Report On

An Analysis of Loan Recovery Challenges and Strategies at Eastern Bank PLC.

By

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20204019

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration (BBA)

BRAC Business School
Brac University
November, 2025

Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name and Signature:

Maliha Aziz Purnota
20204019

Supervisor's Full Name and Signature:

Mohammad Mujibul Haque, PhD

Professor and Dean, BRAC Business School

BRAC University

Letter of Transmittal

Mohammad Mujibul Haque, PhD
Professor and Dean,
BRAC Business School
BRAC University
Kha-224 Merul Badda, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

With all the respect, it is an honor for me to submit my internship report titled "An Analysis on the Loan Recovery Challenges and Strategies at Eastern Bank PLC" which is a partial requisite for the completion of the Bachelor of Business Administration degree under BRAC Business School, BRAC University. This report is written based on my three-months-internship in Eastern Bank PLC, where I learned about the practice of loan recovery besides gaining other experiences. I have tried my very best to have it correct, brief and incorporate theory and pragmatic knowledge. I really hope this report has turned out as per your expectation and fulfills the academic purpose for which it is written.

Sincerely yours,

____

Maliha Aziz Purnota
ID - 20204019
BRAC Business School
BRAC University
November 15th, 2025

Non-Disclosure Agreement

This agreement attests that the internship report was created solely for academic purposes and does not include any sensitive or private information from the company. The report maintains complete confidentiality regarding client data or internal records and is based on publicly available data, general observations, and authorized discussions.

This contract is made between Eastern Bank PLC and the undersigned, Ms. Maliha Aziz Purnota, a student enrolled in the Bachelor of Business Administration program at BRAC University.

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Maliha Aziz Purnota
20204019
BRAC Business School
BRAC University

Acknowledgement

First and foremost, I would like to express my gratitude to **Almighty Allah (SWT)** for giving me the strength and ability to complete this report successfully. I am deeply thankful to my university supervisor, Dr. Mohammad Mujibul Haque, for his guidance and support. His valuable insights and encouragement have been instrumental in shaping the direction of this research.

I also wish to extend my heartfelt thanks to my on-site supervisor, Md. Joynul Abedin, for the unwavering support from him and his team and providing me with the opportunity to gain practical insights during my internship at Eastern Bank PLC. Their mentorship has helped me grow both personally and professionally.

Additionally, I express my deepest gratitude to my loving family, especially my parents **Abdul Aziz and Maleka Parveen Neela**; my sister **Marufa Aziz Upoma** and my brother-in-law **Mohammad Shahedur Rahman**, for their immense love, prayers, patience, and continuous support. Their belief in me has been a constant source of motivation throughout my academic and professional pursuits.

Executive Summary

This internship report is intended to analyze the loan recovery issues as well as the strategies used in Eastern Bank PLC (EBL), one of the leading commercial banks in Bangladesh. The goal of this research is to gain a better understanding of the major problems linked with NPLs (Non- performing loans), recovery strategies developed by the bank and financial implications for the banking industry. The study also reveals how EBL’s tactics such as, loan restructuring, litigation and etc. have been effective or not in recovering the default loans. The report is significant to the evaluation of EBL's capacity to improve the efficiency of its loan recovery systems.

My internship experience at EBL, including job scope is discussed in Chapter 1. I assisted in numerous branch operations, including the opening of bank accounts, making survey calls, documentation and inventory management. The results of the internship, the acquired skills, and the difficulties are also described in the first chapter. Suggestions on how the internship experience could be further improved for future interns are also provided.

In chapter 2, the organizational factors of EBL are discussed. It examines the organizational structure of the bank, its management practices, marketing strategies, financial performance of the bank and operations and information systems. The participative style of leadership, customer focus marketing and effective human resource management practices applied in EBL are identified in the second chapter. Further, the chapter evaluates the bank financial health in terms of liquidity and profit making and its efficient operations and aspect of competitive position within the banking industry of Bangladesh.

The third chapter is dedicated to the core theme of this report, loan recovery issues and strategies at EBL. It suggests that though EBL has gone through a number of processes aimed at dealing with loan defaults by engaging loan restructuring procedures, loan recovery agencies, the bank still face challenges with rising NPLs. The chapter examines the monetary effects of these issues using ratios like NPL ratio, the provision coverage ratio, and the return on equity (ROE). However, the bank has remained profitable and efficient in its operations despite the increasing NPLs, which is a pointer that more effort is required to be directed towards recovery efforts.

In conclusion, this report has highlighted to the core the processes involved in recovering the loans at EBL and the necessity to improve them. This study has helped me in bridging the gap between my academic knowledge and actual banking. For EBL, the results and suggestions can be used to shape future plans on how to improve loan recovery, reduce risks and stay competitive financially. This study shall be useful in offering a better insight into the issues banks grapple with while dealing with loan.

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List of Acronyms

EBL	Eastern Bank PLC
FDR	Fixed Deposit Receipt
NPL	Non-performing loan
ATM	Automated teller machine
CRM	Cash Recycling Machine

Chapter 1

Overview of the Internship

1.1 Student Information

Name: Maliha Aziz Purnota

ID - 20204019

Program: Bachelor of Business Administration

Major: **1.** Finance, Banking and Insurance

2. Human Resource Management

1.2 Internship Information

1.2.1 Internship period, Company Name, Department, Address

Period: 3 months

Company Name: Eastern Bank PLC.

Department: Retail and SME Banking, Branch

Address: Z N Tower, Plot#02, Road#08, Bir Uttam Mir Shawkat Sarak, Gulshan-1, Dhaka-1212

1.2.2 Company Supervisor's Information

Name: MD. Joynul Abedin

Position: Branch Manager, EBL Gulshan Avenue Branch

1.2.3 Job Scope

As an intern at Eastern Bank PLC, Gulshan Avenue Branch, I was assigned a variety of tasks that included assisting the branch operations and sales teams. I mostly assisted in documentation, supported the account opening processes and guided walk-in customers on general banking procedures and assisted with their basic queries. I was assigned to conduct follow-up calls and helped in loan and credit-card related survey initiatives. Beside these, one of my daily tasks was supporting custodians in managing their product inventories like keeping records of day end balancing of financial products such as credit cards, debit cards, FDR advices, National Savings Certificates (Sanchaypatra) receipts, etc. I helped with all kinds of day to day administrative tasks as needed. I was able to learn about branch banking, customer service, and administrative coordination by doing these tasks.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

I had the chance to help with a number of tasks that made the EBL Gulshan Avenue Branch run smoothly during my internship. I looked into the daily reconciliation of various Financial Instruments such as Fixed Deposit Receipts, Debit Cards, Credit Cards, Sanchaypatras and Cheque books with precision and in a timely manner. Assisted the bank in acquiring critical customer data on loans through survey calls and that helped us understand customer needs and requirements a lot better. I also helped walk-in customers with their general questions, and their banking needs to make their visit easier, as a result there were less complaints from customers. I also assisted in filling the account opening forms and credit card applications, which speeded initial processing. Overall, my work was to aid in the day-to-day operations of the branch and offer a better service to EBL customers.

1.3.2 Benefits to the Student

This internship was an enriching experience of my academic and professional life. I acquired hands on experience on financial products and banking operations which helped deepen my understanding of subjects learned as a finance major student. Dealing firsthand with customers improved my verbal communication and confidence while handling paperwork documentation and products increased my focus on detail and responsibility. In sum, the internship gave me some relevant practical experience in banking and a solid theoretical basis for future work in the banking sector.

1.3.3 Problems/Difficulties faced during the internship

I faced a couple of challenges as an intern in EBL which although a part of the experience, helped me grow as a person and as a professional. The Gulshan Avenue branch in particular is usually considered to be one of the busiest branches of EBL and so dealing with the never ending stream of customers was quite challenging. I would occasionally struggle with getting an impatient or unsatisfied customer, which meant staying calm and professional as I assisted them with patience. Since the work of keeping up with the documentation and providing guidance to walk-in clients and making survey calls, the pressure was also from balancing with all the multiple responsibilities at once. Nevertheless, these challenges were instrumental in enhancing my patience, time management skills, and professional adaptability.

1.3.4 Recommendations to the company

Based on the experience I had at the EBL Gulshan Avenue Branch in the Retail and SME Banking Division, I would offer the following recommendations on how the internship program can be enhanced for future interns:

- **Structured Learning Opportunities:** Providing interns with a structured, pre-arranged educational system to ensure that they are exposed to all crucial areas in the division.
- **Mentorship Program:** Assigning each intern to a designated mentor who could guide him/her through tasks and answer questions, as well as give feedback on tasks and learning to sustain learning and development.
- **Practical Experience:** Interns should be provided with the real-life scenarios and frameworks to help them apply their academic strengths in practical applications.
- **Persistent comments and Assessments:** give midterm and final evaluations with an eye for the interns' own self-assessment, give constructive criticism, note areas of improvement.
- **Networking:** Organizing programs that allow the interns to interact with different people in many divisions to improve their understanding of the banking sector.

These could enhance the internship experience and bring more value to both interns and the organization in future.

Chapter 2

Organization Part

2.1 Introduction

2.1.1 Objectives

The objective of chapter 2 is to analyze the internship organization, Eastern Bank PLC (EBL) as a whole. This includes EBL's organizational structure, management practices, marketing practices, financial performance, accounting practices, operations management and information system practices. This chapter assesses various aspects like leadership style, marketing strategies, financial performance and more. Chapter two focuses on how EBL has ensured that the business objectives, efficiency, and competitiveness in the banking business are achieved. This chapter unveils the strengths of the practices at EBL and the areas that they can improve.

2.1.2 Scope of Study

This chapter comprises an analysis of EBL in relation to its internal operations, management practice and financial performance. The chapter examines various issues like bank leadership, the human resource management, the way it has marketed its products, and the efficacy of their financial practices. It also investigates the way operations efficiency and customer service could be enhanced. This chapter is intended to examine the organizational practices of EBL and the alignment of its relation with the industry standards at what aspects it may be refined and reinforced.

2.1.3 Methodology

The data used in this chapter have been collected from EBL's annual reports of 2022, 2023 and 2024. The data presented in this chapter is clear, and appropriate as they have been gathered from reliable and publicly accessible sources like EBL's official website and Bangladesh Bank's official website. The information includes management strategies used by the bank, marketing strategies, financial performance and use of information systems that surfaced to interpret the operational functions of EBL and its responsiveness to business purposes. The analysis is conducted on the recently received reports and industry standards to have a current perception of the practices followed by the bank.

2.1.4 Significance of study

This research will prove to be important for Eastern Bank PLC (EBL) because it will allow them to take a look at its organizational practices and be able to determine areas where it is doing well and where it can improve its operations, management, and financial strategies. In my case, as a graduate in finance, this research provides me with a beneficial practical learning on how theoretical concepts apply in the real world financial institution, which adds to my knowledge of banking operations and management practices. Moreover, other stakeholders like investors, analysts, and industry professionals will also find the report useful because it will provide them with a broad overview of the strategic direction, financial standing, and competitiveness of EBL in the banking industry.

2.1.5 Limitations

Chapter 2 has limitations that are connected with the use of publicly available data, including annual reports of EBL and its official website, which might not present full and up-to-date information about some internal processes. Also, since no direct interviews or primary research with the management of EBL were conducted particularly for Chapter 2, the analysis is made using secondary data only, which could be insufficient to gain in-depth information about the internal strategies of the bank. Moreover, the research area is limited to the data revealed by the bank which might be not sufficient to reflect all the operational peculiarities.

