

**Report On**  
**Use of CAMEL Rating Framework: A Comparative Performance**  
**Evaluation of Selected Bangladeshi Public, Private and Foreign**  
**Commercial Banks**

**By**

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**An internship report submitted to the BRAC Business School in partial fulfillment of the**  
**requirements for the degree of**  
**BBA**

**BRAC Business School**  
**BRAC University**  
**30<sup>th</sup> April 2020**

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my/our 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/We have acknowledged all main sources of help.

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Assistant Professor, BBS  
BRAC University

## **Letter of Transmittal**

**Suman Paul Chowdhury**

Assistant Professor,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

### **Subject: Submission of Internship Report**

Dear Sir,

With due respect, I would like to notify you that I have completed my Internship report on **“Use of CAMEL Rating Framework: A Comparative Performance Evaluation of Selected Bangladeshi Public, Private and Foreign Commercial Banks”**. This report is based on my understanding of the theoretical and implementation concept of CAMEL rating.

I am extremely thankful for the support and guidance you have been providing while writing this report and I tried my best by using my banking management knowledge to prepare this report. I earnestly hope that you will like my work and I stand by to answer all the questions and queries regarding this report.

Sincerely yours,

---

Mossammot Kaniz Fatema

15204035

BRAC Business School

BRAC University

Date: April 21, 2020

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between [Name of Company] and the undersigned student at BRAC University Student .....

## **Acknowledgement**

I begin by thanking the Almighty for our successful completion of this Internship Report whose mercy I am safe and sound mentally and physically. I want to thank a few people, who deserve utmost respect and gratitude. All of this would not have been possible without the hard work and dedication that my respective faculty and advisor of my internship report Suman Paul Chowdhury sir has put in guiding and mentoring me in the right path. He supported me to select the topic and his assistance helped me to complete my report successfully. I would also like to sincerely appreciate my faculty of bank management and electronic banking course for the help that Sohana Wadud Ahmad ma'am for her advice regarding write-up of the report. Moreover, I would also like to thank my office in charge AIBL VIP Road Branch Manager (EVP) Engr Md. Idris Ali, my Supervisor Mohammad Mahbubur Rahman Assistant Vice President in charge Investment Department and senior officers of investment department who guided and helped me in completing my report in a timely and proper manner. Also, I am grateful to my peers, the research papers, journals, websites and books that provided me with required information regarding my topic.

## **Executive Summary**

Al- Arafah Islami Bank Ltd is an Islamic shariah based commercial bank in Bangladesh. It was listed as a Private limited company and registered on June, 1995 and listed in DSE in 1998. It started its Banking operation on 27<sup>th</sup> September 1995. Currently this bank has 182 branches of which 25 authorized dealers throughout the country with 3.682 employees (according to 31<sup>st</sup> December, 2018 update). AIBL has a objective that is achieving success in life here & hereafter following the way directed by the Holy Quran. The main idea of AIBL is to directing banking activities in accordance with Islamic Shariah where profit is the alternative of interest. AIBL introduce profit-loss distribution products to the customer which are getting more popular day by day.

I was appointed in Investment department by AIBL VIP Road Branch Manager, Executive Vice President Engr Md. Idris Ali. Being an intern, I got a chance to gain knowledge on the investment products provided by AIBL. Islami Banking System is becoming more and more popular now a days due to the peoples irrespective of nations, religious. I am very happy to do my internship report on CAMEL rating as it is an international rating standard for banks. This report has been discussed in few chapters- the first chapter, I have given a brief of my internship experience, observation and recommendation. In second chapter, I have given introduction of AIBL including objectives, methodology, limitations of my report and industry and competitive analysis. Moreover, in third chapter I have given the outlook of Bangladesh banking industry, its performance, regulations, supervisions and banking system structer. Lastly, in chapter four, I have given a overview of selected banks and the analysis along with interpretation, provide CAMEL rating, I conclude with recommendation from my overall analysis.

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## List of Acronyms

AIBL	Al- Arafah Islami Bank
PCB	Private Commercial Bank
GB	General Banking
CAR	Capital Adequacy Ratio
TE/TA	Total Equity /Total Assets
TD/TA	Total Debt/Total Assets
GS/TI	Govt. Securities/Total Investment
FIN- A/TA	Financial Assets/Total Assets
TI/TA	Total Investment / Total Assets
NPL/TL	Non-Performing Loan/ Total Loans
FA/TA	Fixed Assets/ Total Assets
PLL/ TL	Provision for Loan Loss / Total Loan
TL/TA	Total Loan/ Total Assets
ROA	Return on Asset
ROE	Return on Equity
EBIT/TA	Operating Profit/Total Assets
NI/TA	Net Interest Income/Total Assets

NII/TA	Non-Interest Income/Total Assets
LA/TA	Liquid Assets/Total Assets
LA/STL	Liquid Assets/Short-term Liabilities
LA/TD	Liquid Assets/Total Deposit
GS/TA	Govt. Securities/Total Asset
NBFI	Non-Banking Financial Institutions

# **Chapter 1**

## **Overview of Internship**

### **1.1 Student Information**

I am Mossamot Kaniz Fatema and my ID is 15204035. I am studying in BRAC Business School in Bachelor of Business Administration (BBA) and did my specialization in Accounting and Finance.

### **1.2 Internship Experience**

After completing my 12th semester of BBA program, I was assigned to do an internship under an organization for three months. I joined in February at Al- Arafah Islamic Bank Limited at VIP road branch. During the internship program I was assigned in Investment department mainly though I got a chance to work in general banking only for few days.

At first, only for few days I worked in the General Banking department. In this department I was assigned to open new account and writing check for the customers. In AIBL, if anyone requests to open a current or savings account, they have to submit both user and nominee's national ID card photocopy. Moreover, she/he also needs to provide their present and permanent address and 2 copies present photo of account holder and 1 copy photo of nominees. Then I appointed in investment department for rest of my internship period, that time I mainly assigned to do the classification of cash flow of an unaudited balance sheet, reviewing corporate loan receiver transaction, writing formal letters to the corporate loan receiver, overview the process of loans approval. A loan receiver has to go through a long procedure to get a loan approval but based on the loan type the procedures and required paper varies a lot. But there is some basic requirements such as- the loan receiver must have an account in AIBL, do the application and attached some required papers for the loan- National ID card, CV,

Personal net worth certificate, latest Income Tax clearance certificate, Passport size photograph, Salary/Business account statement for one year, valid trade license, credit rating. After verifying all the papers and collateral the Head of Investment department presents everything to the Branch Manager. The Branch Manager re-check everything and request to head office for loan approval. My supervisor, Mohammad Mahbubur Rahman Assistant Vice President, In-charge Investment Department usually assigned me to work under different officers of Investment department so that I can have a vast experience and knowledge of investment department of AIBL, VIP branch in details. I really enjoyed my internship; every employ is very helpful and friendly. It has helped me to learn about the corporate culture and having a work experience in a bank.

### **1.3 Internship Outcomes**

#### **1.3.1 Internship Observation**

In three months of my internship program I observe several issues at VIP branch AIBL, which are given below-

- Every day before starting the office hour there is 30 minutes session, where everybody is to recite dua along with a pious person for 10 minutes which is a part Islami Banking System. Then every employee discusses about their work to the branch Manager. If anyone face any problems, they share it with the Manager. He always come up with a solution and give a brief of daily appointed work. This is how they start their office.
- Lack of human resources in GB department.
- Limited internet connections computers.
- Opening in AIBL account is complex in nature as maximum people is not used to with Islami Shariah based terms.

### **1.3.2 Recommendations**

To provide a better-quality service and products I think Al- Arafah Islami Bank can emphasize the following recommendations that I faced or observed during my internship period.

- AIBL IT system needs to be upgraded.
- Internship program of AIBL can be more organized.
- In AIBL they have less computers which has internet connection which causes delay in their working.

### **1.3.3 Conclusion**

Banking industry in Bangladesh is a profitable industry as everybody targeted the big corporate client to increase the market share and their profitability. But very few banks are targeting the small industry though SME banking is available in every bank. As an Islami bank AIBL encourage investment in small industry. Working in AIBL at VIP Road branch is quite enjoyable as all the employees are very helpful. Working environment was excellent and very friendly. But during rush hour customers are getting frustrated because lack of human recourse at the branch. But in general, AIBL customer's service is excellent and in investment department they always keep a good relationship with their clients.



## **Chapter 2**

### **Organization Part: Overview, Industry and Competitive Analysis**

#### **2.1 Introduction**

As a developing economy Bangladesh has encouraged to develop its banking industry to promote economic growth. Over the last three decades or so the country has seen spectacular expansion of the banking industry. The banking industry in Bangladesh has even gone a step further by promoting financial inclusion of the very poor in rural areas of which microfinance and microcredit are the policy instruments to achieve that objective. This has helped to expand the monetization of the rural economy, and as a consequence it has become more market-oriented. Such market orientation of the rural economy also facilitated continuous resource transfer from rural areas to urban areas. Now the biggest threat to achieving sustained economic growth has become the banking industry itself, especially the state-owned banks. The banking sector of Bangladesh has expanded over the years in terms of number of formal institutions, higher number of financing instruments, and bigger volumes of assets. In Bangladesh, basically two types of banking system are available one is conventional another one is Islamic shariah based. In 1960, Islamic Shariah based financial industry was getting more popularity in both Muslim and Non-Muslim countries (Nabi, 2015). According to Azizul Huq, a former vice-chairman of Islamic Bank, Islamic banks will ultimately go beyond conventional banks in the country. In 2018, Islamic banks only have a 20% market share but with public approval ratings for Islamic banks above 80%. On the other hand, Islamic banks have an opportunity to take an advantage of our population as among 170 million of population 90% is Muslim and due risk averse (restrictions of taking excessive risk) in nature, they took lower rates of non-performing loans than conventional banks. It can technically help the Islamic banks to overtake conventional banks (Incardona,2018)

### **2.1.1 Objective**

The main objective of this report is to provide a critical analysis of financial performance of banks through CAMEL rating. However, this report has also some specific objectives such as

- To analyze the private, public and public banks condition according to Bangladesh Bank's sub parameters rating policy.
- To analyze that simultaneously the number of branches actually reflects its financial condition.

### **2.1.2 Methodology**

The report is a descriptive in nature which will elaborately analyze each rank of sample size based on sub parameters and composite rating according Bangladesh Bank policy. It is formulated in a way so that it can match to the objective of this study. In this study all the information is collected from two sources. They are

#### **Primary Sources**

- Informal session with the employees of this bank.

#### **Secondary Sources**

- Annual Reports of sample banks.
- Websites of central bank and sample banks.
- Articles, Journals and Research paper.

### **2.1.3 Scope**

This study will concern about the sample banks financial conditions and the comparison study will give a clear view of Bangladesh banking industry except Islamic banks as the variable is different for those banks.

### **2.1.4 Limitations of the Report**

- Limitations of collecting data of the bank's policy and internal operation details.
- Lack of in-depth knowledge and analytical ability for writing such report.
- Unavailability of recent annual reports of sample banks 2019.
- Time limitations as took only one-year financial data and sample size is only twenty-seven whereas there are fifty-six banks operated in Bangladesh in 2018.

