Thesis Report
On
"Financial Performance Analysis of Commercial Bank: A case study on Eastern Bank PLC."

Submitted to:
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Executive Master of Business Administration

Submitted by:
Mohammad Maniruzzaman Sarker
ID: EMBA2301028015
Program: Executive Master of Business Administration (EMBA)
Major: Finance
Semester: Spring-2024
Department of Business Administration
Faculty of Business
Sonargoan University



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147/I, Green Road, Panthapath, Dhaka

Date of Submission: May 05, 2024

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Submitted to:
Md. Shahbub Alam
Lecturer
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Letter of Transmittal

May 05, 2024
Md. Shahbub Alam
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University

Subject: Submission of Thesis report.

Dear Sir,
It is my great pleasure to submit my thesis report of **"Financial Performance Analysis of Commercial Bank: A case study on Eastern Bank PLC."** which was assigned me as a part of my Executive Master of Business Administration (EMBA) Program. Here is my overview on the focused activities of the Eastern Bank PLC. I have tried myself to explain my learning experience briefly through my report.

I appreciate that, the approach really contributes in giving my course learning shape on me. The entire report is based on my practical experience in the Eastern Bank PLC. I have put my best effort in completing the report with all the information that I have collected during my stay at Eastern Bank PLC.

I have great hope that the report will meet your expectation and help you to get a clear idea about the subject.

Sincerest gratitude for your illuminating guidance.

Sincerely yours,

.....
Mohammad Maniruzzaman Sarker
ID: EMBA2301028015
Program: Executive Master of Business Administration (EMBA)
Major: Finance
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Declaration of the Student

I do hereby earnestly declare that the work presented in this thesis report named **"Financial Performance Analysis of Commercial Bank: A case study on Eastern Bank PLC."** has been carried out by me and has not been previously submitted to any university/ college/ organization for an academic qualification/certificate/ degree.

The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to indemnify the development against any loss or damage arising from breach of the foregoing obligations.

.....

Mohammad Maniruzzaman Sarker
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Certificate of Supervisor

I am pleased to certify that the thesis report on **"Financial Performance Analysis of Commercial Bank: A case study on Eastern Bank PLC."** prepared by Mohammad Maniruzzaman Sarker, ID: EMBA2301028015 of the Department of Business Administration is approved for presentation and defense. Mohammad Maniruzzaman Sarker worked with Eastern Bank PLC. as an intern under my supervision. He completed the work during the Spring-2024 semester. I am also pleased to certify that, the data and the findings presented in the report seen to be authentic. Mohammad Maniruzzaman Sarker bears a good moral character and a very pleasing personality.

I wish he all success in life.

.....

(Md. Shahbub Alam)
Lecturer
Department of Business Administration
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Executive Summary

Eastern Bank PLC. is a private bank providing financial services to the customers. Eastern Bank PLC. is a leading private commercial bank which starts it operation on under Companies Act 1994 on March 12, 1995. Through its countrywide 85 branch network, it is providing a comprehensive and competitive banking service to its clients.

The internship program is very helpful to conduct the space between the theoretical knowledge and real-life experience as a part of Business Administration. This is one of the most integral parts of Master of Business Administration program. I have completed my three months thesis period in Eastern Bank PLC. Based on the knowledge that I gathered from practical field, I prepared my thesis report entitled "Performance Analysis of Eastern Bank PLC." This report contains five main parts.

First chapter is introductory chapter. Second chapter is overview of the Bank. In this chapter I discussed about mission, vision, values, strategies etc. of the bank as well as the board of directors, organogram, functions and products. Third chapter is about theoretical framework like- banking performances, statements, analysis, related ratios etc. Fourth chapter contains related financial performance analysis analysis and in chapter five, I discussed about findings, recommendations and conclusion of the study which mainly obtained from the study on Performance Analysis of Eastern Bank PLC. I think the recommendation will help to enhance Eastern Bank PLC.'s performance as well as to increase their customer.

Acknowledgement

The thesis program is very helpful to bridge the gap between the theoretical knowledge and real-life experience as part of Executive Master of Business Administration (EMBA) program. This thesis report has been designed to have a practical experience through the theoretical understanding. It is my privilege that, I had the opportunity to do thesis in Eastern Bank PLC.

First, I express my deep gratefulness to the almighty Allah for giving help in every step of thesis. Then I would like to thank all the people on whom I carry out my internship. I express my deep gratefulness to my supervisor Md. Shahbub Alam, Lecturer, Department of Business Administration, Sonargaon University. In addition, I am highly grateful to the top to bottom management helped in preparing this report as well as to collect various requirement supports from different sources regarding the Eastern Bank PLC**.**

I prepared the report on the basis of knowledge, ideas and understanding of the thesis program. I tried to make it precise and concise as well as informative. Even though, if there remains any short coming that is on my own.

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Abbreviation

ATM	: Automated teller machine
BAB	: Bangladesh Association of Banks
BIBM	: Bangladesh Institute of Bank Management
CEO	: Chief Executive Officer
DIIT	: Daffodil Institute of IT
EBL	: Eastern Bank Limited
EPS	: Earnings per share
GPM	: Gross Profit Margin
ID	: Independent Director
EMBA	: Executive Masters of Business Administration
MD	: Managing Director
SO	: Senior officer
NIM	: Net interest margin
ROA	: Return on Assets
ROE	: Return on Equity

CHAPTER ONE
INTRODUCTION

1.1 Introduction

The thesis report is an internal part of Executive Master of Business Administration (EMBA). This program creates a unique opportunity for the student to apply their theoretical knowledge into practice and gain valuable real world Business experience. During the program, student can also realize existing business condition apart from having opportunities to solve the program using various analytical tools. This is true to say that educational environment in our whole world and especially in Bangladesh is very much competitive. Present market creates a lot of critical conditions. Only theoretical knowledge cannot solve or define all the problems. So, simply theoretical knowledge is not enough for a person or a student to play operation or to do job in a competitive market. We need practical knowledge about the present organizational field.

1.2 Origin of the Report

The Executive Master of Business Administration (EMBA) program of Sonargaon University (SU) is intended to focus on theoretical and professional development of students who are open to take up trade as a profession as well as service as a career. This study is a constraint for the completion of the EMBA program. This report is of skill and learning become ideal when it is connected with theory and practice. For any business student only curriculum movement is not sufficient for treatment the real business condition, consequently, it is a requirement after the completion of course to involve with a business institute to arrange a report. So it is an occasion for the students to know concerning the field of business through the Thesis program. In such state of affairs this report is an effort of studying about the Financial Performance Analysis of Eastern Bank PLC. I had to prepare report under the supervision of Md. Shabbub Alam, Lecturer, Department of Business Administration, Sonargaon University.

1.3 Scope of the study

This report mainly analyzed on Financial Performance Analysis of Eastern Bank PLC. The scope of this report is limited to the concepts or the theoretical foundation of performance evaluation and those are how they selection of topics and schedule and manage complete this report. This study also covers the bank's history and performance mechanism.

1.4 Objectives of the Study

There are two types of objectives, which are:

- Broad objective
- Specific objective

1.4.1 Broad Objective

The Broad objective of the Study is to analyze the Financial Performance Analysis of Eastern Bank PLC.

1.4.2 Specific Objectives

The following aspects can be listed as the specific objectives for this practical orientation-

1. To know about present situation of Eastern Bank PLC.
2. To evaluate the financial performance of Eastern Bank PLC.
3. To suggest some possible recommendations to make it more efficient

1.5 Methodology of the Study:

The study requires a methodical procedure from selection of the topic to preparation of the final report. This is quantitative types of research. The overall procedure of methodology has been given as below-

1.5.1 Data Collection:

The data used to provide this report has been collected from the primary and secondary sources.

Primary sources:

The "primary sources" are as follows:

- Conversation with bank officials.
- Study of relevant documents.
- Observing the operations of different departments of the bank.
- Discussion with the supervisor

Secondary sources:

Secondary data collection sources are as follows:

- Annual reports of Eastern Bank PLC., 2019-2023

- Web site of Eastern Bank PLC.
- Newspapers, Journals, etc.

1.6 Literature Review

The trend of commercial banking is changing rapidly. Competition is getting stiffer and, therefore, banks need to enhance their competitiveness and efficiency by improving performance. Normally, the financial performance of commercial banks and other financial institutions has been measured using a combination of financial ratios analysis, benchmarking, measuring performance against budget or a mix of these methodologies (Avkiran, 1995).

Gopinathan (2009) has presented that the financial ratios analysis can spot better investment options for investors as the ratio analysis measures various aspects of the performance and analyzes fundamentals of a company or an institution.

Furthermore, Ho and Zhu (2004) have reported that the evaluation of a company's performance has been focusing the operational effectiveness and efficiency, which might influence the company's survival directly. The empirical results of the researches (Raza et al., 2011; Tarawneh, 2006) explained that a company, which has better efficiency, it does not mean that always it will show the better effectiveness. Alam et al. (2011) study concludes that ranking of banks differ as the financial ratio changes.

Bakar and Tahir (2009) in their paper used multiple linear regression technique and simulated neural network techniques for predicting bank performance. ROA was used as dependent variable of bank performance and seven variables including liquidity, credit risk, cost to income ratio, size and concentration ratio, were used as independent variables. They concluded that neural network method outperforms the multiple linear regression method however it need clarification on the factor used and they noted that multiple linear regressions, not withstanding its limitations, can be used as a simple tool to study the linear relationship between the dependent variable and independent variables.