2.2 Overview of the company

Eastern Bank PLC, originally commenced business on the 8th of August, 1992. A well-known private commercial bank of Bangladesh and the head office of the bank is located in Dhaka – the capital city of the country. EBL, which has 85 branches and 45 sub-branches across the country. The number of ATMs and CRMs is 353. EBL also has representative office in Yangon, Myanmar and Guangzhou, China. Embark on to establishing a permanent foothold in the arena of banking, EBL later ventured to retail banking, corporate banking, SME banking, card services as well as digital banking solutions over the years catering to the needs the ever-growing man power of customers. EBL offers an array of financial products to a wide customer base, and over the years has earned a reputation of an innovative bank that its customers, investors, and all other stakeholders can trust. For the sixth time, Eastern Bank PLC has been awarded “Best Bank in Bangladesh” from Euromoney Awards for Excellence 2025. This achievement is a result of its excellent financial performance in FY 2024, including a 22.8% increase in net profit, 21.1% growth in total assets, and a return on equity of 18.6%, while upholding and renewing its AAA credit rating for the third year running and maintaining its non-performing loan ratio at a healthy 3.34%. Moreover, the bank was named "Most Innovative Digital Bank – Bangladesh" at the International Finance Banking Awards 2025 for developing customer-centric, seamless digital platforms and technology-based banking experiences. EBL has established itself as a leader in product innovation with a range of milestones including the first biometric metal credit card of Bangladesh in partnership with Mastercard, set a new technology standard in payment in 2025 and also launched the first app based social currency prepaid card in Bangladesh, the SkyFlex Visa Prepaid Card focusing on digital youth of Bangladesh.

This study considers Eastern Bank Limited (EBL) as a bank loan recovery study major because EBL has a wide range of customers in retail, SME and corporate sectors. It is one of the top private commercial banks in Bangladesh, and it has a lot of loans that it needs to get back in order to keep running. EBL still has very few non-performing loans compared to other companies in the same field. This shows that its structured recovery system, which includes the bucket approach and special asset management practices, is working. I think its larger operations, good reputation, and clear credit risk management make it a good case to study.

Also, EBL is a well-known old bank with a lot of experience in the industry, so its recovery practices are a good example for other banks in Bangladesh to follow.

2.2.1 Logo and Tagline

Figure 1. EBL Logo and Tagline

2.2.2 Mission, Vision and Values

The vision, mission, and values of EBL are significant to the development of the company as well as the maintenance of the commitments of the company to its stakeholders. The goal is to "become the most valuable brand in the financial services in Bangladesh, creating long-lasting value for our stakeholders and, most importantly, for the community we work in by changing the way we do business and delivering sustainable growth."

The bank's vision includes a long-term goal that goes beyond just making its brand better. It wants to be a force for good in society and the economy.

EBL works hard to provide great service, get the most money for its shareholders, and hire a highly skilled professional workforce. It says:

- 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."

The aim of EBL is to target customer satisfaction, sustainable financial growth and organizational growth. The tenets of EBL are Responsible Corporate Citizenship, Service Excellence, Commitment, Openness, Integrity and Trust. Following these principles proves what EBL represents in its daily activities. They also help to uphold its ethical values and corporate responsibility as well as to make it an effective financial partner. The vision, mission and values forms the basis of the EBL strategy and culture. They dictate how the financial services are offered to the company in Bangladesh.

Figure 2. EBL Organizational Structure

2.3 Management Practices

2.3.1 Leadership Style

The leadership style of Eastern bank PLC indicative of participative leadership is whereby teamwork and participation are emphasized on and shared decision making is emphasized on within the organization. This type of leadership enables EBL in establishing an organizational culture which helps promote the employees of various grades to make their contributions and share their ideas to enhance the decision making in the bank. Participative leadership style will be most suitable only in those dynamic and customer oriented organizations which demand flexibility and innovation to provide the customer needs and cope with the changing market conditions which exist in the banking industry.

The practice of participative style of leadership in EBL is observed in how the bank values teamwork and giving employees powers. The management promotes a free circulation of messages among the top staff members hence enhancing the sense of value and involvement of staff members in organizational change and strategy development. The plan will assist in establishing a decent working environment that would be good to engage the employees and leave them contented. Participative leadership is also aligned with long-term, sustainable development vision of EBL as it actively supports the existence of open feedback channel and promotes creativity and problem-solving processes across the organizational hierarchies.

This form of management has played a great role in ensuring that EBL achieves its goals and objectives. The bank allows employees to provide ideas and solutions, which provides the bank with flexibility and responsiveness to external and internal challenges. It promotes an innovative culture, which is important in the competitive financial sector where the ability to change with changes in technology, customer needs and regulatory requirements is the key to success. Also, the employees feel sense of ownership as they are involved in the decision making process resulting to increased motivation and productivity which eventually leads to the realization of the strategic goals of the bank.

2.3.2 Human Resource Planning Process

Human resource planning process in Eastern Bank PLC (EBL) is designed in a way that the bank has the right people with the right skills at the right time. It is also consistent with the long term goals and objectives of the organization, seeking to develop a competent workforce, which could help in the process of sustainable growth. The HR department is in close collaboration with the top management to predict the future workforce requirements of the bank, which involves analysis of tendencies in the banking industry, technology, and the internal requirement.

Recruitment and Selection Process

EBL has an effective recruitment and selection process, which aims at hiring highly qualified and skilled employees who align with the values and the objectives of the bank. The bank usually recruits in diverse positions, such as entry-level jobs and top management position in various departments such as retail banking, corporate banking, and risk management.

The EBL recruitment process can be commonly separated into several steps:

- **Job Advertising:** The advertising is done in a wide variety of ways including on the official site of the bank, on job portals and professional networking sites like LinkedIn.
- **Application Screening:** The HR department conducts a comprehensive screening of the applications to ensure that the applicants possess a specific qualification and experience in performing the job.
- **Interviews:** Shortlisted candidates will be interviewed and this may include technical, behavioral and situational questions to ascertain their knowledge and how they can fit within the bank culture.
- **Psychometric Testing:** In some cases, the applicants may be requested to complete psychometric tests to identify their problem solving abilities, personality and their aptitude to work in the job.
- **Selection and Offer:** The successful candidates finally are given an employment on the basis of their performance during the recruitment process.

EBL places a lot of emphasis on the attraction and selection of its candidates bearing in mind that they must have a good work ethic, customer service commitment and be able to work in teams. The bank seeks people who are flexible, strong and ready to develop with the company.

Compensation System

The compensation system of EBL aims at recruiting and retaining the best employees coupled with staying competitive in the financial services market in Bangladesh. The bank has a competitive remuneration system and performance-based rewards. Besides base salary, EBL employees receive an impressive range of benefits including bonuses, allowances and other perks like health insurance, provident funds and retirement benefits.

The bank ensures that its remuneration arrangement is independent of the industry sales considering the difficulty of work done by the workers. Case in point, the senior management and special posts such as risk managers and corporate relationship officers are awarded relatively higher pay packages since the skills and expertise required are highly qualified. In addition, EBL places a very high value on in-house fairness and employees in the same work are given equal and equal remunerations.

Training and Development Initiatives

EBL see learning and development as integral to creating a highly skilled workforce. The company also possess an intensive training and professional development scheme that lead to the improvement in workforce's skills and capabilities. They can even be made bespoke to the specific needs of each department and role.

Training at EBL typically includes:

- **Onboarding Programs:** New employees are taken through orientation where they get to know the values, culture and internal processes of the bank. This will ensure that the new employees are fully prepared with all necessary information to start their roles.
- **Training Sessions:** Employees are encouraged to participate in regular training and skill enhancement sessions, thereby improving their technical and inter personal skills. These programs have a wide range of topics, such as financial analysis, customer service, leadership and communication.
- **Leadership Development:** EBL has special training programs for high-potential leaders. Such programs enable the staff to develop and assume leadership roles in the bank, and this is where succession planning comes in.
- **E-Learning and Certifications:** The bank offers remote learning and employees who holds training for obtaining professional certificates in the banking, finance, risk management or regulatory compliance they needed.

Those are intended to get employees working better, but also for the bank employees to be kept in touch with industry trends and changes in rules. The emphasis of lifelong learning promotes an innovative culture, which is critical to long-term success of the bank.

Performance Appraisal System

The EBL performance appraisal system is designed in such a manner that it is used to assess the contribution of employees transparently. The system will be structured in such a way that it measures individual performance by use of stipulated objectives and key performance indicators (KPIs) in line with the strategic objectives of the bank.

The performance appraisal process normally includes:

- **Establishing Clear Objectives:** Employees create clear, measurable goals at the start of every year in collaboration with their managers and these objectives are aligned to the objectives of the bank.

- **Constant Checking and Feedback:** Managers also check on the progress of employees and give feedback regularly during the year to make sure that employees are on track to achieve their objectives.
- **Mid-Year Reviews:** This is a structural mid-year review that includes employees and managers accessing their progress and revising any of its established goals or strategies as needed.
- **Annual Performance Review:** It is annual appraisal that performance review takes place annually at the end of year. This consists of self-assessments, peer assessments and manager evaluations. The performance is then compared against the KPIs and the employees are ranked accordingly.

The performance appraisal system is related to employee compensation decisions (salary, promotions and career development). Above average are rewarded with bonuses, salary rises and career progression below average are provided with coaching to help their development.

The management system of EBL, particularly the participative approach in decision-making, structured a recruitment and selection process competitive compensation, comprehensive training programs and performance-based payment system is a factor behind which the bank grew. The practices also enable the organization to recruit, train and develop as well as retain the best talent which is an important factor in achieving organizational strategic objectives. The opportunity we offer: Our ambition is to lead the way in defining the most valuable financial brand in Bangladesh consistent with our values and actions. Leader centered strategy, employee support and equitable pay system have enabled EBL to maintain momentum in the uncertain regulatory environment of the banking sector.

2.4 Marketing Practices

Eastern Bank PLC (EBL) is an institution in a highly competitive banking sector where marketing is a big factor in customer acquisition, market share maintenance and establishment of the organization as the favorite banking institution in Bangladesh. EBL has developed a marketing scheme that is strict in terms of customer needs, delivery of different innovative products and with the aid of digital mediums to reach the customer successfully. The marketing practices of the bank involve a wide range of aspects that aim at improving brand presence and address the changing needs of the diverse customer bases.

2.4.1 Marketing Strategy

EBL marketing mix is customer oriented, and the main focus is on the perception about the needs of the by different groups of customers and satisfaction. The promotional strategy of the bank is developed on the concept of placing its services on the market against the rivals with such aspects like personal banking, new digital services, and an efficient customer handling. The marketing strategy of EBL consists of the essential elements that should be:

1. **Customer-Centricity:** EBL is a customer-oriented company in its marketing. The bank meets customers by conducting a systematic study of their preferences and focuses on personalizing its products and services to please its customers. Through this customer-

focused strategy, one will be able to forge trust and long-term relationships with his /her clients.