## **2.2 Overview of the Company**

Al-Arafah Islami Banks was registered as a private bank in 18 June but formally started its operations in 27 September, 1995 in Bangladesh. It introduced modern banking in terms of Quran and Sunnah (Islamic Shariah based banking system). It was scheduled as a commercial bank and run its operations under the Bank Companies Act, 1991. So, it maintains all the rules and regulation of Bangladesh Bank. Twenty dedicated persons of Bangladesh are the creator of the bank, Mr. A.Z.M Shamsul Alam is the founding chairman. His dedication, leadership and inspiration provided a boost for the bank in getting a grip in the banking industry of Bangladesh.

AIBL provides commercial and retail banking, trade finance and other related custody and clearing services of Bangladesh. The authorized capital of AIBL is Tk. 15,000 million and the

paid-up capital is Tk. 10,440.22 million as on 31<sup>st</sup> December, 2018. Pious businessman and Islamic scholars of the country are sponsors and 100% of paid-up capital is owned by the shareholders of the bank.

The equity of the bank raised at Tk. 23,483.22 million as on 31 December 2018, the total employee was 3,682 in 168 branches in 31 December,2018 and the number of shareholders was 25,793 as on 31 December 2018. It has attained a continuous profit and declared a good dividend over the years. Excellent quality customer service incorporation of modern technology and new products is the key of the bank success. The Bank is committed to contribute significantly to the overall national economy.

### **2.2.1 Vision**

To be a pioneer in Islami Banking in Bangladesh and contribute significantly to the growth of the national economy.

### **2.2.2 Mission**

- Achieving the satisfaction of Almighty Allah both here & hereafter.
- Proliferation of Shariah Based Banking Practices.
- Quality financial services adopting the latest technology.
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.

- Steady & competitive return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.
- Firm commitment to the growth of national economy.
- Involving more in Micro and SME financing.

### **2.2.3 Products and Services of AIBL**

#### **Deposits Products**

- Al Wadiah current account (CD).
- Mudaraba short notice deposit (SND).
- Mudaraba savings deposit (MSD).
- Mudaraba term deposit receipt (MTDR).
- Mudraba Foreign currency deposit (MFCD).
- Monthly installment-based term deposit (ITD).
- Monthly profit-based term deposit (MPTD).
- Al-Arafah monthly Hajj deposit (MHD).
- Al-Arafah term Hajj deposit (THD).
- Al-Arafah savings bond (ASB).

- Monthly installment-based marriage savings investment scheme (MIS).
- Pension deposit scheme (PDS).
- Cash deposit waqf deposit scheme (CWD).
- Mudaraba double benefit deposit scheme (MDBDS).
- Mudaraba triple benefit deposit scheme (MTBDS).
- Mudaraba lakhpoti deposit scheme (LDS).
- Mudaraba (special) pension deposit scheme (MSPDS).

### **Investment Products**

- Investment on Women Entrepreneurs
- Investment in Agriculture Sector
- Investment in Industrial Sector
- Investment in Business Sector
- Investment in Foreign Trade
- Investment in Construction and Housing
- Investment in Transportation Sector
- Hire Purchase Shirk Atul Melk (HPSM)
- Investment Schemes in Masque and Madrasa (MMIS)
- Village and Small Investment Schemes (GSIS)
- Small Enterprise Investment Schemes (SEIS)
- Consumer Investment Schemes (CIS)

## **Services of Agent Banking**

- Mcash
- All kinds of account opening
- Cash deposit & withdrawal
- Fund transfer to any account of AIBL
- Foreign remittance disbursement
- Utility bill payment (Polly Bidyut)
- Balance inquiry & mini-statement
- Electronic Fund Transfer (BEFTN/RTGS)
- MTDR & ITD, MDS etc. accounts for customers
- SME, Agricultural & Micro investment processing
- Investment repayment
- ATM debit card for agent banking customer
- MICR cheque books
- School banking
- Internet banking facility etc.

## **Agent Banking Specialty**

- Real-time transactions all over the country
- All kinds of banking services (except DD, Pay order and foreign transaction)
- Transactions are authenticated by biometric

- Automatic transaction slip
- SMS notifications for all transactions
- Mini branch concept
- Outlet branding by bank's participation
- Providing bank's officials for smooth customer support

### **2.2.4 Structure of AIBL**

AIBL is basically managed by its Board of Directors consisting of 15 members. The Board is in charge to appoint an executive committee which consists of Sponsor Director (Chairman, Vice Chairman), its member, Shareholder Director, Ex officer Director, Company Secretary. The committee is authorized to monitor and review most important day to day operational functions including investment plans, budgets and other investment activities. Moreover, the board is responsible for setup the company's policies and evaluating the operational performance of the company including approval of large investment. Besides that, the board assigns, the Managing Director to manage the company's overall operations within the framework of policies of the company.

**Shariah Board:** The scholars having wide experience in law, economics and banking systems and specializing in law and finance as prescribed by Islamic Shariah is responsible to make up the AIBL's Fatwa & Shariah Supervision Board. The Board is selected by the bank's Board of Directors for the development and creation of innovative Shariah for an example- investment and financing products and services. The Board is also permitted to issue Fatwas on any matter proposed by different business departments of the bank. The Shariah auditors are certified to



ensure that all the transactions are carried out in strict agreement to Islamic principles of banking. The hierarchy position of AIBL is given bellow-

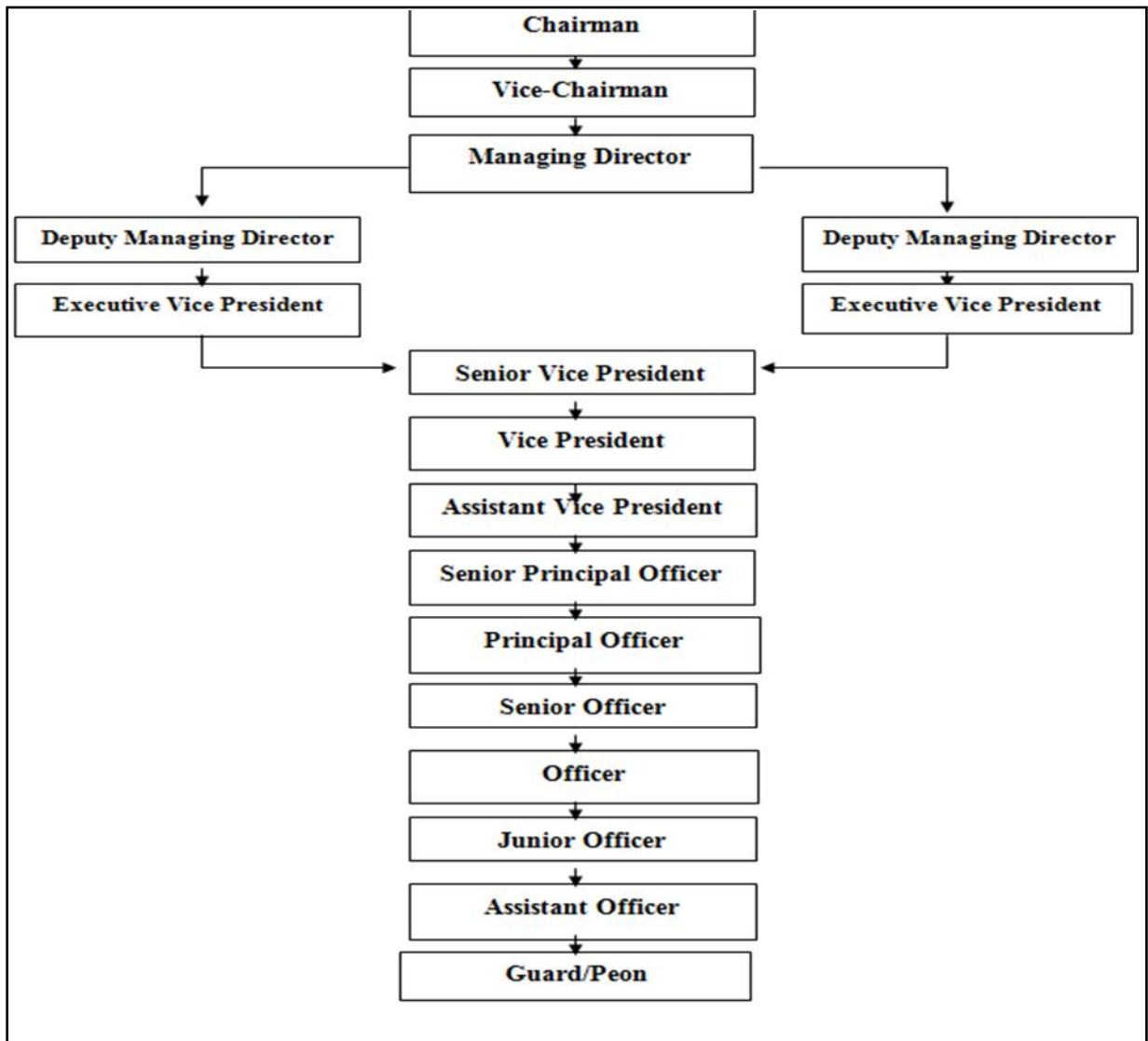


Figure 1 Organizational Flow Chart of AIBL

## **2.3 Industry and Competitive Analysis**

In this part Porters five forces model and SWOT analysis will be discussed in a short-

### **2.3.1 Porter's Five Forces Model Analysis**

This is very effective to analyze Bangladesh banking industry's competition and attractiveness in terms of profitability which are affected by the external sources.

#### **❖ Threats of new entrants**

The threat of new entrants is medium to low in Bangladesh banking industry. In Bangladesh to start a bank Tk. 400 crore is needed as a capital. Though for an individual or a small group it is tough to open a bank but for a large group of people it is not difficult. Moreover, to open a bank the founders have to show a lot of related papers to government, need a political support, brand loyalty those a play a vital role. It is medium threats as our country is very small in size but have a lot of banks. So, it is kind of risky for the existing banks.

#### **❖ Threats of substitutes**

Threat of substitutes is moderate to high for banking industry because non-banking financial institutions is the only option. In Bangladesh there are thirty-three NBFI, among one is subsidiary of public commercial banks, two are fully government, fifteen are private and rest fifteen are joint-venture. Among thirty-three only IPDC Finance Ltd., IDLC Finance Ltd., Lanka-Bangla Finance Ltd., MIDAS Finance Ltd., FAS Finance & Investment and Investment Corporation of Bangladesh (ICB) are popular. The problem is NBFI offers lower interest rate than banks, in that case it is obviously expected that customer will move to the substituted product.

### ❖ **Rivalry among existing competitors**

In banking industry, the competition among existing banks are very high. There are sixty scheduled banks so the competition is very high. As a result, bank takes high risk while providing loans. There are eight Islami banks in Bangladesh who offer similar products and service. Most importantly they all targeted the big corporation which makes competition very high. In 2018 Islami banking achieves 20% of the market share and the schedule bank achieves 80% of the market this tells us about the competition among Islami banks and conventional banks in Bangladesh.

### ❖ **Bargaining power of buyers**

It is always low as buyer means the customers of banks who takes loans. Basically, individual and corporate customer takes loans. The Bangladesh Bank always set the interest rate of giving or providing loans, so more or less it same in all banks. So, individual do not get a chance to bargain but for corporate loans it is a little bit different. Corporate customers have large amount of deposits in bank and they took high amount of loans against their deposits. So, bank has to keep a good relationship with those customers as they took high amount of loan and high risk is associated with it. Moreover, sometimes it can see that corporate customers are unable to repay the loans with interest, bank has to readjusted the interest to minimize their loss. In that case, corporate customers indirectly have a bargaining power.

