27 percent (BDT 454.54 million vs. BDT 584.74 million in 2007). Therefore, Earning Per Share (EPS) in 2008 jumped accordingly to BDT 57.52 compared to BDT 30.22 (resated) in 2007. Both the Loans and Deposits increased by more than the industry average in 2008. Loans grew by 28.10 percent in 2008 (2008 end: BDT 39,662.16 million vs. 2007 end: BDT 30,961.80 million) and Deposit increased by 39.12 percent in 2008 (2008 end: BDT 41,572.77 million vs. 2007 end: BDT 29,882.11 million).

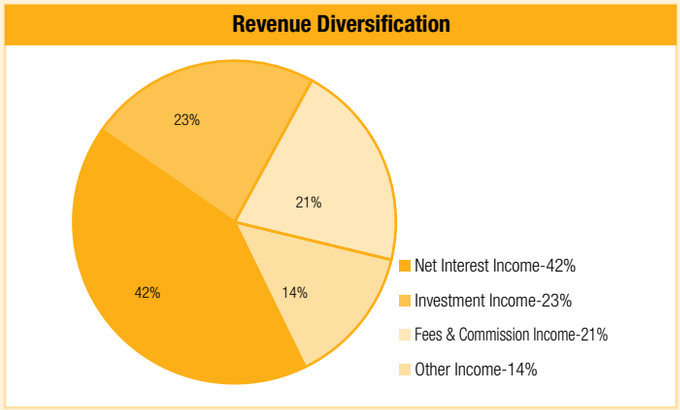


Results of Operation: Our operating results in 2008 showed a balanced growth in every earning component. Growth of NII during the said period was only 18.21 percent compared to 96 percent in 2007 largely attributable to slower loan growth in comparison to deposit growth. Cost of fund (Deposit and borrowing) has increased by 85 basis points to 8.94 percent (calculated based on daily average balances) during 2008 whereas yield on loans and placements has increased by only 14 basis points to 13.82 percent compared to those of 2007. But the lower growth of NII has been compensated by the impressive growth of other revenue by 42.59 percent which ultimately helped fetching 27.54 percent growth in operating profit during 2008. Following table compares key operating financials of the period mentioned:

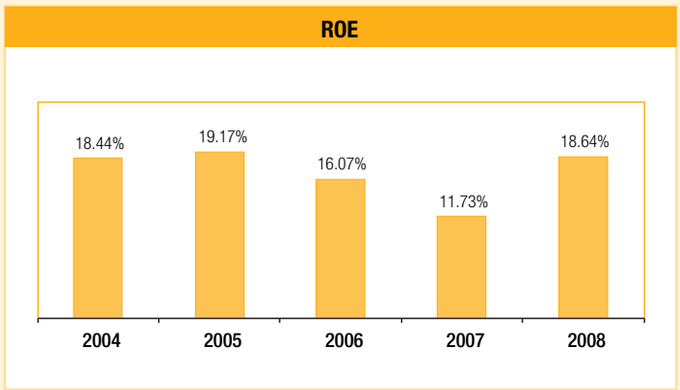
(BDT million except %)

	Year 2008	Year 2007	% Change
Interest income	5,233.66	3,814.76	37.19%
Interest expense	3,682.45	2,502.49	47.15%
Net interest income (NII)	**1,551.21**	**1,312.27**	**18.21%**
Income from investments	862.90	506.86	70.25%
Commission, exchange and brokerage	770.93	637.18	20.99%
Other operating income	518.96	365.71	41.90%
Total other revenue	2,152.79	1,509.75	42.59%
Total operating income	**3,704.00**	**2,822.02**	**31.25%**
Total operating expense	1,318.46	951.62	38.55%
Profit before provision and tax/Operating profit	**2,385.54**	**1,870.40**	**27.54%**
Provision for loans and contingent assets:			
Specific provision	241.42	459.84	-47.50%
General provision*	213.12	124.90	70.63%
Total provisions	454.54	584.74	-22.27%
Profit before tax for the year	**1,931.00**	**1,285.66**	**50.20%**
Tax provision	1,133.23	866.52	30.78%
Profit after tax	**797.77**	**419.14**	**90.33%**

* General provision includes a provision for contingent assets of BDT 105.74 million in 2008 compared to BDT 65.75 million in 2007 due to increase of required provision on contingent assets from 0.5 percent in 2007 to 1.0 percent in 2008.

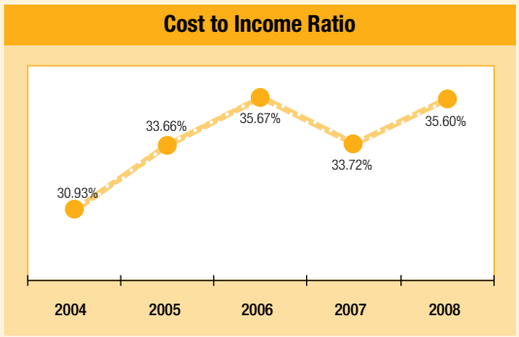


Key ratios: Since our profit after tax has increased by 90.33 percent during 2008, all the ratios (including ROE and ROA) whose numerator is the PAT have jumped. Following table summarizes some of the major financial ratios:



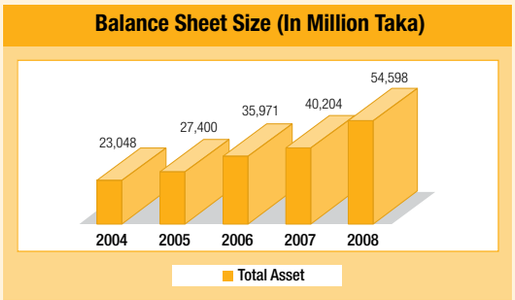
	Year 2008	Year 2007
Return on average equity[1] (ROE)	18.64%	11.73%
Return on average assets[1] (ROA)	1.68%	1.10%
Cost to income ratio[2]	35.60%	33.72%
Capital adequacy ratio	12.71%	13.53%
NPL ratio[3]	3.30%	4.31%
EPS (BDT)	57.52	30.22
Credit to deposit ratio[4]	95.40%	103.61%
Price to book value ratio[5]	172.69%	289.46%

1. ROE: Profit after tax/Average of the year open and end equity, ROA: Profit after tax/Average of the year open and end assets.
2. Operating expense/Total operating income.
3. NPL or classified loans at year end 2008/Total loans.
4. Gross loans without netting provision or interest suspense/Total deposit at year end 2008.
5. Decreased mainly due to decrease of share price from BDT 1,071 (31-12-07) to BDT 589 (31-12-08) at DSE.



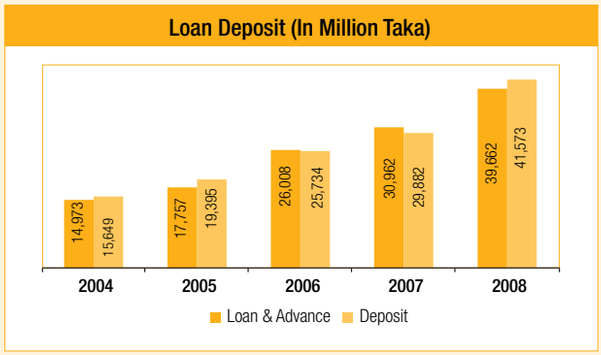
Financial standing: Loan portfolio of the Bank increased by 28.10 percent to BDT 39,662.16 million whereas **Deposits** grew by 39.12 percent to BDT 41,572.77 million as on December 31, 2008. In absolute numbers, Loans grew by BDT 8,700.36 million whereas Deposits grew by BDT 11,690.66 million in 2008. **Borrowing** increased by BDT 1,154.53 million or 30.43 percent whereas placement grew by BDT 230 million or 48.94 percent over those of 2007.

Investment increased by 54.03 percent to BDT 5,324.76 million as on December 31, 2008. **Fixed Assets** increased by 43.02 percent reaching BDT 1,246.11 million as on year end 2008 mainly due to purchase of land costing BDT 306.60 million. **Shareholders' Equity** increased by 23.62 percent in 2008 and reached BDT 4,732.78 million as on year end 2008. Finally, the Balance Sheet size of EBL i.e. **Total Assets** increased significantly by 35.80 percent and reached to BDT 54,598.27 million as on December 31, 2008. Following table shows major balance sheet components presented with change percentage:



(BDT million except %)

	31-12-2008	31-12-2007	% change
Cash and balance with BBK & other banks, FIs	6,936.56	3,900.50	77.84%
Money at call and short notice	700.00	470.00	48.94%
Investment in government and other bonds, shares, debentures etc.	5,324.76	3,456.99	54.03%
Advances	39,662.16	30,961.80	28.10%
Fixed assets (Including software)	1,246.11	871.27	43.02%
Other assets	728.68	543.12	34.16%
Total assets	**54,598.27**	**40,203.68**	**35.80%**
Borrowings	4,948.00	3,793.47	30.43%
Deposits:	**41,572.77**	**29,882.11**	**39.12%**
----Current deposit and other accounts	4,402.39	3,284.48	34.04%
---- Savings deposits	7,337.77	5,896.62	24.44%
---- Fixed deposits	29,192.34	20,201.08	44.51%
---- Other deposits	640.27	499.93	28.07%
Other liabilities	3,344.72	2,699.51	23.90%
Shareholders' equity:	**4,732.78**	**3,828.60**	**23.62%**
----Paid up capital & Statutory reserve	2,773.80	2,070.00	34.00%
----General and other reserves	1,513.11	1,406.70	7.56%
----Retained earnings	445.87	351.90	26.70%
Total liabilities and equity	**54,598.27**	**40,203.68**	**35.80%**



Analysis of Net Interest Income and Spread: Following table summarizes average balance sheet during indicated period:

(BDT million except %)

	Year 2008	Year 2007	% Change
Average interest earning assets	44,689.08	34,289.00	30.33%
-- Average loans	35,602.01	26,894.32	32.38%
-- Average placement	2,024.90	814.91	148.48%
-- Average investment	7,062.17	6,579.77	7.33%
Average interest bearing liabilities	41,132.24	30,895.63	33.13%
-- Average deposits	34,031.74	25,539.96	33.25%
-- Average borrowings	7,100.50	5,355.67	32.58%
Yield (Loans and placement)	13.82%	13.68%	-
Yield (Loan, placement & investment)	13.57%	12.54%	-
Cost of fund (Deposit and borrowing)	8.94%	8.09%	-
Overall spread	4.63%	4.45%	-

Net interest income has increased by 18.21 percent during 2008 to BDT 1,551.21 million compared to BDT 1,312.27 million in 2007 mainly due to volume and rate effects as mentioned below:

- Average loans and placements have increased by BDT 9,917.69 million or 35.79 percent in 2008 over that of 2007 causing interest income to rise by BDT 1,380.11 million in 2008 compared to 2007.

- Yield on average loans and placement during 2008 has increased by 14 basis points to 13.82 percent over 13.68 percent during 2007 causing interest income to rise by BDT 38.79 million.

- Average deposits and borrowings have increased by BDT 10,236.61 million or 33.13 percent in 2008 over that of 2007 causing interest expense to rise by BDT 917.35 million in 2008 compared to 2007.

- Cost of fund on average deposit and borrowing has increased by 85 basis points to 8.94 percent over 8.09 percent during 2007 causing interest expense to rise by BDT 262.61 million.

Loan classification and provision: EBL strictly follows the Bangladesh Bank guidelines for loan classification and provisioning. The summary of some objective criteria for loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 05 dated June 05, 2006 is presented in the respective part of 'Business Review 2008'.

When any borrowing relationship displays signs of weakness that account is placed on Early Alert. Such relationships warrant dedicated and close monitoring by the respective relationship manager and risk manager. Account strategies are re-evaluated and remedial actions are agreed upon with counterparties and monitored accordingly. Remedial actions may include, but are not limited to, exposure reduction, security enhancement, exit of the account or restructuring. Following table summarizes component wise classification status of loans:

(BDT million except %)

	Year 2008	Year 2007	% Change
Unclassified loans:	**38,353.31**	**29,628.10**	**29.45%**
Standard (Including staff loan)	37,925.93	29,347.07	29.23%
Special Mention Accounts (SMA)	427.38	281.03	52.08%
Classified loans:	**1,308.85**	**1,333.71**	**-1.86%**
Sub-standard (SS)	165.05	57.50	187.05%
Doubtful of recovery (DF)	203.37	378.23	-46.23%
Bad/loss (BL)	940.43	897.97	4.73%
Total loans	**39,662.16**	**30,961.80**	**28.10%**
NPL %	**3.30%**	**4.31%**	**---**

Coverage ratio (provision against classified loans/total classified loans) at the year end 2008 was 52.90 percent against 49.46 percent in 2007. Due to varying rate of required provision against SS, DF and BL loan contracts, total required provision against classified loans was BDT 692.37 million as on year end 2008 which was fully provided for meaning there was no provision shortfall. General provision maintained against unclassified loans and contingent assets was BDT 727.19 million (of which BDT 171.49 million was for contingent assets) on 31 December 2008 against BDT 515.93 million (of which BDT 65.75 million was for contingent assets) at the year end 2007.

Loan concentration: Pursuant to the guidelines of the central bank, our funded exposure to an individual borrower or a group must not exceed 15 percent of our regulatory capital (Sum of tier 1 and tier 2 capital calculated following central bank guidelines). Loan portfolio of EBL has been well diversified as indicated in following table. To maintain our desired diversity we make a plan or budget at the beginning of a year regarding sectoral allocation of assets. During the year ended 31 December 2008, we had no single or group borrower which exceeded the prudential exposure limit prescribed by Bangladesh Bank.

(BDT million except %)

	Year 2008	%	Year 2007	%
Commercial and Trading	3,795.71	9.57%	2,459.94	7.95%
Importer of Commodity	1,162.43	2.93%	890.42	2.88%
Construction	879.64	2.22%	454.80	1.47%
Edible Oil Refinery Industry	2,021.51	5.10%	1,155.43	3.73%
Electronics Goods	841.63	2.12%	866.72	2.80%
Individuals	5,518.88	13.91%	3,737.42	12.07%
Pharmaceuticals Industries	1,456.90	3.67%	902.39	2.91%
Readymade Garments Industry	5,151.76	12.99%	3,989.41	12.88%
Ship Breaking Industry	4,751.11	11.98%	1,390.25	4.49%
Industries for Steel products	2,464.33	6.21%	2,325.35	7.51%
Telecommunication Sector	951.16	2.40%	1,534.69	4.96%
Textile Mills	4,042.23	10.19%	3,737.18	12.07%
Others	6,624.89	16.70%	7,517.81	24.28%
	39,662.16	**100.00%**	**30,961.80**	**100.00%**

Capital adequacy: Up to December 2008, we had been following capital adequacy guidelines under Basel I by the central bank and used to report our capital adequacy positions twice in a year to central bank. During the year 2009 we have to report our capital adequacy positions every quarter following both the Basel I and Basel II in parallel. From 2010 onwards, we have to report the same following capital adequacy guidelines under Basel II.

Under Basel I we are required to maintain a minimum of 10 percent capital (Tier 1 & 2) of our risk weighted assets or RWA (including off-balance sheet items) at least 5 percent of which must be tier 1 capital. RWA, under Basel I, was solely calculated on the basis of credit risk. Our capital adequacy ratio calculated in accordance with Basel I guidelines at the year end 2008 were 12.71 percent including tier 1 capital adequacy ratio of 10.34 percent.

Total capital (Tier 1 & 2) of EBL stood at BDT 5,251.57 million against risk weighted assets of BDT 41,315.29 million at the year end 2008. As per Basel I guidelines, funded loan exposure and investment in private sector both carry 100 percent risk weight. As on 31 December 2008, BDT 32,516.74 million or 78.70 percent of total risk weighted assets was under the above two categories (Private sector loans and investment). BDT 6,685.12 million or 16.18 percent of total RWA was for off-balance sheet items and rest BDT 2,113.43 million or 5.12 percent of total RWA comprises other assets carrying different risk weights as on year end 2008. Following table summarizes key information on capital adequacy:

As per BBK guidelines under BASEL I (In Million Taka)

	December 31, 2008	December 31, 2007
Tier-1 (core) capital	4,270.71	3,395.41
Tier-2 (supplementary) capital	980.86	755.16
Total capital	5,251.57	4,150.56
Total Risk weighted assets (RWA)	41,315.29	30,687.09
Tier-1 capital adequacy ratio	10.34%	11.07%
Tier-2 capital adequacy ratio	2.37%	2.46%
Total capital adequacy ratio	12.71%	13.53%

Segment revenue: The Business Matrix of EBL consists of Corporate, Consumer and SME Banking as core business units with Treasury being the manager of funds. We do fund transfer pricing (FTP) to ensure funds are being sourced cheaply and used cautiously and profitably. FTP also ensures fair distribution of Net Interest Income among business segments and helps segments rationalize/analyze the performance (profitability) of respective segments.

FTP is applied monthly on the basis of tenor wise average balances of loans and deposits taking into consideration the restricted funds required to maintain CRR and SLR. The rates are based on tenor wise T-bill rates (only indicative market rates available in the country) and adjusted after discussion in the ALCO.

Following table summarizes business segment wise revenue for 'Main Operation':

(BDT in million)

	Business Segments									
Head of Income/ Expenses	Corporate		Consumer		SME		Treasury		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Interest Income from Loan	3,794.76	2,875.90	637.36	558.41	515.13	266.60	-	-	4,947.25	3,700.91
Income from Investment	-	-	-	-	-	-	862.90	506.86	862.90	506.86
Interest Income from Placement	-	-	-	-	-	-	277.16	108.00	277.16	108.00
Total	**3,794.76**	**2,875.90**	**637.36**	**558.41**	**515.13**	**266.60**	**1,140.07**	**614.86**	**6,087.32**	**4,315.77**
Interest Expenses for Deposits	1,238.70	717.95	1,601.19	1,301.14	106.66	37.56	-	-	2,946.55	2,056.65
Interest Expenses for Borrowing	-	-	-	-	49.01	14.27	679.82	427.15	728.83	441.42
Total	**1,238.70**	**717.95**	**1,601.19**	**1,301.14**	**155.67**	**51.83**	**679.82**	**427.15**	**3,675.38**	**2,498.07**
Net Interest Income (NII) before TP	**2,556.06**	**2,157.95**	**(963.83)**	**(742.73)**	**359.46**	**214.77**	**460.25**	**187.71**	**2,411.94**	**1,817.70**
Net TP income (expenses)	(1,494.52)	(1,331.85)	1,216.15	924.47	(153.29)	(79.50)	431.66	486.88	-	-
NII after TP	**1,061.54**	**826.10**	**252.32**	**181.74**	**206.17**	**135.27**	**891.91**	**674.59**	**2,411.94**	**1,817.70**
Other revenues (Fees and commission, FX income and other income)	601.71	504.84	226.89	75.54	59.08	57.69	402.01	364.69	1,289.69	1,002.76
Total Revenue	**1,663.25**	**1,330.94**	**479.21**	**257.28**	**265.25**	**192.96**	**1,293.92**	**1,039.28**	**3,701.63**	**2,820.46**

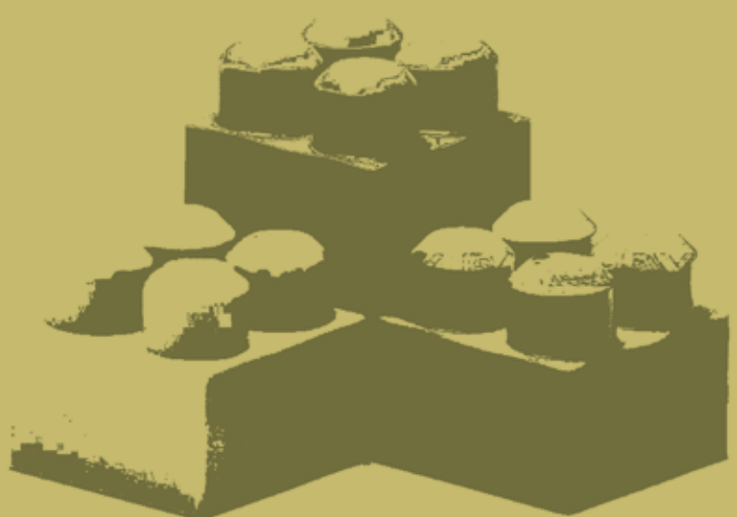
Non-interest/operating expenses: Operating expenses have increased by 38.55 percent to BDT 1,318.46 million in 2008 compared to BDT 951.62 million in 2007 as sets forth in the following table:

(BDT million except %)

	2008	2007	Change %
Employee expense	610.01	422.04	44.54%
Other administrative expense	546.12	427.51	27.74%
Legal and professional expense	20.22	17.82	13.43%
Depreciation, repair and maintenance	141.84	84.04	68.78%
Audit fees	0.27	0.21	31.04%
Total operating/Non interest expenses	**1,318.46**	**951.62**	**38.55%**