2. **New Ideas:** EBL employs a single methodology, and this is a focus on digitalization. The bank has also significantly invested in development of its internet banking services like mobile banking services and ATM services simply to ensure that the services are more convenient to the customers.
3. **Differentiation:** EBL stands alone through the diverse range of services that it offers; retail, corporate and SME. The bank offers specialized financial products like tailor-made loans, investment advisory services together with insurance products as per the specific needs of individual customer category.
4. **Brand Equity and Loyalty:** It requires the establishment of immense customer loyalty in the EBL strategy. The bank is known to have a quality of service delivery and excellent customer care image. Customer satisfaction in a very competitive environment constitutes a very significant ingredient towards business and brand longevity.
5. **Digital Transformation:** Due to the increased need to use digital solutions, EBL is investing in online banking and mobile banking. This is part of the marketing strategy of the bank, which should position these platforms as easy and secure to use, to reach the population that is highly techno-savvy.

2.4.2 Target Customers, Targeting, and Positioning Strategy

EBL employs segmentation, targeting and positioning (STP) approach to serve a large number of customers in Bangladesh. The bank recognizes various groups of customers, strategizes its marketing activities to meet their unique needs and position itself as the most reliable and innovative financial partner to these customer segments.

Target Customers:

1. **Retail Customers:** EBL offers extremely diverse banking services to individual clients such as savings and current account, personal loans, home loans, credit cards, and insurance services. This sector is thoroughly convenience-focused, personalized service-focused and digital banking solutions-focused.
2. **Corporate Customers:** The bank caters for small and medium-sized enterprises, corporates and multinationals with business loans, trade finance (including letters of credit), cash management tools as well as corporate advisory services.
3. **Small and Medium Enterprises (SMEs):** EBL is particularly concerned with the SMEs, which are a key component of the economy of the country. The bank provides financial services that are designed to meet the requirements of this segment which include SME loans, working capital financing and trade finance.

Targeting Strategy:

EBL uses a differentiated targeting approach that focuses on the different needs of each customer segment by providing solutions that meet customer needs. To retail customers, the bank offers a mix of the traditional banking offer with digital banking solutions, focusing on ease of use and customer service. For its corporate and SME clientele, EBL focuses on providing custom-made financial solutions that achieve their growth and protection in terms of finance.

Positioning Strategy:

EBL is poised as a customer oriented, reputable and online banking organization. The bank focuses on a personalized customer care and digital banking innovation that makes the bank unique in a competitive setting. Among the strengths of EBL, it is important to note that this is people and organizational-based which contributes to effective performance or cooperation in the long perspective of success.

2.4.3 Marketing Channels (for Products and Services)

EBL implements a variety of marketing avenues of its services and products. These channels entail the digital and traditional media, a situation that reveals the extent to which the bank is wide in reaching the target demographic. The key marketing channels will be:

1. **Branch Network:** EBL maintains a huge network of banking branches throughout Bangladesh and makes its banking services accessible to consumers. This physical presence of the bank is needed to create a relationship with the customers particularly in areas where the internet facilities may be inaccessible.
2. **Online Banking and Mobile Applications:** Online banking and smartphone applications are some of the places where digitally savvy customers can transact their money. Through such platforms, the customers can check their account balance, transfer money, pay bills, and receive numerous other services, anytime, and anywhere.
3. **ATMs:** EBL has a large network of ATMs that allow clients to get cash, check their account balance and perform other self-service banking operations. This channel allows the clients to get their accounts 24 hours a day.
4. **Social Media:** EBL is an active user of social media such as Facebook, LinkedIn, Twitter, and Instagram, which it uses to communicate with its customers, market new services, and provide banking tips and financial news. The social media is becoming one of the necessary means of communicating with more tech-savvy younger customers.
5. **Direct Marketing:** EBL employs the direct marketing strategies including personal emails, SMS messages, and phone calls to inform the customers about new offers, new loans, or new services, related to their accounts. Direct marketing assists in developing intimate relationships with the customers.

2.4.4 Product/New Product Development and Competitive Practices

EBL focuses on product innovation and constantly enhancing its products to suit the evolving needs of customers. The bank is heavily geared towards the creation of products that are competitive and in tandem with the changing requirements of its customers.

1. **Product Development:** EBL frequently launches new products to satisfy the customer expectations. Some examples include:
2. **Differentiated Loan Product:** This will involve offering personalized loan services to different customers such as individual loans, mortgage loans, and auto loans with varying interest rates and various repayment options.

3. **SME Financing:** To ensure the development of small businesses, the bank has designed its specific financing products to SMEs, including the working capital loans and export financing.
4. **Competitive Practices:** EBL embraces the culture of constant improvement of their products and services in order to remain competitive. The bank keeps track of the market trends and the competitors to know that it provides competitive interest rates, improved customer services, and digital innovations. It often benchmarks against major competitors, including BRAC Bank and Dutch-Bangla Bank, in order to find areas where it can improve.

2.4.5 Branding Activities

The marketing strategy of EBL is branding. Branding activities by the bank are aimed at strengthening the image to be a reliable, trustworthy, and a customer oriented financial institution. Some of the most important branding activities are:

Brand Messaging: The brand message of EBL is based on its dedication to provide innovative banking services, build trust with its customers and promote economic development in Bangladesh.

Sponsorships and Community Engagement: The bank distribute its community service and sponsorship activities, which help it create its brand name. It includes the investing into social projects, education and financial literacy.

Testimonials and Customer Success Stories: EBL relies on customer testimonials and customer success stories to demonstrate the strengths of the services. The bank enhances its perception as a customer-focused organization by showing the successes that their products have brought about to individuals and business people.

2.4.6 Advertising and Promotion

EBL uses the 4 Ps (Product, Price, Place, Promotion) to plan its advertising and marketing campaigns according to the needs of the clients.

1) **Product:** EBL has a variety of banking products, such as savings and loans, and digital banking solutions, which are designed to address the needs of retail and corporate clients. The bank is concerned with providing innovative financial solutions as a way of improving customer satisfaction.
2) **Price:** EBL applies the competitive pricing strategies to its products, which makes them affordable and appealing to various customer groups. The bank also has custom pricing of certain services like reduced interest rates on certain loans or premium services to high net worth individuals.
3) **Place:** EBL uses both traditional and online platforms to access its customers. It has the physical interaction branches and digital platforms (mobile and internet banking) that are accessed easily by technologically skilled consumers.
4) **Promotion:**
    - **Traditional Advertising:** EBL employs the use of print media, TV commercials and billboards to ensure the continuity of visibility and a wide coverage.

- **Digital Advertising:** The bank focuses on the digital mode of advertising on social platforms such as Facebook and LinkedIn, and on Google Ads, where the target audience looks at behaviors and interests of individual clients.
- **Social Media:** EBL uses social media to interact with its customers, market its products, spread information on new changes and to respond to customer queries.
- **Email and SMS Marketing:** The bank uses email and SMS marketing to send targeted messages to its customers such as discounts and product updates and promotional messages.

Such actions will ensure that EBL concentrates its marketing initiatives on the needs of consumers, enhance their visibility and trigger customers to contact them.

2.4.7 Critical Marketing Issues and Gaps

Although EBL is marketing intensively, it has several serious marketing problems and weaknesses that the bank has to fill:

1) **Digital Penetration:** EBL has achieved a lot in digital banking, but there is still a big segment of the population, especially in rural regions, who are still less conversant with online banking. To access such underserved populations, the bank will be forced to enhance their digital system and concentrate on financial inclusion.
2) **Customer Experience:** EBL can enhance customer service by overcoming the barriers in its online platforms and guarantee a smooth experience in every touchpoint. Feedback systems should be consolidated in order to get client feedback and correct shortcomings in the services.
3) **Brand Differentiation:** EBL has a strong brand presence; however, the bank has to deal with rivals who are also dedicated to innovation and client service. EBL should continue to differentiate its brand by providing more unique value propositions, like preferential treatment to certain groups of consumers (e.g. SMEs or millennials).

EBL marketing practices are aligned to its objective of becoming the most valuable and customer centric brand in the financial services industry in Bangladesh. The bank is also in a good position to sustain its competitive advantage by focusing on customer segmentation, taking advantage of the digital channels, and constantly innovating its products and services. Nevertheless, it has the prospects of expanding its digital presence, customer experience, and brand differentiation to address the changing needs of the market and solidify its market leadership in the banking sector.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

Liquidity Ratios

Liquidity ratios are measures that indicate the capability of the bank in fulfilling its short term commitments. In the case of EBL, the Current Ratio, Loan-to-deposit ratio and Liquidity coverage ratio are the most significant liquidity ratios.

Ratios	Formula	2022	2023	2024
Current Ratio	Current Asset/Current Liabilities	5.90	7.01	6.93
Loan-to-Deposit Ratio (LDR)	Total Loans/ Total Deposits	97.42%	96.52%	89.74%
Liquidity Coverage Ratio (LCR)	High-Quality Liquid Asset (HQLA) Amount / Total Net Cash Outflow Amount	104.36%	104.64%	190.17%

Current Ratio is used to determine the capacity of the bank to settle its immediate liabilities using its short term assets. The current ratio of EBL has gone down marginally since it was 7.01 in 2023 to 6.93 in 2024, compared to 5.90 in 2022. Though it still remains above the ideal level of 1.0, the progressive decline over the years may be a pointer of slight deterioration in the short term liquidity position of the bank but it still shows a strong capacity to service its current liabilities.

Loan-to-Deposit Ratio (LDR) is used to determine how the bank can offset its loans using its deposits. EBL's LDR reduced from 97.42% in 2022 to 96.52 in 2023, and then further with 89.74 in 2024. The decline implies that EBL is lessening its dependency on deposits to loan, which implies a possibly more conservative strategy to lending or a growing ratio of deposit to loan advances.

Liquidity Coverage Ratio (LCR) shows the capacity of the bank to pay its short term debts using its most liquid assets. The LCR of EBL rose tremendously 104.36% in 2022 and 104.64% in 2023 and then started soaring to 190.17% in 2024. This drastic growth shows that EBL has increased its liquidity cushions by a larger percentage, as it is more in a position to settle the possible cash outflows, a fact that improves the financial strength of the bank, particularly during stressful market periods.

<u>Solvency Ratio</u>

Solvency ratios determine the financial stability of the bank in the long-term as well as its capacity to pay the long-term debt. The most important ratio of solvency for financial institutions is Capital Adequacy Ratio (CAR).

Ratio	Formula	2022	2023	2024
Capital Adequacy Ratio	Eligible Capital / Risk-weighted Assets	14.61%	15.07%	15.11%

Capital Adequacy Ratio (CAR) is the ratio of the capital of a bank to its risk-weighted assets, which is applied to ensure that the bank is sufficiently capitalized to cover any possible losses. The CAR has slightly risen over the three years presented, thus reaching 14.61% in 2022, 15.07% in 2023, and 15.11% in 2024. This progressive growth signifies that the bank has been enhancing its capital base in comparison to risks of its assets and this implies that the bank has been enhancing its financial stability and also its capacity to meet any risk in the future.

<u>Efficiency Ratios</u>

Efficiency ratios assess the extent to which the bank is using the available assets to earn revenue. There exist two main efficiency ratios namely the Asset Turnover Ratio and Cost-to-Income Ratio.