### ❖ **Bargaining power of suppliers:**

In banking industry supplier means depositors of the bank. There are two types of supplier in banking industry like the buyer. For single supplier, the bargaining power is low as the central bank of Bangladesh implies rules and regulation for the financial banking institutions and branches of bank are controlled by their head office. Individual depositor who have lower amount of deposit in the banks and banks gets the most of the profits by setting the low interest rate. On the other hand, for corporate supplier, the bargaining power is low in banking industry but they are the main supplier of the bank as the deposited amount is large and without their supply a bank cannot be operate in the long run. So, banks always try to consider a low bargaining power form corporate supplier but it is not that much major. Thus, we can understand that bargaining power of corporate supplier is low like individuals in banking industry.

### **2.3.2 SWOT Analysis**

This analysis will help to identify AIBL's internal factors such as strengths, weakness and external opportunities and threats.

#### **1. Strengths**

- Always maintain high CAR ratio 14.68%, central bank's minimum required capital adequacy is 12% (11.875% in 2018).
- AIBL has huge number of branches all over Bangladesh 168 in 2018.
- AIBL is using banking software ABABIL which is in 9<sup>th</sup> position in global ranking for Islamic Banking Software.

- AIBL has skilled and quality human resource team with 3682 employees among them 489 employees are selected for outside training course. They always encourage and help their most deserving employees by giving a chance to do international standard professional degrees like CDCD, CSDG and ACAMS.

## **2. Weakness**

- Lack of ATM booth than other Islami Banks.
- Lack of promotional activities.
- Lack of human resource in general banking and remittance department.

## **3. Opportunities**

- Market penetration
- Increasing number of ATM booth
- Customer service

## **4. Threats**

- Bangladesh Bank has no established Islami banking regulation.
- AIBL should upgrade their technology to provide faster service than present.
- Loan defaulter is increasing due to the liquidity crisis which causes a huge negative impact in the banking industry.
- Customers have less knowledge about the policy and term of Islami banking system. So, they have to informed it more clearly.

## Chapter 3

### Bangladesh Banking Industry

#### 3.1 Introduction

Bangladesh significant growth of the banking industry over the last three decades. It has formed commendable developments in terms of financial inclusion and regulatory supervision in the banking sector.

(BDT in billion)

	2015	2016	2017	2018	Growth (%) 2017 vs 2016	Growth (%) 2018 vs 2017
Industry Deposit	7,450	8,403	9,262	10,100	10.22	9.05
Industry Advance	6,175	7,131	8,444	9,605	18.41	13.74

Figure 2 Bangladesh Banking Industry's Deposit & Advances Growth (2016, 2017 & 2018)

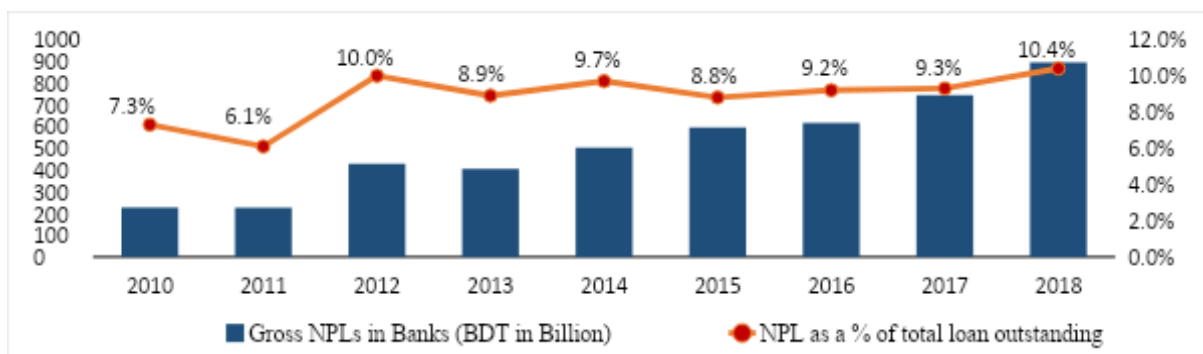


Figure 3 Increasing trend of NPLs of Bangladesh Banking sector (Source: BB)

According to, Finland got 1<sup>st</sup> place in the bank soundness chart by scoring 95.5, whereas Singapore ranked 2<sup>nd</sup> by scoring 91.2 score and Hong Kong in the third position by scoring 90.8. Bangladesh's ranking the lowest among the South Asian countries, experts are saying the facts by blaming on irregularities and lack of good governance in Bangladesh's financial sector.

Moreover, according to the recently published report on Dhaka Tribune “Global Competitiveness Report 2019”, Bangladesh has scored 38.3 out of 100 and graded 130th out of 141 countries in soundness of banks. In addition to that another report by World Bank recognized Bangladesh economy as 2<sup>nd</sup> fastest growing economy. But industry experts are pointing out the vulnerability of banking sector which may become barrier in the GDP growth in coming years.

The overall situation of banking industry in our country showed volatile and experienced an average level of flexibility round the year 2018. Although banking industry has lost a slight of its momentum due to some issues like rise of liquidity crisis, increasing volume of non-performing loan (NPL), it has also made positive changes in relationships of modernization, assets quality, use of international standards, technology edition, corporate governance, and enhanced monitoring and supervisory environment.

### **3.2 Banking Sector Performance & Regulation**

The banking zone of Bangladesh skilled a minor level of elasticity in FY18. Bangladesh Bank consistently hard work to elevate and guarantees a sound and constant performance inside the banking region. In FY18, Bangladesh Bank (BB) followed a figure of coverage measures to emphasize chance control and corporate governance in the banks, regular assessment of solidity of the person bank along with the complete banking system, tracking of huge debtors, scam forgeries and underpinning internal manage and compliance through self-evaluation of anti-fraud internal controls and so forth. Monitoring of investment in shares by means of the scheduled banks has been made strict in light of the alteration delivered inside the Bank Company Act, 1991 (amended as much as 2018). Risk Management Committee on the board level has been made obligatory, with normal assessment. A reviewed Risk Management

Guideline has already been positioned into impact for banks to improve resiliency. Besides, all principal risks management suggestions were revised these days for sensible identity, size, manipulate, and tracking of all current and likely risks of banks (Bangladesh Bank Annual report, Chapter-5).

**Table 5.1 Banking Systems Structure, Assets and Deposits**

(In billion BDT)

Bank types	2016						2017					
	Number of banks	Number of branches	Total assets	Share in industry assets (in percent)	Deposits	Share in deposits (in percent)	Number of banks	Number of branches	Total assets	Share in industry assets (in percent)	Deposits	Share in deposits (in percent)
SCBS	6	3710	3209.5	27.6	2535.4	28.38	6	3721	3379.5	25.88	2700.6	27.35
DFIS	2	1407	299.5	2.6	249.4	2.79	2	1407	317.6	2.43	273.3	2.77
PCBS	40	4467	7560.0	65.0	5788.0	64.79	40	4758	8758.3	67.07	6508.2	65.91
FCBS	9	70	557.6	4.8	361.1	4.04	9	69	603.9	4.62	392.8	3.98
Total	57	9654	11626.6	100	8933.9	100	57	9955	13059.3	100	9874.9	100

Note : All banks, except BKB and RAKUB, prepare their balance sheet on calendar year basis, and are obliged to submit their audited balance sheet at the end of every calendar year.  
Source: BRPD and DOS, BB.

Table 1: Taken From exhibit 5.1 from chapter -5 Bangladesh Bank Annual Report

According to Bangladesh Bank Annual Report, Chapter-5, the banking region in Bangladesh contains four types of scheduled banks state-owned commercial banks (SCBs), public development financial establishments (DFIs), private commercial banks (PCBs) and foreign commercial banks (FCBs). Total number of fifty-seven banks functioned in 2017(table-1). The number of bank branches improved on the end of December 2017 to 9955 from 9654 of December 2016. Along with that, according to Bangladesh Bank available data the number of bank branches till November, 2019 is about 10647. Among them in rural areas 5069 branches are opened and in urban areas 5398 branches are opened by both private and public banks. According to Bangladesh Bank currently in Bangladesh, sixty banks are operating among them six are state-owned banks, three are specialized banks, forty-two private banks (thirty-four PCB and 8 Islami Shariah based PCB) and nine foreign commercial banks.



## **Regulations implemented by Bangladesh bank**

- Bangladesh Bank announced a Roadmap for applying Basel III in Bangladesh and prepared a Guidelines on Risk Based Capital Adequacy (Reviewed Regulatory Capital Framework for banks in line with Basel III) in 2014.
- Banks are required to maintain a total capital conservation buffer of 2.5 percent, 3% leverage ratio.
- To ensure corporate governance in the banking sector, ‘creation of Risk Management Committee at the Board of the banks’, ‘the composition of audit committee of the Board’, "fit and proper" assessment for selection of chief executive officers of PCBs, boosted disclosure necessities, etc. measures are being taken by BB.
- BB took loan restructuring policies to enhance the loan regaining of the banks.

## **3.3 Bank Supervision**

To promote and retain soundness, credit-worthiness and methodical stability of the financial sector as nicely as shielding the interest of savers, Bangladesh Bank (BB) contains out two types of regulation particularly (i) off-website online supervision (ii) on-site supervision. Department of Offsite Supervision (DOS) of BB is responsible for both directing off-website supervision on banks and score the banks' economic state based on totally at the specific proportions.

## **1. Off-site monitoring of Banks**

Currently, off-website online tracking evidenced its integral obligation in case of controlling any financial institution. Off-site supervising continued as an essential accompaniment to On-website online assessment in FY17, with its several tools and methods for extensive and speedy evaluation of the economic condition of the banking zone. In extension of the stated endeavor's, Department of Off-web site Supervision (DOS) has accepted a few modern projects to support banking regulation.

## **2. Banking Management Specialists**

In order to reinforce and strengthen modern banking supervision, Bangladesh Bank has fashioned six Banking Supervision Specialist Sections beneath Department of Off-web page Supervision in 2013. Each phase is headed by a Banking Supervision Specialist (BSS), at the Deputy General Manager level. Banking Supervision Specialist emphasizes greater on analytical works. BSSs paintings as early sign providers for the banks they're assigned. They maintain big familiarity with circumstance, overall performance, dangers, corporate governance and company structure of the worried banks. They accumulate government summary reports of comprehensive inspections achieved with the aid of the Departments of Banking Inspection and take actions as a result. They preserve ordinary co-ordination with inspection departments to get replace on latest supervisory developments. Junior Banking Supervision Specialists screen treasury functions, capital adequacy, ADR, and many others. Of the banks. They prepare Diagnostic Review Report (DRR) on audited economic statements and Quick Review Report (QRR) at the specified frequency, which recognition on essential dangers present inside the banks and offer viable answers to issues. They also study the meeting minutes of the Board of Directors and Executive/Audit Committee of the banks to discover the irregularities and violation of banking legal

guidelines, circulars, and many others. And as a consequence, advise the banks to regularize the same so that most important financial indicators in addition to the internal control structures of the banks get stronger and can obtain surprise-resilient potential (Bangladesh Bank Annual Report, Chapter-5).