Employee expenses have increased by 44.54 percent in 2008 over that of 2007 mainly due to increase of headcount from 690 to 763 from the year end 2007 to 2008 and yearly increase of salary and other employee benefits. Depreciation on fixed assets have increased by 24.81 percent to BDT 79.52 million in 2008 whereas repair and maintenance expense have increased by 206.57 percent to BDT 62.33 million in 2008 compared to those of 2007. The jump in maintenance expenses in 2008 was mainly due to increase of annual maintenance charge for various software and networking equipments and repair of electronic machines, furniture etc.

value added and EVA statement



Value Added Statement for the year ended 31 December 2008

Particulars	2008 Taka		2007 Taka
	Amount in Taka		
Income from Banking services	7,375,768,276		5,324,595,764
Less: Cost of services & supplies	(4,311,380,614)		(2,968,566,841)
Value added by the Banking services	3,064,387,662		2,356,028,922
Non-banking income	10,681,618		1 19,924
Loan written off & provision	(454,537,483)		(584,738,996)
	2,620,531,798		**1,771,409,850**
Distribution of value added			
Employees as salaries & allowances	610,013,866	23.3%	422,038,171
Govt. as income tax	1,133,227,919	43.2%	866,518,184
Shareholders	797,774,068	30.4%	419,142,205
Depreciation	79,515,944	3.0%	63,711,291
	2,620,531,798	**100.0%**	**1,771,409, 850**

EVA statement for the year ended 31 December 2008

Particulars	2008 Taka	2007 Taka
	Amount in Taka	
Shareholders' equity	4,732,779,536	3,828,602,442
Add: Provision for loans and advances	1,422,106,903	1,176,303,272
	6,154,886,439	**5,004,905,714**
Average Shareholders' equity	**5,579,896,076**	**4,552,811,703**
Earnings		
Profit after taxation	797,774,068	419,142,205
Add: Provision for loans and advances	454,537,483	584,738,996
	1,252,311,551	**1,003,881,201**
Average cost of equity (Based on weighted avergae rate of Shanchay Patra issued by the Bangladesh Government) Plus 2% risk factor	12.50%	13.75%
	697,487,010	**626,011,609**
Economic Value Added	**554,824,542**	**377,869,592**
Growth over last year	**47%**	**90%**

audited financial statements 2008



Auditors' report to the Shareholders of
Eastern Bank Limited

We have audited the accompanying Balance Sheet of Eastern Bank Limited (the Bank) as of 31 December 2008 and the related Profit and Loss Account, Statement of Cash Flows and Statement of changes in Equity together with the Notes 1 to 43 for the year then ended. Preparation of these Financial Statements is the responsibility of the Bank's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA) and Bangldesh Auditing Practice Statements (BAPS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the Bank's affairs as of 31 December 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that,

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

iii) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 43 dealt with by the report are in agreement with the books of account and returns;

iv) the expenditure incurred was for the purposes of the Bank's business;

v) the financial position of the Bank at 31 December 2008 and the profit for the year then ended have been properly reflected in the Financial Statements;

vi) the Financial Statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;

viii) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

ix) the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements on the basis of the statements certified by the branch manager and considered by us as correct;

x) the information and explanations required by us have been received and found satisfactory;

xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,800 person hours for the audit of books and accounts of the Bank;

xii) the capital adequacy ratio (CAR), as required by law, has been maintained adequately during the year.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dated: Dhaka, 02 March, 2009

Eastern Bank Limited

Combined Balance Sheet

as at 31 December 2008

PROPERTY AND ASSETS	Note	2008 Taka Offshore	2008 Taka Main Operation	2008 Taka Total	2007 Taka
Cash					
Cash in hand (including foreign currencies)	3	-	426,684,325	426,684,325	382,927,615
Balances with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4	-	3,091,861,836	3,091,861,836	1,970,854,119
		-	3,518,546,161	3,518,546,161	2,353,781,734
Balances with other Banks and Financial Institutions	5				
In Bangladesh		-	2,948,217,394	2,948,217,394	1,276,690,139
Outside Bangladesh	5(a)	11,693,166	458,106,531	469,799,697	270,025,665
		11,693,166	3,406,323,925	3,418,017,092	1,546,715,803
Money at call and short notice	6	-	700,000,000	700,000,000	470,000,000
Investments	7				
Government		-	4,923,272,085	4,923,272,085	3,312,836,137
Others		-	401,486,455	401,486,455	144,153,970
		-	5,324,758,540	5,324,758,540	3,456,990,107
Loans and advances	8				
Loans, cash credits, overdrafts, etc.	8(a)	234,778,922	38,632,083,300	38,866,862,222	30,260,267,971
Bills purchased and discounted		-	795,300,591	795,300,591	701,534,858
		234,778,922	39,427,383,891	39,662,162,813	30,961,802,828
Fixed assets including land, building, furniture and fixtures	9	-	1,246,107,178	1,246,107,178	871,267,743
Other assets	10	-	728,676,288	728,676,288	543,124,261
Non-banking assets		-	-	-	-
TOTAL ASSETS		**246,472,089**	**54,351,795,983**	**54,598,268,072**	**40,203,682,476**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	11(a)	233,829,019	4,714,170,952	4,947,999,971	3,793,465,758
Deposits and other accounts	12				
Current deposits and other accounts, etc.	12.2 (a)	8,707,632	4,393,679,353	4,402,386,985	3,284,477,629
Bills payable	12.3	-	618,020,525	618,020,525	477,677,000
Savings bank deposits	12.4	-	7,337,769,077	7,337,769,077	5,896,619,266
Fixed deposits	12.5	-	29,192,341,198	29,192,341,198	20,201,082,357
Bearer certificates of deposits		-	22,250,000	22,250,000	22,250,000
		8,707,632	41,564,060,153	41,572,767,785	29,882,106,252
Other liabilities	13(a)	4,514,566	3,340,206,211	3,344,720,778	2,699,508,021
TOTAL LIABILITIES		**247,051,217**	**49,618,437,317**	**49,865,488,535**	**36,375,080,032**
Capital/Shareholders' Equity					
Paid up capital	14	-	1,386,900,000	1,386,900,000	1,035,000,000
Statutory reserve	15	-	1,386,900,000	1,386,900,000	1,035,000,000
Dividend equalisation reserve	16	-	356,040,000	356,040,000	356,040,000
Reserve against pre-take over loss	17	-	1,554,759,750	1,554,759,750	1,554,759,750
Pre-take over loss	17.1	-	(1,019,763,617)	(1,019,763,617)	(1,097,292,525)
Assets revaluation reserve	18	-	405,015,050	405,015,050	405,015,050
Reserve for amortization of treasury bills (HTM)	19	-	26,212,662	26,212,662	28,180,168
Reserve for revaluation of treasury bills (HFT)		-	30,841,625	30,841,625	-
Reserve for building fund	20	-	60,000,000	60,000,000	60,000,000
General reserve	21	-	100,000,000	100,000,000	100,000,000
Profit and loss account-retained earnings	22(a)	(579,129)	446,453,197	445,874,068	351,900,000
TOTAL SHAREHOLDERS' EQUITY		**(579,129)**	**4,733,358,666**	**4,732,779,536**	**3,828,602,445**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**246,472,089**	**54,351,795,983**	**54,598,268,072**	**40,203,682,476**

Eastern Bank Limited

Combined Balance Sheet

as at 31 December 2008

	Note	2008 Taka			2007 Taka
		Offshore	Main Operation	Total	
OFF BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptances and endorsements (net)		-	8,943,734,693	8,943,734,693	5,771,334,926
Letters of guarantees	23	-	2,342,277,290	2,342,277,290	1,793,971,094
Irrevocable letters of credit (net)		18,847,083	5,844,572,988	5,863,420,071	4,657,101,076
Bills for collection		-	847,371,198	847,371,198	431,974,868
Other liabilities (bad and loss)		-	-	-	-
		18,847,083	17,977,956,168	17,996,803,251	12,654,381,964
Other contingent liabilities					
Value of Bangladesh Sanchaya Patra on hand		-	346,204,100	346,204,100	434,117,100
Value of travelers' cheques on hand		-	204,567,968	204,567,968	184,558,936
		-	550,772,068	550,772,068	618,676,036
Total contingent liabilities		**18,847,083**	**18,528,728,237**	**18,547,575,320**	**13,273,058,000**
Other commitments					
Lease rental commitments		-	-	-	-
Documentary credits and short term trade -related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	2,082,685,682	2,082,685,682	65,599,991
Undrawn note issuance and revolving facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
Spot and forward foreign exchange rate contracts		-	-	-	-
Other capital commitments		-	-	-	-
Other exchange contracts		-	-	-	-
		-	2,082,685,682	2,082,685,682	65,599,991
Claims against the Bank not acknowledged as debt		-	-	-	-
		-	2,082,685,682	2,082,685,682	65,599,991
Total		**18,847,083**	**20,611,413,919**	**20,630,261,002**	**13,338,657,991**

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

Managing Director | Director | Director | Chairman

Auditors' report to the shareholders
See annexed report of date

Dated: Dhaka, 02 March, 2009

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Eastern Bank Limited

Combined Profit and Loss Account

for the year ended 31 December 2008

	Note	2008 Taka			2007 Taka
		Offshore	Main Operation	Total	
Interest income	24(a)	9,245,710	5,224,413,145	5,233,658,855	3,814,759,263
Less: Interest paid on deposits and borrowings	25(a)	7,065,803	3,675,380,751	3,682,446,554	2,502,489,623
Net interest income		**2,179,907**	**1,549,032,394**	**1,551,212,301**	**1,312,269,640**
Income from investments	26	-	862,903,795	862,903,795	506,856,546
Commission, exchange and brokerage	27(a)	135,951	770,793,298	770,929,249	637,184,031
Other operating income	28(a)	54,654	518,903,343	518,957,997	365,711,657
Total operating income		**2,370,511**	**3,701,632,829**	**3,704,003,340**	**2,822,021,874**
Salary and allowances	29	-	600,073,608	600,073,608	411,556,905
Rent, taxes, insurance, electricity etc.	30	-	108,926,781	108,926,781	71,920,207
Legal and professional expenses	31	-	20,215,333	20,215,333	17,821,671
Postage, stamp, telecommunication etc.	32	-	48,670,601	48,670,601	43,099,104
Stationery , printing, advertisement, etc.	33	-	139,733,665	139,733,665	99,194,921
Managing Director's salary and allowances	34	-	9,940,258	9,940,258	10,481,265
Directors' fees and expenses	35	-	993,393	993,393	1,266,801
Audit fees	36	-	274,424	274,424	209,424
Charges on loan losses		-	2,387,822	2,387,822	-
Repairs, maintenance and depreciation	37	-	141,842,352	141,842,352	84,041,858
Other expenses	38(a)	57,273	245,348,359	245,405,632	212,030,332
Total operating expense		**57,273**	**1,318,406,596**	**1,318,463,870**	**951,622,488**
Profit before provisions		**2,313,238**	**2,383,226,233**	**2,385,539,471**	**1,870,399,386**
Provision for loans and advances	13.2				
Specific provision		-	241,420,278	241,420,278	459,836,065
General provision	13.2(a)	1,851,410	211,265,795	213,117,205	124,902,932
(including provision for contingent assets)		1,851,410	452,686,073	454,537,483	584,738,997
Provision against other assets	13.4	-	-	-	-
Total provisions		**1,851,410**	**452,686,073**	**454,537,483**	**584,738,997**
Profit before tax for the year		**461,828**	**1,930,540,160**	**1,931,001,988**	**1,285,660,388**
Provision for tax made during the year	13.1.1(a)	(1,040,957)	(1,136,123,212)	(1,137,164,169)	(860,081,942)
Deferred tax (expenses)/income		-	3,936,250	3,936,250	(6,436,243)
		(1,040,957)	**(1,132,186,962)**	**(1,133,227,919)**	**(866,518,185)**
Net profit after tax for the year		**(579,129)**	**798,353,197**	**797,774,068**	**419,142,202**
Balance of profit brought forward from previous year		-	-	-	193,266,287
Adjustment relating to prior year		-	-	-	(53,508,490)
		(579,129)	**798,353,197**	**797,774,068**	**558,900,000**
Appropriations					
Statutory reserve	15	-	(351,900,000)	(351,900,000)	(207,000,000)
		-	(351,900,000)	(351,900,000)	(207,000,000)
Retained earnings carried forward	**22(a)**	**(579,129)**	**446,453,197**	**445,874,068**	**351,900,000**
Earning per share				**57.52**	**30.22**

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

Managing Director | Director | Director | Chairman

Auditors' report to the shareholders
See annexed report of date

Dated: Dhaka, 02 March, 2009

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Eastern Bank Limited

Combined Statement of changes in Equity

for the year ended 31 December 2008

Particulars	Paid up capital Taka	Statutory reserve Taka	Dividend equalization reserve Taka	General reserve and reserve for building fund Taka	Reserve against pre-take over loss Taka	Pre-takeover loss Taka	Asset revaluation reserve Taka	Treasury bill amortization reserve (HTM) Taka	Treasury bill revaluation reserve (HFT) Taka	Profit and loss account (RE) Taka	Total Taka
Balance on 1st January 2008	1,035,000,000	1,035,000,000	356,040,000	160,000,000	1,554,759,750	(1,097,292,525)	405,015,050	28,180,168	-	351,900,000	3,828,602,442
Net profit for the year 2008	-	-	-	-	-	-	-	-	-	797,774,068	797,774,068
Addition during the year 2008	-	-	-	-	-	-	-	(1,967,506)	30,841,625	-	28,874,119
Bonus share issued	351,900,000	-	-	-	-	-	-	-	-	(351,900,000)	-
Transfer to statutory reserve	-	351,900,000	-	-	-	-	-	-	-	(351,900,000)	-
Recovery from pre-take over Loss	-	-	-	-	-	77,528,908	-	-	-	-	77,528,908
Balance at 31st December 2008	**1,386,900,000**	**1,386,900,000**	**356,040,000**	**160,000,000**	**1,554,759,750**	**(1,019,763,617)**	**405,015,050**	**26,212,662**	**30,841,625**	**445,874,068**	**4,732,779,536**
Balance at 31st December 2007	**1,035,000,000**	**1,035,000,000**	**356,040,000**	**160,000,000**	**1,554,759,750**	**(1,097,292,525)**	**405,015,050**	**28,180,168**	**-**	**351,900,000**	**3,828,602,442**

Managing Director | Director | Director | Chairman

Eastern Bank Limited

Main Operation
Balance Sheet
as at 31 December 2008

PROPERTY AND ASSETS	Note	2008 Taka	2007 Taka
Cash			
Cash in hand (including foreign currencies)	3	426,684,325	382,927,615
Balances with Bangladesh Bank and its agent bank (s)	4	3,091,861,836	1,970,854,119
(including foreign currencies)		3,518,546,161	2,353,781,734
Balances with other banks and financial institutions	5		
In Bangladesh		2,948,217,394	1,276,690,139
Outside Bangladesh		458,106,531	263,661,848
		3,406,323,925	1,540,351,987
Money at call and short notice	6	700,000,000	470,000,000
Investments	7		
Government		4,923,272,085	3,312,836,137
Others		401,486,455	144,153,970
		5,324,758,540	3,456,990,107
Loans and advances	8		
Loans, cash credits, overdrafts, etc.		38,632,083,300	30,194,171,436
Bills purchased and discounted		795,300,591	701,534,858
		39,427,383,891	30,895,706,294
Fixed assets including land, building, furniture and fixtures	9	1,246,107,178	871,267,743
Other assets	10	728,676,288	543,124,261
Non-banking assets		-	-
TOTAL ASSETS		**54,351,795,983**	**40,131,222,125**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	4,714,170,952	3,727,118,831
Deposits and other accounts	12		
Current deposits and other accounts, etc.	12.2	4,393,679,354	3,280,873,047
Bills payable	12.3	618,020,525	477,677,000
Savings bank deposits	12.4	7,337,769,077	5,896,619,266
Fixed deposits	12.5	29,192,341,198	20,201,082,357
Bearer certificates of deposits		22,250,000	22,250,000
		41,564,060,153	29,878,501,670
Other liabilities	13	3,340,206,211	2,697,893,994
TOTAL LIABILITIES		**49,618,437,317**	**36,303,514,497**
Capital/Shareholders' equity			
Paid up capital	14	1,386,900,000	1,035,000,000
Statutory reserve	15	1,386,900,000	1,035,000,000
Dividend equalization reserve	16	356,040,000	356,040,000
Reserve against pre-take over loss	17	1,554,759,750	1,554,759,750
Pre-take over loss	17.1	(1,019,763,617)	(1,097,292,525)
Assets revaluation reserve	18	405,015,050	405,015,050
Reserve for amortization of treasury bills (HTM)	19	26,212,662	28,180,168
Reserve for revaluation of treasury bills (HFT)		30,841,625	-
Reserve for building fund	20	60,000,000	60,000,000
General reserve	21	100,000,000	100,000,000
Profit and loss account-retained earnings	22	446,453,197	351,005,184
TOTAL SHAREHOLDERS' EQUITY		**4,733,358,666**	**3,827,707,628**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**54,351,795,983**	**40,131,222,125**

Eastern Bank Limited

Main Operation
Balance Sheet
as at 31 December 2008

OFF BALANCE SHEET ITEMS	Note	2008 Taka	2007 Taka
Contingent liabilities			
Acceptances and endorsements (net)		8,943,734,693	5,767,247,987
Letters of guarantees	23	2,342,277,290	1,793,971,094
Irrevocable letters of credit (net)		5,844,572,988	4,657,101,076
Bills for collection		847,371,198	431,974,868
Other liabilities (bad and loss)		-	-
		17,977,956,168	12,650,295,025
Other contingent liabilities			
Value of Bangladesh sanchaya patra on hand		346,204,100	434,117,100
Value of travelers' cheques on hand		204,567,968	184,558,936
		550,772,068	618,676,036
Total contingent liabilities		**18,528,728,237**	**13,268,971,061**
Other commitments			
Lease rental commitments		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		2,082,685,682	65,599,991
Undrawn note issuance and revolving facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Spot and forward foreign exchange rate contracts		-	-
Other capital commitments		-	-
Other exchange contracts		-	-
		2,082,685,682	65,599,991
Claims against the Bank not acknowledged as debt		-	-
		2,082,685,682	65,599,991
Total		**20,611,413,919**	**13,334,571,052**

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

Managing Director | Director | Director | Chairman

Auditors' report to the shareholders
See annexed report of date

Dated: Dhaka, 02 March, 2009

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Eastern Bank Limited
Main Operation
Profit and Loss Account
for the year ended 31 December 2008

	Note	2008 Taka	2007 Taka
Interest income	24	5,224,413,145	3,808,903,036
Less: Interest paid on deposits and borrowings	25	3,675,380,751	2,498,068,117
Net interest income		**1,549,032,394**	**1,310,834,919**
Income from investments	26	862,903,795	506,856,546
Commission, exchange and brokerage	27	770,793,298	637,091,367
Other operating income	28	518,903,343	365,680,182
Total operating income		**3,701,632,829**	**2,820,463,014**
Salary and allowances	29	600,073,608	411,556,905
Rent, taxes, insurance, electricity etc.	30	108,926,781	71,920,207
Legal and professional expenses	31	20,215,333	17,821,671
Postage, stamp, telecommunication etc.	32	48,670,601	43,099,104
Stationery, printing, advertisement, etc.	33	139,733,665	99,194,921
Managing Director's salary and allowances	34	9,940,258	10,481,265
Directors' fees and expenses	35	993,393	1,266,801
Audit fees	36	274,424	209,424
Charges on loan losses		2,387,822	-
Repairs, maintenance and depreciation	37	141,842,352	84,041,858
Other expenses	38	245,348,359	211,997,006
Total operating expense		**1,318,406,597**	**951,589,162**
Profit before provisions		**2,383,226,232**	**1,868,873,852**
Provision for loans and advances	13.2		
Specific provision		241,420,278	459,836,065
General provision (loans and contingent assets)		211,265,795	124,557,943
		452,686,073	584,394,008
Provision against other assets	13.4	-	-
Total provisions		**452,686,073**	**584,394,008**
Profit before tax for the year		**1,930,540,159**	**1,284,479,844**
Provision for tax made during the year	13.1.1	(1,136,123,212)	(859,395,451)
Deferred tax (expenses)/income		3,936,250	(6,436,243)
		(1,132,186,962)	**(865,831,694)**
Net Profit after tax for the year		**798,353,197**	**418,648,150**
Balance of profit brought forward from previous year		-	192,862,647
Adjustment relating to prior year (tax)		-	(53,505,613)
		798,353,197	**558,005,184**
Retained earnings transferred from OBU		-	894,816
		798,353,197	**558,900,000**
Transfer to statutory reserve	15	(351,900,000)	(207,000,000)
		(351,900,000)	**(207,000,000)**
Retained earnings carried forward	22	**446,453,197**	**351,900,000**

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

Managing Director | Director | Director | Chairman

Auditors' report to the shareholders
See annexed report of date

Dated: Dhaka, 02 March, 2009

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Eastern Bank Limited
Main Operation
Cash Flow Statement
for the year ended 31 December 2008