Ratios	Formula	2022	2023	2024
Asset Turnover Ratio	Total Revenue / Total Assets	0.04	0.04	0.04
Cost-to-income Ratio	Operating Expenses / Total Income	0.44	0.44	0.40

Asset Turnover Ratio is the ratio that evaluates how the bank utilizes its assets in order to earn profits. Asset Turnover Ratio has been stable at 0.04 in the three years showing that EBL is generating a small share of revenue compared to the total assets. This implies that the assets of the bank are not being fully exploited as they might to make revenue. It has a ratio of 0.04 indicating that the bank earns 4 percent revenue on each unit of asset which is relatively low in a financial institution.

Cost-to-Income Ratio is a ratio that shows how well the bank conducts its business through its operating costs, in relation to the income of the bank. The Cost-to-Income Ratio indicates a minor increase in 0.44 in 2022 and 2023 to 0.40 in 2024. This reduction means that EBL has been in a position to decrease its operating costs in comparison to its revenues, which depicts a better operation efficiency. A 0.40 ratio in 2024 indicates that the bank is covering operation costs of 40 percent of its earnings and this represents a good ratio of cost control and operational efficiency.

Profitability Ratios

Profit ratios indicate the capacity of a bank to earn profits in comparison with its revenues, assets or equity. This includes a Return on Assets (ROA), Return on Equity (ROE) and Net Interest Margin.

Ratios	Formula	2022	2023	2024
Return on Assets (ROA)	Net Income / Total Assets	1.21%	1.27%	1.34%
Return on Equity (ROE)	Net Income / Shareholders' Equity	15.46%	16.85%	18.63%
Net Interest Margin	Net Interest Income/Average interest bearing assets	3.28%	3.23%	3.33%

Return on Asset (ROA) is the measure of how efficient you are utilizing your assets in generating profit. The Return on Assets (ROA) represents the steady increase in the three years, which confirms the fact that EBL becomes more effective in using its assets to generate profits. The ROA is currently 1.34 in 2024 meaning that the bank has earned 1.34 as profit on each unit of asset and it is relatively good as compared to the previous years.

Return on Equity (ROE) is an indicator of the efficiency of the bank to utilize the invested equity of the shareholder to generate profits. The result of the trend in Return on Equity (ROE) has been in an upward direction that indicates that EBL is becoming more efficient in utilizing shareholder equity to generate more profit. In 2024, the bank has a return on equity (ROE) of 18.63 which means that it is generating value to its shareholders. The improvement in the ROE indicates that the shareholders increase the ROI.

Net Interest Margin (NIM) is a financial ratio, which captures the difference between the interest the bank earns and the interest they pay to their lenders, in relation to their average interest earning assets. It shows the capability of the bank to make a profit in its lending operations. The NIM did not change much over the three years presented, with a decline in 2022 to 3.28% and an increase to 3.33% in 2023 and 2024, respectively. This shows that there is a minor change in the capacity of the bank to earn interest on its assets, but the net change is not very high and therefore indicates that the performance of the bank in its lending operations is stable.

Leverage Ratio

Ratio	Formula	2022	2023	2024
Debt-to-Equity	Total Liabilities / Total Shareholders' Equity	12.01	12.51	13.31

Debt-to-Equity ratio shows how much debt is being utilized to fund the assets of the bank in question against equity. The Debt-to-Equity Ratio has been on the rise over the years, which means that EBL is growing more dependent on debt financing in comparison with equity. An increased ratio usually implies increased financial leverage, which increases the financial risk of the bank. With the ratio of 13.31 in 2024, the bank has more than 13 times the debt amount of the unit of equity.

Interest Rate Risk Management

Interest rate risk is the risk that entails financial loss, as a result of change in the interest rates, which may affect the profitability of EBL and the value of the assets and liabilities of EBL. EBL is a financial institution; therefore, it has considerable volumes of interest rate sensitive assets including loans and securities, which makes it very sensitive to fluctuations in market interest rates. The main objective of interest rate risk management is to reduce any adverse effect of net interest income and net interest margin as a result of fluctuations in the interest rates.

The interest rate risk management of EBL is a sub-system of its Asset-Liability Management (ALM), which is an effort to align the assets and liabilities of the bank according to their maturity and interest rate sensitivity. The Board has a Risk Committee that monitors and reviews interest rate risks in the form of stress testing and scenario analysis to determine the possible effects of changes in interest rates on the financial performance of the bank. The bank uses a number of financial instruments, including interest rate swaps and other hedging measures to overcome risks of changing interest rates.

Market Risk Management

Market risk is defined as the possible loss of money as a result of the changes in the market prices, including interest rates, stock prices, commodity prices and foreign exchange rates. In the case of EBL, this risk is specifically pertinent in relation to its trading portfolio, investments, and other assets that are sensitive to the market. Major shifts in the market conditions like declines in the stock market or unforeseen changes in the prices of commodities may provoke the bad financial implications on the bank.

EBL mitigates the market risk by having a Market Risk Management Framework, which encompasses the Value-at-Risk (VaR) modeling, stress testing, and sensitivity analysis. These are used to enable the bank to determine how the fluctuations on the market would affect its portfolio and profitability at large. The Treasury Department has the responsibility of continuously checking the market risk exposure and ensuring that the trading and investment activities of the bank are within the risk limits that are set. In case any major risk events or deviations are noticed, the same is reported immediately to the Board Risk Committee to be further evaluated and corrective action taken.

Currency Risk Management

The currency risk, or the foreign exchange risk, is caused by the changes in the price of foreign currency to the local currency. Since EBL is engaged in foreign trade transactions and has foreign currency-denominated assets and liabilities in addition to its international operations, it is exposed to currency risk. Such fluctuations may have an impact on the profitability of the bank particularly when exchange rates vary abruptly causing loss or gain to the bank.

EBL has an established Foreign Exchange Risk Management Framework in order to control currency risk. The bank constantly keeps a check on its foreign exchange status, market forces, and other economic variables that might affect the currency flows. Treasury Department has the responsibility of managing the foreign exchange exposures and uses currency hedging instruments, including forwards and options, in order to counter the effect of the unfavorable exchange rate movements. Also, the Board Risk Committee considers the currency risk appetite of the bank on an annual basis, and makes sure that the exposure of EBL is within reasonable risk levels.

Credit Risk Management

Credit risk refers to the potential financial loss stemming from the default or decline in credit quality of a customer or other third party with whom EBL has a contractual obligation. It stands out as our foremost risk concerning exposure using maximum capital utilization. To manage credit risk effectively, it is imperative to cultivate an appropriate credit risk culture. Annually, the Board of Directors, either directly or through the Risk Committee (of the Board), evaluates and endorses the bank's credit risk appetite, and every three years, reviews and sanctions the credit policy manual.

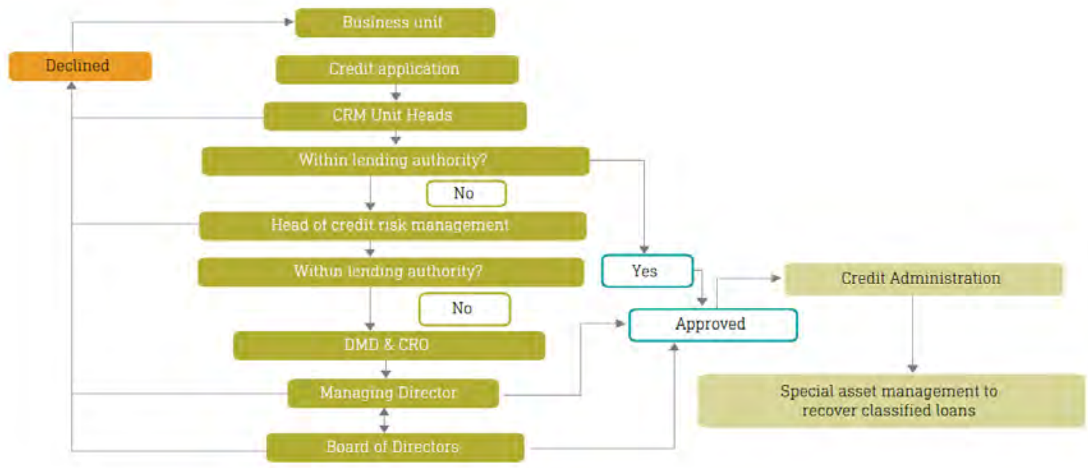

Figure 3. Credit Risk Management Process of EBL (2024)

This flow chart signifies the credit risk management process at the Eastern Bank Limited (EBL). It starts with the business unit filing a credit application, which initially is checked by CRM Unit Heads to know whether it fits in their lending scope or not. Otherwise, it is forwarded to the Head of Credit Risk Management to reconsider the application. In case the sum remains above the lending authority it will be taken to the Deputy Managing Director (DMD) and Chief Risk Officer (CRO) to be approved. In case they cannot approve it, it goes to the Managing Director and lastly, the Board of Directors. After being approved the application is then sent to the Credit Administration department to be processed. The Special Asset Management team is also charged with the responsibility of recovering loans that turn into classified (non-performing) to return risks to a minimum level.

2.5.2 Accounting Practices

EBL complies with the international financial reporting standards (IFRS), which have been used to provide transparency and consistency. The major accounting principles to be adhered to are:

- **Accrual Basis:** Revenues and expenses are recorded as earned or incurred not as the cash is received or paid. As an example, interest on loans should be reported when due and not when the loan is paid.
- **Going Concern:** The financial statements of EBL presuppose its further functioning, there are no indicators of liquidity or solvency problems.
- **Prudence and Consistency:** EBL uses the same accounting techniques on an annual basis and recognizes revenue and assets on a conservative basis to prevent overstatements.

EBL is based on Accrual accounting aligning with IFRS. This technique makes the financial statements to reflect the financial position of the bank appropriately since the income and expenses are recognized when they are earned or incurred and not when the cash transactions are made.

EBL follows the **Standard Accounting Cycle**:

1) **Recording Transactions:** Recording of all the financial transactions is done in journals.
2) **Posting to the Ledger:** The transactions are moved to general ledgers.
3) **Trial Balance:** A trial balance is made up to make sure that the debits and credits are equal.
4) **Adjusting Entries**: Entries of accrued revenues and expenses are adjusted.
5) **Financial Statements:** Income statement, balance sheet and cash flow statement is prepared and audited.

This is done to be precise and meet with the accounting requirements.

EBL uses the Straight-line method of depreciation of its fixed assets, which include buildings and equipment. This is a method that assigns costs and incurs a fixed percentage of depreciation every business year throughout the useful life of the asset, and the expense recognition is predictable.

EBL practices of accounting comply with the IFRS and the basic accounting principles such as accrual accounting, which provides the transparency and accuracy in the financial reporting. The use of the straight-line method of depreciation and disclosures offers a clear picture of the financial wellbeing of the bank and management of risk to the stakeholders. Such practices attest to the fact that EBL is a sound business entity that is also regulatorially compliant.

2.6 Operations Management and Information System Practices

Eastern bank PLC (EBL) has been applying the current information technology in an endeavor of enhancing its efficiency during movements. The bank is also equipped with an integrated core banking system (CBS) through which it can collect, store and also process data safely and all the transactions such as deposit, withdrawals, even approval of loans are captured in real-time. This system will assist with the creation of flow of information sales between branches in an organized way and maintenance of the records of clients. In sharing this information with clients, EBL uses electronic banking, including internet banking, mobile banking applications, and automated teller machines, to enable the clients to obtain easy access to their accounts and financial services.