Neceur (2003) using a sample of ten Tunisian banks from 1980 to 2000 and a panel linear regression model, reported a strong positive impact of capitalization to ROA. There are number of studies, which examine the bank performance using CAMEL framework, which is the latest model of financial analysis.

Elyor (2009) and Uzhegova (2010) have used CAMEL model to examine factors affecting bank profitability with success. The CAMEL Framework is the most widely used model (Baral, 2005). The Central bank of Nepal (NRB) has also implemented CAMEL Framework for performance evaluation of the banks and other financial institution.

CAMEL stands for capital adequacy, asset quality, management efficiency, earnings performance and liquidity. The capital adequacy ratio is a key measure to determine the health of banks and financial institutions. Capital adequacy refers to the sufficiency of the

amount of equity to absorb any shocks that the bank may experience (Kosmidou, 2008). Nepalese commercial banks need to maintain at least 6% Tier-1 capital and 10% total capital (Tier 1 and Tier 2), that is, core capital and supplementary capital respectively. Tier 1 capital consists of paid-up capital, share premium, non-redeemable preference share, general reserve fund, accumulated profit, capital redemption reserve, capital adjustment fund, and other free reserves. The Tier 2 capital comprises of capital comprises of general loan loss provision, assets revaluation reserve, hybrid capital instruments, subordinated term loan, exchange equalization reserve, excess loan loss provision, and investment adjustment reserve.

These minimum capital adequacy requirements are based on the risk-weighted exposures of the banks (NRB, 2010). Credit risk is one of the factors that affect the health of an individual bank while asset quality analysis involves taking account of the likelihood of borrowers paying back loans. The extent of the credit risk depends on the quality of assets held by an individual bank.

The quality of assets held by a bank depends on exposure to specific risks, trends in non-performing loans, and the health and profitability of bank borrowers (Baral, 2005). Poor asset quality and low levels of liquidity are the two major causes of bank failures. Poor asset quality led to many bank failures in Kenya in the early 1980s (Olweny and Shipo, 2011).

NRB uses composition of assets, nonperforming loan to total loan ratio, net nonperforming loan to total loan ratio as the indicators of the quality of assets of the commercial banks (NRB, 2010). The maximum NPL allows for a healthy bank is 5%. Management quality plays a big role in determining the future of the bank. The management has an overview of a bank's operations, manages the quality of loans and has to ensure that the bank is profitable.

Rahman et al. (2004) and Elyor (2009) noted that interest expenses divided to total loans can be measured as the bank management quality. Ability to support the present and future operations of a bank depends on the quality of its earnings and profitability profile (Share et al., 2011). NRB uses return on total assets as an indicator of profitability of a commercial bank.

In addition, it uses the absolute measures such as interest income, net interest income, non-interest income, net non-interest income, non-operating income, net nonoperating income and net profit, to evaluate the profitability of a commercial bank (NRB, 2010). Liquidity management is one of the most important functions of a bank. If funds tapped are not properly utilized, the institution will suffer loss (Sangmi and Nazir, 2010).

1.7 Limitations of the Study

I have face some limitations while preparing this report are listed as follows:

- The study was limited only to the Eastern Bank PLC.

- I was not assigned for a specific task in each day. So, I was not able to appreciate banking behavior deeply.
- Lack of experiences: Lack of experiences has acted as constraints in the way of scrupulous exploration on the topic.
- Time Limitation: To complete the study, time was limited by three to four months. It was really very short time to know particulars about an organization.
- Another Problem was time constraints. The period of my report preparation time was only three to four months. But this allocated moment is not enough for a complete and fruitful study.

CHAPTER TWO
OVERVIEW OF EASTERN BANK LTD

2.1 Overview of the Bank

Name of the company: Eastern Bank PLC.

Legal form

A public limited company incorporated in Bangladesh on 08th August 1992 to carry out all kinds of banking businesses in and outside Bangladesh. Having taken over the businesses, assets, liabilities and losses of erstwhile Bank of Credit and Commerce International (Overseas) Limited as per BCCI Reconstruction Scheme 1992 of Bangladesh Bank, the Bank commenced its operations on 16 August 1992.

Leveraging on core strengths in IT, corporate governance and service excellence, Eastern Bank PLC., better known for its acronym EBL, has emerged as one of the most valuable financial institutions in Bangladesh. The guiding principle of is to meet new challenges of contemporary market place and at the same time is focused on the power of personal touch and relationship banking.

With a humble beginning in 1992, EBL moved forward with a small yet confident stride and a pledge to impacting lives positively. Today EBL stands for service excellence, product innovation and world class banking experience. The most awarded bank in the country, EBL is also the first bank to be rated by the world's top rating agency Moody's and was awarded Ba3. The rating has been reaffirmed for the past three consecutive years. EBL's current rating is B1.

Composition of the Group

Eastern Bank PLC. (Group)	
Bank	**Subsidiaries (fully owned)**
Domestic Banking Operation (DBO)	Eastern Bank Securities LTD (Stock dealing and brokerage)
Off-Shore Banking Operation (OBO), Bangladesh	Eastern Bank Investments LTD (Merchant banking operations)
Yangon Representative Office, Myanmar	Eastern Bank Asset Management LTD (Asset management i.e. managing mutual funds)
Guangzhou Representative Office, China	Eastern Bank Finance (HK) LTD (First foreign subsidiary doing trade finance and off-shore banking business in Hong Kong)

Table: 2.1 Composition of the Group

2.2 Vision of Eastern Bank PLC.

To become the most valuable brand in the financial services in Bangladesh creating long-lasting value for our stakeholders and above all for the community we operate in by transforming the way we do business and by delivering sustainable growth.

2.3 Mission of Eastern Bank PLC.

- They will deliver service excellence to all their customers, both internal and external.
- They will ensure to maximize shareholders' value.
- They will constantly challenge their systems, procedures and training to maintain a cohesive and professional team in order to achieve service excellence.
- They will create an enabling environment and embrace a team based culture where people will excel.

2.4 Core Values

Service excellence

- They passionately drive customer delight.
- They use customer satisfaction to accelerate growth.
- They believe in change to bring in timely solution.

Openness

- They share business plan.
- They encourage two-way communications.
- They recognize achievements, celebrate results

Trust

- They care for each other.
- They share knowledge.
- They empower our people.

Integrity

- They say what we believe in.
- They respect every relationship.
- They are against abuse of information power.

Commitment

- They know their roadmap.
- They believe in continuous improvement.
- They do their task before we are told.

Responsible corporate citizen

- They are tax-abiding citizen.
- They promote protection of the environment for their progeny.
- They conform to all laws, rules, norms, sentiments and values of the land.

2.5 Board of Directors

Chairman

Md. Showkat Ali Chowdhury

Directors (Other than chairman)

Sl. No.	Name	Position
01	M. Ghaziul Haque	Director
02	Mir Nasir Hossain	Director
03	Salina Ali	Director
04	Anis Ahmed	Director
05	Mufakkharul Islam Khasru	Director
06	Gazi Md. Shakhawat Hossain	Director
07	K. J. S Banu	Director
08	Zara Namreen	Director
09	Dr. Toufic Ahmad Choudhury	Independent Director
10	Ruslan Nasir	Director
11	K M Tanjib-Ul-Alam	Independent Director
12	Ali Reza Iftekhar	Managing Director

2.6 Strategic Priorities

1. Recognizing and responding to changes in the underlying forces of asset-liability management to improve profitability and at the same time comply with all the regulatory ratios.
2. Intensifying recovery of classified as well as written off loans.

3. Reducing concentration risk, diversifying revenue sources and improving asset quality, solvency and profitability.
4. Adopting new technology to enhance reach, improve efficiencies, fight financial crimes and enhance service excellence.
5. Upholding and instilling compliance culture and good governance practices that effectively mitigate risks and ensure sustainable banking business.
6. Hiring and retaining quality people with a focus on reducing gender disparity.
7. Offering innovative and useful cash management solutions to improve deposit mix of the bank.
8. Utilizing market intelligence and data analytics for offering unique value propositions to cross section of customers.