	Note	2008 Taka	2007 Taka
A) Cash flows from operating activities			
Interest received	**24**	5,224,413,145	3,808,903,036
Interest paid	**25**	(3,675,380,751)	(2,498,068,117)
Dividend received	**26**	10,681,618	119,924
Fees and commission received	**27**	770,793,298	637,091,367
Income from investment	**26**	852,222,177	506,736,622
Recovery of loans previously written off		56,040,474	73,090,678
Cash paid to employees (including directors)		(553,507,259)	(423,304,971)
Cash paid to suppliers		(401,111,492)	(288,175,341)
Income taxes paid	**13.1**	(939,912,429)	(723,202,347)
Received from other operating activities	**39**	462,862,868	289,980,951
Paid for other operating activities	**38**	(245,348,359)	(211,997,006)
Operating profit before changes in operating assets and liabilities		1,561,753,289	1,171,174,796
Increase/(decrease) in Operating Assets & Liabilities			
Changes in trading securities		-	-
Loans and advances to other banks		-	-
Loans and advances to customers (other than banks)		(8,731,611,931)	(5,361,922,056)
Other assets	**40**	(79,631,422)	(41,007,402)
Deposits from other Banks		86,980	(14,421,227)
Deposits from customers (other than banks)		11,685,471,503	4,406,442,329
Other liabilities	**41**	132,193,109	(128,032,873)
Net Cash received from operating activities		4,568,261,529	32,233,567
B) Cash flows from investing activities			
Changes in non-trading securities		(3,008,894,314)	(2,516,382,002)
Net proceeds /(payments) for sale/ purchase of Treasury bills		1,170,000,000	2,510,000,000
Purchase of property, plant and equipment		(456,241,293)	(184,392,923)
Sales proceeds of fixed assets		1,858,024	2,935,302
Purchase/sale of subsidiary		-	-
Net cash used in investing activities		(2,293,277,584)	(187,839,623)
C) Cash flows from financing activities			
Borrowings from other banks, financial institutions and agents		987,052,121	1,591,718,832
Received from issue of loan capital and debt securities		-	-
Dividend paid (cash dividend)		-	(165,600,000)
Net cash received from financing activities		987,052,121	1,426,118,832
D) Net (decrease) / increase in cash (A+B+C)		3,262,036,066	1,270,512,776
E) Opening cash and cash-equivalents		4,366,229,021	3,095,716,245
F) Closing cash and cash-equivalents (D+E)*		**7,628,265,086**	**4,366,229,021**
***Closing cash and cash-equivalents**			
Cash In hand (including foreign currencies)		426,684,325	382,927,615
Balances with Bangladesh Bank and its agent bank (s)		3,091,861,836	1,970,854,119
Balances with other Banks and Financial Institutions		3,406,323,925	1,540,351,987
Money at call and short notice		700,000,000	470,000,000
Prize bonds		3,395,000	2,095,300
		7,628,265,086	**4,366,229,021**

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

Managing Director | Director | Director | Chairman

Eastern Bank Limited

Main Operation

Liquidity Statement

(Asset and Liability Maturity Analysis)
as at 31 December 2008

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	3,518,546,161	-	-	-	-	3,518,546,161
Balances with other banks and financial institutions	1,482,494,906	1,340,148,706	583,680,313	-	-	3,406,323,925
Money at call and short notice	700,000,000	-	-	-	-	700,000,000
Investments	29,740,400	141,055	439,938,465	2,442,176,725	2,412,761,896	5,324,758,540
Loans and advances	9,847,759,271	8,174,805,414	8,974,530,379	11,183,322,363	1,246,966,465	39,427,383,891
Fixed assets including land, building, furniture and fixtures	5,289,676	10,579,436	47,607,462	212,422,867	970,207,737	1,246,107,178
Other assets	476,943,551	80,327,051	22,186,994	149,218,692	-	728,676,288
Non-banking assets	-	-	-	-	-	-
Total Assets	***16,060,773,965***	***9,606,001,661***	***10,067,943,613***	***13,987,140,647***	***4,629,936,098***	***54,351,795,983***
Liabilities						
Borrowing from other banks, financial institutions and agents	2,605,531,000	558,365,000	1,051,427,200	316,322,800	182,524,952	4,714,170,952
Deposits and other accounts	5,801,874,701	12,386,234,633	22,032,448,308	1,135,390,615	208,111,896	41,564,060,153
Provision and other liabilities	215,927,842	310,726,584	1,216,539,742	1,560,731,051	36,280,994	3,340,206,211
Total Liabilities	***8,623,333,543***	***13,255,326,217***	***24,300,415,250***	***3,012,444,466***	***426,917,842***	***49,618,437,317***
Net Liquidity Gap	***7,437,440,422***	***(3,649,324,555)***	***(14,232,471,637)***	***10,974,696,181***	***4,203,018,256***	***4,733,358,666***

Managing Director | Director | Director | Chairman

Eastern Bank Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2008

1 The Bank and Its Activities

1.1 The Eastern Bank Limited ("the Bank") was formed as a public limited company incorporated in Bangladesh with primary objective to carry out all kinds of banking businesses in and outside Bangladesh. Eastern Bank Limited took over the businesses, assets, liabilities and losses of erstwhile Bank of Credit & Commerce International (Overseas) Limited (hereinafter called BCCI) with effect from 16th August, 1992 as they stood after reduction or adjustments in accordance with the provisions of the Bank of Credit & Commerce International (Overseas) Limited (Reconstruction) Scheme, 1992 (hereinafter called "the Scheme"). The Bank commenced its business with four branches from 16 August 1992 and at present it has 34 branches all over Bangladesh. Shares of the Bank are listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The registered office of the Bank is located at Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka-1000.

The principal activities of Eastern Bank Limited are to provide a comprehensive range of financial services; personal and commercial banking; trade services; cash management; treasury, securities and custody services.

1.2 Offshore Banking Unit

Offshore Banking Unit (OBU) is a separate business unit of Eastern Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide letter no. BRPD(P)744/(89)/2004-303 dated January 25, 2004. The Bank commenced operation of this Unit from May 19, 2004 and its office is located at 10, Dilkusha C/A (2nd floor), Dhaka.

2 Significant Accounting Policies and bases of preparation

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2008 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, relevant Bangladesh Bank circulars, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong stock Exchanges listing regulations and other laws and rules applicable in Bangladesh.

2.2 Consolidation

The core banking software "Flexcube" of the Bank produces branch wise as well as consolidated Statement of Affairs (Trial Balance) every day which is preserved at head office and made available to branches. These financial statements have been prepared based on this consolidated Trial Balance.

2.3 Functional and presentation currency

These financial statements are presented in Taka which is Bank's functional currency except OBU where functional currency is the US Dollar (USD).

2.4 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

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

2.5 Investments

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

Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments is booked to equity.

Held for Trading (HFT)

Investment primarily held for selling or trading is classified in this category. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognised in the profit and loss account and any increase is booked to Revaluation Reserve Account through Profit & Loss Account.

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

2.6 Loans and Advances

Loans and advances are stated at gross amount. General provisions on unclassified loans and contingent assets, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities.

2.7 Fixed Assets and Depreciation

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

ii. Depreciation is charged at the following rates on all fixed assets and the amount is calculated from the date of capitalisation. Depreciation is charged on disposed assets up to date of disposal and accumulated depreciation on any disposal/write off are reversed.

iii. Depreciation rates used for each type of fixed assets are as follows:

Particulars of Fixed Assets	Rate of Depreciation p. a.	Method of depreciation
Land	0%	
Building	2.5%	Reducing balance
Furniture and fixtures	10%	Reducing balance
Office Equipment	20%	Reducing balance
Motor Vehicles	20%	Straight line

iv. Repairs and maintenance are charged to income as and when incurred.

2.7.1 Lease hold fixed assets

The Bank entered into a lease agreement in 2004 for its networking equipment for Taka 91,591,148 for a term of 5 years with IDLC Finance Limited. These assets are accounted for under finance lease in compliance with Bangladesh Accounting Standards -17 (Leases). All the rent installments have been paid by the year 2008.

Payment schedule:

Year	Installment Taka	Interest Taka	Lease obligation Taka	Outstanding Taka
2004	-	-	-	91,591,148
2004	23,896,956	9,356,426	14,540,530	77,050,618
2005	23,896,956	7,673,818	16,223,138	60,827,480
2006	23,896,956	5,796,495	18,100,461	42,727,019
2007	23,896,956	3,701,931	20,195,025	22,531,990
2008	23,896,956	1,364,966	22,531,990	-
	119,484,780	27,893,636	91,591,144	

2.8 Revenue recognition

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

2.8.1 Interest income

Interest on unclassified (excluding SMA) loans and advances have been accounted for as income on accrual basis, interest on classified loans and advances (including SMA) is credited to interest suspense account and actual receipt of interest therefrom is credited to income as and when received as per instruction of Bangladesh Bank.

2.8.2 Fees and Commission Income

Fess and Commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credit and letter of gaurantee are credited to income at the time of effecting the transactions.

2.8.3 Dividend income

Dividend income from shares is recognized at the time when it is declared and ascertained.

2.8.4 Interest paid on Borrowings and Deposits

Interest paid on Borrowings and Deposits are calculated on a day basis and recognized on accrual basis.

2.8.5 Interest Income from Investments

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

2.8.6 Management & Other expenses

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

2.8.7 Provision for Loans and Advances

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BCD Circular no.12 dated 4 September 1995, BRPD circular no. 16 dated 6 December 1998, BRPD circular no. 9 dated 14 May 2001, BRPD circular no.02 dated 15 February 2005 and BRPD circular no. 05 dated 27 April 2005. The classification rates as per Bangladesh Bank circulars used for provision are as follows:

	Business Unit	Rate of Provision				
		UC	SMA	SS	DF	BL
Consumer	House Building & Professional	2%	5%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%
Small & Medium Enterprise		1%	5%	20%	50%	100%
All Others		1%	5%	20%	50%	100%

2.8.8 Provision for taxation

a. Current Tax

Provision for current income tax has been made @ 45% as prescribed in Finance Ordinance, 2008 of the profit made by the Bank considering major taxable allowances and disallowances and the same is understated/overstated to that extent. Any shortfall/excess provision will be duly adjusted after final assessment.

b. Deferred Tax

Deferred Tax is calculated on the taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by Bangladesh Accounting Standard (BAS)-12 "Accounting for Taxes.

2.8.9 Retirement benefits

The retirement benefits accrued for the employees of the Bank during reporting period have been accounted for in accordance with the provisions of BAS-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Gratuity

i) The Bank operates a funded gratuity scheme approved by the National Board of Revenue with effect from 01 January 1997. The Gratuity Fund has been managed separately from those of EBL by "EBL Employees Gratuity Fund Trust" and any investment decision out of this gratuity fund is also made by this trust. The benefit is paid to those employees who have completed minimum 10 (ten) years of continuous service at the time of separation from the Bank.

ii) Provision for gratuity is made in the books monthly on the basis of actuarial valuation made once in three years. Last actuarial valuation was done based on information of June 2008. As per this valuation, BDT 15 million per year for past deficits and 5.3% of basic salary for future service have been transferred to Gratuity Fund.

b) Provident fund

The Bank operates a contributory provident fund for its permanent employees funded by both the employees and the Bank at a pre-determined rate. This fund is managed by a separate trustee board "EBL Employees Provident Fund Trust" and any investment decision out of this fund is made separately from that of the company's funds. This fund got approval from the National Board of Revenue on July 31, 1997.

c) Superannuation fund

The Bank operates a superannuation fund approved by the National Board of Revenue with effect from November 20, 1999 and is governed by the trust deed of "EBL Employees Superannuation Fund Trust". As per trust deed, benefit is payable to the employees of the Bank as per their ranks, grades and length of service with the Bank.The Bank conducted an actuarial valuation of the fund in 2006 and the next valuation is due in 2009. The broader objectives of this valuation was to calculate the on going as well as future liability that will arise from the pool of employees of the Bank. The actuary recommended the minimum contribution of 0.63% of total admissible benefits into the fund each year.

2.8.10 Exchange rate:

Foreign currencies are translated into Taka currency at the following rates:

a) Assets and Liabilities existing at the takeover date, at the rate prevailing on 6 July 1991.

b) Assets relating to customers' foreign currency deposit account at standard mid rates of USD 1=Tk.68.92 and GBP 1=Tk.99.66 and EURO 1= Tk.96.32 as on 31 December 2008.

c) Other foreign currency related transactions have been converted by using the rate of exchange prevailing on the dates of such transactions.

2.9 Earning per share

Earning 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 2008 as per BAS- 33 "Earning Per Share". Diluted earning per share was not required to calculate as there were no dilution possibilities during the year. While restating EPS figure for 2007, the bonus share issued during 2008 (against profit of 2007) has been treated as if they had been in issue from the beginning of 2008 as per BAS-33. Hence, same denominator i.e. 1,38,69,000 shares outstanding as on 31-12-2008 has been used in calculating EPS for 2008 as well as restating the same for 2007.

2.10 Reconciliation of Books and Accounts

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

2.11 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 financial year.

2.12 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.

2.13 Liquidity Statement

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases.

a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term.

b) Investments are on the basis of their residual maturity term.

c) Loans and advances are on the basis of their repayment/maturity schedule.

d) Fixed assets are on the basis of their useful lives.

e) Other assets are on the basis of their adjustment.

f) Borrowings from other banks and financial institutions as per their maturity/repayment term.

g) Deposits and other accounts are on the basis of their maturity term and behavioral past trend

h) Other long term liability on the basis of their maturity term.

i) Provisions and other liabilities are on the basis of their settlement.

2 A

I) Credit Rating of the Bank

As per the BRPD instruction circular no.6 dated July 5, 2006, the Bank has done its credit rating by Credit Rating Information and Services Limited (CRISL) based on the Financial Statements dated 31 December 2007, the follwing rating has been awarded.

	Bases of information (as on or period)	Date of Rating	Long term	Short term
Entity Rating	Jan to Dec 2007	**15/06/08**	**A+**	**ST-3**
Entity Rating	Jan to Dec 2006	**27/06/07**	**A**	**ST-3**
Entity Rating	Jan to Jun 2006	**14/03/07**	**A**	**ST-3**

II) Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Disclosures in Financial Statements of Banks and Similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Name of BFRS	BFRS No.	Status
Share Base Payments	2	N/A
Business Combinations	3	N/A
Non- Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A

III) General

a) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

b) Previous year's figures have been rearranged, where necessary, in order to conform to current year's presentation.

IV) Audit Committee Disclosures

In compliance with the BRPD Circular No. 12 dated 23 December 2002 of Bangladesh Bank, an audit committee of EBL Board was first constituted by the Board of Directors of Eastern Bank Limited (EBL) in its 253rd meeting held on 7th January 2003 and thereafter last reconstituted in the 397 Board Meeting held on 17 June 2008 which was duly confirmed by the Board in the next 398 Board Meeting held on 02 July 2008.

SL No.	Name	Status in the Bank	Status in the Committee	Educational Qualification
i)	A. M. Shaukat Ali	Director	Chairman	B. Sc. Engineer
ii)	Gazi Md. Shakhawat Hossain	Director	Member	M. com (Accounting)
iii)	Meah Mohammed Abdur Rahim (Independent Director/Director from the Depositors)	Director	Member	Bachelor of Commerce/A.I.C.S

The company secretary is to act as Secretary of the Audit Committee of the Board.

During the Year 2008, the Audit Committee of the Board conducted 4 (four) meetings in which among other things, the following issues were reviewed/discussed:

* Terms of Reference of the Audit Committee as stated in the BRPD Circular No. 12 dated 23/12/2002.
* Reviewing the Internal Audit Reports along with the Executive Summary of the different EBL branches/departments conducted by the Internal Audit Team of the Bank from time to time and also the status of compliance thereof.
* Reviewing the organogram of Internal Control and Compliance Department as recommended by Bangladesh Bank prudential guidelines.
* Reviewing the progress of strengthening the internal control system & procedures, strict compliance of Anti-Money Laundering Act and also the Internal Audit Team of the Bank.
* The Committee places its report regularly to the Board of the Bank for review and monitoring the activities with recommendations on internal control system, compliance of rules and regulations of the Regulatory Bodies.

The Audit Committee meetings were held on the following dates:
21st meeting held on 28th January 2008
22nd meeting held on 30th April 2008
23rd meeting held on 27th November 2008
24th meeting held on 4th December 2008

2B Related party disclosures

I) Directors' interest in different entities

Name of Directors	Status in the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage (%) of Holding/ Interest in the concern
Mir Nasir Hossain	Chairman	Mir Akhter Hossain Ltd.	Director	40.00%
		Mir Ceramic Ltd.	MD	99.78%
		Mir Holdings Ltd.	MD	50.00%
		Agrani Insurance Co. Ltd.	Director	3.72%
		Mir Pharmaceuticals Ltd.	MD	50.00%
		Mir Telecom Ltd.	Chairman	24.98%
		Fair Trading	Proprietor	100.00%
Md. Showkat Ali Chowdhury	Director	Need Apparels (pvt) Ltd.	Chairman	35.00%
		Need Tex Chittagong Ltd.	Chairman	17.50%
		Need Fashion wear & Textile Ltd.	Chairman	35.00%
		Need Dresses (pvt) Ltd.	Chairman	17.50%
		Chittagong Oxygen (pvt) Ltd.	Chairman	20.00%
		Finlay International Ltd.	Chairman	81.00%
		(Ex J. F. Engineering Services Ltd.)		
		Z. N. Enterprise Ltd.	MD	50.00%
		Namreen Enterprise Ltd.	MD	50.00%
		M. M. Khan & Company Ltd.	MD	52.00%
		Port Link Logistics Centre Ltd.	Director	25.00%
		South Asia Capital Ltd.	Director	6.38%
		South Asia Securities Ltd.	Director	4.40%
		Peninsula Housing & Development Ltd.	Director	36.00%
		Legend Properties Development Ltd.	Director	50.00%
		Consolidated Tea & Plantation Ltd.	Director	20.00%
		Z. N. Shipping Lines	Proprietor	100%
A. M. Shaukat Ali	Director	Engineering Consultants & Associates Ltd.	Chairman	20%
Mohd. Noor Ali	Director	Unique Hotel and Resorts Ltd.	MD	7.00%
		Borak Real Estate (Pvt.) Ltd.	MD	20.00%
		Unique Vocational Training Centre	Proprietor	100.00%
		Borak Travel Ltd.	MD	50.00%
		Unique Ceramic Industries (Pvt) Ltd.	MD	8.00%
		Guanchong Unique Vocational Testing Institute	MD	10.00%
		Unique Eastern (Pvt.) Ltd.	MD	47.00%
		Unique Enterprise	Proprietor	100%
Ormaan Rafay Nizam (Director from the depositors)	Director	National Brokers Limited	Director	0.80%
Aquamarine Distributions Ltd. Represented by Asif Mahmood	Director	Advance Technology Computers Ltd.	Chairman	33.33%
		Advanced Data Networks System Ltd.	Chairman	20.00%
		Tech Valley Computers Ltd.	Director	33.33%
		Pangaca Partners (BD) Ltd.	Director	20.00%
M/s Unique Eastern (Pvt) Ltd. Represented by Gazi Md. Shakhawat Hossain	Director	Purnima Construction (Pvt) Ltd.	MD	15.00%
		Unique Hotel and Resorts Ltd.	Representative Director	15.00%

Name of Directors	Status in the Bank	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status	Percentage (%) of Holding/ Interest in the concern
Meah Mohammed Abdur Rahim	Director	Ancient Steamship Company Hudig and Meah (BD) Ltd.	Proprietor MD	100.00% 51.00%
Aneela Haque	Director	Andes Ltd. Presence Ltd. Andes Publications	MD MD Proprietor	80.00% 80.00% 100.00%
Ali Reza Iftekhar	CEO & MD	Nil	Nil	Nil

ii) **Significant contracts where Bank is a party & wherein Directors have interest:** Nil

iii) **Shares issued to Directors and Executives without consideration or exercisable at discount:** Nil

iv) **Related Party Transactions:** Please see Annexure -C

v) **Lending Policies to Related Parties:**

Related parties are allowed Loans and Advances as per General Loan Policy of the Bank.

vi) **Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act 1991:** Nil

vii) **Investments in the Securities of Directors and their related concern:** Nil