Employing advanced database management system (DBMS) is another instrument used to EBL to maintain huge amounts of financial data safely and ensure data integrity. The office management software is also more beneficial to the bank in its day-to-day operations since it can help it schedule meetings, allocate resources, and take charge of the activities, which improves coordination of activities across the departments. By this, technology integration enables EBL to automate its operations and minimize the number of errors made by the hands.

EBL focuses on quality management in its operations management through strict inspections that make its services reliable and accurate. The bank is also using the forecasting tool to streamline the allocation of resources and personnel, especially when the peak season is approaching, so that the branch is well prepared to meet the needs of clients. EBL works towards efficiency and better service provided to the customers by automation of routine activities.

Furthermore, EBL invests in digital transformation and is using modern technology, including the artificial intelligence (AI) and big data analytics to develop innovative ideas. AI-based chatbots can help customers with their requests and data analytics allow the bank to identify trends and make decisions. These changes in technology in terms of integration and quality management make EBL an innovative stakeholder in the Bangladeshi banking system.

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces Analysis

1) Rivalry among existing competitors — High (intense)

Strategically, rivalry means how intense is competitiveness between enterprises that are already in the market in relation to pricing, product, service and distribution. For EBL this rivalry is high. The Bangladesh banking landscape is crowded: sizeable private banks, state-owned banks and many fast-growing private sector players (plus branch networks and corporate RM teams) aggressively compete for deposits, corporate mandates and retail customers. Only recently have financial institutions begun competing on the digital capabilities of their banks—from mobile and online banking to product bundling to price structures that determined the extent to which they were driven by transactional volumes and low-cost deposits. The heightened competition pressure on net interest margins and customer acquisition and retention cost drives financial institutions, such as EBL, to invest in digital channels, enhance branch services, and cross-selling to maintain the competitive advantage. The presence of similar core product propositions, well-established competitive distribution systems, and the growing focus on the quality of digital services breed stiff price and service competition. This is a clear manifestation of stiff intra-industry competition that promotes unending innovation and improvement of the working processes.

2) Threat of new entrants — Moderate-Low (barriers high, but digital entrants erode niches)

The traditional barriers to entry argument recognizes capital restriction, regulatory obstacle and scale as barriers to new banks. However, full scale commercial or retail banking requires a banking license, large capital, and systems that ensure compliance that is a significant entry barrier that ensures the traditional banking new entrants offer a moderate to low threat. As a consequence, the theoretical line dividing "banks" from other types of financial providers has been increasingly blurred as fintechs, BNPL providers, MFS providers and other specialist lenders target niches (payments, small-ticket lending, buy-now-pay-later) with very low regulatory and capital requirements. Digital players are not able to substitute full bank relationships in the short run, though they are able to drain transactional ARPU as well as customer mindshare. The theoretical implications of EBL provide a clear prescription of the firm strategy: the firm must remain on the launched path of utilitarianism, that is, by maintaining its licensing benefits, and attracting, competing, or acquiring agile fintechs to strengthen its stance against loss of low-value, high-frequency customer transactions and deposits to new digital alternatives.

3) Bargaining power of buyers (customers) — Moderate

The ability of buyers depends on their concentration, switching cost, and substitutes available in the market. In Bangladesh, the dynamic is much more pronounced with the large employers as the corporate segment being the king (they haggle on fees, collateral terms and pricing of loans) whilst the bulk of the retail segment has limited bargaining power (since they are stuck in their ways) but with digital customer acquisition they are effectively homeless. Mobile banking and third-party digital platforms reduce switching costs for retail customers, increasing the balance of power, albeit modestly, in deposit pricing and service delivery. In order to ensure client stickiness, EBL has been able to leverage great digital UX, speed of service, packaged value propositions (salary packages, loyalty perks), and relationship management for the higher-value segments. This goes back to the BBA thesis of increased power for the buyer as items have become more and more commodity-like and switching costs have decreased.

4) Bargaining power of suppliers (funding sources) — Moderate

Deposits are the largest source of funding for banks, followed by wholesale market funding. Higher supplier power translates to depositors who prefer rates, or costly (relative to lending rates) wholesale finance. During 2023-24 the stricter macroeconomic environment saw finance costs rise as a result of interest rate changes and rising market yields. This also shifts the balance of power in the favour of depositors and providers of institutional fund. EBL has a solid retail deposit trajectory in 2024, which has mitigated financing, but competition for term deposit in the sector, together with increased yield, put a hive on funding costs. The main conclusion which is allied with the supplier-power theory is to diversify the sources of financing, to increase the retention of the deposits by means of service and product design, and to regulate the deposit composition in order to avoid the exposure to the risky wholesale funding markets.

5) Threat of substitutes — Moderate and rising

Substitutes are different goods or conduits that satisfy a similar client need. Mobile financial services (MFS), BNPL, peer-to-peer lenders and other credit offerings by commercial fintechs have quickly filled up the market in Bangladesh by creating a growing complement set of substitutes for payments and small-ticket lending, as well as a few deposit services. Such alternatives are desirable for younger and lower-ticket clients, who appreciate rapidity and convenience, and often take away onboarding friction. For EBL, replacements means that they still need the complete suite of banking (corporate loan, trade finance), but it is eroding their fee income, transaction flow, first line of relationship and eventually cross-selling. Industry data predicts that mobile money and fintech services will grow considerably until 2024, making these alternatives a strategically and increasingly engaging threat for banks.

Earnings and Asset quality of banking industry of Bangladesh adversely impacted in 2023–2024 by increasing NPL and high policy rate. As have been the case in many emerging markets, large private banks, state-owned banks and the battalion of digital competitors that have emerged these past few years vie for deposits, lending and transaction services, forcing banks to hop over each other on service, branch spread along with digital channels. To elaborate, traditional banking almost always requires licenses, significant capital and regulatory approvals, while for non-bank fintechs and mobile financial services (MFS), payments and products such as small-ticket credit and deposit-like products become flimsy fast. Retail deposits remain the primary, stable funding source; but market rates also increase depositors' rate sensitivity. Unlike a retail buyer purchasing over the Internet, large corporate buyers have the power to negotiate price and terms. Credit bureaus, payment networks and new-age fintech partners are negotiating with strength, offering banks using them an edge in operations. As provisioning needs increase, banks and non-bank financial intermediaries, such as EBL, must enhance digital services, simplify, management of credit risk, etc. and continue to undergo difficult regulatory oversight. Old banks have strong branch and ATM coverage, decent brand name in cities, and a standard retail, SME, and corporate product set that is at best undifferentiated and at worst outdated. EBL staff training, recovery standard operating procedures, and management information system/reporting methodologies are easily replicable. With the onset of rising stress on most peers over time, EBL was able to withstand the trend with strategic admission towards new business lines with Islamic banking activities, an impressive digital transformation that was recognized by awarding bodies, and retail deposit and capital buffers entering 2024. These asset-quality shocks have had the following consequences: non-performing loans and out-of-date back-office systems across the industry; the presence of vulnerabilities. Digital lending, early warning and segmentation with data analytics, and Shariah compliant products are some of the opportunities to attract new customers. Key risks include inflation and higher policy rates, broad sector NPLs and the slow legal and recovery environment, as well as the threat of fintech and non-banking financial institution competition. EBL's unique digital capabilities and strengthened balance sheet in recent times have given it a competitive advantage in a hard market. With these skills EBL can reduce cost-to-serve, shorten customer journeys, and enhance credit-risk analytics.

2.7.2 SWOT Analysis

<u>Strengths</u>

EBL is a combination of great financial performance, strong brand and digital advantages. The bank reported a record high in consolidated profitability in FY24 posting a growth of 26% in core interest income and 18% in loans, which exhibit durability and scalability of its core bank model. The brand trust EBL has built over the years via its banking practice and its Corporate Social Responsibility (CSR) social has begun to yield dividends with corporate as well as retail clients. The bank is increasing the penetration of digital platforms (Skybanking, mobile and online banking) as well as products (recently, Islamic banking) creating multiple customer contact points.

- The consolidated profit for the consolidated year year-on-year should be about Tk 6.6–7.5 billion during the mid-2024/2025, fueled by upward loan growth and interest income.
- Expansion of the loan portfolio and investment income — loan income in 2024 grew considerably as shown by a larger-than-average percent increase of interest from loans and advances.
- International agencies such as Euromoney and Asiamoney have regularly recognized the establishment as the a7 international “Best Bank” and for its corporate responsibility, giving nice third-party sign to many corporations as well as institutional traders.
- Modernization activities to make digital products (Skybanking / mobile and online banking) more approachable and roll-out of new digital products incurred less marginal servicing costs per customer.

Weaknesses

EBL is a prospective company with high potential, but with typical industry risks and certain company-specific issues that could impede the short-term performance.

- This is a different cycle, which is more difficult as the asset quality at industry and bank level is likely to continue to be challenged due to the declining loan performance and increased provisioning requirements. Audits and management report indicate that the number of non-performing exposures is increasing which is an indication that the entire sector is experiencing a general increase in the vice.
- Pricing pressure in the corporate and retail segments is further being increased by an aggressive acquisition offer by other private banks and digital entrants.
- The gap between demand for loans and growth in deposits presents operational scale-up risks following the rapid scaling of digital channels and loan origination capabilities. These add up and require huge investments to manage risk, anti-money-laundering compliance, and legacy system upgrade, all of which are also prone to decision-making errors.

Opportunities

- Utilize digital platforms to transform transaction customers into relationship customers through cross-selling, thereby enhancing fee income and reducing cost-to-serve.
- Expand Islamic banking services and product offerings to meet the increasing demand for Shariah-compliant options.
- Utilize awards and CSR credentials to enhance corporate partnerships and facilitate access to international correspondent flows and trade finance mandates.

Threats

- Increasing non-performing loans in the industry may exert pressure on profitability due to sector-wide asset quality concerns.
- Intensifying competition arises from peer banks such as BRAC, City, and Dutch-Bangla, as well as from fintech and mobile financial service providers like bKash and Nagad.
- Macroeconomic pressures, including inflation, taka depreciation, and import restrictions, diminish the demand for lending and trade finance.
- Regulatory tightening, characterized by stricter provisioning, enhanced AML/KYC compliance, and increased governance oversight, elevates costs and risks.
- Global shocks, such as export slowdowns and increases in global interest rates, may negatively impact trade flows and elevate funding costs.

Figure 4. SWOT Diagram

<u>Categorized Strengths to identify competitive advantage</u>

1) Common strengths (shared by many well-run private banks)- These are important but not unique. They help EBL compete but do not by themselves create sustainable advantage because peers can and do possess them.

- A mix of branch and digital distribution, where physical branches are combined with mobile and online banking (Skybanking). Most of the big private banks in Bangladesh provide both ways.
- Increasing the number of loans and interest income—when demand is high, lending activity is common across the sector. To run a trust, you need to follow the rules and have your financial statements audited. However, most top institutions are expected to do these things.
- Access to corporate and retail deposit bases—the size of deposits is a major benefit that larger banks have in common.

This is important since similar traits help the bank compete in terms of pricing, accessibility, and product offers. However, these traits alone do not make the bank stand out for long.

2) Imitable strengths (valuable but replicable by competitors)- These strengths give measurable advantage today but can be copied by competitors with sufficient investment in short to medium term.

- Modern mobile/online app capabilities (Skybanking, mobile app features). Many banks can replicate user-facing features — the real differentiator becomes execution speed and UX quality, which rivals can match.

