

Eastern Bank Limited (DSE: EBL)

Current Price (October 29, 2015)	28.1
Total Number of Share (Mn)	611.2
Free Float (%)	68.4%
Annualized PE* – EBL	6.2x
Trailing PE – EBL	5.9x
Annualized PE – BANK	7.9x

*Based on latest earning disclosure

Financials (BDT Mn)	2013	2014	9M 2015** (Unaudited)
Net Interest Income	4,956	4,088	2,612
Income from Investments	2,044	3,308	2,798
Comm., Ex. & Brokerage	2,432	2,770	2,201
Operating Income	9,582	10,316	7,718
Operating Profit	5,827	5,860	4,189
Total Provisions	988	1,811	1,077
NPAT	2,535	2,138	2,064
Total Deposit	117,037	116,722	128,361
Total Loans & Advances	103,331	120,012	125,794

**Year ends on December 31

YoY Growth (%)	2013	2014	9M, 2015
Operating Income	8.6%	7.7%	3.2%
Net Profit After Tax	5.9%	-15.7%	61.1%

Per Share (BDT)	2013	2014	9M, 2015
Restated EPS	4.1	3.5	3.4
Book Value Per Share	30.4	33.1	36.2

Others (%)	2013	2014	9M, 2015
Capital Adequacy Ratio	11.9%	13.2%	-
Non-Performing Loan (NPL)	3.6%	4.4%	-
Return on Assets (ROA)	1.7%	1.3%	-
Return on Equity (ROE)	14.2%	11.0%	-
Stock Dividend	-	-	-
Cash Dividend	20.0%	20.0%	-

3 Years'	Peers			
	EBL	UCBL	CITYBANK	BRACBANK
Op. Inc.	9.3%	18.0%	10.6%	14.4%
NPAT	-5.7%	7.9%	-6.0%	5.1%

Source: DSE, Annual Reports/Financial Statements of EBL, UCBL, CITYBANK, BRACBANK and Research, IDLC Investments Limited.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings

Company Profile

Eastern Bank Limited (DSE: EBL) started its operations in August 1992 after taking over Bank of Credit & Commerce International Limited (BCCI). Initially starting with 4 branches, the bank currently has 76 branches all over Bangladesh. EBL is listed in both the DSE and the CSE.

The bank has four, fully owned, subsidiaries namely; EBL Securities Limited, EBL Investments Limited, EBL Finance (HK) Limited and EBL Asset Management Limited. Besides, the bank also has an offshore banking unit, became operational in May 2004.

Key Revenue Drivers & Company Insight

2014 was a year of consolidation for Eastern Bank. Alongside the declined interest rates scenario, the bank faced an erosion in pure lending business, declining by 17.5% YoY. However, Investment Income got a boost of 61.8% YoY primarily driven by interest income from treasury bonds. Overall Funded Income grew 5.7% YoY. In the meantime, EBL's Non-Funded income grew better than its Funded Income, by 13.1% YoY.

During 2014, Deposit basket remained almost flat at BDT 117 Bn while Loan and Advances amplified significantly by 16.1% YoY to BDT 120 Bn. Besides, Capital Adequacy Ratio (CAR) improved further from 11.9% to 13.2%. However, Non-Performing Loan (NPL) deteriorated to 4.4% from that of 3.6% of last year.

Financial Performance

Industry wide interest rate volatility dragged down Net Interest Income (NII) of EBL. But, the amplified Investment Income and Non-Funded Income put an overall support to Operating Income to grow by 7.7% YoY. This streamlined a flat Operating Profit for Eastern Bank Limited. However, significant amount of Provisions finally hit bottom line during 2014, declining by 15.7% YoY. As year ended, ROA settled at 1.3% while ROE at 11.0%.

During 9M 2015, the bank continued facing degradation impact of declined interest rates. Still, Investment Income and Non-Funded Income put their support to keep overall Operating Income flat. However, declined amount of provisions booking assisted bottom line to grow 61.1% YoY.

As per un-audited nine months' accounts (Jan'15 to Sept'15), consolidated net profit after tax was BDT 2,064.2 Mn with consolidated EPS of BDT 3.38 as against BDT 1,281.3 Mn and BDT 2.10, respectively for the same period of the previous year.