		2008 Taka	2007 Taka
3	**Cash in hand (Including foreign currencies)**		
	Local currency	413,914,006	361,638,420
	Foreign currencies	12,770,319	21,289,195
		426,684,325	**382,927,615**
4	**Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)**		
	Bangladesh Bank		
	Local currency	2,145,074,473	1,527,063,518
	Foreign currencies	827,881,465	372,923,709
		2,972,955,939	1,899,987,227
	Sonali Bank (as an agent of Bangladesh Bank)-local currency	118,905,897	70,866,892
		3,091,861,836	**1,970,854,119**
4.1	**Cash Reserve Ratio (CRR): 5% of average demand and time liabilities**		
	Average time and demand liabilities of October 2008 (excluding inter-bank deposit)	**39,060,695,000**	**27,631,279,000**
	Required reserve (5 % of average time and demand liabilities)	1,953,034,750	1,381,563,950
	Actual reserve held with Bangladesh Bank (In local currency)*	2,153,356,000	1,511,426,000
	Surplus / (shortage)	**200,321,250**	**129,862,050**
	*As per Bangladesh Bank statement		
4.2	**Statutory Liquidity Ratio (SLR): 18% of average demand and time liabilities**		
	Average time and demand liabilities of October 2008 (excluding inter-bank deposit)	**39,060,695,000**	**27,631,279,000**
	Required reserve (18 % of total time and demand liabilities)	7,030,925,100	4,973,630,220
	Actual reserve held (Note 4.2.1)	7,733,823,222	5,247,070,507
	Surplus / (shortage)	**702,898,122**	**273,440,287**
4.2.1	**Actual reserve held**		
	Cash held	426,684,325	382,927,615
	Balance with Bangladesh Bank	2,153,356,000	1,511,426,000
	Balance with Sonali Bank	118,905,897	70,866,892
	Unencumbered approved securities (HFT)	4,371,042,000	-
	Unencumbered approved securities (HTM)	663,835,000	3,281,850,000
		7,733,823,222	**5,247,070,507**
5	**Balances with other banks and financial institutions**		
	In Bangladesh (note 5.1)	2,948,217,394	1,276,690,139
	Out side Bangladesh (note 5.2)	458,106,531	263,661,848
		3,406,323,925	**1,540,351,987**
5.1	**Inside Bangladesh**		
	In Current Accounts with		
	Agrani Bank Limited	48,615,876	12,515,619
	Janata Bank Limited	26,956,521	31,521,547
	Bangladesh Krishi Bank	6,782,752	4,216,358
	The Trust Bank Limited	317,400,158	1,584,951
	Standard Chartered Bank	-	1,794,093
	Sonali Bank Limited	42,524,123	33,175,066
	The City Bank Limited	5,286,422	2,006,546
	National Bank Limited	18,906,468	15,715,943
	NCC Bank Limited	(7,323,018)	2,647,300
	Rupali Bank Limited	16,153,229	9,698,100
	Islami Bank Bangladesh Limited	70,644	70,644
	AB Bank Limited	6,922,087	3,374,609
	Pubali Bank Limited	7,158,088	2,489,765
	United Commercial Bank Limited	6,214,601	4,702,715
		495,667,952	125,513,256

	2008 Taka	2007 Taka
In Short Term Deposit Accounts with		
Sonali Bank Limited	11,800,770	19,959,732
Prime Bank Limited	5,136	4,909
Janata Bank Limited	4,866	4,790
Agrani Bank Limited	354,932	336,436
Bank Asia Limited	62,113	61,066
BASIC Bank Limited	43,143	42,482
Bangladesh Krishi Bank	118,411	118,661
Dhaka Bank Limited	80,571	79,527
The City Bank Limited	415,593	38,719,230
ICB Islamic Bank Ltd.	489,946	689,287
NCC Bank Limited	758,367	739,000
National Bank Limited	411,139	403,518
Standard Chartered Bank	7,985,890	-
EXIM Bank Limited	18,565	18,245
	22,549,442	61,176,883
In Fixed Deposit Accounts with banks and NBFIs		
BRAC Bank Limited	-	390,000,000
Dhaka Bank Limited	100,000,000	-
AB Bank Limited	650,000,000	-
First Security Bank Limited	80,000,000	-
National Bank of Pakistan	200,000,000	-
Uttara Finance andy Investment Company Limited	140,000,000	200,000,000
Premier Leasing International Limited	50,000,000	70,000,000
Peoples Leasing and Financial Services Limited	100,000,000	-
Phoenix Finance and Investment Limited	150,000,000	-
IPDC of Bangladesh Limited	200,000,000	-
Bangladesh Industrial Finance Company Limited	100,000,000	-
Far East Finance and Investment Limited	50,000,000	-
Union Capital Limited	120,000,000	100,000,000
National Housing and Finance Limited	70,000,000	120,000,000
Industrial and Infrastructural Development Finance Company Limited	120,000,000	-
International Leasing and Financial Services Limited	150,000,000	100,000,000
LankaBangla Finance Limited	150,000,000	110,000,000
	2,430,000,000	1,090,000,000
	2,948,217,394	**1,276,690,139**

	2008 Taka	2007 Taka
5.2 Outside Bangladesh		
In Deposit account (non-interest bearing) with		
The Bank of Tokyo Mitshubishi, Tokyo	308,407	79,576
The Bank of Tokyo Mitshubishi, Kolkata*	3,446,000	3,428,640
The Bank of Tokyo Mitshubishi, London	2,250,959	9,036,026
Standard Chartered Bank, Kolkata	(83,531,425)	5,596,850
Standard Chartered Bank , Colombo	(2,939,020)	4,638,532
Standard Chartered Bank, London	(5,689,137)	21,873,893
Standard Chartered Bank, Singapore	413,371	243,848
Standard Chartered Bank, New york	430,051,171	112,080,411
Citibank N A, New york	25,181,953	(53,478,100)
Citibank NA, Mumbai	74,937	108,030
Nepal Bngladesh Bank Limited	634,256	437,216
AB Bank Limited, Mumbai	(29,339,711)	242,275
Bank of Bhutan	235,338	455,677
Mashreqbank, Newyork	(37,249,651)	32,254,360
JP Morgan Chase Bank, New York	(19,498,299)	(6,834,759)
The Bank of Nova Scotia, Toronto	57,330	(35,267)
JP Morgan Chase Bank NA, Sydney	(114,945)	(259,804)
American Express Bank, New York	4,383,071	45,388,659
Zurcher Kantonal Bank, Zurich	534,113	73,494
National Commercial Bank, KSA	2,653,233	457,493
Wachovia Bank NA New York	(22,090,031)	11,485,207
ICICI Bank	(21,224,483)	5,868,320
NDLC-IFIC Bank (NIB) Pakistan	(2,112,777)	627,818
HSBC, New york	(12,050,956)	(57,351)
Commerz Bank AG, Frankfurt, Germany	(10,106,194)	3,603,877
Placement to OBU	233,829,019	66,346,927
	458,106,531	**263,661,848**

(For details of Foreign currency amounts and rates thereof please see "Annexure-B")

* An amount of USD 50,000 has been blocked by the Court Injunction due to disputes in two LCs amounting to USD 47,232 opened at our Bogra and Khantunganj Branches. Both the cases are pending in Kolkata High Court and our lawyers are attending these cases. However the Bank management feels that the outcome of the case will be in favor of the Bank.

5(a) Outside Bangladesh

Main operation	458,106,531	263,661,848
Offshore Banking Unit	11,693,166	6,363,817
	469,799,697	**270,025,665**
5.3 Balance with other banks and financial institutions (according to remaining maturity grouping)		
Receivable		
On demand	719,945,464	322,828,178
In not more than one month	762,549,442	251,176,881
In more than one months but not more than three months	1,340,148,706	219,904,078
In more than three months but not more than one year	583,680,313	746,442,850
In more than one year but not more than five years	-	-
In more than five years	-	-
	3,406,323,925	**1,540,351,987**

	2008 Taka	2007 Taka
6 Money at call and short notice		
With Banking Companies		
Mutual Trust Bank Limited	-	250,000,000
Dhaka Bank Limited	400,000,000	-
	400,000,000	**250,000,000**
With Non Banking Financial Institutions		
IIDFCL	70,000,000	90,000,000
LankaBangla Finance Limited	-	50,000,000
Peoples Leasing & Financial Services Limited	100,000,000	-
International Leasing & Financial Services Limited	100,000,000	-
IPDC of Bangladesh Limited	-	40,000,000
National Housing & Finance Limited	-	20,000,000
GSP Finance Limited	30,000,000	20,000,000
	300,000,000	**220,000,000**
	700,000,000	**470,000,000**
6.1 Maturity Grouping of Money at Call and short notice		
Receivable		
On demand	700,000,000	470,000,000
In not more than one month	-	-
In more than one months but not more than three months	-	-
In more than three months but not more than one year	-	-
In more than one year but not more than five years	-	-
In more than five years	-	-
	700,000,000	**470,000,000**
7 Investments		
In Government securities		
Treasury bills (Note: 7.1)	-	1,170,000,000
Bonds (Note: 7.3)	4,919,877,085	2,140,740,837
Prize Bonds	3,395,000	2,095,300
	4,923,272,085	3,312,836,137
Other Investments		
Debentures (Note: 7.2)	115,000,000	137,000,000
Bonds (GP Bond) (Note: 7.3)	150,000,000	-
Zero Coupon Bond (ULC)	141,055	2,297,370
Ordinary Shares (Quoted and Unquoted) (Note: 7.4)	26,345,400	4,856,600
Preference Shares (Note 7.5)	110,000,000	-
	401,486,455	144,153,970
	5,324,758,540	**3,456,990,107**
Value of Securities (not included above) kept as lien against REPO	**1,907,773,502**	**2,439,000,000**
7.1 Treasury bills		
28- day Treasury bills	-	-
364 -day Treasury bills	-	90,000,000
5- year Treasury bills	-	1,080,000,000
Total Treasury Bills	**-**	**1,170,000,000**
7.2 Debentures		
Investment Corporation of Bangladesh	40,000,000	52,000,000
House Building Finance Corporation	75,000,000	85,000,000
	115,000,000	**137,000,000**

					2008 Taka	2007 Taka
7.3	**Bonds**					
	10 Year Treasury bonds				2,277,761,896	395,000,000
	5 Year Treasury bonds				2,093,280,128	984,340,837
					4,371,042,024	1,379,340,837
	1 Year T & T Bonds				-	100,000,000
	3 Year T & T Bonds				548,835,062	661,400,000
					548,835,062	761,400,000
					4,919,877,085	**2,140,740,837**
	Grameenphone Bond				150,000,000	-
					5,069,877,085	**2,140,740,837**
7.4	**Ordinary Shares (Quoted and Unquoted)**					
	Quoted (Note 7.4.1)					
	Investment Corporation of Bangladesh (ICB)				856,600	856,600
	ICB Islamic Bank Limited				88,000	-
				No of shares	**944,600**	**856,600**
	Un- quoted					
	Central Depository (Bangladesh) Limited			4	4,000,000	4,000,000
	Grameenphone Limited			2,892,000	21,400,800	-
					25,400,800	**4,000,000**
					26,345,400	**4,856,600**
7.4.1	**Valuation of shares**					
	Shares (Quoted as on 31-12-2008)					
		Face value per share	**No of shares**	**Market price Per share 2008**	**2007**	**Market value Taka**	**Market value Taka**
	Investment Corporation of Bangladesh (ICB)	100	8,566	1,923	1,114	16,472,418	9,538,241
	ICB Islamic Bank Limited	1000	88	1,219	-	107,272	-
			8,654	**3,142**	**1,114**	**16,579,690**	**9,538,241**
7.5	**Preference Shares**					
	STS Holdings Limited					50,000,000	-
	Everest Power Generation Company Limited					60,000,000	-
						110,000,000	**-**
7.6	**Remaining maturity grouping of investments**					
	On demand					29,740,400	8,112,569
	In not more than one month					-	70,000,000
	In more than one month but not more than three months					141,055	220,000,000
	In more than three months but not more than one year					439,938,465	339,180,168
	In more than one year but not more than five years					2,442,176,725	2,077,697,370
	In more than five years					2,412,761,896	742,000,000
						5,324,758,540	**3,456,990,107**
7.7	**Assets pledged as security**					
	Assets in the amount shown below were pledged as security for the following liabilities:					
	Liabilities other Banks					-	-
	Liabilities to Customers					-	-
						-	-

		2008 Taka	2007 Taka
8	**Loans and Advances***		
	Loans, cash credits, overdrafts etc.		
	Inside Bangladesh		
	Loans – general	33,596,599,654	25,958,579,503
	Cash credit	819,568,099	792,125,214
	Overdraft	4,215,915,547	3,443,466,719
	Outside Bangladesh	-	-
		38,632,083,300	**30,194,171,436**
	Bills purchased and discounted (note 8.6)		
	Inside Bangladesh		
	Local bills	751,134,169	647,073,531
	Foreign bills /documents	44,166,422	54,461,327
		795,300,591	**701,534,858**
	Outside Bangladesh	-	-
		795,300,591	**701,534,858**
		39,427,383,891	**30,895,706,294**

* There is a difference of Loans and Advances between General Ledger and Classification of Loan Statements (CL) amounting Tk. 12,935,994 and therefore loans and advances is overstated to that extent. The rectification process to eliminate the difference is in process.

8(a)	**Loans, cash credits, overdrafts, etc.**		
	Main operation	38,632,083,300	30,194,171,436
	Offshore Banking Unit	234,778,922	66,096,535
		38,866,862,222	**30,260,267,971**
8.1	**Residual maturity grouping of loans and advances including bills purchased & discounted**		
	Receivable		
	On demand	9,847,759,271	6,635,465,968
	In more than one month but not more than three months	8,174,805,414	5,850,655,306
	In more than three months but not more than one year	8,974,530,379	7,352,032,434
	In more than one year but not more than five years	11,183,322,363	10,078,912,238
	In more than five years	1,246,966,465	978,640,348
		39,427,383,891	**30,895,706,294**
8.2	**Loans and advances on the basis of significant concentration**		
8.2.1	**Loans and advances to Directors, executives and others**		
	Advance to Directors and their allied concerns (including Ex-Directors)	62,761,485	15,853,406
	Advances to CEO & Managing Director	3,797,970	4,456,238
	Advances to Other executives and staffs	348,720,717	253,030,002
	Advances to Customers (Group wise)	31,112,221,245	22,958,736,506
	Industrial Advances	7,899,882,475	7,663,630,142
		39,427,383,891	**30,895,706,294**

Large Loan details (Loans and Advances allowed to each customer exceeding 10% of Bank's total capital):

* Total Loans and Advances	(In Crore Taka)	2,602.22	2,500.64
No. of Customers		83	116
Classified amount thereon	(In Crore Taka)	14.62	39.40

*The amount represents the sum of total loans and advances to each customer exceeding Tk 52.52 crore which is computed @ 10% of total capital of the bank (Tk 525.16 crore) as at 31 December 2008.

	2008 Taka	2007 Taka
8.2.2 Industry-wise concentration of loans and advances including bills purchased and discounted		
Commercial and Trading	3,795,706,475	2,459,936,902
Importer of Commodity	1,162,428,943	890,423,103
Construction	879,639,505	454,799,675
Edible Oil Refinery Industry	2,021,506,412	1,155,427,618
Electronics Goods	841,627,754	866,715,805
Individuals	5,518,881,338	3,737,422,048
Pharmaceuticals Industries	1,456,904,414	902,393,082
Readymade Garments Industry	4,916,977,979	3,923,314,596
Ship Breaking Industry	4,751,110,999	1,390,246,110
Industries for Steel products	2,464,328,935	2,325,347,115
Telecommunication Sector	951,155,279	1,534,693,785
Textile Mills	4,042,226,611	3,737,175,590
Others	6,624,889,247	7,517,810,865
	39,427,383,891	**30,895,706,294**
8.2.3 Geographical location-wise concentration of loans and advances including bills purchased and discounted		
Inside Bangladesh		
Dhaka Division	22,872,402,137	18,885,778,253
Chittagong Division	15,439,948,910	11,014,057,876
Sylhet Division	316,686,393	305,569,920
Rajshahi Division	466,282,247	369,013,807
Khulna Division	332,064,204	321,286,438
	39,427,383,891	**30,895,706,294**
Outside Bangladesh	-	-
	39,427,383,891	**30,895,706,294**
8.3 Classified, unclassified, doubtful and bad loans & advances		
Unclassified		
Standard (Including Staff Loan)	37,691,151,477	29,280,971,596
Special Mention Accounts (SMA)	427,380,247	281,028,646
	38,118,531,724	**29,562,000,242**
Sub-standard	165,051,388	57,499,173
Doubtful	203,369,947	378,234,156
Bad/Loss	940,430,832	897,972,723
Classified	**1,308,852,167**	**1,333,706,052**
	39,427,383,891	**30,895,706,294**

Measures taken for recovery of classified loans:

Bank as a whole takes following steps to recover its classified Loans and Advances

i) Sending letters and reminders to customers
ii) Special assets department is responsible for holding discussion with the clients to recover the loans
iii) Disposal of security through auction
iv) Legal proceedings and settlement
v) Negotiation and approval from Head office/Board

	2008 Taka	2007 Taka
8.4 Particulars of loans and advances		
i) Debts considered good in respect of which the bank is fully secured.	34,895,315,981	27,186,469,971
ii) Debts considered good for which the bank holds no other security than the debtor's personal security.	4,532,067,910	3,709,236,323
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	-	-
iv) Debts adversely classified; for which no provision is created.	-	-
	39,427,383,891	**30,895,706,294**
v) Debts due by directors or officers of the bank or any of them either jointly or severally with any other persons.	415,280,172	273,339,646
vi) Debts due by companies and firms in which the directors of the bank have interests as directors, partners or managing agent or in case of private companies as members.	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons.	415,280,172	273,339,646
viii) Maximum total amount of advances, including temporary advances, granted during the period to the companies or firms in which the directors of the bank have interests as directors, partners or managing agents or, in case of private companies as members.	-	-
ix) Due from other banking companies	-	-
x) Information in respect of classified loans and advances		
a) Classified loans for which interest/profit not credited to income	1,308,852,167	1,333,706,052
(i) (Decrease)/Increase of provision (specific)	-	-
(ii) Amount of written off debt against fully provided debts	199,934,334	234,785,276
(iii) Amount of debt recovered against the debt which was previously written off	56,040,474	73,090,678
b) Amount of provision kept against loans classified as bad/loss as at the Balance Sheet date.	593,763,248	516,394,931
c) Amount of interest creditable to the interest suspense account	259,476,684	189,517,130
xi) Cumulative amount of written off loans		
Opening balance	658,893,957	497,199,359
Amount written off during the year	199,934,334	234,785,276
Amount recovered during the year	(56,040,474)	(73,090,678)
Balance of written off loans and advances yet to be recovered	**802,787,817**	**658,893,957**
The amount of written off loans for which law suits have been filed	**1,244,171,728**	**1,216,998,690**

	2008 Taka	2007 Taka
8.5 Out of the total amount cases have been filed against the parties amounting Tk. 1,244,171,728. Year wise break up is as follows		
Upto 2007	1,216,998,690	
During 2008	27,173,038	
	1,244,171,728	

Bangladesh Bank issued a circular no. 02 dated 13 January 2003 instructing all the banks in the country to write off bad & loss loans which have passed five years after its classification and legal actions have been taken against all those default borrowers with an immediate effect. In compliance with the circular, the Bank formed a Special Assets Department in its Head Office from where monitoring has been made accordingly. During the year, the Bank allowed write off loans (Principal) amounting to Tk 199,934,334. Legal actions have been lying with the money suit court against Tk 1,244,171,728. In this connection, Special Assets Department has been maintaining separate ledger for all individual cases and liaison with Bank's legal counsel constantly for those cases lying in the honorable court to recover the debts. The Special Assets Department follows up the realization progress of such debts. During the year total amount realized by the special assets department is Tk 56,040,474.