### **3.4 Banking System Structure**

The Banking system structure of different category banks is given below.

- **State-Owned Commercial Bank (SCB)**

In Bangladesh, currently there are 6 types of state-owned commercial banks. These banks are fully and majorly owned by Government of Bangladesh. The Banks are given below.

1. Sonali Bank Limited.
2. Janata Bank.
3. Agrani Bank.
4. Rupali Bank.
5. Basic Bank.
6. Bangladesh Development Bank Limited.

State owned commercial banks are licensed under Company act 1991(Amended up to 2013). These banks are operated by the rules of Central Bank and strictly monitored by them. All of these Banks do both retail and commercial banking.

- **State owned Development Financial Institution (DFI)**

According to Banks & Financial Institutions of Bangladesh (BFIB), there are 33 Non –Banking Financial Institutions in Bangladesh among them 2 companies are fully state owned, one of

them is a subsidiary of a State-Owned Commercial Bank. These institutions are controlled under Financial Institutions act 1993. Central Bank are also in charge to monitor these institutions. They conduct their operation modes in different sectors such as syndicated financing, unregistered offering of equity, lease financing and cannot issue cheques, pay-orders or demand drafts. Can be participate in foreign exchange financing. (Bangladesh Bank, Financial System)

- **Private Commercial Banks (PCB)**

In Bangladesh, PCB began journey in the decades of 1980's which are characterized in the following manner: First generation, Second generation, Third generation. There are 41 Private Commercial Banks are currently in operation. Those banks are mainly operated on private ownership. Central Bank is in the charge to formulate and monitor commercial banks. Commercial banks have two types, one is conventional PCB where banks operate their works using conventional banking system for example, One Bank, BRAC Bank and others. Also, there are Shariah-Based PCB which does their operation based on shariah rules. For example, Al Arafah Islami Bank, First Security Islami Bank etc. These banks can do both retail and commercial banking.

- **Foreign Commercial Banks (FCB)**

There are 9 Foreign Commercial Banks which are formed and incorporated by foreign countries and doing their operation in Bangladesh through their branches. They have to follow a minimum rule of central bank in order to operate their business. They have totally different management style than local banks also maintain proper workplace environment. They basically do commercial banking in Bangladesh. The decision of giving loans is given by the regional office of the bank outside the country.

## **Chapter 4**

### **Performance Analysis, Comparative Study and Composite Rating**

#### **4.1 Overview and Performance Analysis of Selected Banks**

The short overview and performance analysis of twenty-seven banks are individually explained with all five parameters of CAMEL below:

##### **1. AB Bank Ltd.**

AB Bank Ltd. was founded in 31st December, 1981 and previously started its effective operation from 12th April, 1982. In 2007 it changed its name from AB Bank to Arab Bangladesh Bank. It has 105 branches along with one foreign branch in Mumbai, India and have more than 270 ATMs booth to provide retail banking, corporate banking, SME banking, NRB banking, Internet & SMS banking and Islamic banking.

##### **2. Agrani Bank Ltd.**

This state-owned bank of Bangladesh was established in March 1972 by combining two abandoned Pakistani banks- Commerce Bank and Habib Bank. It is the first state owned commercial bank which introduce agent banking and have 200 agent booths. It has 956 branches to give its product and services- NRB banking, SME banking, trade finance, treasury and retail banking.

##### **3. Bank Asia Ltd.**

It was established in 1999 and expanded by purchasing Bank of Nova Scotia and Muslim Commercial Bank Ltd. It has 90 branches to give corporate banking, retail banking, Islamic banking, agent banking and SME banking.

#### **4. BRAC Bank Ltd.**

This bank was founded in July 2001 specially to provide services to unbanked folks which are not covered by usual bank. Mainly it focuses to facilitate Small and Large Enterprise as a result it has 457 SME unit offices and 187 branches, 447 ATM booth, remittance delivery point 1800. It has five subsidiaries- BRAC EPL Investment Ltd., BRAC EPL Stock Brokerage Ltd., BRAC Saajan Exchange Ltd., BRAC IT Services Ltd. and bKash (mobile banking service) Ltd. It has SME banking, Retail Banking, Card service, Foreign exchange & related services, wholesale banking & custodial service and probashi banking.

CAMEL Parameter	Sub para-meters	AB Bank		Agrani Bank		Bank Asia		BRAC Bank	
		Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Capital Adequacy	<b>(Tire-1 Capital+ Tire-2 Capital) /Risk-weighted Assets CAR</b>	<b>10.03%</b>	<b>3</b>	<b>10.09%</b>	<b>3</b>	<b>15.05%</b>	<b>1</b>	<b>13.67%</b>	<b>2</b>
	Total Equity /Total Assets	7.02%		5.27%		7.60%		10.03%	
	Total Debt/Total Assets	92.98%		94.73%		92.40%		89.97%	
	Govt. Securities/Total Investment	76.90%		62.01%		92.04%		29.44%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Asset Quality	Financial Assets/Total Assets	94.78%		98.07%		6.98%		87.27%	
	Total Investment / Total Assets	13.52%		20.18%		11.72%		8.17%	
	<b>NPL/ Total Loans</b>	<b>5.14%</b>	<b>2</b>	<b>17.67%</b>	<b>5</b>	<b>1.81%</b>	<b>1</b>	<b>3.10%</b>	<b>2</b>
	Fixed Assets/ Total Assets	1.20%		1.87%		1.77%		1.36%	
	<b>Loan Loss Provisison/ Total Loan</b>	<b>0.80%</b>	<b>3</b>	<b>8.31%</b>	<b>1</b>	<b>1.67%</b>	<b>1</b>	<b>0.29%</b>	<b>5</b>
Total Loan/ Total Assets	74.74%		50.15%		69.84%		75.46%		
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Management Efficiency	Income per employee :Total profit / total	3743662.244		81822.60		1041666.67		2704999.72	
	<b>Expenses per employee : Total cost/ Total employees</b>	<b>1222945.212</b>	<b>3</b>	<b>1304410.0</b>	<b>5</b>	<b>1279575.13</b>	<b>4</b>	<b>660732.3582</b>	<b>2</b>
	Total Loan/ Total Deposit	102.39%		63.63%		96.47%		104.11%	
	Management Expense/Total earning	32.67%							
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Earnings	<b>Net Profit(Loss)/Total Assets = ROA</b>	<b>0.01%</b>	<b>5</b>	<b>0.13%</b>	<b>5</b>	<b>0.30%</b>	<b>4</b>	<b>1.76%</b>	<b>1</b>
	<b>Net Profit(Loss)/Total Equity =ROE</b>	<b>0.08%</b>	<b>5</b>	<b>2.49%</b>	<b>4</b>	<b>3.96%</b>	<b>4</b>	<b>17.53%</b>	<b>1</b>
	Operating Profit/Total Assets	0.95%		1.05%		2.62%		6.08%	
	Net Interest Income/Total Assets	0.59%		1.13%		2.57%		4.29%	
	Non Interest Income/Total Assets	2.05%		2.02%		1.27%		1.79%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Liquidity Management	<b>Liquid Assets/Total Assets</b>	<b>20.71%</b>	<b>1</b>	<b>20.71%</b>	<b>1</b>	<b>13.478%</b>	<b>1</b>	<b>18.26%</b>	<b>1</b>
	<b>Liquid Assets/Short-term Liabilities</b>	<b>122.56%</b>	<b>1</b>	<b>90.09%</b>	<b>1</b>	<b>16.320%</b>	<b>5</b>	<b>66.66%</b>	<b>1</b>
	Liquid Assets/Total Deposit	28.37%		26.28%		18.617%		25.19%	
	Govt. Securities/Total Asset	10.39%		12.51%		10.782%		2.40%	

Table 2: Description of the parameters and sub-parameters of CAMEL Model for AB Bank, Agrani Bank, Bank Asia and BRAC Bank.

**Interpretation:** For **AB Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 10.03% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Loan is 5.14% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 0.80% which got them a rating 3. This means a fair performance and requires supervision from the central bank.

Regarding the management efficiency Ab bank get the rating of 3. The expenses of the employees are not that high, it is in the rating 3. Meaning it expenses more that total earing, it is spending more in term of its total earing, The management I not that efficient. That is why AB bank needs more efficient management to gain more profit. It is always better to have less expenses while we compare it in the total earing of the bank. If the bank manages the less expense, they can retain the rating or they can eve n distribute the profit among the shareholder which eventually expose them as a good bank and they would achieve a good rating in this case.

Under Earnings, AB bank it has been seen that they have very less rating which is 5. The rating should get improved otherwise it is strictly getting monitored for being rated more. The thing is if the return on asset or return on investment is not that good that means the bank is not doing well in this regard. The asset they are investing is not up to the mark to getting the return. This has to be monitored that bank is getting more or the best rating out of the assets. At the same time bank is also need to get more return in regard of the investment. The greater return bank gets from its investment the better the financial conditions and the future prospect growth of the bank would be. The bank should work as early as possible to get rid of this lower rating.



Because as the rating too low the central bank might take few actions against the bank. They bank are not able make the return us of investment. A banks investment comes from the deposits of customers. If the bank itself cannot gain enough earing from the investment it would be so difficult for them to pay the interest or also gaining profit out of the investment.

Finally, In terms of liquid assets in terms of short-term liabilities and total asset. This bank got the rating 1 high means it is very successful meting it short term labilities towards its customers. The bank has required and sufficient funds to meet its sufficient needs of short-term cash. This focuses that the bank is capable to meet its cash requirement by its customers. So, AB bank is marinating this ration superbly. So, they should keep it up and carry in such way. This is very good sign for them to have such rating.

**Interpretation:** For **Agrani Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 10.09% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Laon is 17.67% and ranking is 5 and their Loan Loss Provision/Total Loan is 8.31% which get a rating 1 in both sub para-meters. This means a very unsatisfactory and satisfactory performance and requires immediate supervision from the central bank for NPL.

Under Management Efficiency, for expense per employee Agrani Bank Ltd. got a rating 5 which is unsatisfactory. The bank should immediately look into improving their management efficiency.

Under Earnings, the bank got rating 5 in ROA and 4 in ROE sub parameters. This is indicating an unsatisfactory performance in this segment. So, the bank should immediately focus on their earnings by using their management team more effectively and efficiently.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For **Bank Asia Ltd**, when measuring Capital Adequacy their CAR ratio is 15.05% which is higher than the set standard limit by the Central Bank. It received a rating 1 which means it is the best performance. That means this bank is financially sound.

Under Asset Quality, their NPL/Total Loan is 1.81% and it received a ranking 1. This indicates a best performance. On the other hand, their Loan Loss Provision/Total Loan is 1.33% which got them a rating 1. This means a best performance.

Under Management Efficiency, for expense per employee Bank Asia Ltd. got a rating 4 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 4 in both their ROA and ROE sub parameters. This is indicating an unsatisfactory performance in this segment. So, the bank has extreme weakness until properly focused could impair validity of the bank, so close supervision is immediately needed.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets ratio is 1 and Liquid Asset/Short-Term Liability ratio get a rating of 5. This refers that the bank's performance in this area is strong but their short-term liabilities is higher than the liquidity asset so they might face problem regarding liabilities.

**Interpretation:** For **BRAC Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 13.67% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means basically sound with modest correctable weakness, supervisory response limited.