2.7 Organogram of Eastern Bank PLC.



Fig: 2.7 Organogram of Eastern Bank PLC.
Source: Annual report 2023

2.8 Function of the Managing Director and CEO

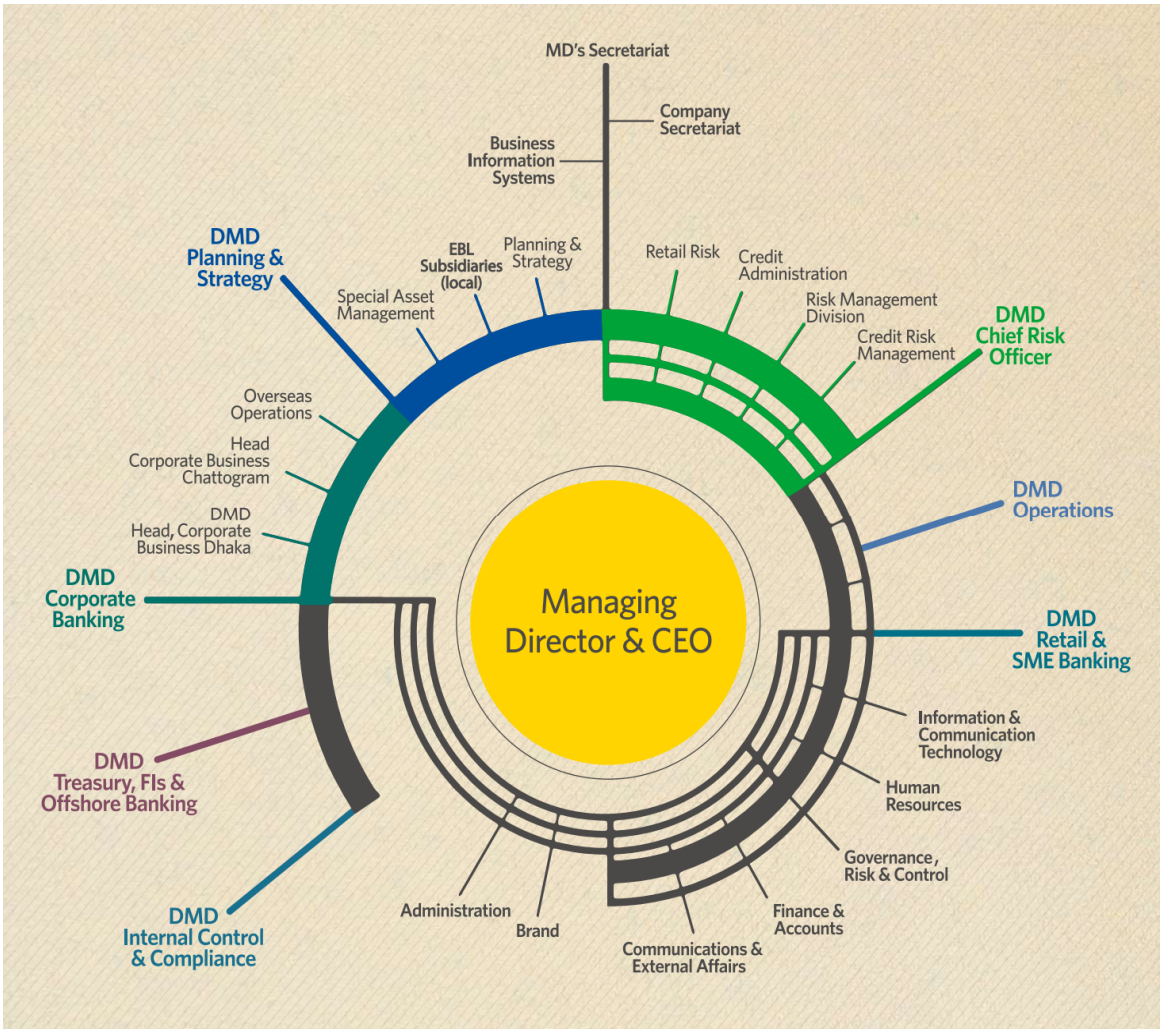


Fig: 2.8 Managing Director and CEO

Source: Annual Report 2023

2.9 Products and Services

i. Retail and SME Banking

ii. Deposit Products

2.9.1 Retail Accounts

EBL Savings Account

- Classic Savings
- Power Savings
- Max Saver
- Premium Savings
- Platinum Plus Savings

- 50+ Savings
- Women's Savings
- RFCD

EBL Current Account

- Current Account
- Current Plus

EBL DPS Account

- Confidence
- Millionaire Scheme
- Millionaire Women DPS
- Kotipoti
- Multiplier

EBL Fixed Deposit

- Repeat FD
- 50+ FD
- Fixed Deposit
- Extra Value Fixed Deposit
- Earn First FD
- Super FD
- Super FD Repeat

EBL Business Accounts

- Current Account
- Current Deposits
- FCY Account
- Export Retention Quota
- Ovilashi

EBL SND Account

- Short Notice Deposit
- Shubidha
- Super HPA

EBL DPS Account

- Equity Builder

EBL Fixed Deposit Account

- Fixed Deposit
- Extra Value Fixed Deposit
- Alo
- Diamond
- Super FD
- Repeat

EBL Self Service (ESS) Hub

Open Account, FD or DPS from anywhere

EBL INSTA Banking

Opening Instant account using e-KYC from anywhere in the world.

2.9.2 Retail Loan Products

- Executive Loan
- Women's Loan
- Assure
- Home Loan
- Home Credit
- Auto Loan
- Two Wheeler Loan
- Fast Loan
- Fast Cash
- Education Finance pack
- Mortgage Loan Payment
- Protection

2.9.3 SME Loan Products

- Business Solution
- Cash Credit
- Stimulus Fund for CMSMEs
- Uddipon
- Utkorsho
- Mukti
- Nobodoy
- Asha

- Udoy
- Utpadon
- Agrim
- Projukti
- Krishi
- E-Loan/Cash
- Business Wonder
- Startup Explorer

- **Cards**

Credit Cards

- Visa Classic Credit
- Visa Gold Credit
- Visa Platinum Credit
- Visa Women Platinum
- Credit
- Visa Signature Lite Credit
- Visa Signature Acci-Shield
- Credit
- Visa Infinite Credit
- Executive Master Card Titanium
- Credit
- Executive Master Card World Credit
- Diners Club International
- Credit

Debit Cards

- Visa Classic Debit
- Visa Platinum Debit
- Visa Women Platinum
- Debit
- Visa Signature Debit
- Visa Priority Signature
- Debit
- Visa Infinite Debit

2.10 CSR activities of Eastern Bank PLC.

Being a socially responsible corporate citizen, EBL engaged in a number of CSR activities throughout the year, including a number of donations towards charitable causes.

- They have donated BDT 50 million to Prime Minister's Relief and Welfare Fund for providing PPE/Testing Kits/Respiratory equipment to fight COVID-19 pandemic through Bangladesh Association of Banks (BAB).
- They have spent BDT 41.1 million to combat against COVID-19 pandemic as part of special COVID-19 CSR program as per Bangladesh Bank's direction.
- They donated BDT 10 million to the Prime Minister's Relief and Welfare Fund for providing financial assistance to the affected people at Pirgonj in Rangpur due to communal violence.
- Donated 75,000 pieces (costing BDT 22.11 million) of blankets to Prime Minister's Relief and Welfare Fund through BAB for distribution among cold-hit people. EBL has donated another 8,935 pieces of blankets (costing BDT 2.64 million) to distribute among cold affected people across the country.
- They have given BDT 4.5 million as scholarship to the students of University of Dhaka for their outstanding academic performance through Dhaka University Alumni Association (DUAA).
- Donated BDT 3.75 million to BIBM for construction of proposed 15 storied RCC building of BIBM.

2.11 Division wise Branch of Eastern Bank PLC. (Total 85 branches)

SL No:	Division	Numbers of Branch
01	Dhaka	48
02	Chittagong	25
03	Sylhet	05
04	Khulna	03
05	Rajshahi	02
06	Barisal	01
07	Rangpur	01

CHAPTER THREE
THEORETICAL FRAMEWORK

3.1 Definition and Importance of Performance Evaluation

Performance Evaluation is the procedure of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of the balance sheet and profit and loss account.

It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis. The analysis of financial statement is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the firm's position and performance. This analysis can be undertaken by management of the firm or by parties outside the namely, owners, creditors and investors. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate.

3.2 Understanding Financial Performance

There are many ways to measure financial performance, but all measures should be taken in aggregate. Line items, such as revenue from operations, operating income, or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt.

There are many stakeholders in a company, including trade creditors, bondholders, investors, employees and management. Each group has its own interest in tracking the financial performance of a company. Analysts learn about financial performance from data published by the company in form 10K, also known as the annual report. Public companies must publish the SEC required 10K form. The purpose of the report is to provide stakeholders with accurate and reliable financial statements that provide an overview of the company's financial performance.

In addition, company leaders audit and sign these statements and other disclosure documents. In this way, the 10K represents the most comprehensive source of information on financial performance made available to investors annually. Included in the 10K are three financial statements: the balance sheet, the income statement, and the cash flow statement.

3.2.1 Balance Sheet

The balance sheet is a snapshot of the financial balances of an organization. It provides an overview of how well the company manages its assets and liabilities. Analysts can find information about long-term vs. short-term debt on the balance sheet. They can also find information about what kind of assets the company owns and what percentage of assets are financed with liabilities vs. stockholders' equity.

3.2.2 Income Statement

The income statement provides a summary of operations for the entire year. The income statement starts with sales or revenues and ends with net income. Also referred to as the profit and loss statement, the income statement provides the gross profit margin, the cost of goods sold, operating profit margin, and net profit margin. It also provides an overview of the number of shares outstanding, as well as a comparison against performance the prior year.

3.2.3 Cash Flow Statement

The cash flow statement is a combination of both the income statement and the balance sheet. For some analysts, the cash flow statement is the most important financial statement because it provides reconciliation between net income and cash flow. This is where analysts see how much the company spent on stock repurchases, dividends and capital expenditures. It also provides the sources and uses of cash flow from operations, investing and financing.

3.3 Ratio Analysis

Ratio analysis is extremely main matter of financial performance analysis of a company. This tool used to behavior a quantitative analysis of financial information in a company’s financial statement.

3.3.1 Types of financial ratios

1. Liquidity
2. Profitability
3. Activity
4. Leverage

3.3.2 Liquidity Ratio

Liquidity ratio events the short term ability of a company to pay its maturing obligations and to meet unforeseen needs for cash. Liquidity ratio shows the current asset to current debt ratio. The ratios are used to determine the institutions short term debt paying ability. These ratios are generally used by short–term creditors like and suppliers.

Under liquidity ratio management uses those kinds of ratios, they are as follows:

- Cash Ratio
- Current Ratio
- Net Working Capital
- Quick Ratio
- Working Capital Ratio

3.3.3 Profitability Ratio

Profitability is concerned with how effectively an organization has used its available resources. Profitability ratios are normally presented as a percentage and in general, the higher the profitability percentage, the better is the organization's performance. Profitability ratios measure management overall effectiveness as shown by the return generated on sales and investments.