8.6 Bills purchased and discounted		
(on the basis of the residual maturity grouping)		
Receivable		
Within one month	370,295,816	263,567,045
In more than one month but less than three months	357,121,718	316,341,039
In more than three months but less than six months	67,883,057	121,626,774
Above six months	-	-
	795,300,591	**701,534,858**
9 Fixed assets including land, building, furniture and fixture		
Cost		
Freehold Land and Land Development	841,906,650	535,306,650
Buildings on Freehold land	22,192,280	21,592,280
Machinery and Equipment	343,820,880	263,740,674
Furniture and fixtures	182,168,599	139,951,888
Vehicles	55,269,649	50,325,442
Leased Assets (Finance Lease)	91,591,169	91,591,169
Software	16,049,764	-
Total Cost	**1,552,998,992**	**1,102,508,103**
Accumulated depreciation	(306,891,814)	(231,240,360)
Written Down Value at 31 December	**1,246,107,178**	**871,267,743**
(Annexure-A enclosed for details)		
10 Other assets		
Income generating	-	-
Non- Income generating		
Stock of stationery	9,284,289	9,203,391
Stamps on hand	638,919	509,203
Sundry debtors	31,495	91,000
Suspense account (note 10.1)	-	9,508,100
Advance paid for development of land and building	28,961,032	28,961,032
Security deposits	1,927,025	4,467,767
Interest and other receivables	420,068,568	303,034,062
Advance rent and advertisement	147,913,293	81,232,199
Prepaid expenses and other prepayments	113,094,912	98,653,619
Bangladesh Bank clearing account	6,756,755	7,456,756
Inter branch and inter system accounts (note 10.2)	-	-
Inter branch cash transfer account (net)	-	7,132
	728,676,288	**543,124,261**

	2008 Taka	2007 Taka
10.1 Suspense account		
This includes the system related automatic suspenses and temporary parking accounts shown as net of debit and credit balance. Net credit balance is shown under other liabilities whereas net debit balance is shown under other assets. These balances are in the process of regular monitoring so that it remains within a non material level.		
10.2 Inter branch and inter system accounts		
There is no unreconciled item (debit or credit entries) in the Inter branch and Inter system account as on the reporting date.		
11 Borrowings from other banks, financial institutions and agents		
Secured	-	-
Unsecured		
Inside Bangladesh		
Payable on demand		
Agrani Bank Limited	-	150,000,000
Sonali Bank Limited	-	400,000,000
Janata Bank Limited	500,000,000	200,000,000
Dutch-Bangla Bank Limited	10,000,000	100,000,000
Bangladesh Shilpa Bank	-	60,000,000
National Bank Limited	500,000,000	300,000,000
The Hongkong & Shanghai Banking Corporation Limited	50,000,000	50,000,000
Citibank NA	550,000,000	-
Standard Chartered Bank	50,000,000	-
The City Bank Limited	-	200,000,000
Commercial Bank of Ceylon Limited	130,000,000	-
BASIC Bank Limited	200,000,000	-
	1,990,000,000	1,460,000,000
Term Borrowings		
Citibank N A	-	275,000,000
BASIC Bank Limited	400,000,000	400,000,000
Prime Bank Limited	-	450,000,000
Standard Bank Limited	-	100,000,000
ICB Islamic Bank Limited	500,000,000	-
United Commercial Bank Limited	200,000,000	-
Dutch-Bangla Bank Limited	-	270,000,000
Trust Bank Limited	-	200,000,000
	1,100,000,000	1,695,000,000
ADB Financing for Agri Business Loan to NGOs	498,847,752	316,322,800
Refinancing for Agrobased Industries from Bangladesh Bank	1,125,323,200	255,796,031
Outside Bangladesh	-	-
	4,714,170,952	**3,727,118,831**

		Notes	2008 Taka	2007 Taka
11.1	**Remaining maturity grouping of Borrowings**			
	Payable			
	On demand		1,990,000,000	760,000,000
	In not more than one month		615,531,000	818,000,000
	In more than one month but not more than three months		558,365,000	1,595,000,000
	In more than three months but not more than one year		1,051,427,200	237,796,031
	In more than one year but not more than five years		316,322,800	316,322,800
	In more than five years		182,524,952	-
			4,714,170,952	**3,727,118,831**
11(a)	**Borrowings from other banks, financial institutions and agents**			
	Main operation		4,714,170,952	3,727,118,831
	Offshore Banking Unit		233,829,019	66,346,927
			4,947,999,971	**3,793,465,758**
12	**Deposits and other accounts**			
	Current deposits and other accounts	12.2	4,393,679,354	3,280,873,047
	Bills payable	12.3	618,020,525	477,677,000
	Savings Bank Deposits	12.4	7,337,769,077	5,896,619,266
	Fixed Deposits	12.5	29,192,341,198	20,201,082,357
	Bearer Certificate of Deposits*		22,250,000	22,250,000
			41,564,060,153	**29,878,501,670**
	*Issuance of Bearer Certificate of Deposits has been stopped as per BRPD circular No. 09 dated 20 October 2002.			
12.1	**Deposits from banks-Inside Bangladesh**	12.6	1,893,394	1,806,414
	Other than banks		41,562,166,759	29,876,695,256
			41,564,060,153	**29,878,501,670**
12.2	**Current deposits and other accounts**			
	Current deposits	12.2.1	1,634,766,477	1,599,695,057
	Sundry Deposits (Margin on LC, LG, Acceptance etc.)		1,374,192,866	1,001,888,113
	Matured Deposits		29,346,694	17,376,172
	Interest Accrued on Deposits		1,355,373,317	661,913,705
			4,393,679,354	**3,280,873,047**
12.2.1	**Current Deposits**			
	Local Currency		1,327,327,779	1,409,101,521
	Foreign Currency		307,438,697	190,593,536
			1,634,766,477	**1,599,695,057**
12.2(a)	**Current deposits and other accounts**			
	Main operation		4,393,679,353	3,280,873,047
	Offshore Banking Unit		8,707,632	3,604,582
			4,402,386,985	**3,284,477,629**
12.3	**Bills payable**			
	Local currency		563,193,263	480,907,573
	Foreign currency		54,827,263	(3,230,573)
			618,020,525	**477,677,000**

	2008 Taka	2007 Taka
12.4 Savings bank deposits		
Savings deposit	2,894,456,529	2,663,422,827
EBL SB insurance account	22,191	658,674
High performance deposit – retail	3,132,579,066	2,326,260,425
EBL campus account	6,470,478	8,001,872
EBL interesting account	618,550,059	468,036,965
EBL confidence	231,736,930	30,891,500
Salary account deposits	54,261,457	23,210,507
Monthly deposit plan	399,692,366	376,136,496
	7,337,769,077	**5,896,619,266**
12.5 Fixed deposits		
Short term deposits	5,743,958,174	2,993,115,248
Term deposits	23,360,825,143	17,091,662,695
Non resident foreign currency deposits	87,557,881	116,304,414
	29,192,341,198	**20,201,082,357**
12.6 Deposits from banks		
In short term deposits accounts with		
Janata Bank Limited	39,740	38,511
National Bank Limited	124,721	120,265
ONE Bank Limited	1,699,551	1,619,076
Southeast Bank Limited	29,382	28,562
	1,893,394	1,806,414
Total bank deposits-inside Bangladesh	**1,893,394**	**1,806,414**
12.7 Residual maturity grouping of Deposits		
From banks		
Payable:		
On demand	-	-
Within one month	1,893,394	1,806,414
In more than one month but less than six months	-	-
In more than six months but less than one year	-	-
In more than one year but within five years	-	-
In more than five years but within ten years	-	-
	1,893,394	1,806,414
From other than banks		
Payable:		
On demand	1,636,147,588	4,593,401,555
Within one month	4,163,833,719	3,910,865,824
In more than one month but less than six months	19,973,071,464	12,312,929,213
In more than six months but less than one year	14,445,611,477	6,702,979,035
In more than one year but within five years	1,135,390,615	2,354,470,545
In more than five years but within ten years	208,111,896	2,049,084
	41,562,166,759	29,876,695,256
	41,564,060,153	**29,878,501,670**
Unclaimed deposit aging 10 years or more	**-**	**-**

		Notes	2008 Taka	2007 Taka
13	**Other liabilities**			
	Privileged creditors	13.7	105,343,786	80,587,214
	Acquirer liabilities	13.9	353,069,545	18,898,409
	Sundry creditors		119,455,993	59,591,002
	Miscellaneous creditors	13.10	225,232,290	428,947,711
	Exchange equalization account		22,628,988	22,628,988
	Current tax liability/(assets)	13.1	625,703,811	429,493,028
	Deferred tax (assets)/liability	13.6	4,699,032	8,635,282
	Provision for loans and advances	13.2	1,419,570,642	1,175,621,872
	Interest suspense account	13.3	259,476,684	189,517,130
	Provision for other assets	13.4	179,000	179,000
	Suspense account (note 10.1)		1,916,741	-
	Advance interest/commission received		43,397,284	120,534,166
	Expenses payable		119,562,693	72,212,858
	Miscellaneous payable	13.8	39,969,722	68,515,345
	Obligation under finance lease	2.7.1	-	22,531,990
			3,340,206,211	**2,697,893,994**
13(a)	**Other liabilities**			
	Main operation		3,340,206,211	2,697,893,994
	Offshore Banking Unit		4,514,566	1,614,027
			3,344,720,778	**2,699,508,021**
13.1	**Current tax liability/(assets)**			
	Provision for tax			
	Opening balance		3,947,977,405	3,035,076,341
	Settlement/adjustments for previous years	13.1.2	(2,288,019,629)	53,505,613
	Provision for tax made during the year	13.1.1	1,136,123,212	859,395,451
			2,796,080,988	**3,947,977,405**
	Balance of income tax paid			
	Opening balance		3,518,484,377	2,795,282,030
	Settlement/adjustments for previous years		(2,288,019,629)	-
	Paid during the year		939,912,429	723,202,347
			2,170,377,177	**3,518,484,377**
			625,703,811	**429,493,028**
13.1.1	**Provision for tax made during the year**			
	Current Tax		1,136,123,212	859,395,451
			1,136,123,212	**859,395,451**

Provision for Current tax has been made on profit before tax considering major allowances and disallowances as per ITO 1984 using the Tax rate 45% as per Finance Ordinance 2008.

	2008 Taka	2007 Taka
13.1.1(a) Provision for tax made during the year		
Main operation	1,136,123,212	859,395,451
Offshore Banking Unit	1,040,957	686,491
	1,137,164,169	**860,081,942**

13.1.2 Status of tax assessment/provision

The Bank has provided the amount of short provision for previous income years (From 1992 to 2006) from Retained earnings during 2007 except for BDT 28,135,060 for assesssment year 1996-1997 which is pending in Honorable High Court. The Bank management has decided to provide the said amount after settlement of the the appeal if required. Assessment for all other income years (Up to 2007) have been completed.

13.1.3 The Bank made an appeal to Commissioner of Taxes (Appeal) and Appellate Tribunal against the order of Deputy Commissioner of Taxes (Order No.728/Co,-20/Tax area-7/98-99) for disallowing set off and carry forward of loss (Tk 2,436,053,918) incurred by BCCI overseas Limited, Predecessor of Eastern Bank Limited, both the Authority had given their Judgement in favor of the Bank. But the Deputy Commissioner of Taxes in his revised assessment order dated 19 September 2005 allowed only Tk 134,373,603 explaining the ground that as there is no scope to set-off any loss other than assessed loss, So in compliance with the order of Honorable Tribunal and Commissioner of Taxes (Appeal), The DCT allowed to set-off the said amount with the assessment year 1996-97 as there is no assessed loss for set-off in any year. Meanwhile the Deputy Commissioners office filed a reference application no.181 of 2001 before The Honorable High Court Division challenging the Tribunals' order, hearing of the reference application case is still pending.The Bank management feels that the High Court's order will be given in favor of the Bank.

13.2 Provision for loans and advances (Including 1% on contingent assets)

(a) Specific provision against loans and advances		
Opening balance	659,691,825	393,879,956
Fully provided debt written off during the year	(91,589,858)	(84,003,482)
Recovery of amounts previously written off	-	-
Specific provision for the year	241,420,278	459,836,065
Provision released or no longer required	(117,147,445)	(110,020,714)
	32,682,975	265,811,869
Provision held at the end of the year	**692,374,800**	**659,691,825**
(b) General provision against unclassified loans and advances		
Opening balance	450,176,810	391,372,104
Provision made during the year for loans and advances	105,525,500	58,804,706
	555,702,310	**450,176,810**
(c) General provision against contingent assets (1% in 2008 but 0.5% in 2007)		
Opening balance	65,753,237	-
Provision made during the year for contingent assets	105,740,295	65,753,237
	171,493,532	**65,753,237**
Total (a+b+c)	**1,419,570,642**	**1,175,621,872**

	2008 Taka	2007 Taka
13.2(a) General provision		
Main operation	211,265,795	124,557,943
Offshore Banking Unit	1,851,410	344,989
	213,117,205	**124,902,932**

13.2.1 Calculation of provision for loans and advances as per CL December 2008 (excluding provision for contingent assets)

Nature	Loans outstanding	Interest Suspense	Eligible security	Base for provision	Required provision
Standard	37,325,696,796	-	-	37,325,696,796	534,941,176
SMA	427,380,247	12,158,270	-	415,221,977	20,761,099
SS	165,051,388	33,038,159	2,114,165	129,899,064	25,979,813
DF	203,369,947	17,246,323	41,564,000	145,265,917	72,632,958
BL	940,430,832	114,327,925	268,536,211	593,763,248	593,763,248
Staff loan	352,518,687	-	-	-	-
Total	**39,414,447,897**	**176,770,677**	**312,214,376**	**38,609,847,002**	**1,248,078,294**

13.3 Interest suspense account		
Opening balance	189,517,130	189,603,161
Amount transferred during the year	640,640,449	731,102,840
Amount recovered during the year	(545,463,151)	(690,427,791)
Amount written off during the year	(25,217,744)	(40,761,080)
Balance at the end of the year	**259,476,684**	**189,517,130**
13.4 Provision for other assets		
Provision for other assets		
Opening balance	179,000	179,000
Provision made during the year	-	-
Adjustment made during the year	-	-
	179,000	**179,000**

13.5 Provision for Nostro Reconciliation

No provision is required as per Circular letter No. FEPD (FEMO)/01/2005-677 for unreconciled nostro debit entries as there is no entry aging more than 3 months. Details of aging analysis of debit and credit are given below:

	As per our book (GL)		As per their book (Statement)	
	Debit (USD)	Credit (USD)	Debit (USD)	Credit (USD)
Up to three months	793,770	4,274,640	1,631,200	8,914,455
More than three months but less than six months	-	11,959	-	91,785
More than six months but less than nine months	-	10,507	-	29,589
More than nine months but less than twelve months	-	845	-	1,858
More than twelve months	-	-	-	-
	793,770	**4,297,952**	**1,631,200**	**9,037,688**

		2008 Taka	2007 Taka
13.6	**Deferred tax (assets)/liability**		
	Deferred tax assets		
	Opening Balance	1,727,113	488,380
	Addition during the year	(1,727,113)	1,238,733
		-	1,727,113
	Adjustment made during the year	-	-
	Closing balance	**-**	**1,727,113**
	Deferred Tax Liability		
	Opening Balance	10,362,395	2,687,419
	Addition during the year	(5,663,363)	7,674,976
		4,699,032	**10,362,395**
	Adjustment made during the year	-	-
	Closing balance	**4,699,032**	**10,362,395**
	Net Deferred Tax (Assets) /Liability	**4,699,032**	**8,635,282**
13.7	**Privileged creditors**		
	Three major categories of government dues are reported. Tax deducted at source, VAT and Excise duty payable to govt. exchequer.		
	Tax deducted at source (TDS)	58,733,357	42,268,459
	VAT deducted from different parties	11,968,161	7,691,771
	Excise duty deducted from customer accounts	34,642,269	30,626,984
		105,343,786	**80,587,214**
13.8	**Miscellaneous payable**		
	Sale of savings certificate and WEDB	12,166,214	21,623,959
	Imprest account (cash subsidy payable)	7,537,941	27,842,000
	Moneygram security and other deposit	3,445,895	3,428,680
	Unclaimed instruments	2,425,972	1,798,122
	Others	14,393,699	13,822,584
		39,969,722	**68,515,345**
13.9	**Acquirer liabilities**		
	These liabilities are of temporary nature arisen from debit and credit card transactions. Transactions are settled next day after the transactions with relevant parties and reconciled monthly. Major balance include **'Acquirer Cash'** which is a liability to relevant parties arisen due to withdrawal of cash by EBL cardholders from Q-Cash ATMs (Not own EBL):		
	Acquirer cash	334,907,596	2,449,500
	Acquirer fees	1,509,886	1,395,249
	Prepaid card liability	6,455,779	13,023,734
	Others	10,196,283	2,029,927
		353,069,545	**18,898,409**
13.10	**Miscellaneous creditors**		
	This include predominantly a FCY liability placed with EBL by a Joint Venture Equity Fund. EBL has kept this balance in a FCY account with Bangladesh Bank. In 2008 end this liability was Tk 167,601,919 whereas at 2007 end the figure was Tk 362,906,098.		

	2008 Taka	2007 Taka
14.0 Share Capital		
14.1 Authorized capital		
33,000,000 ordinary shares of Tk 100 each	**3,300,000,000**	**3,300,000,000**

14.2 Issued, subscribed and fully paid up capital (note-14.3)

	2008	2007		
Issued against cash	6,000,000	6,000,000	600,000,000	600,000,000
Bonus share issued	7,869,000	4,350,000	786,900,000	435,000,000
Issued against other than cash/bonus share	-	-	-	-
Total	**13,869,000**	**10,350,000**	**1,386,900,000**	**1,035,000,000**

14.3 Slab wise list as on 31 December 2008

In terms of the clause (cha) of the Memorandum of Association and Article # 4 of the Articles of Association of the Bank and clause 4 of the scheme of Reconstruction, the Authorised Capital of the Bank was Tk 3,300,000,000 divided into 33,000,000 ordinary shares of Tk 100 each. The issued, subscribed and fully paid up capital of the bank is Tk 1,386,900,000 divided into 13,869,000 ordinary shares of Tk 100 each. Subject to above conditions the break up of issued, subscribed and paid up capital of Tk 1,386,900,000 as on 31 December 2008 is as follows:

Shareholders' group*	No. of shares	(%) of share holding	Amount (Taka)
Directors	476,100	3.43	47,610,000
General Public	11,890,425	85.74	1,189,042,500
Financial Institutions	1,502,475	10.83	150,247,500
Total	**13,869,000**	**100.00**	**1,386,900,000**

* None of the CFO, Head of Internal Control and Compliance, Company Secretary and top five salaried executives of the Bank has any shareholdings of EBL as on reporting date.

A range wise distribution schedule of the above shares is given below as required by the regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited

De - materialization:

Range	No. of shareholders	No. of shares	(%) of share holding
001 - 500	6,678	482,998	3.48
501 - 5,000	438	690,409	4.98
5,001 - 10,000	71	495,881	3.58
10,001 - 20,000	47	640,643	4.62
20,001 - 30,000	23	555,541	4.01
30,001 - 40,000	7	239,794	1.73
40,001 - 50,000	4	178,625	1.29
50,001 - 1,00,000	13	935,927	6.75
1,00,001 - 10,00,000	29	9,649,182	69.57
10,00,001 and Above	-	-	-
TOTAL	**7,310**	**13,869,000**	**100**

		2008 Taka	2007 Taka
14.4 Capital adequacy ratio			
Tier – I (Core capital)			
Paid up capital		1,386,900,000	1,035,000,000
Statutory reserve		1,386,900,000	1,035,000,000
General reserve		100,000,000	100,000,000
Dividend equalization account		356,040,000	356,040,000
Reserve against pre-take over loss (net off loss)		534,996,132	457,467,224
Reserve for building fund		60,000,000	60,000,000
Retained earnings (including OBU)		445,874,068	351,900,000
		4,270,710,200	3,395,407,224
Tier –II (Supplementary capital)	**Notes**		
General provision against UC loans and contingent assets	13.2 (b, c)	727,195,842	515,930,047
Exchange equalization account	13	22,628,988	22,628,988
Reserve for amortization of treasury bills-HTM (50%)		13,106,331	14,090,084
Reserve for revaluation of treasury bills-HFT (50%)		15,420,812	-
Assets revaluation surplus (50%)		202,507,525	202,507,525
		980,859,499	755,156,644
A. Total capital		**5,251,569,699**	**4,150,563,867**
B. Total risk weighted assets		41,315,286,516	30,687,089,893
C. Required capital based on risk weighted assets (10% on B)		4,131,528,652	3,068,708,989
D. Surplus/(deficiency) [A - C]		**1,120,041,048**	**1,081,854,878**

Capital adequacy ratio	**Minimum required**		
	2008	**2007**	**Actual**
On core capital	5.00%	5.00%	10.34% 11.07%
On supplementary capital	not specified	not specified	2.37% 2.46%
On total capital	**10%**	**10%**	**12.71% 13.53%**

15 Statutory Reserve		
Balance on 1 January	1,035,000,000	828,000,000
Transferred from combined profit during the year	351,900,000	207,000,000
Balance at 31 December	**1,386,900,000**	**1,035,000,000**
16 Dividend Equalization Reserve		
Balance on 1 January	356,040,000	356,040,000
Transferred from profit during the year	-	-
Balance at 31 December	**356,040,000**	**356,040,000**

	2008 Taka	2007 Taka
17 Reserve against Pre-take over loss		
Balance on 1 January	1,554,759,750	1,554,759,750
Recoveries/adjustment during the year	-	-
Balance at 31 December	**1,554,759,750**	**1,554,759,750**

This represents the amount deducted from depositors and other accounts of customers of erstwhile BCCI branches in Bangladesh under clause 11(3) of the scheme. In accordance with the clause 14 of the scheme, a review was carried out of the recovery made against the BCCI assets in 1997 and it was concluded that no repayment of the deductions need to be made to the depositors of BCCI as per the scheme. So, this provision is no longer required and therefore has been shown as reserve against pre-take over loss (Note-17.1).

17.1 Pre-take over loss

Assets and liabilities of erstwhile BCCI which were not previously considered while calculating 'Pre-take over loss' and were reported with similar class of assets and liabilities of EBL, have been bundled with 'Pre-take over loss' during 2008 with retrospective effect in 2007. Net effect was reduction of Pre-take over loss by BDT 116,794,688 (Please see annexure D for details).

Balance on 1 January	1,097,292,525	1,224,349,057
Recoveries during the year	(77,528,908)	(10,261,844)
Rest of BCCI assets and liabilities (net) transferred to pre-take over loss	-	(116,794,688)
Balance at 31 December	**1,019,763,617**	**1,097,292,525**
18 Assets revaluation reserve		
Opening balance	405,015,050	234,075,050
Addition during the year	-	170,940,000
	405,015,050	**405,015,050**

In line with BRPD circular no. 10 dated 25 November 2002 the Bank has revalued during 2007 of its two land located at 100 Gulshan Avenue, Dhaka measuring 26.25 kathas and 33 Agrabad C/A, Chittagong measuring 13.44 Kathas by independent valuer named M/s Asian Surveyors Limited which was duly certified by the external auditor.