Under Asset Quality, their NPL/Total Laon is 3.10% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 0.29% which got them a rating 5. This means a very unsatisfactory performance and requires immediate supervision from the central bank.

Under Management Efficiency, for expense per employee BRAC Bank Ltd. got a rating 2 which is Satisfactory. The bank management's team working effectively and efficiently.

Under Earnings, the bank got rating 1 in both their ROA and ROE sub parameters. This is indicating best performance in this segment.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

## **5. City Bank Ltd.**

It was established in March, 1983 and on 25th Anniversary in 2008, it refurbished its image and services. They introduce of a new logo, launched American Express credit cards, brokerage business, and City Wallet (SMS Banking) service. It was shortened to "City Bank" from "The City Bank Limited". Moreover, City Alo which is especially dedicated banking system and designed for Bangladeshi women customers. It has 132 branches to give services and products like retail banking, agent banking, Islamic banking, treasury and SME banking.

## **6. DBBL**

Dutch Bangla Bank started its journey in 1995. DBBL has over 4,930 ATM's set up all over Bangladesh, making it the wide network in Bangladesh. On 3 June 2010, Dutch Bangla Bank announced internet payments gateway system (Nexus Gateway) which became an overnight success. It has 195 branches which provides retail banking, agent banking, Islamic banking, treasury and SME banking.

## **7. Dhaka Bank Ltd.**

The Bank started its commercial operation on July 05, 1995 with the Authorized Capital of Tk. 1,000 million and Paid-up Capital of Tk. 100 million. The Bank has 100 Branches including 2 Islamic Banking Branches, 3 SME Service Centers, 56 ATMs, 20 ADMs, 2 Offshore Banking Units, 1 Kiosk and 6 Branches under Dhaka Bank Securities Limited across the country.

## **8. EBL**

EBL started its journey in 1992 with a small yet assured advance and a pledge which would impact lives positively. It is a private commercial bank headquartered in Dhaka Bangladesh. Currently, EBL has a subdivision in Hong Kong and a representative office in Myanmar. EBL opened its first representative office on the Chinese mainland in Guangzhou on September 29, 2019. It has 85 branches and 200 ATMs in Bangladesh. It has 86 branches which provides corporate banking, retail banking, agent banking, treasury and SME banking.

CAMEL Parameter	Sub para-meters	CityBank		DBBL		Dhaka Bank		EBL	
		Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Capital Adequacy	(Tire-1 Capital+ Tire-2 Capital) /Risk-weighted Assets CAR	13.42%	2	16.68%	1	13.84%	2	12.16%	2
	Total Equity /Total Assets	7.52%		6.66%		6.06%		8.13%	
	Total Debt/Total Assets	92.48%		93.34%		93.94%		91.87%	
	Govt. Securities/Total Investment	33.47%		97.67%		79.69%		80.17%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Asset Quality	Financial Assets/Total Assets	97.11%		92.73%		88.04%		95.71%	
	Total Investment / Total Assets	8.58%		9.30%		10.08%		9.81%	
	NPL/ Total Loans	5.33%	3	4.14%	2	4.99%	2	2.35%	1
	Fixed Assets/ Total Assets	1.08%		1.66%		1.79%		2.34%	
	Loan Loss Provision/ Total Loan	1.00%	1	2.23%	1	1.75%	1	1.22%	1
	Total Loan/ Total Assets	71.25%		66.83%		65.93%		76.14%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Management Efficiency	Income per employee :Total profit / total	523050.9642		2334124.73		5674068.17		1036925.64	
	Expenses per employee : Total cost/ Total employees	1253408.154	4	2211225.5	4	1139437.85	2	1195642.475	2
	Total Loan/ Total Deposit	112.78%		88.22%		91.60%		109.15%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Earnings	Net Profit(Loss)/Total Assets = ROA	0.62%	3	1.21%	2	0.54%	3	1.09%	2
	Net Profit(Loss)/Total Equity =ROE	8.26%	2	18.20%	1	8.18%	2	13.31%	1
	Operating Profit/Total Assets	2.06%		6.53%		2.40%		4.77%	
	Net Interest Income/Total Assets	2.83%		4.88%		2.04%		2.67%	
	Non Interest Income/Total Assets	1.50%		1.65%		1.86%		2.10%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Liquidity Management	Liquid Assets/Total Assets	17.28%	1	25.90%	1	20.06%	1	20.20%	1
	Liquid Assets/Short-term Liabilities	62.65%	1	44.21%	3	126.20%	1	37.99%	3
	Liquid Assets/Total Deposit	27.35%		34.19%		27.88%		28.96%	
	Govt. Securities/Total Asset	2.87%		9.08%		8.03%		7.78%	

Table 3: Description of the parameters and sub-parameters of CAMEL Model for City Bank, DBBL, Dhaka Bank and EBL.

**Interpretation:** For **City Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 13.42% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means basically sound with uncertain correctable weakness, supervisory response limited.

Under Asset Quality, their NPL/Total Laon is 5.33% and it received a ranking 3. This indicates a fair performance, it needs supervision. On the other hand, their Loan Loss Provision/Total Loan is 1.0% which got them a rating 1. This means within a range satisfactory and best performance.

Under Management Efficiency, for expense per employee City Bank Ltd. got a rating 4 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 1 in both their ROA and ROE sub parameters. This is indicating a best performance in this segment. So, the bank should immediately focus on their earnings by using their management team more effectively and efficiently.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For **DBBL**, when measuring Capital Adequacy their CAR ratio is 16.68% which is higher than the set standard limit by the Central Bank. It received a rating 1 which means best performance. It is too much higher than the both BASEL I (12%) and BASEL III (14%) so the bank might not use liquid assets efficiently or their customers withdraw money more frequently so they keep excess liquid asset.

Under Asset Quality, their NPL/Total Loan is 4.14% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 2.23% which got them a rating 1. This means a best performance and sound bank. So, they keep enough provident fund in 2018 when liquidity crisis is a very common problem.

Under Management Efficiency, for expense per employee DBBL got a rating 4 which is unsatisfactory. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 2 in their ROA and rating 1 ROE sub parameters. This is indicating a fair performance in this segment.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets rating 1 and Liquid Asset/ Short-Term Liability ratio, both get a rating of 3. This also refers that the bank's performance in this area is strong but has a enough short term liabilities.

**Interpretation:** For **Dhaka Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 13.84% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means combination of fundamentally sound with modest correctable weakness, supervisory response limited.

Under Asset Quality, their NPL/Total Loan is 4.99% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 1.75% which got them a rating 1. This means best performance.

Under Management Efficiency, for expense per employee Dhaka Bank Ltd. got a rating 2 which is fair.

Under Earnings, the bank got rating 3 in both their ROA and rating 2 in ROE sub parameters. This is indicating within a moderate to fair performance in this segment.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/ Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For **EBL**, when measuring Capital Adequacy their CAR ratio is 12.16% which is slightly higher than the set standard limit by the Central Bank. It received a rating 2 which means satisfactory and it is a combination of fundamentally sound with modest correctable weakness, supervisory response limited.

Under Asset Quality, their NPL/Total Loan is 2.35% and Loan Loss Provision/Total Loan is 1.22% which got them a rating 1. This means a best performance.

Under Management Efficiency, for expense per employee EBL. got a rating 3 which is fair. The bank should look into their management efficiency.

Under Earnings, the bank got rating 2 in their ROA and rating 1 in ROE sub parameters. This is indicating a satisfactory performance in this segment.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets rating 1 and Liquid Asset/ Short-Term Liability ratio get a rating of 4. Overall, the bank has a good financial performance.

## **9. EXIM Bank Ltd.**

Export Import Bank of Bangladesh Limited became mounted inside the year 1999 beneath the leadership of Late Mr. Shahjahan Kabir, Founder Chairman who had a long dream of floating an industrial financial institution which would make contributions to the socio-financial



improvement of our society. It has 131 branches which provides corporate banking, retail banking, agent banking, treasury and SME banking.

## **10. HSBC**

HSBC Bank is one of the biggest Banking and Financial Institutions serving almost 40 million people in the world. They have four international businesses, Retail banking and capital management, commercial banking, Global banking, and Global private banking. The network covers 65 countries all over the world. Registered on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by around 200,000 shareholders in 129 countries and territories. (About HSBC, HSBC Bank). Decisions are made by the regional head of the bank.

## **11. IFIC Ltd.**

International Finance Investment and Commerce Bank Limited (IFIC Bank) was started in October, 1976 as a combined between the Government of Bangladesh and Sponsors in the private sector with the purpose of working as a financial company inside the country and establishing up joint venture banks/financial institutions aboard. In 1983 when the Government allowed banks in the private sector, IFIC was transformed into a complete commercial bank. The government owned 32.75% share capital of the bank and directors & sponsors owned 8.33% and rest own by the shareholders. It has 148 branches and have two subsidiaries IFIC Securities Ltd and IFIC Money Transfer (UK) Ltd. It provides NRB banking, SME banking, corporate banking and retail banking.

## **12. Janata Bank**

The creation of Janata Bank in 1972 was made by merging the former United Bank Limited and Union Bank Limited under the 1972 Banks Nationalization Order. Janata Bank operates its business with 913 branches across the country with a wide family of about 11,966 (as at 30

June 2019) employees headquartered in Dhaka, the heart of the city which include four overseas branches in United Arab Emirates.

### **13. Meghna Bank Ltd.**

Meghna Bank Limited began operating on May 09, 2013 with a dream of "To be recognized as an important institution for the unbanked through zealous participation in the cycle of financial inclusion." A fourth-generation bank, its entire dedication is to contribute with its 47 branches to building an enlightened and prosperous country.

CAMEL Parameter	Sub para-meters	EXIM Bank		HSBC		IFIC Bank		Janata Bank		Meghna Bank	
		Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Capital Adequacy	(Tire-1 Capital+ Tire-2 Capital) /Risk-weighted Assets CAR	10.88%	3	26.72%	1	12.63%	2	10.09%	3	18.86%	1
	Total Equity /Total Assets	7.59%		18.30%		7.81%		6.30%		12.67%	
	Total Debt/Total Assets	92.41%		81.70%		92.19%		93.70%		88.01%	
	Govt. Securities/Total Investment	94.59%		99.98%		87.08%		72.07%		94.90%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Asset Quality	Financial Assets/Total Assets	79.87%		96.73%		94.08%		65.70%		93.85%	
	Total Investment / Total Assets	52.05%		16.99%		11.06%		19.26%		10.25%	
	NPL/ Total Loans	0.39%	1	1.77%	1	6.16%	3	33.72%	5	5.76%	2
	Fixed Assets/ Total Assets	0.06%		0.17%		1.92%		1.19%		0.72%	
	Loan Loss Provision/ Total Loan	46.30%	5	0.52%	4	2.88%	1	6.17%	1	1.30%	1
	Total Loan/ Total Assets	6.73%		49.62%		73.10%		61.63%		68.77%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Management Efficiency	Income per employee :Total profit / total	785624.9178		3417832.75		645345.96		21012.0		5194409.44	
	Expenses per employee : Total cost/ Total employees	1046059	4	2653874	2	1007825	2	815434	1	804540	1
	Total Loan/ Total Deposit	101.41%		1225.33%		91.43%		79.00%		82.73%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Earnings	Net Profit(Loss)/Total Assets = ROA	0.62%	3	1.83%	1	0.58%	3	0.03%	5	0.26%	4
	Net Profit(Loss)/Total Equity =ROE	8.15%	2	10.02%	1	7.46%	2	0.46%	4	2.19%	4
	Operating Profit/Total Assets	1.85%		3.42%		1.38%		1.13%		1.83%	
	Net Interest Income/Total Assets	2.17%		2.88%		1.61%		3.98%		2.88%	
	Non Interest Income/Total Assets	1.12%		2.76%		1.57%		0.56%		1.73%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Liquidity Management	Liquid Assets/Total Assets	91.17%	5	79.75%	4	21.47%	1	40.10%	1	18.65%	1
	Liquid Assets/Short-term Liabilities	105.97%	1	105.29%	1	78.25%	1	77.60%	1	22.48%	1
	Liquid Assets/Total Deposit	112.45%		113.56%		26.85%		51.41%		22.44%	
	Govt. Securities/Total Asset	6.58%		16.98%		9.63%		13.88%		9.72%	

Table 4: Description of the parameters and sub-parameters of CAMEL Model for EXIM Bank, HSBC, IFIC Bank, Janata Bank & Meghna Bank.