- Types of products (retail, corporate, trade finance, and now Islamic windows). Competitors may provide similar product lines; to stand out, you need to provide better service and manage relationships better.
- Prices and sales incentives. It is easy for other banks to replicate short term acquisition strategies (like promotional rates).
- Opening of other branches. This benefit can be imitated because EBL can open branches more, yet its rivals can do the same, and it will not last long when combined with other unique resources, such as unique business partnerships.

EBL should capitalize on these strengths by offering excellent customer service, data analytics to learn more about its clients and building strategic alliances to remain competitive.

3) Distinctive strengths (sources of sustainable competitive advantage)- These elements or attributes are what makes EBL a unique one and its competitors can hardly replicate the model in the short term. When they are developed, they form the foundation of long term competitive advantage.

- EBL has been ranked as a top brand in various reviews by some of the top industry bodies such as Euromoney and Asiamoney which is a clear indication of its position in the market. They are operational standards, which indicate improved governance, improved products, and improved performance on corporate social responsibility to corporate clients, international correspondents, and institutional counterparties. Awards build trust - and trust is a long process to develop between competitors. A powerful brand helps to seal high-value business transactions and offers more bargaining power in the negotiations with foreign associates.
- Established history with social responsibility and governance indicators - Corporate responsibility acknowledgment enhances the market presence with institutional depositors, multilateral partners, as well as talent pools. CSR may also bring in credibility that builds relationship banking amongst development organizations, NGOs and corporations that favor socially responsible ones.
- Corporate and institutional banking relationships - we believe that the relationship of EBL with corporations and cross-border partners (trade finance, treasury services) is a component of the value chain of high businesses with high switching costs to their clients. These kinds of relations are established by regular service, trade routes, and special credit appetite. What strategic impact means - results in good business relationships will become sticky deposits, constant fee revenues and repeat flows of transactions that cannot be quickly acquired by many new digital-only companies.
- Governance, audited accounts, and cycle credibility The bank is already a mature organization - with audited financial accounts, disclosure, and acceptance of new organizational changes (including in provisioning and non-performing loan classification). These factors matter when selecting a bank partner in case of larger transactions like institutional investors or other large corporations. Credibility in governance is a plus that cannot be attained immediately in a trust-based market of big corporations and correspondent banking.
- EBL has the potential to develop Islamic banking services and deploy them to strategic positions in combination with the already established digital platforms through careful scheduling and positioning of product launches, such as the introduction of Islamic banking and advanced digital roll-outs. This strategy will enable the bank to cater to the needs of a large number of customers including religious and technologically savvy customers. The

successful combination of these two concepts provides one company with competitive edge that might not be easily matched by other firms in a timely and successful manner.

The criteria are unique since it incorporates external acknowledgement through awards, wide networks in different sectors, and institutional governance. This combination will be difficult to replicate and do efficiently by the competitors.

2.8 Summary and Conclusions

Chapter 2 of this report discusses Eastern Bank PLC (EBL) in details in relation to various facets of its operations, management, marketing strategies and financial performance. The chapter begins with the organizational structure and leadership style of EBL where the leadership style is participation-based and employee-oriented. This research will dwell on the concept of the human resource management as sponsored by the bank like human resource recruitment systems, human resource training systems, and human resource performance appraisal systems. In evaluating competitive environment of the bank in the dynamic financial settings, this discussion will contain EBL marketing policies, customer engagement and digital transformation. This chapter provides an analytical account of the financial results of EBL using key financial ratios to identify its liquidity, profitability, efficiency and market value. Operations management of information systems and the way they could be utilized to increase customer experience are investigated, and the contribution of technology in reaching efficiency and customer satisfaction in EBL is highlighted.

2.9 Recommendations

As per Chapter 2, I will advise EBL to improve its digital banking capabilities in order to appeal to more technologically aware customers and increase efficiency of services. The bank ought to look into improving its employee development initiatives that will help bring more innovation and leadership at every level. EBL needs to deal with the increase in its cost to income ratio and seek ways in which it can increase its asset turnover to maximize the usage of resources in generating income. The bank must remain customer centric in market strategy as well as address the mounting demand on sustainable and socially responsible banking solutions. This report provides recommendations that could be realized to enhance the competitiveness of EBL and achieve a lasting growth.

Chapter 3

Loan Recovery Challenges and Strategies of EBL

3.1 Introduction

This chapter is dedicated to the recovery policies and problem of loan recoveries at Eastern Bank PLC (EBL), which is one of the major problems of a bank's financial management. The chapter provides a comprehensive analysis of the loan recovery issues related to non-performing loans (NPLs) and the manner in which the bank has addressed these issues. The chapter discusses how EBL is currently dealing and collecting defaulted debts by restructuring its loans, litigations, as well as taking support of third-party recovery agencies. This chapter also evaluates the effectiveness of these methods and provides suggestions to improve the recovery rates and NPL ratio. A conclusion of the end of this chapter presents the recommendations to improve processes of loan recovery of EBL.

3.1.1 Background and Problem Statement

Eastern Bank PLC (EBL) is not an exception because many commercial banks are highly impacted by non-performing loans (NPLs) and are at high risks of their financial performance. NPLs are loans in which the borrower does not pay back interest or the principal value of the loan within a time span of 90 days and above. Following the guidelines of Bangladesh Bank, NPLs are classified as Sub-Standard (SS), which comprises of loans that are overdue for more than three months and less than six months; Doubtful (DF), which comprises of loans overdue more than six months and less than 12 months; and Bad/Loss (B/L) which are loans that are overdue for more than 12 months. Most of EBL's revenue comes in the form of loan interest and failure in repayment of loans on time interferes with the capacity of the bank to generate revenue thus resulting in low profits, high financial risks and low liquidity.

The loan recovery issue is complex, which includes financial struggle of borrowers, legal challenges, and problems with wrong valuation of collateral. All these coupled with unstable economic conditions, and in some cases deliberate defaults, make it difficult to retrieve defaulted loans by the bank. To counter this, EBL has adopted the **Bucket Approach** of recovery strategy according to which loans are grouped according to the days overdue.

The numerous recovery options are dependent on the delinquent status of the loan. The bank also tends to use common recovery measures like writing of demand letters, using recovery agencies and to take legal actions where applicable. Nevertheless, recovery actions can normally be complicated and costly, and they may not always be effective. That is why it is crucial to discover and address the causes of such challenges.

CL Categories		Period of past due or overdue
Unclassified	Standard-0 (STD-0)	No past due or overdue
	Standard-1 (STD-1)	≥ 1 day but <1 month

	Standard-2 (STD-2)	≥ 1 month but < 2 months
	Special Mention Account (SMA)	≥ 2 months but < 3 months
Classified	Sub-Standard (SS)	≥ 3 months but < 6 months
	Doubtful (DF)	≥ 6 months but < 12 months
	Bad/Loss (B/L)	≥ 12 months

Table 1. Loan Classification by Bangladesh Bank Guideline

3.1.2 Objective

This chapter aims at examining the Non-Performing Loans (NPL) and loan recovery challenges that EBL is experiencing as well as assessing the effectiveness of the strategies that EBL uses to recover its loans. The analysis aims at identifying the key variables that are leading to the increase in non- performing loans (NPLs), determining the recovery strategies used by EBL, and determining the soundness of these strategies in reducing loan defaults. This chapter employs publicly available data contained in the annual reports of EBL and guidelines issued by the Bangladesh Bank to provide a relevant insight and recommendations in a way that would help to improve the process of loan recovery in EBL.

3.1.3 Significance

This study is important for EBL because it gives a holistic picture of the issue and measures to address loan recovery. The findings shall help the bank to enhance its work towards recovering non-performing loans (NPLs), its financial health, and its efforts to overcome key challenges related to loan defaults. Through an effective management of loan recovery operation and resource utilization, the bank may minimize risks and facilitate profitability and growth.

Being a graduate in finance, this study has reinforced my practical understanding of the application of theories and principles of finance in a banking setting especially in risk management, financial analysis and loan default management. This study played an important role in bridging the gap between my theoretical knowledge and the real life practices done in banking industry.

This study also provides useful information to other stakeholders, such as banking professionals, investors, and policymakers, regarding the dynamics of the recovery of loans in the banking industry. The recommendations can also be useful to financial institutions that have experienced similar problems in implementing more effective loan recovery practices. Also, the findings can be used by the policymakers to formulate policies that promote effectiveness of loan recovery procedures in the banking industry.

3.1.4 Scope of the Study

This research is an analysis of Non-Performing Loans (NPLs) and loan recovery strategies of the EBL during the years 2022, 2023 and 2024. It examines the debt recovery strategies of EBL and its efficiency and the influence of the external factors on the loan defaults. The research relies on the publicly available data, such as the annual reports of EBL, guidelines of Bangladesh bank, and internal recovery policies of EBL. The assessment is applied to the cognition of the key difficulties and approaches to the plan of loan recovery methods.

3.2 Literature Review

Issues surrounding Non-Performing Loans (NPLs) have long been experienced by most banks in Bangladesh thereby leading to the general instability in the financial system and effectiveness of most financial institutions within the industry. According to recent studies, these issues are complex in nature and they entail the economic, institutional, and legal factors (Kumar Sarker, 2019). The dimensions are significant to the assessment of the strategies to recover the loans and enhance them.

Studies have shown that macroeconomic variables and internal banking procedures are the key factors that impact the level of NPLs. Economic downfalls, political influence and failure to manage credit risks are some of the factors that lead to the accumulation of NPLs in banks (Banerjee et al., 2022). Research has also established that banks that have sound credit appraisal systems and efficient monitoring systems, tend to have low NPL ratios. On the other hand, lenient lending policies and lack of proper due diligence make loan defaults more common (Kumar Sarker, 2019).

Another important consideration when handling the NPLs is legal infrastructure to recover loans in Bangladesh which is predominantly governed by the Money Loan Court Act, Public Demands Recovery Act, and the Bankruptcy Act. However, these laws have limitations such as complex and lengthy legal procedures and failure to enforce them thus rendering the laws ineffective (Juralacuity, 2024). In the recent researches, these legal frameworks are critical but they should be strengthened so as to increase the rate at which recovery can be achieved (Banerjee et al., 2022).

Both political and economic turbulence has led to a rapid increase in non-performing loans (NPLs) in banks in Bangladesh, over the last years. The NPL ratio in the banking industry rose to approximately 20.2% of the total loans in 2024 and 2025 compared to approximately 12.6% in mid-2024 (Prince, 2025). A significant factor was the change of government in August 2024 which resulted in the release of the loans that were hidden until then due to the leniency on classification and political influence (Dowlah, 2025). The situation was aggravated by economic problems: increasing inflation, currency depreciation, and declining earnings of exports complicated the process of loan repayment of most borrowers. These events compelled banks to increase their bad loan provisions, reducing their profitability and reducing their capacity to lend to new clients, having further reduced the health of the banking system (BIBM, 2025).

Banks in Bangladesh have implemented other practices and means of alleviating the NPLs, such as loan rescheduling, write-offs, and legal actions. Research has considered the efficiency of these actions where it has been said that they only offer relief but fail to correct the causes of loan defaults (KPMG, 2022). The recommendations suggest that there should be holistic strategies that combine preventive strategies, including strict credit checking and borrower awareness, and recovery strategies.