- Gross Margin
- Operating Margin
- Net Margin
- Free Cash Flow Margin
- Return on Assets
- Return on Equity

3.3.4 Activity Ratio

Activity ratios refer to the type of financial ratios the company uses to determine the efficiency with which it can use its different operating assets in its balance sheet and converts them into sales or cash.

Activity ratios help evaluate a business's operating efficiency by analyzing fixed assets, inventories and accounts receivables. It expresses a business's financial health and indicates the utilization of the balance sheet components.

- Sales to Inventory
- Sales to Working Capital
- Sales to Current Assets
- Sales to Fixed Assets
- Sales to Total Assets

3.3.5 Leverage Ratio

Leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans) or assesses the ability of a company to meet its financial obligations. The leverage ratio category is important because companies rely on a mixture of equity and debt to finance their operations, and knowing the amount of debt held by a company is useful in evaluating whether it can pay off its debts as they come due.

- Debt Ratio
- Long Term Debt to Equity
- Debt to Equity Ratio
- Time Intern Earned Ratio

CHAPTER FOUR
ANALYSIS

4.1 Financial Performance Analysis of Eastern Bank PLC.

4.1.1 Total Assets of Eastern Bank PLC.

The asset position of Eastern Bank PLC. from 2019 to 2023 represent that the bank is creating a strong position in the banking sector of Bangladesh.

Total Assets

Particular	2023	2022	2021	2020	2019
Total Assets	513,758.00	336,936.00	335,163.00	282,451.00	253,068.00

Table No 4.1: Total Assets of Eastern Bank PLC. (BDT in Millions)

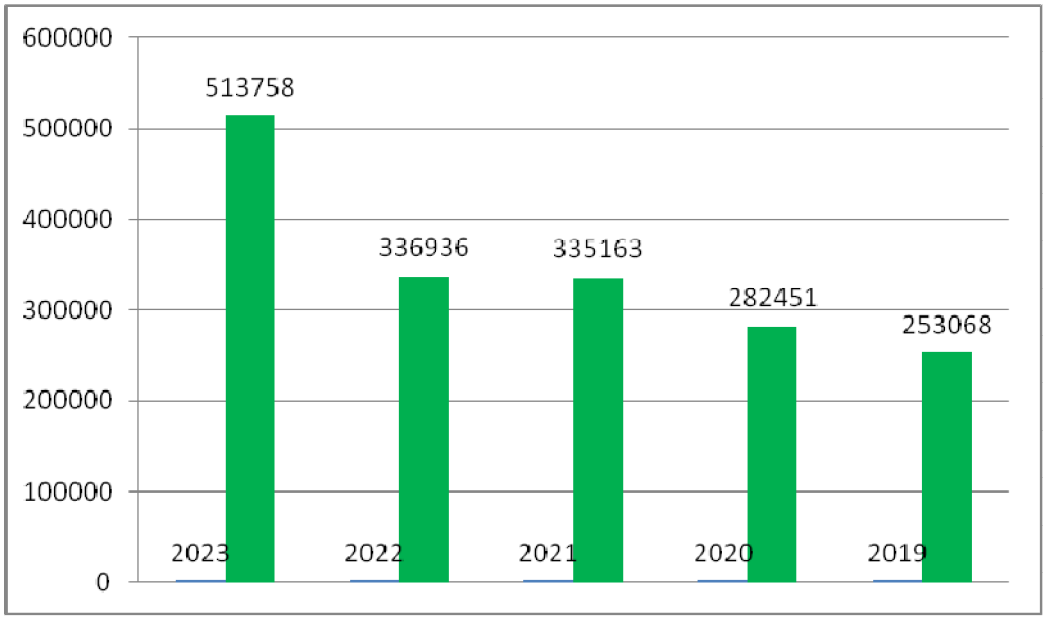


Figure No: 4.1 Total Assets of Eastern Bank PLC. (BDT in Millions)

Source: Annual Report 2023

Interpretation

From this figure we can see about Total Assets of Eastern Bank PLC. from 2019-2023. Total Assets of Eastern Bank PLC. is increasing year by year. It is good for bank.

4.1.2 Total Deposits of Eastern Bank PLC.

Total Deposits of Eastern Bank PLC.

Particular	2023	2022	2021	2020	2019
Total Deposits	364,765.00	242,358.00	240,164.00	199,629.00	167,348.00

Table No 4.2: Total Deposits of Eastern Bank PLC. (BDT in Million)

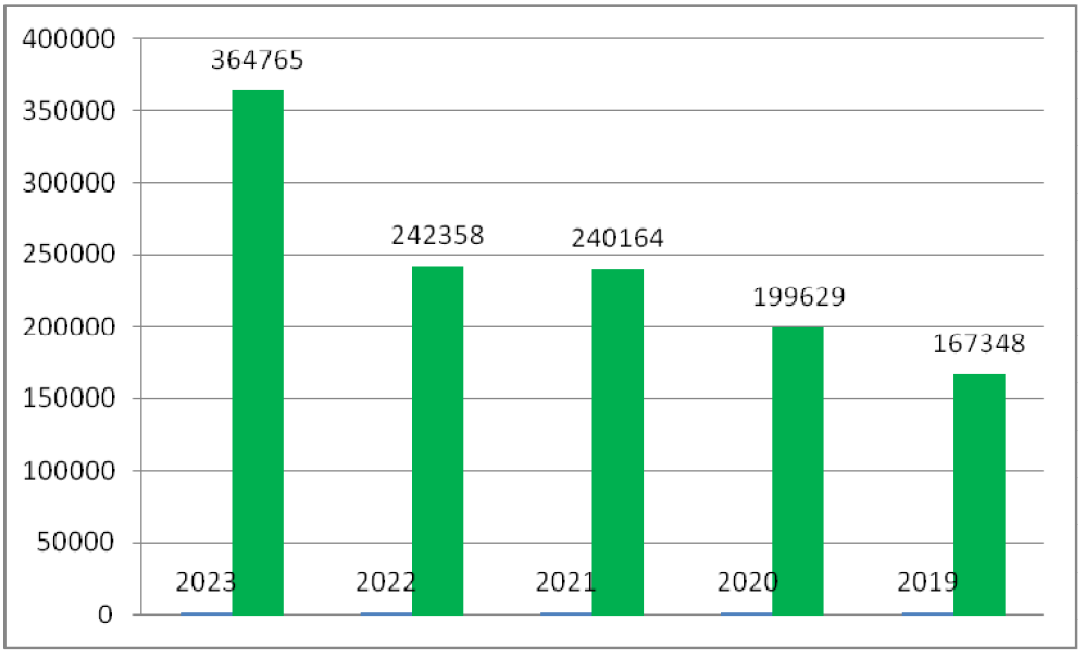


Figure No: 4.2: Total Deposits of Eastern Bank PLC. (BDT in Millions)

Source: Annual Report 2023

Interpretation

From this figure we can see about Total Deposits of Eastern Bank PLC. from 2019-2023. Here Total Deposits of Eastern Bank PLC. is satisfactory and it is increased from last five years 2019-2023.

4.1.3 Loans and Advances

The loans and advances of the bank registered an impressive growth from the year 2019-2023.

Loans and Advances

Particular	2023	2022	2021	2020	2019
Loans and Advances	355,905.00	228,944.00	232,051.00	209,306.00	184,027.00

Table No 4.3: Loans and Advances of Eastern Bank PLC. (BDT in Millions)

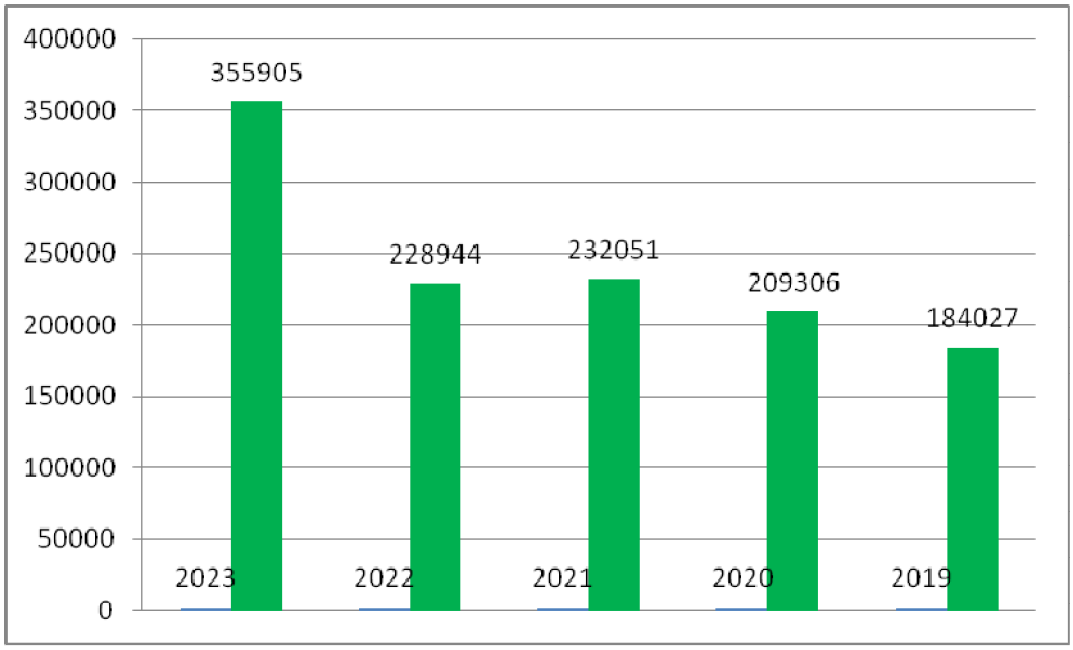


Figure No: 4.3: Loans and Advances of Eastern Bank PLC. (BDT in Millions)

Source: Annual Report 2023

Interpretation

From this figure we can see about Loans and Advances of Eastern Bank PLC. from 2019-2023. Loans and Advances of Eastern Bank PLC. are satisfactory and it is increased from year by year.