**Interpretation:** For **EXIM Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 10.87% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Loan is 0.39% and it received a ranking 1. This indicates a best performance. On the other hand, their Loan Loss Provision/Total Loan is 46.3% which got them a rating 5. This means a very unsatisfactory performance and requires immediate supervision from the central bank or else the company will not have any cushion if any high loan defaulter incident happen.

Under Management Efficiency, for expense per employee EXIM Bank Ltd. got a rating 4 which is marginal. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 3 in their ROA which marginal and got rating 2 in ROE sub parameters which means fair performance. This is indicating more or less fair to satisfactory performance in this segment. So, the bank should focus on their earnings by using their management team.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets get rating 5 and Liquid Asset/ Short-Term Liability ratio get a rating of 1. This also refers that the bank has low short-term liabilities.

**Interpretation:** For **HSBC**, when measuring Capital Adequacy their CAR ratio is 26.72% which is higher than the set standard limit by the Central Bank. It received a rating 1 which means best performance.

Under Asset Quality, their NPL/Total Loan is 1.77% and it received a ranking 1. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 0.52% which got them a rating 4. This means a marginal performance and requires supervision from the central bank.

Under Management Efficiency, for expense per employee HSBC got a rating 2 which is satisfactory. The bank using their management team efficiently.

Under Earnings, the bank got rating 1 in both their ROA and ROE sub parameters. This is indicating best performance in this segment. So, the bank is sound in this segment.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets rating is 4 and Liquid Asset/ Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong but they have less fixed assets as HSBC mainly operating from India and in Bangladesh they only deal with corporate banking.

**Interpretation:** For **IFIC Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 12.63% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means satisfying and supervisory response is limited.

Under Asset Quality, their NPL/Total Loan is 6.16% and it received a ranking 3. This indicates a fair performance. On the other hand, their Loan Loss Provision/Total Loan is 2.88% which got them a rating 1. This means a very satisfactory performance.

Under Management Efficiency, for expense per employee IFIC Bank Ltd. got a rating 2 which is satisfactory. The bank using their management efficiently.

Under Earnings, the bank got rating 3 in both their ROA and rating 2 in ROE sub parameters. This is indicating fair performance in this segment. So, the bank should focus on their earnings by using their management team a little bit more effectively.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For **Janata Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 10.09% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Loan is 33.72% and it received a ranking 5. This indicates an unsatisfactory performance and requires immediate supervision from the central bank. On the other hand, their Loan Loss Provision/Total Loan is 6.17% which got them a rating 1. This means a very satisfactory performance.

Under Management Efficiency, for expense per employee Janata Bank got a rating 1 which is satisfactory. Theoretically it means they are using their management team efficiently but after analyzing earnings sub parameters it is visible that as a government bank the employee get less salary than the PCB.

Under Earnings, the bank got rating 5 in their ROA and rating 4 in ROE sub parameters. This is indicating a unsatisfactory performance in this segment. So, the bank should immediately focus on their earnings by using management team effectively.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong. But after analysis other sub parameters it can say that the bank is not efficiently using their liquid assets.

**Interpretation:** For **Meghna Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 18.86% which is higher than the set standard limit by the Central Bank. It received a rating 1 which means it a well performed bank. This bank might not use their liquid assets effectively. Under Asset Quality, their NPL/Total Laon is 5.76% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 1.30% which got them a rating 1. This means a very satisfactory performance.

Under Management Efficiency, for expense per employee Meghna Bank Ltd. got a rating 1 which is best performance. The bank has a good management team.

Under Earnings, the bank got rating 4 in both their ROA and ROE sub parameters. This is indicating a marginal performance in this segment. So, the bank should immediately focus on their earnings by using their management team more effectively and efficiently. As they have more liquid assets available which can be used to earn more profits.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong. But after analysis other sub parameters it can say that the bank is not efficiently using their liquid assets.

#### **14. Mercantile Bank Ltd.**

A public limited company which was founded in May but officially started its operation in June 2, 1999 and its headquarter is in Dhaka, Bangladesh. The commercial bank is enlisted in both Dhaka Stock Exchange and Chittagong Stock Exchange. Moreover, it has 148 branches (updated till December 29, 2019) which are dedicated to provide products and services in retail banking, corporate finance, asset management, equity brokerage and security. On the other hand, it has an exchange house opened in 2012 and located in London, UK.

#### **15. MTB Ltd.**

A public limited company which was founded in October 24, 1999 and its headquarter is in Dhaka, Bangladesh. The commercial bank is enlisted in Dhaka Stock Exchange. It has 95 branches all over Bangladesh to provide services in international trade financing through Global Network of Foreign Correspondent Banks, retail banking, wholesale banking, SME banking, NRB banking, treasury operations, privilege banking and card services. In 2015, it becomes one of the two local partners of Life Insurance Corporation of India and also has membership in different institutions to incorporate banking activities broadly.

#### **16. National Bank Limited**

NBL started business operation on March 23, 1983. It has 204 branches and Agri Branches in Bangladesh. In the starting the bank focused on overseas operations and conducted foreign remittance in 75 countries with 415 correspondents. It is the first local bank which was made an agency agreement with Western Union to get fast and secure remittance. Now the bank is focusing on offshore banking system and SME financing to expanding their customer size.



### **17. NCC Bank Ltd.**

National Credit and Commerce Bank Limited established in 1985 as an investment company. It has 121 branches in all over Bangladesh which provides products and services of retail banking, NRB banking, debit and credit card. It has set up a new standard to in financing in the Industrial, Trade and Foreign exchange business.

### **18. One Bank Ltd.**

It is a third-generation private bank which was founded in May, 1999. Currently it has 104 branches along with 17 sub branches. In industrial sector, it mainly emphasized in textile and RMG. It provides non-funded business substantially to increase exposures of RMG sector. It provides retail banking, SME banking, corporate banking and agent banking.

CAMEL Parameter	Sub para-meters	Mercantile Bank		MTB		National Bank		NCC Bank		One Bank	
		Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Capital Adequacy	<b>(Tire-1 Capital+ Tire-2 Capital) /Risk-weighted Assets CAR</b>	13.28%	2	12.86%	2	14.04%	2	12.62%	2	11.93%	3
	Total Equity /Total Assets	6.41%		5.87%		11.00%		7.35%		5.41%	
	Total Debt/Total Assets	93.59%		94.13%		89.00%		92.65%		94.59%	
	Govt. Securities/Total Investment	85.20%		91.85%		78.08%		86.24%		80.16%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Asset Quality	Financial Assets/Total Assets	96.59%		94.67%		97.65%		86.91%		94.90%	
	Total Investment / Total Assets	13.38%		12.31%		14.21%		13.92%		10.80%	
	<b>NPL/ Total Loans</b>	<b>4.82%</b>	<b>2</b>	<b>7.39%</b>	<b>3</b>	<b>9.50%</b>	<b>4</b>	<b>5.80%</b>	<b>3</b>	<b>7.05%</b>	<b>3</b>
	Fixed Assets/ Total Assets	1.13%		1.41%		0.60%		1.09%		0.76%	
	<b>Loan Loss Provisison/ Total Loan</b>	<b>0.88%</b>	<b>3</b>	<b>1.43%</b>	<b>1</b>	<b>0.65%</b>	<b>4</b>	<b>1.34%</b>	<b>1</b>	<b>1.49%</b>	<b>1</b>
Total Loan/ Total Assets	76.95%		74.69%		77.23%		72.29%		74.76%		
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Management Efficiency	Income per employee :Total profit / total	2752960.29		746415.56		828146.5		846545.2		721013.89	
	<b>Expenses per employee : Total cost/ Total</b>	<b>1067849</b>	<b>2</b>	<b>1236559</b>	<b>3</b>	<b>871994</b>	<b>2</b>	<b>2899174</b>	<b>1</b>	<b>1246262</b>	<b>2</b>
	Total Loan/ Total Deposit	92.03%		97.95%		71.56%		90.87%		98.16%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Earnings	<b>Net Profit(Loss)/Total Assets = ROA</b>	<b>1.03%</b>	<b>2</b>	<b>0.78%</b>	<b>3</b>	<b>0.95%</b>	<b>2</b>	<b>0.75%</b>	<b>3</b>	<b>0.52%</b>	<b>3</b>
	<b>Net Profit(Loss)/Total Equity =ROE</b>	<b>16.06%</b>	<b>1</b>	<b>13.06%</b>	<b>1</b>	<b>8.61%</b>	<b>2</b>	<b>10.27%</b>	<b>1</b>	<b>11.22%</b>	<b>1</b>
	Operating Profit/Total Assets	2.18%		2.20%		2.26%		4.33%		2.02%	
	Net Interest Income/Total Assets	2.57%		2.36%		1.74%		2.37%		2.37%	
	Non Interest Income/Total Assets	1.50%		2.06%		2.12%		1.97%		1.47%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Liquidity Management	<b>Liquid Assets/Total Assets</b>	<b>25.24%</b>	<b>1</b>	<b>19.58%</b>	<b>1</b>	<b>20.42%</b>	<b>1</b>	<b>19.66%</b>	<b>1</b>	<b>84.10%</b>	<b>5</b>
	<b>Liquid Assets/Short-term Liabilities</b>	<b>42.62%</b>	<b>3</b>	<b>23.30%</b>	<b>5</b>	<b>60.76%</b>	<b>1</b>	<b>51.72%</b>	<b>1</b>	<b>96.22%</b>	<b>1</b>
	Liquid Assets/Total Deposit	30.19%		134.78%		126.16%		24.72%		110.42%	
	Govt. Securities/Total Asset	11.40%		11.01%		11.10%		12.00%		8.65%	

Table 5: Description of the parameters and sub-parameters of CAMEL Model for Mercantile Bank, MTB, National Bank, NCC Bank & One Bank.

**Interpretation:** For **Mercantile Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 13.28% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means a sound bank and need limited supervision.

Under Asset Quality, their NPL/Total Laon is 4.82% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 0.88% which got them a rating 3. This means a fair performance and requires supervision from the central bank or else the company.

Under Management Efficiency, for expense per employee Mercantile Bank Ltd. got a rating 2 which is satisfactory. The bank has a good management team.