It is pointed out by the literature that NPL issues in the banking sector of Bangladesh are quite a complicated phenomenon because of the interaction between the economic situation, the institutional behavior, and the law. The loan recovery techniques require that a broader and more holistic approach be taken that includes prevention, effective legal procedures and institutional changes. Provided that these multifaceted problems are tackled, banks have a greater chance to improve their loan recovery results and make the financial system stable in general.

3.3 Methodology

The chapter is based on confirmed publicly available secondary data, mainly EBL annual reports (2022-2024), Bangladesh Bank disclosures, and industry review reports to assess the process and results of loan recovery. The analysis is based on the main quantifiable variables, including NPL ratio, Provision coverage Ratio (PCR), recovery on classified and written-off loans and connects them to the policy and operational changes that were reported by EBL in every year. Descriptive statistics, year-on-year percentage change calculations, simple correlation checks and time-series visualizations (charts and tables) were used to identify patterns and likely associations between strategy changes and observed outcomes. Qualitative content analysis of EBL’s published recovery measures (2022–2024) was used to interpret causal mechanisms. The approach prioritizes clarity, reproducibility and constrained inference (recognizing that internal borrower-level data are not publicly available).

Descriptive statistics were also used to analyze the data to note the year-to-year trends and comparative analysis to refer the recovery efforts by EBL to the industry averages. The most important data, including the NPL ratio and the PCR, were examined in terms of variation, and the statistical tools were applied to data, such as trend bar charts, to allow visual clarity. Qualitative evaluation of EBL's loan/debt recovery structure, including its initial communication, collateral re-evaluation and lawsuits, was performed on the basis of the published strategies of the bank and publicly available documents.

This approach was based on valid and verified secondary data, although internal data on EBL was not available, giving the methodology a solid foundation, which guaranteed a good basis to determine the practices of the bank in the recovery of loans. The analysis gives an idea of the efficiency of the strategies of EBL even though it was not able to incorporate internal insights or borrower-specific data for maintaining confidentiality.

3.4 Findings and Analysis

3.4.1 Loan Recovery Challenges and Quantitative Outcomes

The many issues EBL also faces with respect to loan recovery, can be outlined based on its Non-Performing Loan (NPL) Ratio and the Provision Coverage Ratio. The main problems identified were the following:

1. **Growth in NPL Ratio:** The NPL ratio is slightly rising, as in 2022 the bank had 2.78% and in 2024 the bank has 3.34% which means that the bank is having a growing percentage of loans defaulting. Although this is a controllable amount, it still indicates that the bank has problems in recovering loans.

Figure 5. Non-Performing Loan Ratio

2. **Decreasing NPL Coverage Ratio:** The PCR chart below indicates that EBL had a high provision coverage in the years. In 2022 it stood at 168.46 implying that it has high provisions to non-performing loans (NPLs). This dropped marginally to 147.61 percent and then to 114.49 percent in 2023 and 2024 respectively, though remaining above 100 percent indicating that EBL still has adequate facilities to finance its NPLs. A falling PCR however, may also indicate that the bank is making less provision against non-performing loans, which may either be an indication of inadequate readiness to deal with further future loan defaults or a weaker approach to the recovery process.

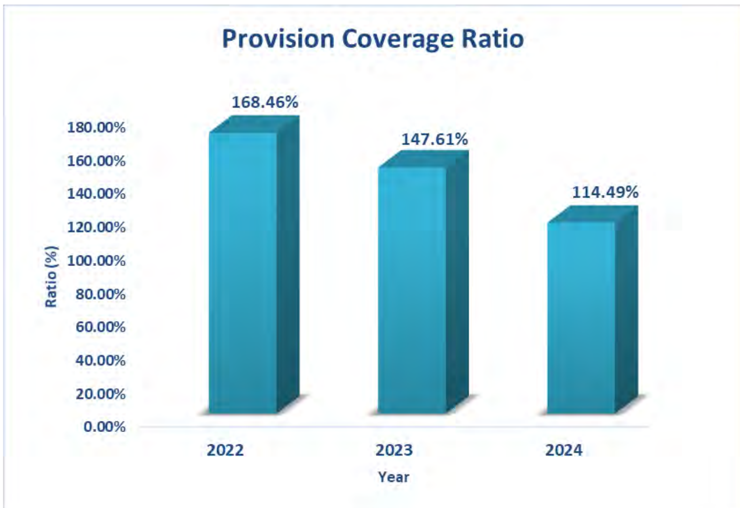

Figure 6. Provision Coverage Ratio

The chart below shows the loan recovery position in the years 2022-2024 at Eastern Bank PLC, concerned with the classified and written off loans. The bank was able to recover 1,062 million BDT of the classified loans, and 793 million BDT of the written-off loans in 2022. Nevertheless, even though there was a decline in the recovery of the written-off loans in 2023 (to 473 million BDT), the recovery of the classified loans declined to 1,021 million BDT. In 2024, the recovery trend was once more improved and the classified loans were 1,174 million BDT, whereas the written-off loans recovery increased marginally to 515 million BDT.

This information shows that although there is the gradual recovery of the classified loans, the recovery of written-off loans are still a major challenge. The sheer number of the written-offs loans even though the total number of recoveries is on the rise indicates that there is a lack of efficiency in the strategies used to recover these loans. This points to the possible root cause of the recovery strategy in the bank, where perhaps, more efficient measures need to be taken on the written-off loans to continue to enhance the overall loan recovery method

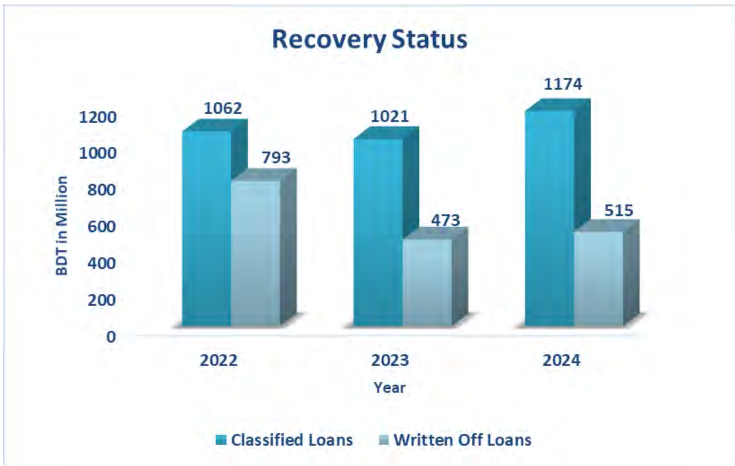

Figure 7. Recovery of Classified and Written-off Loans

3.4.2 Loan Recovery Process and Policies Implemented (2022-2024)

Recovery Process

Eastern Bank Ltd. (EBL) has a three-step systematic approach to loan recovery which increases in intensity. The process starts with an initial stage that deals with soft communication which involves the use of telephonic calls, SMS/E-mail alerts, reminder letters and personal visits to motivate the borrower into repaying. In case the initial steps fail, the bank enters the Mid Stage where activities are more formal. This would involve the issuance of facility call-up letters, securing, filing of lien against accounts, reassessing collateral and the entry into negotiation on a possible rescheduling or settlement. The Final Stage is an intense legal enforcement as the last option. This involves the delivery of legal notices, taking lawsuit and getting judgments, getting arrest warrants and finally, getting legal certificates to confiscate and auction the mortgaged properties of the borrower to readjust the owing loan balance.

Initial stage	Mid stage	Final stage
• Telephonic calls • Short Message Service (SMS)/E-mail • Reminder letters • Assistance from guarantors • Single/Group visit	• Facility call-up letter • Encashment of security (if any) • Exercise the right of lien over the accounts/payables • Joint visit with business relationship manager • Repeated visit • Collateral visit (if any) • Re-valuation of collateral • Negotiation & capacity analysis • Compromise settlement/rescheduling	• Legal notice to borrower, guarantor and mortgagor • Suit filing against borrowers/ guarantors & obtaining judgment • Obtain warrant of arrest against defendant of ARA suit • Execution of warrant of arrest through concern police station • Obtain certificate u/s 33(5) & 33(7) of ARA-03 against property and subsequently selling these properties towards loan adjustment

Table 2. Recovery Framework at EBL

<u>Policy Changes (2022-2024)</u>

Year 2022 - Intensified coordination & prioritization:

Continuous meetings with panel lawyers, ranking of cases by recoverability and quality of collateral, aggressively attaching unsecured assets, and having a time-sensitive recovery campaign in which it generated good recoveries in the last two months of 2022. The bank was also interested on reversing of classified loans movements and early follow-up on at-risk unclassified borrowers.

Year 2023 - Outreach, early legal escalation and portfolio refinement:

The bank directly increased its interaction (phone and physical visits), gave early legal notice, created a priority of high-recovery accounts and accelerated legal measures (judgments, execution). EBL improved portfolio analysis in collaboration with Business and Credit Risk Management and initiated coordinated recovery on syndicated loans.

Year 2024 - Structural & regulatory alignment for faster disposal:

EBL undertook institutional reforms (Bangladesh Bank suggested; Special Write-off Recovery Unit; centralized Legal Affairs Division) and added recovery incentives and campaign-based drives, more systematic use of travel restrictions and asset attachments and more centralized portfolio reviews meetings and more centralized portfolio review meetings.

3.4.3 Analyzing impact of changes to NPL and Recovery Outcomes

1. Targeted legal and recovery campaigns improved recoveries on collateral-backed (classified) loans –

Classified-loan recoveries fell slightly in 2023 but rose materially to 1,174 million BDT in 2024 after formation of the Special Write-off Recovery Unit, a centralized Legal Affairs Division, and intensified campaign/incentive measures in 2024. The timing and focus on collateral enforcement and centralized legal execution plausibly explain the 2024 rebound in classified loan recoveries.

2. Written-off recovery is volatile and slower to respond to new measures –

The highest written-off recoveries occurred in 2022 (793m) after a late-2022 recovery campaign, decreased in 2023, and recovered (only partially) in 2024 (515m).

3. NPL increased slightly even with the enhanced recovery measures due to the fact that during a certain time new NPL was created at a higher rate than the recovery measures –

Even as recovery of classified loans improved in 2024, NPL rose to 3.34% over the period even when compared to 2.78% at the beginning. This implies that new defaults and re-classifications either rose (new macro conditions or poor quality of the origination) or the bank just observed the decline in asset quality (tighter classification).

4. The falling of PCR and the improvement of recoveries is an indication of two dynamics running simultaneously –

The drop in PCR (168% → 114%) may reflect (a) a decline in relative provisioning as the recoveries were improving or (b) the NPL base was increasing more rapidly than the additions of the provisions. In any case, the decline in PCR should be observed: recoveries have to be improved by careful provisioning policy, in order to keep the balance-sheet robust.

5. Centralization and legal fast-tracking improved operational effectiveness –

The formation of dedicated units and central legal operations hastened the processing of the decisions and the cases-disposition rates were improved as seen by higher rates of classified loan recovery in 2024. The effort to coordinate with law enforcement and travel restrictions/attachments enhanced the leverage of the bank in obtaining the enforcement of judgments.

6. Early implementation of outreach and portfolio analytics minimizes the slippage risk, but results are mixed –

The intensive client outreach and portfolio analytics seen in 2023 seem to have assisted in case selection and prioritization, however, recoveries shrank in 2023 (both measures) suggesting outreach alone was not effective in an environment where default was on the increase or judicial resolution was delayed.