4.2 Ratio analysis of Eastern Bank PLC.

4.2.1 Liquidity ratios:

Liquidity refers to the capability of a firm to meet its short-term financial obligations while and as they come due.

4.2.1 (a) Current Ratio:

$$\text{Current Ratio: } \frac{\text{Total Current Asssets}}{\text{Total Current Liabilitites}}$$

Particular	2023	2022	2021	2020	2019
Current Ratio	1.03%	1.03%	1.03%	1.04%	1.44%

Table 4.4: Current ratio of Eastern Bank PLC.

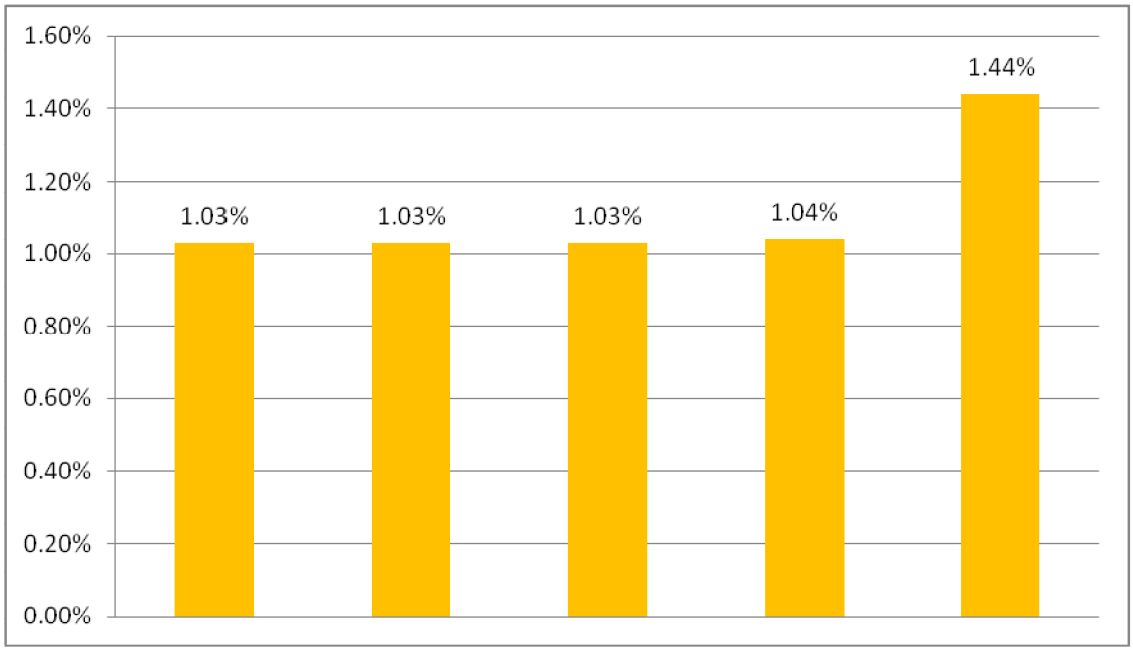


Figure 4.4: Current ratio of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

The current ratio helps investors and creditors appreciate the liquidity of a company and how simply that company will be able to pay off its current liabilities. From this figure we can see about Current ratio of Eastern Bank PLC. Here, Current ratio of Eastern Bank PLC. increased in 2019 and decreased in 2020 and constant in others years. Bank should give concentration to increase their current ratio beyond 2.00%

4.2.1 (b) Quick Ratio

Quick ratio = (Current assets – Inventories) / Current liabilities

Particulars	2019	2020	2021	2022	2023
Quick ratio	1.30	1.33	1.36	1.39	1.40

Table 4.5: Quick Ratio of Eastern Bank PLC.

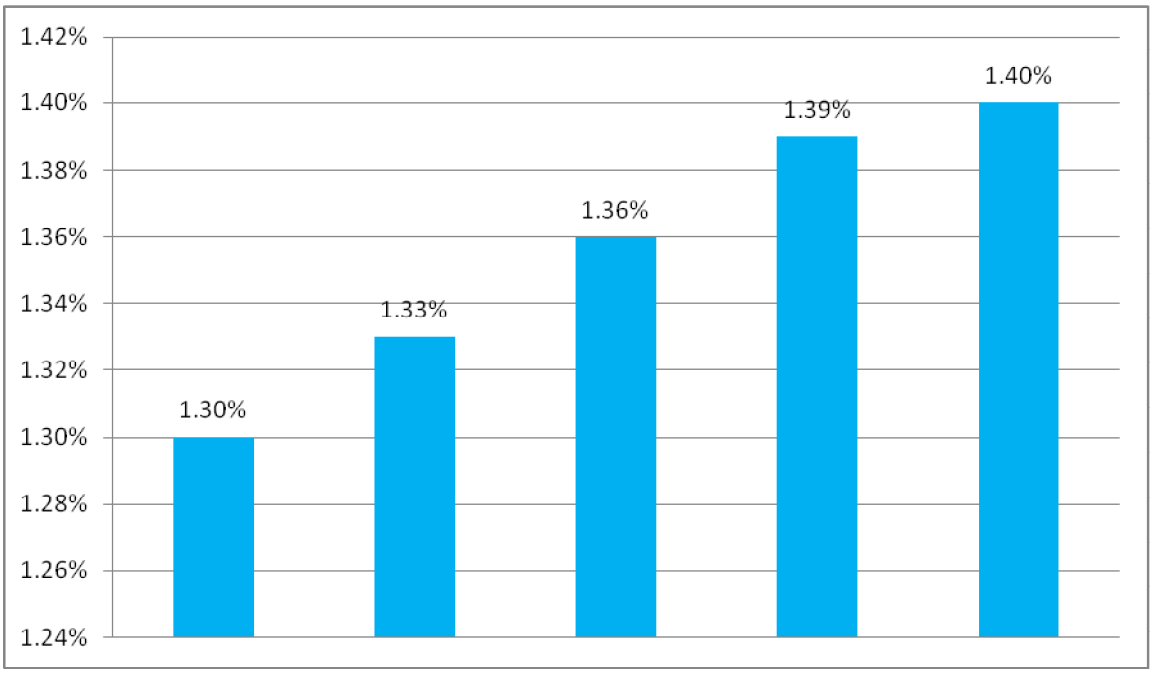


Figure 4.5: Quick Ratio of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

The quick ratio is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. From this figure we can see about Quick ratio of Eastern Bank PLC. Here, Quick ratio of Eastern Bank PLC. increased from 2019-2023.

4.2.1 (c) Net Working Capital

Net working capital, although not actually a ratio is a common measure of a firm's overall Liquidity. A measure of liquidity ratio is calculated by

Net working capital = Current Assets/Current Liabilities

Particulars	2019	2020	2021	2022	2023
Net Working Capital	8646.75	9992.51	11060.44	12110.92	13705.58

Table 4.6 Net working capital of Eastern Bank PLC.

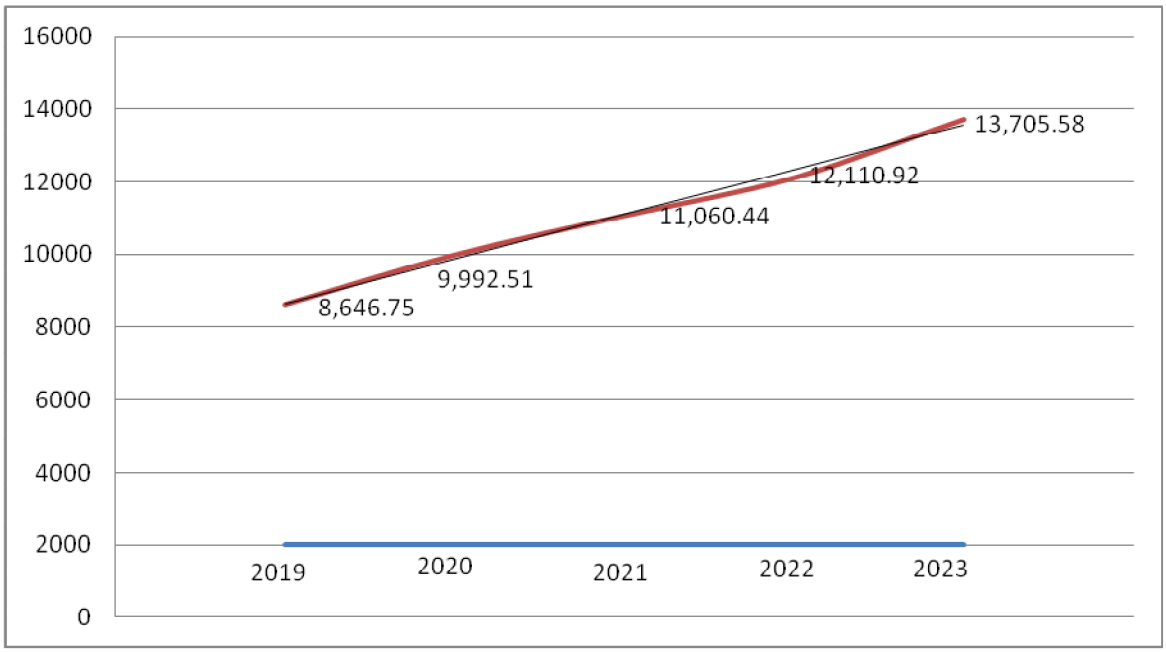


Figure 4.6 Net working capital of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

The graph shows that the Net working capital of Eastern Bank PLC. is raising mode. It is increasing from 2019 to 2023. So the Bank should be continuing stability in current asset.