19 Treasury bill Amortization Reserve (HTM)		
Balance at the beginning of the year	28,180,168	12,734,774
Addition during the year	26,212,662	15,445,394
Adjustment made during the year	(28,180,168)	-
Balance at the end of the year	**26,212,662**	**28,180,168**

As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008).

20 Reserve for Building Fund		
Balance at the beginning of the year	60,000,000	60,000,000
Addition during the year	-	-
Adjustment made during the year	-	-
Balance at the end of the year	**60,000,000**	**60,000,000**
21 General Reserve		
Balance at the beginning of the year	100,000,000	100,000,000
Addition during the year	-	-
Adjustment made during the year	-	-
Balance at the end of the year	**100,000,000**	**100,000,000**

		2008 Taka	2007 Taka
22	**Profit and loss account/Retained Earnings**		
	Balance on 1 January	-	192,862,647
	Adjustment relating to previous year	-	(53,505,613)
	Profit for the year	798,353,197	418,648,150
	Transfer to statutory reserve	(351,900,000)	(207,000,000)
	Balance at 31 December	**446,453,197**	**351,005,184**
22(a)	**Profit and loss account/Retained Earnings**		
	Main operation	446,453,197	351,005,184
	Offshore Banking Unit	(579,129)	894,816
		445,874,068	**351,900,000**
23	**Letters of Guarantee**		
	Directors	1,094,180	1,144,980
	Government	12,205,964	12,205,964
	Banks and other financial institutions	92,640,856	232,400,477
	Others (Customers etc.)	2,377,270,324	1,614,735,364
		2,483,211,324	1,860,486,785
	Margins	(140,934,033)	(66,515,691)
		2,342,277,290	**1,793,971,094**

23.1 A case was filed by Eastern Bank Limited, successor of BCCI overseas Limited against National Bank Ltd (NBL) for issuing guarantee at Artha Rin Adalat - 3, Dhaka, which has been decreed against NBL on 04 January 2004 for Tk 27,366,450 plus interest @ 18% p.a. amounting to Tk. 45,565,139 from 01 October 1994 to 31 December 2003 being an aggregate amount of Tk 72,931,589. Against the decreed amount, NBL has made an appeal against the order which is still pending with the Honorable High Court, Dhaka. Before filing the appeal case NBL has paid TK. 13,683,225 to the court being 50% of the principal decreed amount.

24	**Interest income**		
	Interest on advances	4,947,987,700	3,700,904,109
	Interest on money at call and short notice	37,056,267	24,721,778
	Interest on placement with other banks	216,884,949	66,620,273
	Interest on foreign currency balances	22,484,229	16,656,876
		5,224,413,145	**3,808,903,036**
24(a)	**Interest income**		
	Main operation	5,224,413,145	3,808,903,036
	Offshore Banking Unit	9,245,710	5,856,227
		5,233,658,855	**3,814,759,263**
25	**Interest paid on deposits and borrowings**		
	Interest on deposits	2,946,546,216	2,056,648,818
	Interest on borrowings	402,306,142	298,211,267
	Expense for trading in Govt. securities	66,146,212	-
	Discount	2,400	1,288
	Interest on REPO	260,379,781	143,206,744
		3,675,380,751	**2,498,068,117**
25(a)	**Interest paid on deposits and borrowings**		
	Main operation	3,675,380,751	2,498,068,117
	Offshore Banking Unit	7,065,803	4,421,506
		3,682,446,554	**2,502,489,623**

		2008 Taka	2007 Taka
26	**Income from Investments**		
	Dividend on shares		
	ICB and CDBL shares	485,660	119,924
	Redeemable preference shares	10,195,958	-
		10,681,618	119,924
	Interest on Bangladesh Bank Bills	1,205,800	73,748,638
	Reverse REPO	16,389,808	8,025,044
	Interest on debentures	7,707,192	18,253,493
	Interest on treasury bills	40,981,217	187,079,579
	Income from trading in Govt. securities	67,342,463	-
	Gain (loss) on reclassification of treasury bills (HFT)*	18,011,377	(25,622,734)
	Bonds	700,506,621	244,993,598
	Zero coupon bonds	77,699	259,004
		862,903,795	**506,856,546**
	*As per instruction/circular of Bangladesh Bank (DOS circular Letter No 05 dated 26 May 2008).		
27	**Commission, Exchange and Brokerage**		
	Fees and commission	369,683,044	274,995,726
	Exchange gain net off exchange losses	400,970,172	362,095,641
	Brokerage	140,082	-
		770,793,298	**637,091,367**
27(a)	**Commission, exchange and brokerage**		
	Main operation	770,793,298	637,091,367
	Offshore Banking Unit	135,951	92,664
		770,929,249	**637,184,031**
28	**Other Operating Income**		
	Gain on sale of fixed assets	-	2,608,553
	Rebate earnings	26,874,284	20,174,750
	Telex charges recovered	571,694	318,507
	Postage charges recovered	12,969,983	10,946,861
	Fund management and statement related service charges	2,065,526	540,198
	Service charges related to trade operations	94,372,323	82,395,575
	Swift charges	27,341,555	22,166,119
	Management fees	94,818,304	70,892,353
	Periodic account maintenance service charges	60,143,482	46,999,979
	Facility service charges	10,648,282	8,939,104
	Recovery from written off loans	56,040,474	73,090,678
	Card income (Debit card & Credit card etc.)	127,699,662	23,974,935
	Locker rent	4,086,970	2,489,850
	Miscellaneous	1,270,802	142,720
		518,903,343	**365,680,182**
28(a)	**Other operating income**		
	Main operation	518,903,343	365,680,182
	Offshore Banking Unit	54,654	31,475
		518,957,997	**365,711,657**
29	**Salary and Allowances**		
	Basic salary	222,612,126	156,252,732
	Allowances	240,828,797	161,367,585
	Festival bonus	37,097,257	28,354,023
	Performance bonus	57,500,000	40,126,681
	Bank's contribution to provident fund	20,602,532	14,152,133
	Gratuity	21,432,896	11,303,752
		600,073,608	**411,556,905**

	2008 Taka	2007 Taka
30 Rent, Taxes, Insurance, Electricity etc.		
Rent, rates and taxes	64,928,512	40,854,037
Insurance	27,683,663	17,997,684
Electricity	16,314,607	13,068,486
	108,926,781	**71,920,207**
31 Legal and professional expenses		
Law charges	1,326,533	1,998,996
Other professional charges	18,888,801	15,822,675
	20,215,333	**17,821,671**
32 Postage, Stamp, Telecommunication etc.		
Telephone –office	14,938,400	15,528,247
LAN, WAN, SWIFT, Courier and Telex	28,775,422	23,585,711
Postage	359,129	201,884
Telephone – residence	4,597,650	3,783,262
	48,670,601	**43,099,104**
33 Stationery, Printing, Advertisement, etc.		
Printing and stationery	31,479,135	28,352,053
Publicity and advertisement	108,254,530	70,842,868
	139,733,665	**99,194,921**
34 Managing Director's Salary and Allowances		
Basic salary	4,963,871	5,444,516
Allowance	3,600,000	3,692,295
Bonus	880,000	800,000
Bank's contribution to provident fund	496,387	544,454
	9,940,258	**10,481,265**
35 Directors' fees and expenses		
Fees	868,200	1,090,200
Other expenses	125,193	176,601
	993,393	**1,266,801**
Each director is paid for Tk.4,000/- per Board meeting and per committee meeting.		
36 Audit fees	**274,424**	**209,424**
37 Repairs, maintenance and depreciation		
Depreciation (Annexure 'A')		
Buildings	477,036	489,276
Machinery and equipment	38,719,521	27,477,853
Vehicles	9,358,554	7,497,755
Furniture and fixtures	12,375,139	9,928,167
Software	267,496	-
Leased assets under finance lease	18,318,198	18,318,240
	79,515,944	**63,711,291**
Repairs and maintenance		
Office equipments	44,133,549	15,112,786
Vehicles	2,599,304	1,386,170
Furniture and fixtures	7,832,261	499,944
Rented premises- general	6,488,879	2,579,728
Rented premises-lighting	1,272,415	751,939
	62,326,408	**20,330,567**
	141,842,352	**84,041,858**

		2008 Taka	2007 Taka
38	**Other expenses**		
	Card expenses	30,150,970	21,502,202
	Travelling expenses	111,716,645	88,843,409
	Bank charges	4,304,429	7,064,364
	Fees and subscriptions	3,283,875	5,447,998
	Books, periodicals and publications	904,129	1,048,371
	Cartage/freight	782,228	446,965
	Staff training expenses	11,577,325	16,919,134
	Finance cost of leased ICT equipments	1,364,984	3,701,928
	Entertainment	14,409,877	11,538,719
	Staff welfare expenses	5,057,111	2,629,830
	Uniform and liveries	837,512	1,725,077
	Branch operating expenses	517,371	320,832
	Office securities	18,806,074	12,693,846
	Direct sales team (DST) expenses	37,103,622	35,521,180
	AGM expenses	2,955,228	1,397,332
	Miscellaneous write off expenses	1,549,089	1,195,819
	Loss on sale of fixed assets (Annexure-A1)	27,890	-
		245,348,359	**211,997,006**
38(a)	**Other expenses**		
	Main operation	245,348,359	211,997,006
	Offshore Banking Unit	57,273	33,326
		245,405,632	**212,030,332**

	2008 Taka	2007 Taka
39 Cash received from other operating activities		
Rebate earnings	26,874,284	20,174,750
Telex charges recovered	571,694	318,507
Postages charges recovered	12,969,983	10,946,861
Fund management & statement related services	2,065,526	540,198
Service charges	94,372,323	82,395,575
Swift charges	27,341,555	22,166,119
Management fees	94,818,304	70,892,353
Periodic service charges	60,143,482	46,999,979
Facility service charges	10,648,282	8,939,104
Card income	127,699,662	23,974,935
Locker and Godown rent	4,086,970	2,489,850
Miscellaneous	1,270,802	142,720
	462,862,868	**289,980,951**
40 Changes in other assets		
Opening Balances		
Stock of stationery	9,203,391	11,525,699
Stamps on hand	509,203	681,089
Suspense account	9,508,100	10,878,946
Sundry debtors	91,000	837,429
Advance paid for development of land and building	28,961,032	28,961,032
Security deposits	4,467,767	1,883,125
Advance rent and advertisement	81,232,199	34,246,508
Other account Receivable-BCCI	105,920,605	105,920,605
Prepaid expenses and other prepayments	98,653,619	79,513,246
Interest and other receivables	303,034,062	296,672,833
Bangladesh Bank Clearing Account	7,456,756	27,304,941
Inter branch & Inter system Accounts	-	6,604,870
Inter branch cash transfer account (Net)	7,132	3,007,141
	649,044,866	**608,037,464**
Closing Balances		
Stock of stationery	9,284,289	9,203,391
Stamps on hand	638,919	509,203
Suspense account	-	9,508,100
Sundry debtors	31,495	91,000
Advance paid for development of land and building	28,961,032	28,961,032
Security deposits	1,927,025	4,467,767
Advance rent and advertisement	147,913,293	81,232,199
Other account Receivable-BCCI	-	105,920,605
Prepaid expenses and other prepayments	113,094,912	98,653,619
Interest and other receivables	420,068,568	303,034,062
Bangladesh Bank Clearing Account	6,756,755	7,456,756
Inter branch & Inter system Accounts	-	-
Inter branch cash transfer account (Net)	-	7,132
	728,676,288	**649,044,866**
Net Changes in other assets	**(79,631,422)**	**(41,007,402)**

	2008 Taka	2007 Taka
41 Changes in other Liabilities		
Opening Balances		
Privileged creditor	80,587,214	70,875,288
Acquirer liabilities	18,898,409	68,157,487
Sundry creditors	59,591,002	59,599,667
Miscellaneous creditors	428,947,711	473,600,542
Exchange Equalization Account	22,628,988	22,628,988
Advance Interest/Commission Received	120,534,166	189,430,052
Expense payable	72,212,858	61,006,158
Miscellaneous payable	68,515,345	40,889,948
Suspense account	-	-
Deferred tax liability	8,635,282	2,199,039
Obligation under Finance Lease	22,531,990	42,727,018
SIA Insurance premium	-	1,650
	903,082,965	**1,031,115,837**
Closing Balances		
Privileged creditor	105,343,786	80,587,214
Acquirer liabilities	353,069,545	18,898,409
Sundry creditors	119,455,993	59,591,002
Miscellaneous creditors	225,232,290	428,947,711
Exchange Equalization Account	22,628,988	22,628,988
Advance Interest /Commission Received	43,397,284	120,534,166
Expense payable	119,562,693	72,212,858
Miscellaneous payable	39,969,722	68,515,345
Suspense account	1,916,741	-
Deferred tax liability	4,699,032	8,635,282
Obligation under Finance Lease	-	22,531,990
	1,035,276,074	**903,082,964**
Net changes in other liability	**132,193,109**	**(128,032,873)**

42 Business Segment wise revenue during the year is as follows:

(Figures in million Taka)

Business Segments					
Head of Income/ Expenses	**Corporate**	**Consumer**	**SME**	**Treasury**	**Total**
Interest Income from Loan	3,794.76	637.36	515.13	-	4,947.25
Interest Income from Investment	-	-	-	862.90	862.90
Interest Income from Placement	-	-	-	277.16	277.16
Total	**3,794.76**	**637.36**	**515.13**	**1,140.07**	**6,087.32**
Interest Expenses for Deposits	1,238.70	1,601.19	106.66	-	2,946.55
Interest Expenses for Borrowing	-	-	49.01	679.82	728.83
Total	**1,238.70**	**1,601.19**	**155.67**	**679.82**	**3,675.38**
Net Interest Income (NII) before TP*	**2,556.06**	**(963.83)**	**359.46**	**460.25**	**2,411.93**
Net TP income (expenses)	(1,494.52)	1,216.15	(153.29)	431.66	-
NII after TP	**1,061.54**	**252.32**	**206.17**	**891.91**	**2,411.93**
Fees and Commission	552.65	222.65	52.25	-	827.55
FX Income	-	-	-	400.97	400.97
Other Operating Income	49.06	4.24	6.83	1.04	61.17
Total Revenue	**1,663.25**	**479.21**	**265.24**	**1,293.92**	**3,701.63**

*To determine business segment wise revenue, we use fund transfer pricing (FTP). TP income or expenses have been calculated based on tenor wise average loans and deposits of the respective business segments for a certain period. TP rate has been determined using the T-bill rate of the respective tenor plus 100 basis point as determined by ALCO from time to time

43 Events after the balance sheet date

a. Proceeds from the Right Issue amounting to BDT 693,450,000 was received in full during the stipulated subscription period (January 01 to January 22, 2009) as subscribed by the eligible subscribers. After taking this Right Issue subscription into account, paid up capital rose to BDT 2,080,350,000 from BDT 1,386,900,000. Record dated of the Right Issue was December 15, 2008.

b. The Board of Directors of Eastern Bank Limited in its 411 meeting held on March 2, 2009 recommended Stock Dividend @ 20% i.e. (1 share against 5 shares held as on record date) for the year 2008. The total amount of recommended Stock Dividend comes to BDT 416,070,000.

Managing Director | Director | Director | Chairman

Eastern Bank Limited
Main Operation
Schedule of Fixed Assets
as at 31 December 2008

Annexure – A

Particulars	Cost					Depreciation				Net book value at 31 December 2008
	Balance on 01 January 2008	Revaluation Gain	Additions during the year	Disposals during the year	Balance at 31 December 2008	Balance on 1 January 2008	Charge for the year	On disposals during the year	Balance at 31 December 2008	
	Taka	**Taka**	**Taka**	**Taka**	**Taka**	**Taka**	**Taka**	**Taka**	**Taka**	**Taka**
Freehold Land and Land Development	535,306,650	-	306,600,000	-	841,906,650	-	-	-	-	841,906,650
Building on freehold land	21,592,280	-	600,000	-	22,192,280	2,510,611	477,036	-	2,987,647	19,204,633
Machinery and Equipment	263,740,674	-	80,567,656	(487,450)	343,820,880	97,362,153	38,719,521	(434,078)	135,647,596	208,173,284
Software	-	-	16,049,764	-	16,049,764	-	267,496	-	267,496	15,782,268
Vehicles	50,325,442	-	6,639,207	(1,695,000)	55,269,649	24,737,298	9,358,554	(1,694,998)	32,400,854	22,868,795
Furniture and fixtures	139,951,888	-	45,784,666	(3,567,954)	182,168,600	33,357,328	12,375,139	(1,735,414)	43,997,053	138,171,547
Leased Assets under Finance Lease	91,591,169	-	-	-	91,591,169	73,272,970	18,318,198	-	91,591,168	1
At 31 December 2008	**1,102,508,103**	**-**	**456,241,293**	**(5,750,404)**	**1,552,998,992**	**231,240,360**	**79,515,944**	**(3,864,490)**	**306,891,814**	**1,246,107,178**
At 31 December 2007	**754,720,002**	**170,940,000**	**184,392,923**	**(7,544,822)**	**1,102,508,103**	**174,747,142**	**63,711,291**	**(7,218,073)**	**231,240,360**	**871,267,743**

"Annexure-A1"

Eastern Bank Limited
Main Operation
Schedule of Fixed Assets Disposals
as at 31 December 2008

Particulars	Cost Taka	Accumulated Depreciation Taka	Net book value Taka	Sales value Taka	Gain/ (Loss) Taka	Mode of Disposal	Buyer/ Highest bidder
Furniture and fixtures	1,607,080	973,582	633,498	358,190	(275,308)	Quotation	M/S Fazlul Haque & Brothers
Furniture and fixtures	1,077,193	320,726	756,467	272,619	(483,848)	Quotation	Mr. Md. Atowar Rahman
Furniture and fixtures	519,806	365,011	154,795	121,008	(33,787)	Quotation	Md. Mainul Islam
Fixtures	363,875	76,095	287,780	33,994	(253,786)	Single offer	Md. Anwarul Huq Miah
Loss	**3,567,954**	**1,735,414**	**1,832,540**	**785,811**	**(1,046,729)**		
Machinery & Equipment	338,430	300,591	37,839	21,395	(16,444)	Quotation	M/S Fazlul Haque & Brothers
Machinery & Equipment	122,983	109,438	13,545	4,881	(8,664)	Quotation	Mr. Md. Atowar Rahman
Machinery & Equipment	26,037	24,049	1,988	1,554	(434)	Quotation	Md. Mainul Islam
Loss	**487,450**	**434,078**	**53,372**	**27,830**	**(25,542)**		
Vehicles:							
Car	950,000	949,999	1	600,383	600,382	Tender	Mr. Md. Nur-A-Alam (Raju)
Car	745,000	744,999	1	444,000	443,999	Do	Mr. Syed Monir Kawsar
Gain	**1,695,000**	**1,694,998**	**2**	**1,044,383**	**1,044,381**		
Grand Total: Gain/(Loss)	**5,750,404**	**3,864,490**	**1,885,914**	**1,858,024**	**(27,890)**		

Eastern Bank Limited

"Annexure-B"

Main Operation

Balance with other Banks and Financial Institutions
as at 31 December 2008

Outside Bangladesh - (Note-5.2)

Particulars	Currency Name	2008			2007		
		Amount in Foreign Currency	Conversion rate per unit of FC	Amount in BDT	Amount in Foreign Currency	Conversion rate per unit of FC	Amount in BDT
In demand deposit account (non interest bearing) with:							
The Bank of Tokyo Mitshubishi, Tokyo	JPY	405,425	0.76	308,407	130,602	0.61	79,576
The Bank of Tokyo Mitshubishi, Kolkata	USD	50,000	68.92	3,446,000	50,000	68.57	3,428,640
The Bank of Tokyo Mitshubishi, London	GBP	22,587	99.66	2,250,959	66,085	136.73	9,036,026
Standard Chartered Bank, Kolkata	USD	(1,212,006)	68.92	(83,531,425)	81,619	68.57	5,596,850
Standard Chartered Bank, Colombo	USD	(42,644)	68.92	(2,939,020)	67,644	68.57	4,638,532
Standard Chartered Bank, London	EURO	(59,063)	96.32	(5,689,137)	216,733	100.93	21,873,893
Standard Chartered Bank, Singapore	SGD	8,661	47.73	413,371	5,144	47.40	243,848
Standard Chartered Bank, New york	USD	6,239,860	68.92	430,051,171	1,634,473	68.57	112,080,411
Citibank N A, Newyork	USD	365,379	68.92	25,181,953	(779,873)	68.57	(53,478,100)
Citibank N A, Mumbai	USD	1,087	68.92	74,937	1,575	68.57	108,030
Nepal Bangladesh Bank Ltd.	USD	9,203	68.92	634,256	6,376	68.57	437,216
AB Bank Limited, Mumbai	USD	(425,707)	68.92	(29,339,711)	3,533	68.57	242,275
Bank of Bhutan	USD	3,415	68.92	235,338	6,645	68.57	455,677
Mashreqbank, Newyork	USD	(540,477)	68.92	(37,249,651)	470,367	68.57	32,254,360
JP Morgan Chase Bank NY	USD	(282,912)	68.92	(19,498,299)	(99,672)	68.57	(6,834,759)
The Bank of Nova Scotia, Toronto	CAD	1,014	56.57	57,330	(504)	69.97	(35,267)
JP Morgan Chase Bank NA, Sydney	AUD	(2,425)	47.40	(114,945)	(4,330)	60.00	(259,804)
American Express Bank, NY	USD	63,597	68.92	4,383,071	661,905	68.57	45,388,659
Zurcher Kantonal Bank (ZKB,Zurich)	CHF	8,206	65.09	534,113	1,208	60.84	73,494
National Commercial Bank KSA	SAR	144,504	18.36	2,653,233	25,000	18.30	457,493
Wachovia Bank NA New York	USD	(320,517)	68.92	(22,090,031)	167,489	68.57	11,485,207
ICICI Bank ACU	USD	(307,958)	68.92	(21,224,483)	85,578	68.57	5,868,320
NDLC-IFIC Bank (NIB) Pakistan	USD	(30,656)	68.92	(2,112,777)	9,156	68.57	627,818
HSBC - New york USA	USD	(174,854)	68.92	(12,050,956)	(836)	68.57	(57,351)
Commerz Bank AG, Frankfurt, Germany	EURO	(104,920)	96.32	(10,106,194)	35,708	100.93	3,603,877
Placement to OBU	USD	3,392,760	68.92	233,829,019	967,540	68.57	66,346,927
Total				*458,106,531*			*263,661,848*
Grand total				**458,106,531**			**263,661,848**

Annexure-C

iv) Related Party Transactions

The Bank in normal course of business had transactions with other entities that fall within the definition of 'Related Party' as contained in Bangladesh Accounting Standards (BAS)-24 (Related party Disclosures) and as defined in the BRPD circular #14, issued by Bangladesh Bank on 25 June 2003.