3.4.4 Comparative Industry Analysis

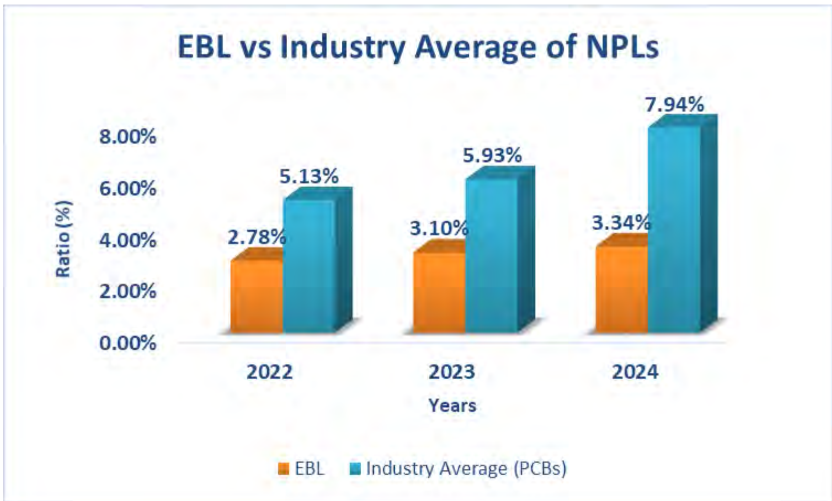

Figure 8. NPL ratio comparison with competitors

The chart above compares the non-performing loan (NPL) ratios of the Eastern Bank Limited (EBL) with the industry average (of Private Commercial Banks) in the years 2022, 2023 and 2024. This comparison is used to assess the effectiveness with which EBL is recovering its loans as compared to its banking industry competitors.

EBL was recorded to have an NPL ratio of 2.78% in 2022, compared to the industry average of 5.13%. This shows that EBL was in a relatively better position in terms of loan default management than the industry at large, which shows better credit management and recovery mechanism in the bank.

EBL NPL ratio stood at 3.10% in 2023, and the industry average showed an increase as well to 5.93%. Despite the NPL ratio of EBL being lower than the industry average, the growth indicates that the bank had more problems in dealing with its non-performing loans during the year. The increase in the NPL ratio of EBL could be to due external economic conditions, increment in the number of defaults or possibly due to the deficits in its loan recovery policies.

Nevertheless, in 2024, EBL NPL ratio rose to 3.34%, yet remained low compared with the industry average of 7.94%. The increase could be the sign that the bank did not use the strategies of recovery better or the bank could regulate better its credit risk management practices during this period. Though the overall tendency is of increasing of NPL ratios in the industry, the performance of EBL in the year 2024 indicates a more positive result, which proves that its attempts to solve the problem of loan defaults have only started to bear more fruit.

In short, EBL experienced a growth in NPLs in 2023 and again in 2024, which was still significantly below the industry level. This shows that EBL has better loan recovery efforts compared to the industry, implying that it has increased its credit risk management and recovery processes. It also shows the potential of the bank to handle its loan portfolio more efficiently in spite of the industry wider challenges.

3.4.5 Limitations of inference

The linkage between policy changes and outcomes is based on temporal association and publicly reported aggregate numbers. Without borrower-level, case-level or internal timing data it is not possible to prove causality definitively. The analysis therefore presents the most plausible interpretation given the public data.

3.5 Summary and Conclusions

The Chapter Three presented an analysis of the loan recovery problems and the strategies at the Eastern Bank PLC (EBL) considering the mounting problem of Non-Performing Loans (NPLs). It identified the major causes of the rise in the NPLs such as external economic conditions and loan defaults and discussed the success of the recovery strategies by EBL. We have observed that EBL implemented progressively more structured and legally focused recovery measures between 2022 and 2024. In 2022 the bank prioritized lawyer coordination and case prioritization, in 2023 it emphasized early escalation and portfolio analytics, and in 2024 EBL introduced institutional reforms (Special Write-off Recovery Unit and centralized Legal Affairs Division), campaign incentives and stronger legal execution practices. These measures are associated with a clear improvement in recovery of classified loans in 2024 and a partial rebound in written-off recoveries; however, the NPL ratio increased modestly over the same period and PCR declined. The chapter also provided the comparison of the NPL ratios of EBL and industry average of other private commercial banks like EBL, which indicated that even though EBL was experiencing growth of NPLs, the company was still doing better compared to its competitors. The results imply that, despite EBL trying to optimize its loan recovery mechanisms, there are additional aspects on which the company can work to achieve a better outcome, and in this regard, proactive efforts and interaction with the borrowers would be essential. Finally, the chapter suggested reinforcing the recovery measures of EBL, the key to which is prompt intervention, reorganization, and enhanced communication to better deal with loan defaults and minimize NPLs.

3.6 Recommendations

Based on the analysis and its findings as discussed in chapter 3, I would suggest that EBL could take a number of steps towards improving their overall loan recovery practice and financial health:

1) **Increase Loan Loss Reserves:** The coverage ratio has reduced slightly and suggests there may be possibilities that loans will default in the future. EBL should increase their loan loss provision so that can deal with their increases in NPLs and keep themselves workable financially for any future defaults.
2) **Improve Early Detection Systems:** EBL should also build up digital systems and invest in data analytics to be efficient with high risk loans at an earlier stage. The bank would be in a better position to proactively track behaviors and history of payment by clients for restructuring or recovering loans before it turns into NPL.
3) **Diversify Recovery Mechanisms**: The bank must explore other approaches for recovery, such as partnering with fintechs, out of court settlements, stronger recovery

agencies or others. These can save time, make recovery costs even lower, and improve efficiency in general.

4) **Provide Flexible Repayment Plan:** EBL could provide flexible repayment plan to those with default case in retail and SME sector on the basis of financial capacity of borrowers. This can also help to prevent default as the repayments will be more affordable for those who are experiencing financial struggle.
5) **Improve Communication with Customers:** It is vitally important as customers must know what the demands are and how they can recover. EBL may also think of introducing more communication mechanisms to its clients and offering tailor made solutions to help them repay their loans in time and prevent the loans from being NPL

With these measures, EBL will improve its loan recovery process, reduce likelihood of growth in NPLs and restore financial viability over the next few years.

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Appendix A: Project Proposal

“An Analysis of Loan Recovery Challenges and Strategies at Eastern Bank PLC.”

Project Proposal

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Date: 24th August, 2025

Problem Statement

Like most commercial banks, Eastern Bank PLC has had trouble with non-performing loans (NPLs). Getting back loans is very important for a bank's financial health. It lets banks keep lending money by checking that loans are paid back. When Eastern Bank PLC tries to get loans back from borrowers, it has to deal with things like financial problems, losing jobs, long and complicated legal processes, problems with collateral liquidation, unstable politics or economies, intentional defaults, and more. The majority of EBL's income comes from loan interest. When loans don't get paid back, the bank can't collect payments on time, which means it has less money to lend and pay for daily expenses. This lowers profits, raises risks, and makes it harder to get cash. Therefore, the primary objective of my research would be analyzing the loan recovery challenges faced by EBL and evaluating the strategies they use, with a goal to recommend improvements if required.

Background Information

When a borrower does not pay interest/principal amount and it becomes overdue for 90 days or more, the loan becomes a Non-performing loan (NPL). As per Bangladesh Bank guidelines, these are classified into following categories:

1. Sub-Standard (SS) - ≥ 3 months but < 6 months
2. Doubtful (DF) - ≥ 6 months but < 12 months
3. Bad/Loss (B/L) - ≥ 12 months

EBL offers retail loans like personal loan, home loan, auto loan, two-wheeler loan, secured loan and education loan. They also offer a variety of loans to SMEs (Small and Medium-sized Enterprises). As their recovery strategy when such loans become non-performing, EBL follows the Bucket Approach where the overdue loans are categorized into buckets according to the number of days or months they have remained overdue. These buckets are described as different stages of delinquency and EBL takes different recovery steps for the loans according to the stages they are at. In Bangladesh, banks usually try to recover default loans by sending demand letters, using recovery agents, and finally going to court if needed. Common methods include loan restructuring, follow-up calls, notices, and legal action. Like other banks, EBL also follows the Recovery Plan Guidelines of Bangladesh Bank.

Preliminary Methodology

For this analysis, I will be collecting data from the Gulshan Avenue Branch of Eastern Bank PLC. I will be using a combination of interviews, observations and document reviews to collect these data. Here, my primary sources of information will be the Branch Manager, Branch Sales & Service Managers and Branch Operation Managers. With the quantitative data I collect, I will try to use a combination of Trend analysis and Ratio analysis to check loan recovery performances over months/years. And I also plan to conduct a SWOT analysis using qualitative data to identify the strengths, weaknesses, opportunities and threats of the strategies used by EBL's loan recovery team. In order to maintain the confidentiality of sensitive data I will be using only publicly available and approved data. I will not be mentioning client names and account numbers and will only focus on analysis. I will also take my Branch Supervisor's permission prior to including the data in my report. For quantitative data, I will be presenting the information in aggregated forms like totals and percentages. A mixed approach of collecting both quantitative and qualitative data will be followed.

Significance of the issue

This study will help EBL's management make better decisions about profitability, liquidity, policy changes, branch performance evaluation, credit risk reduction, etc. It can alos help EBL make more money by speeding up the recovery process and lowering the number of NPLs. I believe that my research can help make strategies and risk management better. This study will benefit EBL customers because better recovery will lead to better service and more credit. As a Finance major, this study will also help me apply financial concepts, understand credit risk, see how banks work in real life, and improve problem-solving skills.

Timeline of the report work

I plan to complete writing my report within five weeks. I will be using the first week to collect data. The second week will be dedicated to literature review and background research. In the third week I will be analyzing my findings. I will be using the fourth and fifth week to draft and revise my final report. During these weeks I will be communicating with my academic supervisor and co-supervisor and take their feedback to revise and improve my report.

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Appendix B: Publicly Available Data

Table 5.03(a) Ratio of Gross NPLs to Total Loans by Types of Banks

(In percent)

Bank Types	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	End June 2024
SCBs	22.2	21.5	25.0	26.5	30.0	23.86	20.89	19.28	20.28	20.99	32.77
SBs	32.8	23.2	26.0	23.4	19.5	15.13	13.32	12.02	12.80	13.87	13.11
PCBs	4.9	4.9	4.6	4.9	5.5	5.78	4.66	5.31	5.13	5.93	7.94
FCBs	7.3	7.8	9.6	7.0	6.5	5.74	4.46	4.29	4.91	4.82	4.74
Total	**9.7**	**8.8**	**9.2**	**9.3**	**10.3**	**9.32**	**7.66**	**7.93**	**8.16**	**9.00**	**12.56**

Source: Department of Off-site Supervision, Bangladesh Bank.

Key Ratios

	ROA*	ROE*	EPS* (BDT)	P/E multiples*	CRAR*	Leverage ratio*
2024	1.34%	18.63%	5.53	4.47	15.11%	5.66%
2023	1.27%	16.85%	4.50	6.54	15.07%	5.59%

	2024	2023
Cost to income ratio	40.14%	44.22%
NPL ratio	3.34%	3.10%
AD ratio	80.19%	79.45%
LCR-DBO	190.17%	104.64%
NSFR-DBO	119.00%	107.61%
NPL Coverage ratio	114.49%	147.61%