4.2.1 (d) Capacity Ratio

$$\text{Capacity Ratio: } \frac{\text{Loans } and \ Advances}{\text{Total assets}}$$

Particular	2019	2020	2021	2022	2023
Capacity Ratio	1.45	1.70	1.35	1.60	1.95

Table 4.7: Capacity ratio of Eastern Bank PLC.

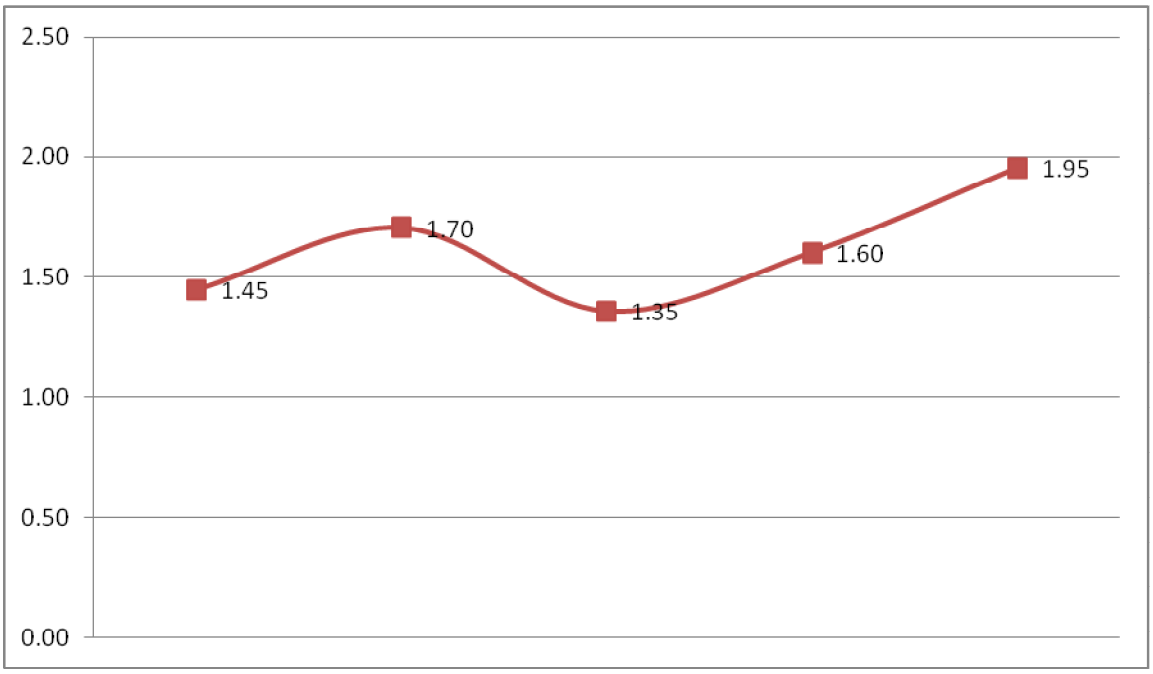


Figure 4.7: Capacity ratio of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

Eastern Bank PLC. has been successfully managed its capacity ratio to increase from year 2019 to 2020 and 2021 to 2022. But this increasing trend indicates that- it is issuing more loans thus decreasing its liquid portion.

4.2.2 Profitability Ratio

A class of financial metrics that are second-hand to assess a business and capability to produce earnings as compared to its expenses and other relevant costs incurred during a specific era of time.

4.2.2 (a) Gross Profit Margin

$$\text{Gross Profit Margin: } \frac{(\text{Total Operating Income} - \text{Total Operating Expenses})}{\text{Total Operating Income}}$$

Particular	2019	2020	2021	2022	2023
Gross Profit Margin	22.12%	25.12%	26.00%	26.02%	27.25%

Table No: 4.8 Gross Profit Margins of Eastern Bank PLC.

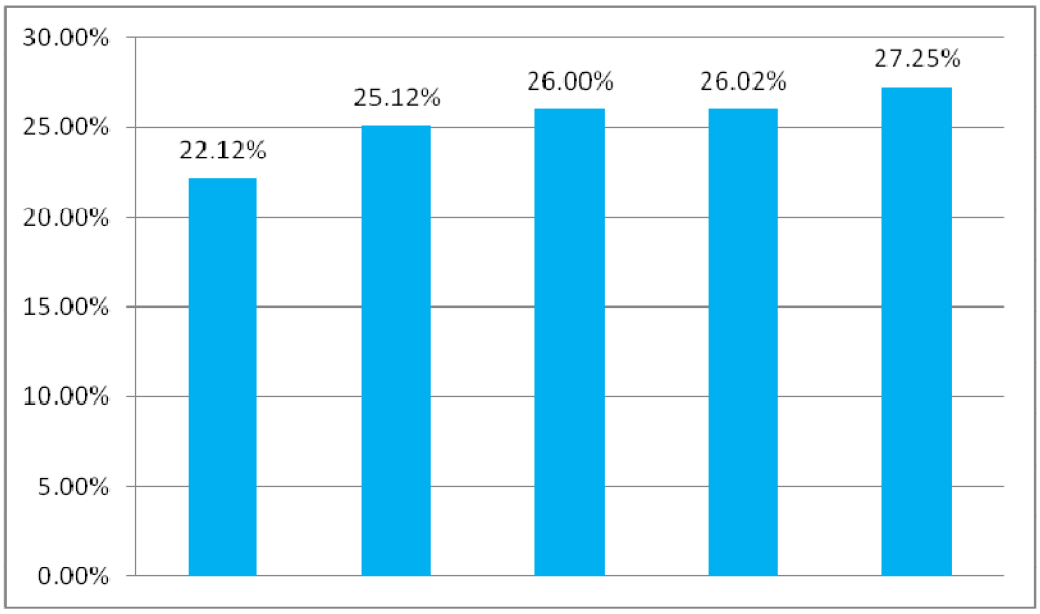


Figure No: 4.8 Gross Profit Margins of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

Here we can see about Gross Profit Margins of Eastern Bank PLC. 2019-2023. Gross Profit of Eastern Bank PLC. is increasing from year by year.

4.2.2 (b) Operating Profit Margin

Operating Profit Margin: $\frac{\text{Operating Profit}}{\text{Total Operating Income}}$

Particular	2019	2020	2021	2022	2023
Operating Profit Margin	38.54%	38.58%	44.43%	47.47%	78.87%

Table No: 4.9 Operating profit margin of Eastern Bank PLC.

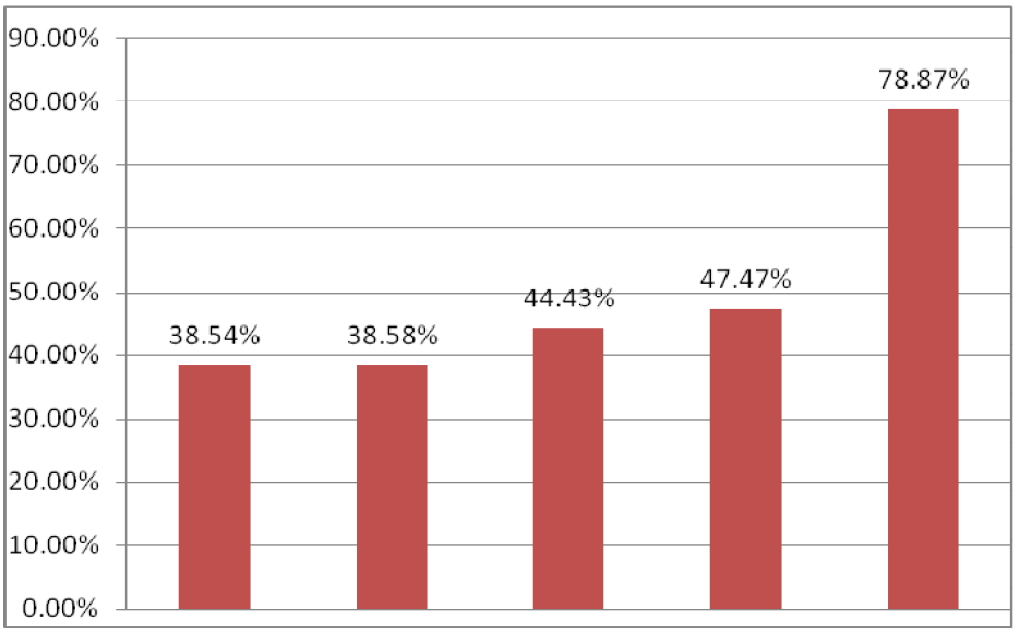


Figure No: 4.9 Operating profit margin of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

From this figure we can see Operating profit margin of Eastern Bank PLC. from 2019-2023. Operating profit margin of Eastern Bank PLC. is increasing year by year. The bank should give a close look to keep stability in operating profit margin.

4.2.2 (c) Net Interest Margin

$$\text{Net Interest Margin: } \frac{(\text{Investment Returns} - \text{Interest Expenses})}{\text{Average Earing Asset}}$$

Particular	2019	2020	2021	2022	2023
Net Interest Margin	7.11%	7.18%	8.25%	8.99%	9.02%

Table No: 4.10 Net interest margin of Eastern Bank PLC.