The significant Related party transactions during the year were as follows:

Name of the organization	*Representing Directors*	*Nature of Facility*	*Outstanding as on* 1st Jan 2008	*Transactions* Debit (Tk)	*Transactions* Credit (Tk)	Outstanding as on 31-Dec-08
Unique Enterprise	Mohd. Noor Ali (Director: Eastern Bank Ltd.)	LG (Revolving)	787,360	-	-	787,360
MSIC Textiles Ltd	Zahidul Islam Chowdhury					
	(Ex-Director: Eastern Bank Ltd)	Term Loan	4,165,708	-	1,293,620	2,872,088
		OAP-Normal	-	4,253,400	-	4,253,400
		OD-Corporate	-	1,024,799	-	1,024,799
		LC-Usance	-	7,992,500	-	7,992,500
		Demand Loan-Normal	-	3,779,627	-	3,779,627
		Current Deposit-Corporate	-	17,192	-	17,192
SAARC Enterprise	Adnanul Islam Chowdhury	OD-Corporate	3,153,519	4,963,867	-	8,117,386
	(Brother of Zahidul Islam Chowdhury,	Demand Loan-Normal	7,500,000	-	180,000	7,320,000
	Ex-Director: Eastern Bank Ltd					
Z. N. Shipping Lines	Md. Showkat Ali Chowdhury, Director:					
	Eastern Bank Limited	LG	113,920	-	-	113,920
Z. N. Enterprise	Do	LG	192,900	-	-	192,900
			15,913,407	**22,031,385**	**1,473,620**	**36,471,172**

BCCI Pre-take over loss before adjustment

Assets	EMP- BCCI	84,364
	Short Term Rec.Misc.	8,499,903
	Due from Bank Demand	696,606,370
	Due from Branch Demand	3,570,949
	Loan and Advances	910,450,480
	Suspense A/C.	4,482,487
	Profit & loss (Loss carried forward)	1,312,093,635
	Main Office - BCCI	457,473,073
	Total Assets (A)	**3,393,261,261**
Liabilities	BCCI Liabilities	2,256,702,956
	Total Liabilities (B)	**2,256,702,956**
C	**Pre-take over loss as on 31-12-2008 (A-B)**	**1,136,558,305**

Adjustment during 2008 with retrospective effect on 2007

Assets	BB CLG (BCCI)	7,804,615
	Advance Tax- BCCI	105,920,605
	BCCI Dhk A/C BB Clearing A/c	6,361,229
	Total Assets (A)	**120,086,449**
Liabilities	MISC-BCCI (Reducing Deposit BCCI)	197,997,068
	BCCI Liabilities (Excess of liabilities over assets)	7,321,887
	Bills Payable General (BCCI Liabilities)	7,943,484
	Sundry Creditors (BCCI Liability)	16,296,812
	Margin on Acceptance (BCCI Liabilities)	7,321,887
	Total Liabilities (B)	**236,881,137**
D	**Adjustment (Assets-Liabilities) (A-B)**	**(116,794,688)**
	BCCI Pre-take over loss as on 31-12-2008 (C+D)	**1,019,763,617**

Eastern Bank Limited

Highlights on the overall activities

Annexure – E

Sl No	Particulars		2008	2007
1	Paid up capital	Taka	1,386,900,000	1,035,000,000
2	Total capital (Tier-I & II)	Taka	5,251,569,699	4,150,563,867
3	Surplus/ (shortage) capital	Taka	1,120,041,048	1,081,854,878
4	Total assets	Taka	54,598,268,072	40,203,682,476
5	Total deposits	Taka	41,572,767,785	29,882,106,252
6	Total loans and advances	Taka	39,662,162,813	30,961,802,828
7	Total contingent liabilities	Taka	20,630,261,002	13,338,657,991
8	Loans to deposits ratio (total loans/total deposits)	%	95.40%	103.61%
9	% of classified loans against total loans and advances	%	3.30%	4.31%
10	Profit after tax and provisions	Taka	797,774,068	419,142,203
11	Loans classified during the year	Taka	447,836,508	648,746,510
12	Provision held against classified loans	Taka	692,374,800	659,691,825
13	Surplus of provision	Taka	-	-
14	Cost of fund (interest expense/average borrowing and deposits)	%	9.31%	7.94%
15	Interest bearing assets	Taka	46,830,618,628	34,706,263,766
16	Non-interest bearing assets	Taka	7,767,649,444	5,497,418,710
17	Return on aseets (PAT/average assets)	%	1.68%	1.10%
18	Income from investments	Taka	862,903,795	506,856,546
19	Return on investment or ROI	%	12.19%	7.72%
	(PAT/long term average equity,borrowing and deposits)			
20	Earning per share (PAT/weighted average number of shares)	Taka	57.52	30.22
21	Operating profit per share	Taka	172.01	134.86
22	Price earning ratio	Times	10.24	26.44

audited financial statements 2008

offshore banking unit, bangladesh



Auditors' report to the Shareholders of

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

We have audited the accompanying balance sheet of the Offshore Banking Unit (the Unit), Bangladesh of Eastern Bank Limited as of 31 December 2008 and the related profit and loss account and cash flow statement for the year then ended together with the notes 1 to 17 annexed thereto. Preparation of these Financial Statements is the responsibility of the Bank's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA) and Bangladesh Auditing Practice Statements (BAPS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reprting Standards (BFRS) give a true and fair view of the state of the affairs of Offshore Banking Unit as on 31 December 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

We also report that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) in our opinion, proper books of account as required by law have been kept by the unit so far as it appeared from our examination of those books;

iii) the unit's balance sheet and profit and loss account together with the annexed notes 1 to 17 dealt with by the report are in agreement with the books of account and returns;

iv) the expenditure incurred was for the purposes of the Unit's business;

v) read in conjunction with the notes to the Financial Statements, the financial position of the unit at 31 December 2008 and the profit for the year then ended have been properly reflected in the Financial Statements;

vi) we have reviewed over 80% of the risk weighted assets of the unit;

vii) the Financial Statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

viii) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh; and

ix) the information and explanations required by us have been received and found satisfactory.

Hoda Vasi Chowdhury & Co.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dated: Dhaka, 02 March, 2009

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2008

	Note	2008		2007	
		US$	Taka	US$	Taka
PROPERTY AND ASSETS					
CASH					
In hand (including foreign currencies)		-	-	-	-
With Bangladesh Bank (including foreign currencies)		-	-	-	-
		-	-	-	-
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS					
(ON CURRENT AND OTHER ACCOUNTS)	3				
In Bangladesh		-	-	-	-
Outside Bangladesh		169,662.89	11,693,166	92,803.81	6,363,817
		169,662.89	11,693,166	92,803.81	6,363,817
MONEY AT CALL AND SHORT NOTICE		-	-	-	-
INVESTMENT		-	-	-	-
LOANS AND ADVANCES:	4				
i) Loans, cash credits, overdrafts, etc.					
In Bangladesh		3,406,542.69	234,778,922	963,888.53	66,096,535
Outside Bangladesh		-	-	-	-
		3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
ii) Bills purchased and discounted (excluding treasury bills of the Government)					
Payable in Bangladesh		-	-	-	-
Payable outside Bangladesh		-	-	-	-
		-	-	-	-
		3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
FIXED ASSETS		-	-	-	-
OTHER ASSETS	5	-	-	-	-
NON-BANKING ASSETS		-	-	-	-
TOTAL ASSETS		**3,576,205.58**	**246,472,089**	**1,056,692.34**	**72,460,352**

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2008

	Note	2008		2007	
		US$	Taka	US$	Taka
CAPITAL AND LIABILITIES					
BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS	6				
Bangladesh Bank		-	-	-	-
Other					
In Bangladesh		3,392,760.00	233,829,019	967,540.00	66,346,927
Outside Bangladesh		-	-	-	-
		3,392,760.00	233,829,019	967,540.00	66,346,927
		3,392,760.00	**233,829,019**	**967,540.00**	**66,346,927**
DEPOSITS AND OTHER ACCOUNTS	7				
Current deposits and other accounts		126,344.05	8,707,632	52,565.77	3,604,582
Term deposits		-	-	-	-
		126,344.05	**8,707,632**	**52,565.77**	**3,604,582**
OTHER LIABILITIES	8	65,504.44	4,514,566	23,537.42	1,614,027
TOTAL LIABILITIES		**3,584,608.49**	**247,051,217**	**1,043,643.19**	**71,565,536**
CAPITAL/SHAREHOLDERS' EQUITY					
Retained Earnings brought forward from profit and loss account		(8,402.91)	(579,129)	13,049.15	894,816
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,576,205.58**	**246,472,089**	**1,056,692.34**	**72,460,352**
OFF BALANCE SHEET ITEMS					
Contingent liabilities					
Acceptance and endorsements		-	-	59,600.00	4,086,939
Letter of guarantee – Banks		-	-	-	-
Letter of guarantee – Others		-	-	-	-
Bills for collection		-	-	-	-
Irrevocable letters of credit		273,463.19	18,847,083	-	-
Other Commitments		-	-	-	-
		273,463.19	**18,847,083**	**59,600.00**	**4,086,939**

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

Managing Director | Director | Director | Chairman

Auditors' report to the shareholders
See annexed report of date

Dated: Dhaka, 02 March, 2009

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Profit and Loss Account
for the year ended 31 December 2008

	Note	2008		2007	
		US$	Taka	US$	Taka
Interest income	9	134,151.33	9,245,710	85,401.60	5,856,227
Interest paid on deposits and borrowings	10	102,521.81	7,065,803	64,479.00	4,421,506
Net interest income		31,629.52	2,179,907	20,922.60	1,434,721
Commission, exchange and brokerage	11	1,972.59	135,951	1,351.32	92,664
Other Operating Income	12	793.00	54,654	459.00	31,475
Total operating income		34,395.11	2,370,511	22,732.92	1,558,860
Less: Operating expenses	13	831.00	57,273	486.00	33,326
Profit before provision		33,564.11	2,313,238	22,246.92	1,525,534
Less :Provision for unclassified Loans and Advances		26,863.17	1,851,410	5,030.99	344,989
(Including provision for off Balance Sheet items)					
Profit before income tax		6,700.94	461,828	17,215.93	1,180,545
Less. Provision for income tax		15,103.85	1,040,957	10,011.11	686,490
Net Profit/(loss) after taxation		(8,402.91)	(579,129)	7,204.82	494,054
Balance of Profit brought forward from previous year		-	-	5,844.33	400,762
Retained Earnings carried forward		**(8,402.91)**	**(579,129)**	**13,049.15**	**894,816**

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

Managing Director | Director | Director | Chairman

Auditors' report to the shareholders
See annexed report of date

Dated: Dhaka, 02 March, 2009

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Cash Flow Statement
for the year ended 31 December 2008

	Note	2008 US$	2008 Taka	2007 US$	2007 Taka
A) Cash flow from operating activities					
Interest Income		134,151.33	9,245,710	85,401.60	5,856,227
Interest paid		(102,521.81)	(7,065,803)	(64,479.00)	(4,421,506)
Received from other operating activities	15	2,765.59	190,604	1,810.32	124,139
Paid for operating expenses	16	(831.00)	(57,273)	(486.00)	(33,326)
Operating profit before changes in operating assets and liabilities		33,564.11	2,313,238	22,246.92	1,525,534
(Increase)/decrease in operating assets					
Loan and advances to customers		(2,442,654.16)	(168,347,725)	(473,298.53)	(32,455,405)
Other Assets		-	-	-	-
Increase/(decrease) in operating liabilities					
Effect of Changes in exchange rate		-	-	-	-
Deposits from Banks		-	-	-	-
Customers' deposits and other accounts		73,778.28	5,084,799	48,920.92	3,354,644
Borrowing from other banks and financial institutions		2,425,220.00	167,146,162	467,040.00	32,026,241
Other liabilities		-	-	-	-
		56,344.12	3,883,237	42,662.39	2,925,480
Net cash provided from operating activities		89,908.23	6,196,475	64,909.31	4,451,014
B) Cash flow from investing activities		-	-	-	-
C) Cash flow from financing activities					
Retained earnings remitted to Main Operation		(13,049.15)	(899,347)	-	-
D) Net increase in cash and cash equivalent (A+B+C)		76,859.08	5,297,128	64,909.31	4,451,013
E) Opening cash and cash equivalent		92,803.81	6,396,039	27,894.50	1,912,804
F) Closing cash and cash equivalent (D+E)		**169,662.89**	**11,693,166**	**92,803.81**	**6,363,817**
G) Closing cash and cash equavalents	**14**				
Cash In hand (including foreign currencies)		-	-	-	-
Balances with Bangladesh Bank and its agent bank (s)		-	-	-	-
Balances with other Banks and Financial Institutions		169,662.89	11,693,166	92,803.81	6,363,817
Money at call and short notice		-	-	-	
Prize bonds		-	-	-	-
		169,662.89	**11,693,166**	**92,803.81**	**6,363,817**

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

Managing Director | Director | Director | Chairman

Eastern Bank Limited

Offshore Banking Unit, Bangladesh

Statement of Liquidity in USD & Taka

(Maturity analysis of assets and liabilities)
as at 31 December 2008

Particulars	Maturity within 1 month		Maturity within 1 to 3 months		Maturity within 3 to 12 months		Maturity within 1 to 5 years		Maturity over 5 years		Total Amount	
	USD	Taka	USD	Taka	USD	Taka	USD	Taka	USD	Taka	USD	Taka
ASSETS												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	169,662.89	11,693,166	-	-	-	-	-	-	-	-	169,662.89	11,693,166
Money at call and short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Treasury Bills & others	-	-	-	-	-	-	-	-	-	-	-	-
Loans & advances to customers	1,813,192.69	124,965,240	1,530,650.00	105,492,398	62,700.00	4,321,284	-	-	-	-	3,406,542.69	234,778,922
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	**1,982,855.58**	**136,658,407**	**1,530,650.00**	**105,492,398**	**62,700.00**	**4,321,284**	**-**	**-**	**-**	**-**	**3,576,205.58**	**246,472,089**
LIABILITIES												
Borrowings from other banks & financial institutions	-	-	-	-	3,392,760.00	233,829,019	-	-	-	-	3,392,760.00	233,829,019
Deposits & other accounts	126,344.05	8,707,632	-	-	-	-	-	-	-	-	126,344.05	8,707,632
Other liabilities	28,704.38	1,978,306	-	-	-	-	36,800.06	2,536,260	-	-	65,504.44	4,514,566
Total Liabilities	**155,048.43**	**10,685,938**	**-**	**-**	**3,392,760.00**	**233,829,019**	**36,800.06**	**2,536,260**	**-**	**-**	**3,584,608.49**	**247,051,217**
Net Liquidity Difference	**1,827,807.15**	**125,972,469**	**1,530,650.00**	**105,492,398**	**(3,330,060.00)**	**(229,507,735)**	**(36,800.06)**	**(2,536,260)**	**-**	**-**	**(8,402.91)**	**(579,129)**

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Notes to the Financial Statements
as at and for the year ended 31 December 2008

1 Nature of business

Offshore banking Unit ("the Unit") is a separate business unit of Eastern Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide letter no. BRPD(p)744/(89)/2004-303 dated January 25, 2004. The Bank commenced the operation of its Offshore Banking Unit from May 19, 2004 and its office is located at 10, Dilkusha C/A (2nd floor) Dhaka.

2 Significant accounting policies and bases of preparation

2.1 Basis of preparation

The financial statements are prepared on the basis of a going concern and represent the financial performance and financial position of the OBU. The financial statements of the OBU are prepared in accordance with the Bank Companies Act 1991, in particular, Banking Regulation and Policy Department (BRPD) Circular No. 14 (25 June 2003), other Bangladesh Bank Circulars, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other rules and regulations where necessary.

2.2 Foreign currency

Items included in the financial statements of the Unit are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Unit are presented in USD and Taka where USD is the functional currency and USD and Taka are the Unit's presentation currency.

Transactions in foreign currencies are recorded in the functional currency at the rate of exchage prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

2.3 Loans and advances

a) These are stated gross, with accumulated specific and general provisions for bad and doubtful debts being shown under other liabilities.

b) Interest is calculated on a daily product basis but charged and accounted for quarterly on accrual basis.

c) Provision for Loans and Advances is made on the basis of period end review by the management and of instructions contained in Bangladesh Bank BRPD circular 19 & 20 dated December 2005.

2.4 Allocation of common expenses

Establishment expenses in the nature of rent, rates and taxes, salaries, management expenses, printing and stationery, electricity, postages,stamps, telecommunication and audit fee have not been separately accounted for in the Financial Statements.

2.5 Provision for income tax has been made @ 45% on accounting profit without considering possible add-backs and allowable items.