Under Earnings, the bank got rating 2 in ROA and rating 1 in ROE sub parameters. This is indicating a satisfactory performance in this segment. So, it actually reflects the management team efforts to earns profits.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, get a rating of 1 & 3. This also refers that the bank's performance in this area is satisfactory. They bank is taking risk to as they have less liquid assets than the short term liabilities.

**Interpretation:** For **MTB Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 12.86% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means fair banking condition.

Under Asset Quality, their NPL/Total Laon is 7.39% and it received a ranking 3. This indicates a fair performance. On the other hand, their Loan Loss Provision/Total Loan is 1.43% which got them a rating 1.

Under Management Efficiency, for expense per employee MTB got a rating 3 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 3 in their ROA and rating 1 in their ROE sub parameters. This is indicating a fair performance in this segment. So, the bank has more total assets comparing the profits.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, get a rating of 1 and 5. This also refers that the bank's performance has enough liquid assets but not more than short term liabilities.

**Interpretation:** For **National Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 14.04% which is higher than the set standard limit by the Central Bank. It received a rating 2.

Under Asset Quality, their NPL/Total Loan is 9.5% and it received a ranking 4. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 0.60% which got them a rating 4. This means a marginal performance and requires immediate supervision from the central bank or else the company will not have any cushion if any high loan defaulter incident happen.

Under Management Efficiency, for expense per employee National Bank Ltd. got a rating 2 which is satisfactory.

Under Earnings, the bank got rating 2 in both their ROA and ROE sub parameters. This is indicating a satisfactory performance in this segment. So, the bank limited supervision.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance

in this area is strong. But after analysis other sub parameters it can say that the bank is not efficiently using their liquid assets.

**Interpretation:** For **NCC Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 12.62% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means the bank has a sound financial performance and limited supervision is required.

Under Asset Quality, their NPL/Total Loan is 5.80% and it received a ranking 3. This indicates a fair performance. On the other hand, their Loan Loss Provision/Total Loan is 1.34% which got them a rating 1. This means a very satisfactory performance and sound bank.

Under Management Efficiency, for expense per employee NCC Bank Ltd. got a rating 1 which is best. The bank has a very efficient and effective management team.

Under Earnings, the bank got rating 3 in ROA and ROE is 10.27% and rating is 1 in sub parameters. This is indicating a fair and best performance in this segment. So, the bank has huge assets in hand comparing to its profit.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For **One Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 11.93% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Loan is 7.05% and it received a ranking 3. This indicates a fair performance. On the other hand, their Loan Loss Provision/Total Loan is 1.49% which got them a rating 1. This means a best performance and requires immediate supervision from the sound bank.

Under Management Efficiency, for expense per employee One Bank Ltd. got a rating 2 which is satisfactory. The bank has a good management team.

Under Earnings, the bank got rating 3 in their ROA which means fair performance. Rating 1 in ROE sub parameters. This is indicating a best performance in this segment. So, it reflects that the bank has a good management team and has higher equity than the assets.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets ratio rating is 5 and Liquid Asset/ Short-Term Liability ratio rating is 1. This also refers that the bank's performance in this area is strong.

## **19. Premier Bank Ltd.**

This private bank established in June, 1999. It provides retail banking, corporate banking, SME banking, premier securities, cards and also Islamic banking through its 104 branches.

## **20. Prime Ltd.**

It was founded in April, 1995. It has six subsidiaries- Prime Bank Investment Limited, Prime Bank Securities Limited, Prime Exchange Co. Pte Ltd., PBL Exchange (UK) Limited, PBL Finance (Hong Kong) Limited and Prime Bank Foundation. It has 146 branches which provides wholesale banking, consumer banking, MSME banking, NRB banking and Islamic banking.

## **21. Pubali Bank Ltd.**

Pubali bank was founded in East Pakistan as Eastern Mercantile Bank Limited in 1959. After the independence of Bangladesh 1971 and was nationalized under Bangladesh bank. In 1983 it was denationalized due to a scandal which was occurred in Chittagong branch and converted as a private bank and renamed as Pubali Bank Limited. It is the largest commercial bank in Bangladesh along with 482 branches and achieved constantly 20% growth for the last six years. It provides retail banking, corporate banking, SME banking, lease financing, personal loans, trade financing and also Islamic banking.

## **22. SCB Ltd.**

Standard Chartered Bank is also one of the largest Global Banks operating their business in more than 60 markets. It is one of the most experienced company as they are operating their business more than 160 years. They have more than 1000 branches worldwide. In Bangladesh, they do both retail and commercial banking through 26 branches in seven districts and provides better opportunity and workforce environment for the employees.

## **23. Sonali Bank**

State owned one of the largest bank in Bangladesh was established in 1972. It has been fully converted to a Public Limited Company with ownership of the government and started as Sonali Bank Limited in 2007. It has two subsidiaries –one is Sonali Exchange Company Incorporated which has ten branches in USA and another one is Sonali Investment Limited. It has 1222 local branches and 2 foreign branches. Moreover, it operated as a Sonali Bank in UK to facilitate foreign exchange remittances.

CAMEL Parameter	Sub para-meters	Premier Bank		Prime Bank		Pubali Bank		SCB		Sonali Bank	
		Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Capital Adequacy	<b>(Tire-1 Capital+ Tire-2 Capital) /Risk-weighted Assets CAR</b>	<b>12.27%</b>	<b>2</b>	<b>17.04%</b>	<b>1</b>	<b>12.04%</b>	<b>2</b>	<b>19.23%</b>	<b>1</b>	<b>10.07%</b>	<b>3</b>
	Total Equity /Total Assets	7.07%		8.91%		6.68%		13.45%		5.37%	
	Total Debt/Total Assets	92.93%		91.09%		93.32%		86.55%		94.63%	
	Govt. Securities/Total Investment	82.07%		94.63%		65.37%		99.96%		84.95%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Asset Quality	Financial Assets/Total Assets	93.42%		89.45%		89.62%		96.41%		86.73%	
	Total Investment / Total Assets	13.63%		8.86%		14.07%		10.80%		33.98%	
	<b>NPL/ Total Loans</b>	<b>3.99%</b>	<b>2</b>	<b>6.16%</b>	<b>3</b>	<b>5.46%</b>	<b>3</b>	<b>3.10%</b>	<b>2</b>	<b>26.26%</b>	<b>5</b>
	Fixed Assets/ Total Assets	1.08%		0.60%		0.92%		0.08%		2.55%	
	<b>Loan Loss Provision/ Total Loan</b>	<b>1.84%</b>	<b>1</b>	<b>0.87%</b>	<b>3</b>	<b>1.15%</b>	<b>1</b>	<b>0.34%</b>	<b>5</b>	<b>10.62%</b>	<b>1</b>
	Total Loan/ Total Assets	72.62%		70.03%		66.12%		49.11%		35.51%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Management Efficiency	Income per employee :Total profit / total	1303775.95		681133.88		451306.4		4921581.5		131086.79	
	<b>Expenses per employee : Total cost/ Total</b>	<b>1235967</b>	<b>3</b>	<b>1298866</b>	<b>2</b>	<b>671939</b>	<b>5</b>	<b>2089932</b>	<b>1</b>	<b>785935</b>	<b>5</b>
	Total Loan/ Total Deposit	92.63%		104.20%		87.70%		64.11%		42.43%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Earnings	<b>Net Profit(Loss)/Total Assets = ROA</b>	<b>1.03%</b>	<b>2</b>	<b>0.74%</b>	<b>3</b>	<b>0.84%</b>	<b>2</b>	<b>2.59%</b>	<b>1</b>	<b>0.17%</b>	<b>4</b>
	<b>Net Profit(Loss)/Total Equity =ROE</b>	<b>14.57%</b>	<b>1</b>	<b>8.36%</b>	<b>2</b>	<b>12.51%</b>	<b>1</b>	<b>19.28%</b>	<b>1</b>	<b>3.23%</b>	<b>4</b>
	Operating Profit/Total Assets	5.12%		4.39%		4.21%		3.90%		1.55%	
	Net Interest Income/Total Assets	2.69%		2.60%		2.20%		3.49%		-0.48%	
	Non Interest Income/Total Assets	2.43%		1.79%		4.21%		2.29%		0.86%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Liquidity Management	<b>Liquid Assets/Total Assets</b>	<b>21.03%</b>	<b>1</b>	<b>19.43%</b>	<b>1</b>	<b>27.12%</b>	<b>1</b>	<b>47.29%</b>	<b>1</b>	<b>45.28%</b>	<b>1</b>
	<b>Liquid Assets/Short-term Liabilities</b>	<b>54.49%</b>	<b>1</b>	<b>49.97%</b>	<b>1</b>	<b>52.71%</b>	<b>1</b>	<b>94.94%</b>	<b>1</b>	<b>65.60%</b>	<b>3</b>
	Liquid Assets/Total Deposit	26.83%		28.90%		35.97%		62.10%		54.09%	
	Govt. Securities/Total Asset	11.18%		8.39%		9.20%		10.80%		28.87%	

Table 6: Description of the parameters and sub-parameters of CAMEL Model for Premier Bank, Prime Bank, Pubali Bank, SCB & Sonali Bank.



**Interpretation:** For **Premier Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 12.27% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Laon is 5.14% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 0.80% which got them a rating 5. This means a very unsatisfactory performance and requires immediate supervision from the central bank or else the company will not have any cushion if any high loan defaulter incident happen.

Under Management Efficiency, for expense per employee Premier Bank Ltd. got a rating 3 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 5 in both their ROA and ROE sub parameters. This is indicating a unsatisfactory performance in this segment. So, the bank should immediately focus on their earnings by using their management team more effectively and efficiently.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong. But after analysis other sub parameters it can say that the bank is not efficiently using their liquid assets.

**Interpretation:** For **Prime Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 17.04% which is higher than the set standard limit by the Central Bank. It received a rating 1 which means sound in every respect and no supervisory response required.

Under Asset Quality, their NPL/Total Laon is 6.16% and LLP/TL 0.87%, both received a ranking 3. This indicates a fair performance which means combination of weakness if not redirected will become severe and requires more than normal supervision.

Under Management Efficiency, for expense per employee Prime Bank Ltd. got a rating 2 which is satisfactory.

Under Earnings, the bank got rating 3 in their ROA (fair) and rating 2 in ROE (satisfactory) sub parameters.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For **Pubali Bank Ltd.** when measuring Capital Adequacy their CAR ratio is 12.04% which is higher than the set standard limit by the Central Bank. It received a rating 2 which requires very limited supervision.

Under Asset Quality, their NPL/Total Laon is 5.46% and it received a ranking 3. This indicates a fair performance, requires more than normal supervision. On the other hand, their Loan Loss Provision/Total Loan is 1.15% which got them a rating 1. This means a very satisfactory performance.

Under Management Efficiency, for expense per employee Pubali Bank Ltd. got a rating 5 which is unsatisfactory. The bank should look into improving their management efficiency theoretically but actually it indicates that due to have so many branches, they have high number of employees.

Under Earnings, the bank got rating 2 in their ROA and rating 1 in ROE sub parameters. This is indicating a satisfactory performance.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

**Interpretation:** For SCB, when measuring Capital Adequacy their CAR ratio is 19.23% which is more than the set standard limit by the Central Bank. It received a rating 1 which means best performance. This indicates that the bank is financially sound.