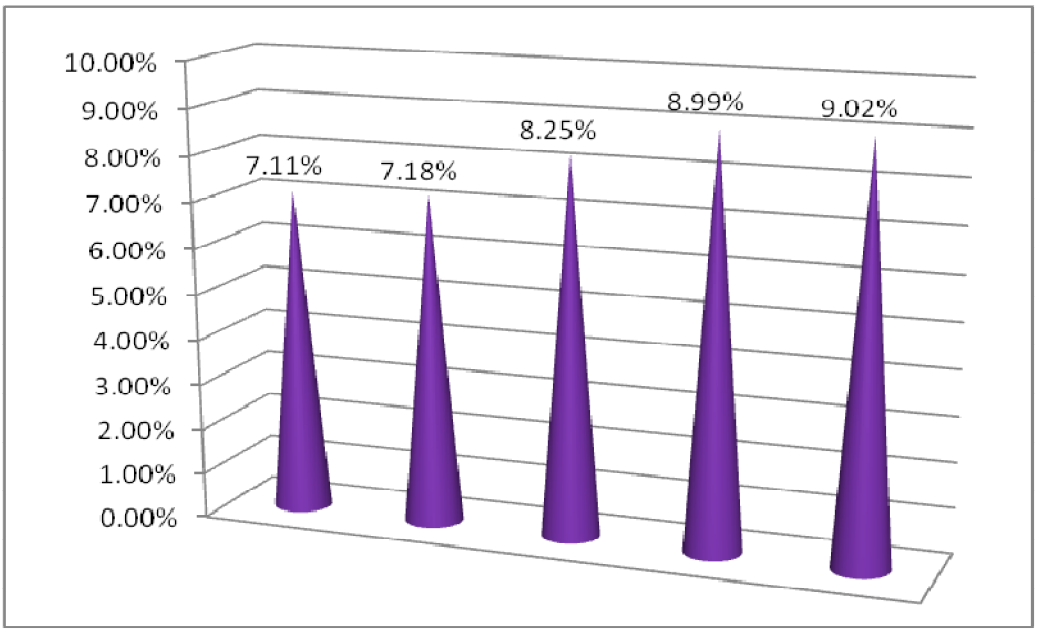


Figure No: 4.10 Net interest margin of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

Net interest margin is a ratio that measures how successful a firm is at investing its funds in comparison to its expenses on the same investments. Here, net interest margin of Eastern Bank PLC. increased from 2019-2023.

4.2.2 (d) Net profit Margin

$$\text{Net Profit Margin: } \frac{\text{Net Profit After Taxation}}{\text{Total Operaitng Income}}$$

Particular	2019	2020	2021	2022	2023
Net profit Margin	13.19%	12.52%	13.78%	14.72%	18.18%

Table No: 4.11 Net Profit Margins of Eastern Bank PLC.

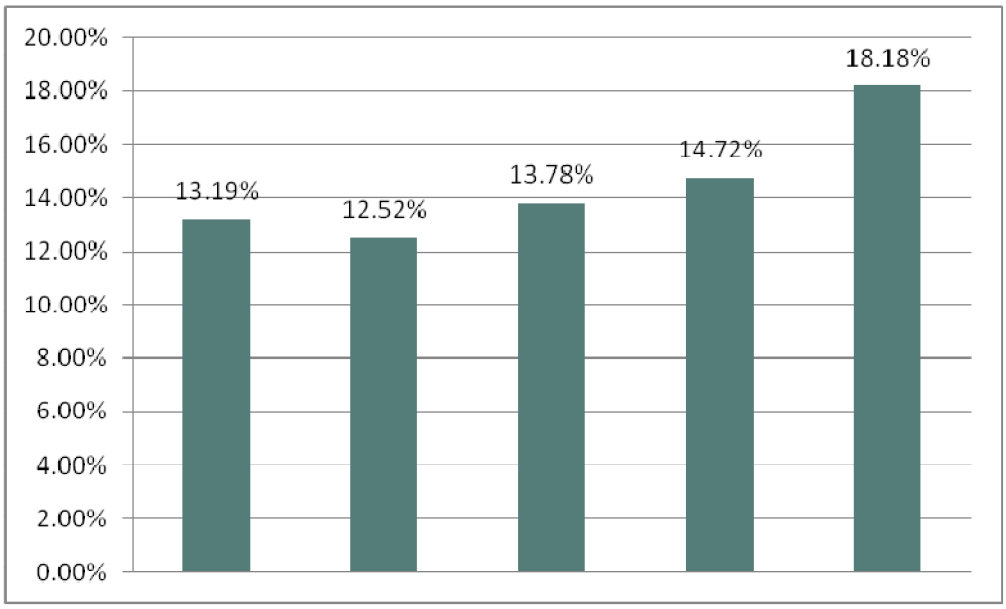


Figure No: 4.11 Net Profit Margins of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

From this graph we can see about net profit margins of Eastern Bank PLC. from 2019-2023. Net profit margins of Eastern Bank PLC. is increased from 2022-2023. So bank should emphasize on it.

4.2.2 (e) Earnings per Share (EPS)

$$\text{Earnings per Share: } \frac{\text{Net Profit After Taxes}}{\text{No.of Ordinary Shares Outstanding}}$$

Particular	2019	2020	2021	2022	2023
Earnings per Share (EPS)	3.26	4.17	4.94	5.05	4.88

Table No: 4.12 Earnings per share of Eastern Bank PLC.

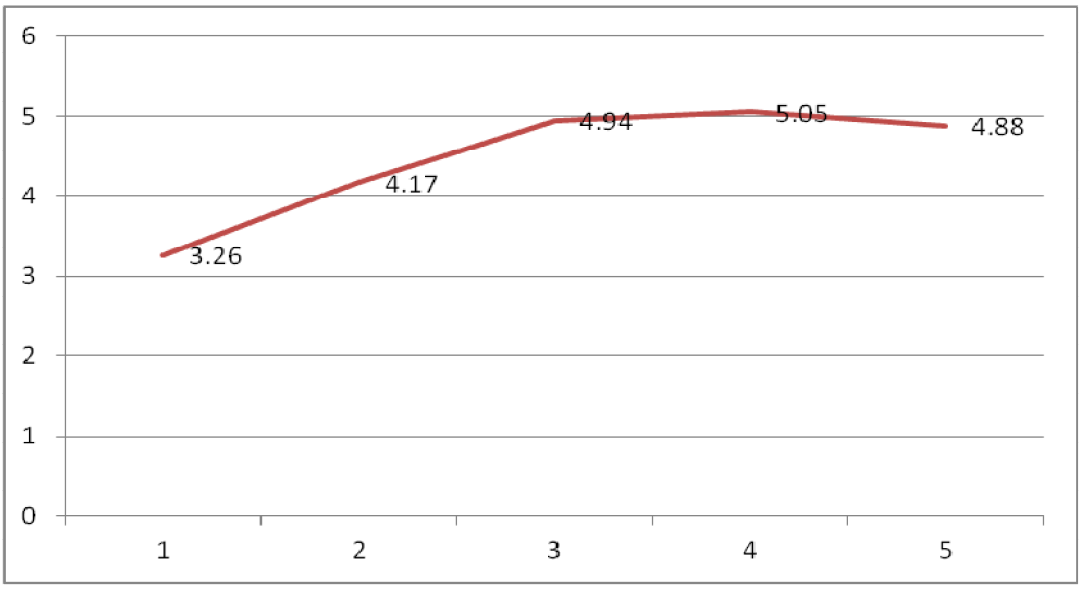


Figure No: 4.12 Earnings per share of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

We know that earning per share (EPS) represents the portion of a company and profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company and profitability. Here, the chart shows that earning per share of Eastern Bank PLC. is increased from 2019-2022 and last year decreased.

4.2.2 (f) Cost to Income Ratio

Cost to Income Ratio: $\frac{\text{Operating Expenses}}{\text{Operating Income}}$

Particular	2019	2020	2021	2022	2023
Cost to Income Ratio	45.20%	45.63%	43.76%	45.58%	38.99%

Table No: 4.13: Cost to income ratio of Eastern Bank PLC.

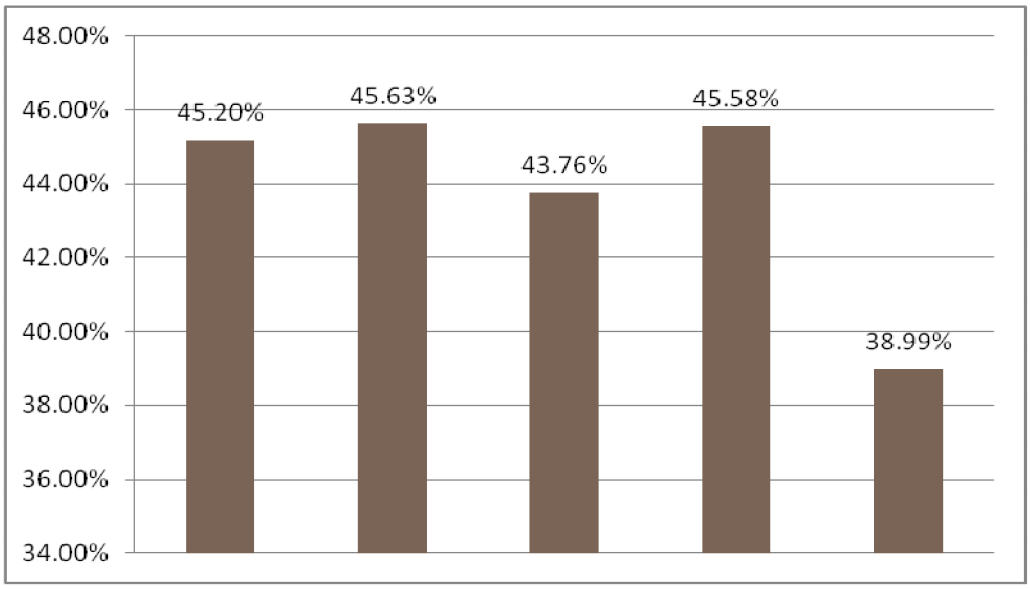


Figure No: 4.13: Cost to income ratio of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

The Cost income ratio (CIR) or Cost-to-income ratio shows the relation between income and the cost of acquiring that income. Here, the chart shows that Eastern Bank PLC. is increasing from 2019-2022 and decreased in 2023.