	2008		2007	
	US$	Taka	US$	Taka
3 Balance with other Banks and Financial Institutions				
Inside Bangladesh	-	-	-	-
Standard Chartered Bank, Newyork	169,662.89	11,693,166	92,803.81	6,363,817
(For detail see Annexure - A)	**169,662.89**	**11,693,166**	**92,803.81**	**6,363,817**
3.1 Balance with other banks and financial institutions (according to remaining maturity grouping)				
Payable:				
On demand	169,662.89	11,693,166	92,803.81	6,363,817
In not more than one month	-	-	-	-
In more than one month but not more than three month	-	-	-	-
In more than three months but not more than one year	-	-	-	-
In more than one year but not more than five years	-	-	-	-
In more than five years	-	-	-	-
	169,662.89	**11,693,166**	**92,803.81**	**6,363,817**

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Notes to the Financial Statements
as at and for the year ended 31 December 2008

	2008		2007	
	US$	Taka	US$	Taka
4 Loans and advances				
4.1 Loans, Cash Credit, Overdraft etc.				
4.1.1 Inside Bangladesh				
Loans	3,406,542.69	234,778,922	963,888.53	66,096,535
Cash Credit	-	-	-	-
Overdraft	-	-	-	-
	3,406,542.69	234,778,922	963,888.53	66,096,535
4.1.2 Outside Bangladesh	-	-	-	-
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
4.2 Bills purchased and discounted				
4.2.1 Inside Bangladesh				
Import bills	-	-	-	-
Export bills	-	-	-	-
4.2.2 Outside Bangladesh	-	-	-	-
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
4.3 Maturity grouping of loans and advances including bills discounted and purchased				
Payable on demand	1,813,192.69	124,965,240	92.00	6,309
Less than three months	1,530,650.00	105,492,398	651,000.00	44,640,893
More than three months but less than one year	62,700.00	4,321,284	312,796.53	21,449,333
More than 1 year but less than five years	-	-	-	-
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
4.4 Maturity analysis of bills purchased and discounted				
Within 1 month	-	-	-	-
More than 1 month but less than 3 months	-	-	-	-
More than 3 months but less than 6 months	-	-	-	-
	-	-	-	-
4.5 Loans and Advances on the basis of Significant Concentration				
4.5.1 Loans and Advances to Directors, Executive and Others				
Advance to Directors and their allied concerns(including Ex-Directors)	-	-	-	-
Advances to CEO & Managing Director	-	-	-	-
Advances to Other executives and staffs	-	-	-	-
Advances to Customers (Group wise)	-	-	-	-
Industrial Advances	3,406,542.69	234,778,922	963,888.53	66,096,535
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
4.6 Industry-wise Concentration of loans and advances				
Commercial and trading	-	-	-	-
Importer of commodity	-	-	-	-
Construction	-	-	-	-
Edible oil refinery industry	-	-	-	-
Electronics goods	-	-	-	-
Individuals	-	-	-	-
Pharmaceuticals industries	-	-	-	-
Readymade garments industry	3,406,542.69	234,778,922	963,888.53	66,096,535
Ship breaking industries	-	-	-	-
Industries for steel products	-	-	-	-
Telecommunication sector	-	-	-	-
Textile mills	-	-	-	-
Others	-	-	-	-
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
4.7 Geographical location-wise concentration of Loans and advances				
Inside Bangladesh				
Dhaka Division	-	-	-	-
Chittagong Division	3,406,542.69	234,778,922	963,888.53	66,096,535
Khulna Division	-	-	-	-
Rajshahi Division	-	-	-	-
Barishal Division	-	-	-	-
Sylhet Division	-	-	-	-
Outside Bangladesh - other Division	-	-	-	-
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**

	2008		2007	
	US$	Taka	US$	Taka
4.8 Classified, unclassified, doubtful and bad loans and advances				
Unclassified				
Standard	3,406,542.69	234,778,922	963,888.53	66,096,535
Special mention account	-	-	-	-
Classified				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-
	3,406,542.69	**234,778,922**	**963,888.53**	**66,096,535**
4.9 Particulars of loans and advances				
i) Debt considered good in respect of which the bank is fully secured	3,406,542.69	234,778,922	963,888.53	66,096,535
ii) Debt considered good for which the bank holds no other security than the debtor's personal security	-	-	-	-
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	-	-	-	-
iv) Debts considered doubtful or bad, not provided for	-	-	-	-
	3,406,542.69	234,778,922	963,888.53	66,096,535
v) Debts taken by directors or executives or any of them taken jointly or separately with other persons	-	-	-	-
vi) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the directors, partners or managing agent or in the case of private companies as members	-	-	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	-	-	-	-
viii) Maximum total amount of advances, including temporary advance granted during the period to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies as members	-	-	-	-
ix) Due from other banking companies	-	-	-	-
x) Classified loans and advances on which no interest is credited to income	-	-	-	-
5 Other assets				
Interest receivable	-	-	-	-
	-	-	-	-
6 Borrowings from other banks, financial institutions and agents				
In Bangladesh	3,392,760.00	233,829,019	967,540.00	66,346,927
Outside Bangladesh	-	-	-	-
	3,392,760.00	**233,829,019**	**967,540.00**	**66,346,927**
6.1 Classification based on type of security				
Secured	-	-	-	-
Unsecured	3,392,760.00	233,829,019	967,540.00	66,346,927
	3,392,760.00	**233,829,019**	**967,540.00**	**66,346,927**
6.2 Maturity grouping of borrowings from other banks, financial institutions and agents				
Payable on demand	-	-	-	-
Payable within one month	-	-	-	-
More than one month but less than three months	-	-	-	-
More than three months but less than one year	3,392,760.00	233,829,019	967,540.00	66,346,927
More than one year but less than five years	-	-	-	-
	3,392,760.00	**233,829,019**	**967,540.00**	**66,346,927**
7 Deposits and other accounts				
Current and other accounts:				
Current account	32,565.29	2,244,400	72.70	4,985
Other Account (Interest payable etc.)	93,778.76	6,463,232	52,493.07	3,599,597
	126,344.05	**8,707,632**	**52,565.77**	**3,604,582**

Eastern Bank Limited
Offshore Banking Unit, Bangladesh
Notes to the Financial Statements
as at and for the year ended 31 December 2008

		2008		2007	
		US$	Taka	US$	Taka
7.1	**Maturity grouping of deposits and other accounts**				
	Payable on demand	32,565.29	2,244,400	72.70	4,985
	Payable within one month	93,778.76	6,463,232	52,493.07	3,599,597
	More than one month but less than three months	-	-	-	-
	More than three months but less than one year	-	-	-	-
	More than one year but less than five years	-	-	-	-
		126,344.05	**8,707,632**	**52,565.77**	**3,604,582**
8	**Other liabilities**				
	Provision for taxation	28,704.38	1,978,306	13,600.53	932,627
	Provision for unclassified loans and advances	36,800.06	2,536,260	9,936.89	681,400
	(Including provision for off Balance Sheet items)	**65,504.44**	**4,514,566**	**23,537.42**	**1,614,027**
9	**Interest income**				
	Interest on Advances	133,061.63	9,170,608	81,886.22	5,615,167
	Interest on Money at Call and Short Notice	-	-	-	-
	Interest on Placement with other Banks	-	-	-	-
	Interest on Foreign Currency Balances	1,089.70	75,102	3,515.38	241,059
		134,151.33	**9,245,710**	**85,401.60**	**5,856,227**
10	**Interest paid on deposits and borrowings**				
	Interest on Deposits	-	-	-	-
	Interest on Borrowings	102,521.81	7,065,803	64,479.00	4,421,506
	Discount	-	-	-	-
	Interest on REPO	-	-	-	-
		102,521.81	**7,065,803**	**64,479.00**	**4,421,506**
11	**Commission, exchange and brokerage**				
	Commission	1,972.59	135,951	1,351.32	92,664
	Exchange gain net off exchange losses	-	-	-	-
	Brokerage	-	-	-	-
		1,972.59	**135,951**	**1,351.32**	**92,664**
12	**Other Operating Income**				
	Service charges, management fees etc	**793.00**	**54,654**	**459.00**	**31,475**
13	**Operating Expenses**				
	Bank Charges	**831.00**	**57,273**	**486.00**	**33,326**
14	**Cash and cash equivalent**				
	Balance with other banks	**169,662.89**	**11,693,166**	**92,803.81**	**6,363,817**
15	**Cash Received from other operating activities**				
	Commission, exchange and brokerage	1,972.59	135,951	1,351.32	92,664
	Miscellaneous	793.00	54,654	459.00	31,475
		2,765.59	**190,604**	**1,810.32**	**124,139**
16	**Cash paid for other operating activities**				
	Other office Operating expenses	**831.00**	**57,273**	**486.00**	**33,326**

17 General

17.1 Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit & Loss Account of the main operation of the Bank.

17.2 Assets and liabilities have been converted into Taka currency @ US$ 1 = Tk 68.92 (2007: Tk 68.5728) which represents the year-end mid rate of exchange as at 31 December 2008.

17.3 Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.

Eastern Bank Limited

Annexure – A

Offshore Banking Unit, Bangladesh
Balance with Other Banks and Financial Institutions
Outside Bangladesh (note 3)

as at 31 December 2008

Name of the Banks	Currency Name	2008			2007		
		Foreign Currency	Rate	Local Currency	Foreign Currency	Rate	Local Currency
Standard Chartered Bank	US$	169,662.89	68.92	11,693,166	92,803.81	68.5728	6,363,817
Total		**169,662.89**		**11,693,166**	**92,803.81**		**6,363,817**

notice of the 17th AGM



EASTERN BANK LIMITED

HEAD OFFICE
10, DILKUSHA COMMERCIAL AREA,
DHAKA-1000.

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

NOTICE is hereby given to all the **Members of Eastern Bank Limited** that the **17th Annual General Meeting (AGM)** of the Company **will be held on Tuesday, 28th April 2009 at 11-30 A.M. at the Bangladesh China Friendship Conference Centre (BCFCC), Agargaon, Dhaka to** transact the following business:

: AGENDA:

01. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended December 31, 2008 and the Balance Sheet as at that date together with the Reports of the Auditors and the Directors thereon.
02. To declare the Dividend for the year ended December 31, 2008 as recommended by the Board of Directors.
03. To elect Directors.
04. To appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Safiar Rahman, FCS
Company Secretary

Dated, Dhaka
31st March 2009

NOTES:

* The Board of Directors recommended for issuance of 20% Stock Dividend (Bonus Shares) on the profit of the Bank as at the close of business on 31 December 2008.
* The 'Record Date' in lieu of Book Closure on Monday, 30th March 2009. The Shareholders whose names would appear in the Register of Members of the Company or in the Depository on the 'Record Date' (30th March 2009) will be eligible to attend the 17th AGM and receive Stock Dividends.
* A Member eligible to attend the Annual General Meeting is entitled to appoint a Proxy to attend and vote on his/her behalf. The Proxy may not be a Member of the Company. Forms of Proxy, duly stamped, must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.
* Annual Report, Attendance Slip and Proxy Form along with the Notice are being sent to all the Members by Courier Service/Post. The Members may also collect the Proxy Form from the Registered Office of the Company.
* Members are requested to notify change of address, if any, to the Company.
* The Shareholders are requested to please register their names in the counter at the entrance of the AGM Hall (Bangladesh China Friendship Conference Centre) from 10-00 a.m. to 12.30 p.m.

Our Branches

DHAKA

Principal Branch/ Student Center
Jiban Bima Bhaban, 10 Dilkusha C/A, Dhaka 1000
Tel: 02 9558392, 9565696, 9571262
Fax: 02 7160747, Email: principal@ebl-bd.com

Motijheel Branch/ SME Center
88 Motijheel C/A, Dhaka. Tel: 02 9559655, 9565073-4
Fax: 02 9565074, Email: motijheel@ebl-bd.com

Gulshan Branch
Concord Richmond, 68 Gulshan Avenue, Plot 8A, Block CES (F)
Gulshan 1, Dhaka, Tel: 02 9897703, 9897594, 8827254, 8827101-2
Fax: 02 9897703, Email: gulshan@ebl-bd.com

Gulshan SME Center
31 North C/A, Road 53, Circle 2, Gulshan, Dhaka
Tel: 02 8822104, 8812476, 8860381, Fax: 02 9882316

Bashundhara Branch
Plot 15, Block A, Bashundhara R/A, Dhaka 1219, Tel: 02 8845391-2
Fax: 02 8845390, Email: bashundhara@ebl-bd.com

Banani Branch/ Student Center
House 78, Road 11, Block D, Banani, Dhaka,
Tel: 02 9862669, 9862572, 9860476
Fax: 02 9862903, Email: banani@ebl-bd.com

Uttara Branch/ SME Center
Plot 1A, Road 4, Sector 4, Uttara Model Town, Dhaka
Tel: 02 8915136, 8919051, 8918859
Fax: 02 8918859, Email: uttara@ebl-bd.com

Mirpur Branch/ SME Center
Plot 14, Main Road 3, Block A, Section 11, Mirpur, Dhaka
Tel: 02 9008115, 9010478. Fax: 02 9010478
Email: mirpur@ebl-bd.com

Shyamoli Branch/ SME Center
Plot 16-A/5, Ring Road, Block F, Mohammadpur Housing Estate
Dhaka 1207, Tel: 02 8116015, 9132497, 9133165
Fax: 02 8116329, Email: shamoly@ebl-bd.com

Dhanmondi Branch/ Student Center
House 21, Road 8, Dhanmondi R/A, Dhaka
Tel: 02 9126141, 9146235, 9114145
Fax: 02 9114145, Email: dhanmondi@ebl-bd.com

Sonargaon Road Branch/ SME Center
1st Floor, Rahat Tower, 14 Biponon C/A, Sonargaon Link Rd
West Bangla Motor, Dhaka Tel: 02 8613225, 8619866, 8629160
Fax: 02 8613229, Email: sonargaonroad@ebl-bd.com

Shantinagar Branch/ SME Center
1st Floor, Shan Tower, 24/1 Chamelibagh, Shantinagar, Dhaka
Tel: 02 9346406, 9341110, Fax: 02 9346406
Email: shantinagar@ebl-bd.com

Moghbazar Branch/ SME Center
Shafi Complex, 1/A West Moghbazar, New Circular Road Ramna
Dhaka. Tel: 02 9361756, 9360115, Fax: 02 9348570
Email: moghbazar@ebl-bd.com

English Road Branch/ SME Center
68 North South Road (Shahid Sayed Nazrul Islam Sharani) Dhaka
Tel: 02 7125269, 7116019, Fax: 02 7122413
Email: englishroad@ebl-bd.com

Chawk Mughultuly Branch/ SME Center
1st Floor, 150 Chawk Mughultuly, Dhaka
Tel: 02 7314364, 7314369. Fax: 02 7314369
Email: chawkmughultuly@ebl-bd.com

Narayangonj Branch/ SME Center
Islam Plaza, 64 BB Road, Narayangonj, Tel: 02 9752512 9752514
Fax: 02 9752883, Email: narayangonj@ebl-bd.com

Keraniganj Branch/ SME Center
Jahanara Plaza, Bondh Dakpara, Jinjira, Keraniganj, Dhaka
Tel: 02 7762236-7. Fax: 02 7762238
Email: keraniganj@ebl-bd.com

Board Bazar Branch/ SME Center
Omar Ali Plaza, House 1, Block C, Board Bazar, Gazipur
Tel: 02 9293895-6. Fax: 02 9293897
Email: boardbazar@ebl-bd.com

CHITTAGONG

Agrabad Branch/ SME Center
33 Agrabad C/A, Chittagong, Tel: 031 720755-9
Fax: 031 710262, Email: agrabad@ebl-bd.com

Station Road Branch
Asian S R Hotel, 291 Station Road, Chittagong
Tel: 031 621898, 620519, 636986, Fax: 031 620519
Email: stationroad@ebl-bd.com

Khatunganj Branch
Badsha Market, 173 Khatunganj, Chittagong
Tel: 031 621316, 630229, 635153, Fax: 031 638743
Email: khatunganj@ebl-bd.com

O R Nizam Road Branch
Avenue Centre, 787 CDA Avenue, Chittagong
Tel: 031 617082-3, 2853251, 2857073-5, Fax: 031 617083
Email: ornizamroad@ebl-bd.com

Jubilee Road Branch
Mannan Bhaban, 156 Nur Ahmed Sarak, Jubilee Road, Chittagong
Tel: 031 614442, 621480, Fax: 031 615594 Email: jubileeroad@ebl-bd.com

Jubilee Road SME Center
Ground Floor, Pedrollo Plaza, 5 Jubilee Road, Chittagong
Tel: 031 2852433

Chandgaon Branch
House 16, Road 1, Block A, Chittagong 4000
Tel: 031 2571204, Email: chandgaon@ebl-bd.com

Panchlaish Branch
14 Panchlaish R/A, Chittagong. Tel: 031 2552691
Fax: 031 2552692, Email: panchlaish@ebl-bd.com

Raozan Branch
Bharetoshowri Market, Kaptai Road, Chittagong 4346
Tel: 031 2571207, Fax: 031 2571206, Email: raozan@ebl-bd.com

Cox's Bazar Branch/ SME Center
10, Hotel Motel Zone, Kolatali Road, Cox's Bazar
Tel: 0341-51295-7, Email: coxsbazar@ebl-bd.com

SYLHET

Upashahar Branch
Gas Bhaban, Mehedi Bagh, Sylhet, Tel: 0821 719573
Fax: 0821 719584, Email: upashahar@ebl-bd.com

Chouhatta Branch/ SME Center
Firoz Centre, 891/Ka Chouhatta, Sylhet
Tel: 0821 723142, 717545, 721386, Fax: 0821 717545
Email: chouhatta@ebl-bd.com

Bishwanath Branch
Khurshid Ali Shopping Complex, Notun Bazar, Bishwanath
Sylhet 3100, Tel: 08224 56005, Fax: 08224 56006
Email: bishwanath@ebl-bd.com

Moulvi Bazar Branch/ SME Center
1st Floor, 26 Sylhet Trunk Road, Moulvi Bazar
Tel: 0861 52034, 52226, Fax: 0861 52226
Email: moulvibazar@ebl-bd.com

RAJSHAHI

Rajshahi Branch/ SME Center
Ground Floor, Doinik Barta Complex, Alupotti, Natore Road Rajshahi 6000
Tel: 0721 772372, 772356, Fax: 0721 772356, Email: rajshahi@ebl-bd.com

Bogra Branch/ SME Center
1020/1092, Satani Mega Centre, Sherpur Road, Bogra 5800
Tel: 051 78887, Fax: 051 63892, Email: bogra@ebl-bd.com

KHULNA

Khulna Branch/ SME Center
Taymun Centre & Properties, 181 Khan-A-Sabur Road
ShibBari Mor, Khulna. Tel: 041 723506, 721069, 720041-2
Fax: 041 721740, Email: khulna@ebl-bd.com

Jessore Branch/ SME Center
1st Floor, 25/A R N Road, Jessore, Tel: 0421 64533, 68843
Fax: 0421 68843, Email: jessore@ebl-bd.com

Eastern Bank Ltd.
Simple Math™

ইস্টার্ণ ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০ দিলকুশা বাণিজ্যিক এলাকা
ঢাকা-১০০০

প্রক্সি ফরম

আমি/ আমরা ..... ঠিকানা .....

..... ইস্টার্ণ ব্যাংক লিমিটেড-এর

শেয়ার হোল্ডার হিসাবে এতদ্বারা জনাব/বেগম ..... কে

ঠিকানা ..... অথবা

তাঁর অপারগতায় জনাব/বেগম ..... কে

ঠিকানা ..... আমার/ আমাদের

প্রক্সি হিসাবে আমার/ আমাদের পক্ষে ২০০৯ ইং সালের ২৮ এপ্রিল রোজ মঙ্গলবার বাংলাদেশ চীন মৈত্রী সম্মেলন কেন্দ্র, আগারগাঁও, ঢাকায় অনুষ্ঠিতব্য কোম্পানীর সপ্তদশ বার্ষিক সাধারণ সভায় এবং পরবর্তী যে কোন মূলতবী সভায় উপস্থিত থেকে ভোট দেওয়ার জন্য নিযুক্ত করলাম।

অদ্য ২০০৯ইং সালের ..... মাসের .....তারিখে আমার/ আমাদের সম্মুখে তিনি স্বাক্ষর করলেন।

শেয়ার হোল্ডারের স্বাক্ষর .....

প্রক্সির স্বাক্ষর .....

ফোলিও/ বিও নং .....

রাজস্ব টিকেট
আট টাকা

লক্ষ্যনীয়:
যথাযথভাবে পূরণ করে এই প্রক্সি ফরম সভার ন্যূনতম আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দিতে হবে। ষ্ট্যাম্প ও স্বাক্ষরবিহীন প্রক্সি বৈধ বলে বিবেচিত হবে না। শেয়ার হোল্ডার ও প্রক্সির স্বাক্ষর কোম্পানীর নথিভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকা বাঞ্ছনীয়। প্রক্সির নাম সম্বলিত প্রক্সি নিয়োগ সংক্রান্ত দলিল এবং পাওয়ার অব এটর্নী বা অন্য কোন ক্ষমতা প্রদান পত্র বা নোটারী পাবলিক কর্তৃক সত্যায়িত ক্ষমতা প্রদানপত্রের অনুলিপি সভা অনুষ্ঠানের নির্ধারিত সময়ের আটচল্লিশ (৪৮) ঘন্টা পূর্বে কোম্পানীর প্রধান কার্যালয়ে জমা দেয়া না হলে কোন ব্যক্তি উক্ত সভায় প্রক্সি হিসাবে কাজ করতে পারবেন না।

Eastern Bank Ltd.
Simple Math™

ইস্টার্ণ ব্যাংক লিমিটেড

প্রধান কার্যালয়
জীবন বীমা ভবন, ১০ দিলকুশা বাণিজ্যিক এলাকা
ঢাকা-১০০০

শেয়ার হোল্ডার/ প্রক্সির হাজিরা পত্র

আমি/ আমার ২৮ এপ্রিল ২০০৯ইং তারিখ রোজ মঙ্গলবার বেলা ১১-৩০ ঘটিকায় বাংলাদেশ চীন মৈত্রী সম্মেলন কেন্দ্র, আগারগাঁও, ঢাকায় অনুষ্ঠিতব্য ইস্টার্ণ ব্যাংক লিমিটেড-এর সপ্তদশ বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ার হোল্ডারের নাম ..... স্বাক্ষর .....

শেয়ার সংখ্যা ..... ফোলিও/ বিও নং .....

প্রক্সির নাম..... স্বাক্ষর .....

লক্ষ্যনীয়: যে সকল শেয়ার হোল্ডারগণ নিজে অথবা প্রতিনিধির মাধ্যমে সভায় উপস্থিত থাকতে চান, সভাস্থলে প্রবেশের আগে এই হাজিরা পত্র যথাযথভাবে পূরণ করে নির্ধারিত কাউন্টারে জমা দিতে হবে এবং কোম্পানীতে রক্ষিত স্বাক্ষরের সাথে এই স্বাক্ষরের মিল থাকতে হবে।



Eastern Bank Limited
Jiban Bima Bhaban
10 Dilkusha Commercial Area, Dhaka-1000
Tel: 880-2-9556360, Fax: 880-2-9562364, 9554610
E-mail: info@ebl-bd.com