4.2.2 (g) Return on Assets (ROA)

Return on Assets (ROA): $\frac{\text{Net Profit After Taxes}}{\text{Total Assets}}$

Particular	2019	2020	2021	2022	2023
Return on Assets (ROA)	1.04%	1.15%	1.30%	1.22%	1.28%

Table No: 4.14 Return on assets of Eastern Bank PLC.

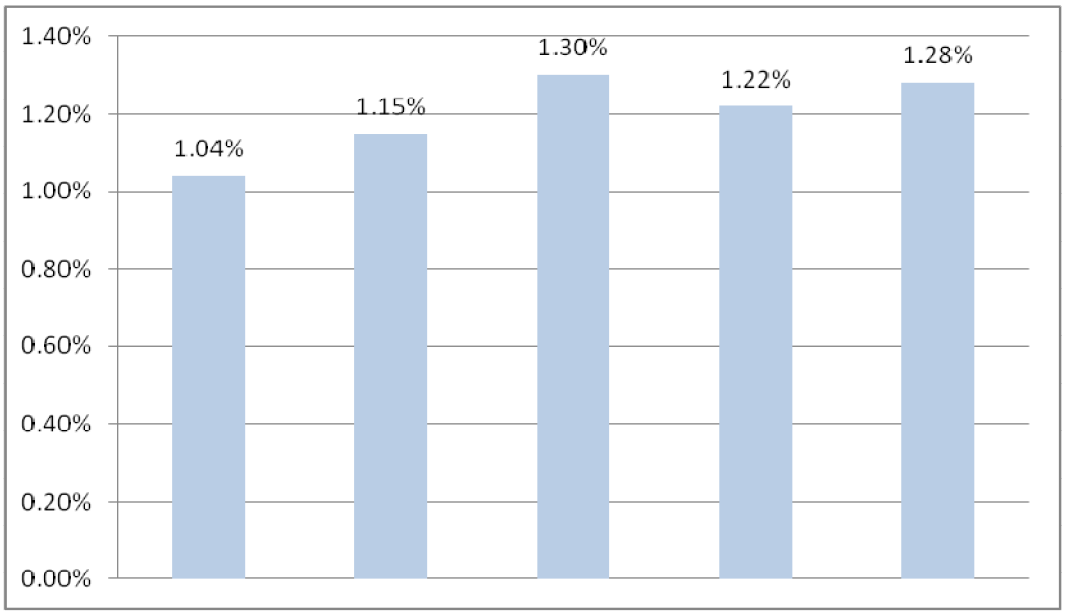


Figure No: 4.14 Return on Assets of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

From this figure we can see Return on assets of Eastern Bank PLC. from 2019-2023. Here, return on assets of Eastern Bank PLC. is increasing from 2019-2021 in 2023 and other year decreased.

4.2.2 (h) Return on Equity

Return on Equity: $\frac{\text{Net Income}}{\text{Shareholder's Equity}}$

Particular	2019	2020	2021	2022	2023
Return on Equity	11.41%	13.83%	16.52%	15.04%	15.51%

Table No: 4.15 Return on equity of Eastern Bank PLC.

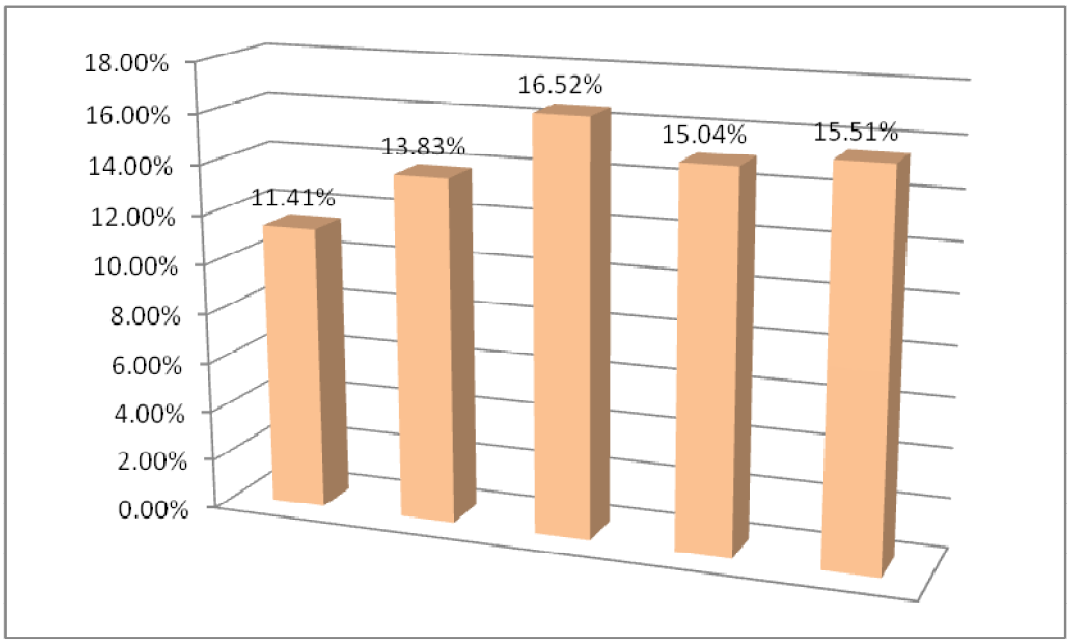


Figure No: 4.15 Return on Equity of Eastern Bank PLC.

Source: Annual Report 2023

Interpretation

ROE is considered a measure of how effectively management is using a company's assets to create profits. From this graph we can see the Return on equity of Eastern Bank PLC. is increased in 2019-2023.

CHAPTER FIVE
FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Findings

Although working I have gained a newer kind of experience. After collecting and analysis data I have got some idea about the "Financial Performance Analysis of Eastern Bank PLC. which is given below:

1. From the analysis we have seen that Bank's current ratio gradually decreasing and constant in last 3 years.
2. As we have seen that net working capital of is more or less not satisfactory range in so first it is recommended.
3. The number of Branch is very less compared to their competitors.
4. Operating profit margin of is increasing year by year.
5. Current ratio of increased in 2019 and others years 2020-2023 is decreasing.
6. The number of ATMs is very less compared to their competitors.
7. Total Assets of Eastern Bank PLC. from 2019-2023. Total Assets of Eastern Bank PLC.. is increasing year by year. It is good for bank.
8. Total Deposits of Eastern Bank PLC. from 2019-2023. Total Deposits of Eastern Bank PLC.. is satisfactory and it is increased from last five years 2019-2023.
9. Loans and Advances of Eastern Bank PLC. from 2019-2023. Loans and Advances of Eastern Bank PLC. is satisfactory and it is increased from year by year.

5.2 Recommendations

With a small knowledge about banking, it is not an easy job to find out the difficulty of the bank. The Eastern Bank PLC. are the reputed banks in the Bangladesh. The following recommendations can be suggested to solve the above-mentioned problems:

1. They should take steps to raise current assets for increasing liquidation.
2. Eastern Bank PLC. should increased current asset and decreased current liabilities for smoothly operate their business.
3. Eastern Bank PLC. should increase the space in the branch offices as their client size is increasing day by day and also introduce new branches in various places of the country for expansion.
4. The bank should give a close look to keep stability in operating profit margin.
5. The Bank should give concentration to increase their current ratio beyond 2.00%

6. They should increase their ATM booths substantially in order to compete with its competitors.
7. The Bank should be continuing stability in total asset.
8. The Bank should be continuing stability in Total Deposits.
9. The Bank should be continuing stability in Loans and Advances

5.3 Conclusion

Eastern Bank is one of the pioneer private banks in the country. It is one of the front line banks due to its specialized and sophisticated banking services rendered to its customers. In order to remain competitive in the market it constantly looks for ways and means to improve productivity. Use of information technology remains its mainstay. is playing significant role in various field of economy such as industry, agriculture, trade and commerce, transportation and many other fields. It is playing a crucial role in human resource development and in creating new employment opportunities. It is also undertaking various welfare activities for the betterment of the society. According to the study the performance of this bank is satisfactory. In this study to evaluate the financial performance of this bank various financial parameters were considered and Eastern Bank is found as a fast growing bank and simultaneously performing well in almost all the areas. To keep with this pace of growth and improvement they now should more vigilant on what their customers want and should be more vigilant while giving loans to the clients in order to reduce the defaulter rate. The reliability of the customers on is increased promptly day by day.

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Annual Report

1. Annual Report 2019
2. Annual Report 2020
3. Annual Report 2021
4. Annual Report 2022
5. Annual Report 2023

Website

1. www.ebl.com.bd/
2. www.ebl.com.bd/mission
3. www.ebl.com.bd/bod
4. www.ebl.com.bd/about/milestones