Under Asset Quality, their NPL/Total Loan is 3.10% and it received a ranking 2. This indicates a satisfactory performance. On the other hand, their Loan Loss Provision/Total Loan is 4.44% which got them a rating 5. This means a very unsatisfactory performance and requires immediate supervision from the central bank.

Under Management Efficiency, for expense per employee SCB got a rating 1 which is strong. The bank has an efficient management team.

Under Earnings, the bank got rating 1 in both their ROA and ROE sub parameters. This is indicating a very strong performance in this segment. Even it reflects the best management team's effort.

Finally, under Liquidity Management, SCB's Liquid Asset/Total Assets and Liquid Asset/Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is very strong.

**Interpretation:** For **Sonali Bank**, when measuring Capital Adequacy their CAR ratio is 10.07% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Loan is 26.26% and it received a ranking 5. This indicates a very unsatisfactory performance which immediately requires supervision by central bank. On the other hand, their Loan Loss Provision/Total Loan is 10.62% which got them a rating 1. This means a very satisfactory performance.

Under Management Efficiency, for expense per employee Sonali Bank Ltd. got a rating 3 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 4 in both their ROA and ROE sub parameters. This is indicating a marginal performance and is significantly below the average. So, it needs close supervision by central bank so that it could impair future validity of the bank.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets get a rating of 1 and Liquid Asset/ Short-Term Liability ratio get a rating of 3. This also refers that the bank has enough asset and huge short-term liabilities.

#### **24. South East Bank Ltd.**

South East Limited in March 1995. It provides retail banking, SME banking, personal loans, trade financing and Islamic banking by its 133 branches. The Bank was established by leading business personalities and eminent industrialists of the country with stakes in various segments of the national economy.

## **25. Standard Bank Ltd.**

It is a third-generation private commercial bank which was founded in June, 1999. Currently it has 138 branches. In 2016 it opened branch in Saudi Arabia. It provides retail banking, SME banking, islami banking, card services, foreign exchange & related services, probashi banking and agent banking.

## **26. UCB Ltd.**

United Commercial Bank Limited was started in June 1983. The government own share in the bank and it is enlisted in both DSE and CSE. It is one of the first-generation largest private bank in Bangladesh along with 195 branches. It provides retail banking, corporate banking, SME banking, NRB banking, trade financing.

## **27. Uttara Bank Ltd.**

Uttara Bank Limited (UBL) has a vast experience in banking sector since 1965. It was established in 1965 in Dhaka, East Pakistan as a scheduled bank of the Eastern Banking Corporation. After the Independence of Bangladesh, it was publicly owned by Bangladesh Banks and retitled it Uttara Bank. In 1983, it denationalized into Uttara Bank Ltd. and became the first private bank of Bangladesh. It has 239 branches which are dedicated for retail banking, corporate banking, SME banking, trade financing and lease financing

CAMEL Parameter	Sub para-meters	South East Bank		Standard Bank		UCB		Uttara Bank	
		Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Capital Adequacy	<b>(Tire-1 Capital+ Tire-2 Capital) /Risk-weighted Assets CAR</b>	<b>12.38%</b>	<b>2</b>	<b>10.27</b>	<b>3</b>	<b>12.77%</b>	<b>2</b>	<b>12.49%</b>	<b>2</b>
	Total Equity /Total Assets	7.36%		7.58		6.98%		7.76%	
	Total Debt/Total Assets	92.64%		92.42		93.02%		92.24%	
	Govt. Securities/Total Investment	81.04%		78.18		82.06%		75.60%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Asset Quality	Financial Assets/Total Assets	95.19%		86.96		95.88%		93.55%	
	Total Investment / Total Assets	16.50%		13.54		12.67%		15.09%	
	<b>NPL/ Total Loans</b>	<b>20.52%</b>	<b>5</b>	<b>7.90</b>	<b>3</b>	<b>6.79%</b>	<b>3</b>	<b>6.33%</b>	<b>1</b>
	Fixed Assets/ Total Assets	2.30%		1.89		2.26%		1.61%	
	<b>Loan Loss Provision/ Total Loan</b>	<b>1.92%</b>	<b>1</b>	<b>0.84</b>	<b>5</b>	<b>1.16%</b>	<b>1</b>	<b>0.78%</b>	<b>5</b>
Total Loan/ Total Assets	66.37%		73.42		73.47%		62.51%		
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Management Efficiency	Income per employee :Total profit / total	878000.65		525874.53		533911.2		487471.1	
	<b>Expenses per employee : Total cost/ Total</b>	<b>1783521</b>	<b>4</b>	<b>866248.33</b>	<b>3</b>	<b>1311722</b>	<b>2</b>	<b>1299720</b>	<b>2</b>
	Total Loan/ Total Deposit	118.34%		0.93		99.16%		77.61%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Earnings	<b>Net Profit(Loss)/Total Assets = ROA</b>	<b>0.64%</b>	<b>3</b>	<b>0.74%</b>	<b>3</b>	<b>0.66%</b>	<b>3</b>	<b>0.90%</b>	<b>2</b>
	<b>Net Profit(Loss)/Total Equity =ROE</b>	<b>8.75%</b>	<b>2</b>	<b>8.36%</b>	<b>2</b>	<b>9.50%</b>	<b>1</b>	<b>11.66%</b>	<b>1</b>
	Operating Profit/Total Assets	3.86%		4.39%		1.91%		5.30%	
	Net Interest Income/Total Assets	1.36%		2.60%		2.30%		3.01%	
	Non Interest Income/Total Assets	2.56%		1.79%		0.19%		2.30%	
CAMEL Parameter	Sub para-meters	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating	Ratio %	Rating
Liquidity Management	<b>Liquid Assets/Total Assets</b>	<b>28.82%</b>	<b>1</b>	<b>18.44%</b>	<b>1</b>	<b>19.80%</b>	<b>1</b>	<b>31.04%</b>	<b>1</b>
	<b>Liquid Assets/Short-term Liabilities</b>	<b>35.52%</b>	<b>4</b>	<b>18.59%</b>	<b>5</b>	<b>49.23%</b>	<b>1</b>	<b>50.35%</b>	<b>1</b>
	Liquid Assets/Total Deposit	36.81%		23.30%		26.72%		38.54%	
	Govt. Securities/Total Asset	13.37%		10.59%		10.40%		11.41%	

Table 7: Description of the parameters and sub-parameters of CAMEL Model for South East Bank, Standard Bank, UCB & Uttara Bank.

**Interpretation:** For **South East Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 12.38% which is slightly higher than the set standard limit by the Central Bank. It received a rating 2 which means modest correctable weakness, supervisory response limited.

Under Asset Quality, their NPL/Total Loan is 20.52% and it received a ranking 5. This indicates a very unsatisfactory performance and requires immediate supervision from the central bank. On the other hand, their Loan Loss Provision/Total Loan is 1.92% which got them a rating 1. This means a strong performance.

Under Management Efficiency, for expense per employee South East Bank Ltd. got a rating 4 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 3 in ROA and rating 2 in ROE sub parameters. This is indicating a fair to satisfactory range performance in this segment. So, the bank should immediately focus on their earnings by improving management team with an extra supervision.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets rating of 1 and Liquid Asset/ Short-Term Liability ratio a rating of 4. This also refers that the bank has high short-term liabilities.

**Interpretation:** For **Standard Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 10.27% which is less than the set standard limit by the Central Bank. It received a rating 3 which means combination of weakness if not redirected will become severe. This indicates that the bank needs more supervision than its requirement.

Under Asset Quality, their NPL/Total Loan is 7.9% and it received a ranking 3. This indicates a fair performance and need supervision than a regular one. On the other hand, their Loan Loss Provision/Total Loan is 0.84% which got them a rating 5. This means a very unsatisfactory

performance and requires immediate supervision from the central bank or else the company will not have any cushion if any high loan defaulter incident happen.

Under Management Efficiency, for expense per employee Standard Bank Ltd. got a rating 3 which is fair. The bank should look into improving their management efficiency.

Under Earnings, the bank got rating 3 in ROA and rating 2 in ROE sub parameters. This is indicating a satisfactory performance in this segment. But it a supervision by central bank.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets a rating of 1 and Liquid Asset/ Short-Term Liability ratio get a rating of 5. This also refers that the bank should minimize it short-term liabilities or might face problems.

**Interpretation:** For **UCB Ltd**, when measuring Capital Adequacy their CAR ratio is 12.77% which is higher than the set standard limit by the Central Bank. It received a rating 2 which means it needs very limited supervision.

Under Asset Quality, their NPL/Total Laon is 6.79% and it received a ranking 3. This indicates a fair performance and supervision by Bangladesh Bank. On the other hand, their Loan Loss Provision/Total Loan is 1.16% which got them a rating 1. This means a very satisfactory performance.

Under Management Efficiency, for expense per employee UCB Ltd. got a rating 2 which is satisfying. The bank has a good management team which works efficiently.

Under Earnings, the bank got rating 3 in their ROA and rating 1 in ROE sub parameters. This is indicating a fair and strong performance in this segment.



Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets a rating of 3 and Liquid Asset/ Short-Term Liability ratio a rating of 1. This also refers that the bank's performance is good as they have less fixed assets than the liquid assets and has less equity.

**Interpretation:** For **Uttara Bank Ltd**, when measuring Capital Adequacy their CAR ratio is 12.49% which is slightly higher than the set standard limit by the Central Bank. It received a rating 2 which means modest correctable weakness, supervisory response limited.

Under Asset Quality, their NPL/Total Loan is 6.33% and it received a ranking 1. This indicates a strong performance. On the other hand, their Loan Loss Provision/Total Loan is 0.78% which got them a rating 5. This means a very unsatisfactory performance and requires immediate supervision from the central bank or else the company.

Under Management Efficiency, for expense per employee Uttara Bank Ltd. got a rating 2 which is satisfactory so it has a sound management system.

Under Earnings, the bank got rating 2 in ROA and 1 in ROE sub parameters. This is indicating a satisfactory performance in this segment. So, the bank requires very limited supervision.

Finally, under Liquidity Management, the bank's Liquid Asset/Total Assets and Liquid Asset/ Short-Term Liability ratio, both get a rating of 1. This also refers that the bank's performance in this area is strong.

## **4.2 Comparative Study**

### **Capital Adequacy (C)**

Capital Adequacy Ratio (CAR) is also identified as Capital to Risk Weighted Assets Ratio. This ratio mainly protects the depositors and investors and financial soundness of banks. CAR means the capital or cash a financial institution should keep to operate their financial activities. It also means that the capital which is required by the central bank of a country for the financial institutions. So, the rating is done based on some factors of a bank, like- growth plan, economic environment, loan and investment concentration and risk control management system. To calculate the ratio, capital is divided into two parts- Tier-1 and Tier-2 capitals. Tier-1 capital is the basic funding source of a bank which are retained earnings and shareholder's equity, besides that Tier-2 capital is the subordinated debt, undisclosed reserves which has a minimum maturity of five years. Very high CAR shows that the bank is conservative and has not utilized the capability of its capital. Understanding the significance of capital adequacy, Bangladesh Bank has fixed the standard of 12% according to the references of BASEL I Committee and 14% according to BASEL III. As a result, nearly all banks in Bangladesh are trying to follow this standard along with the nature and level of risks and at the same time a bank should have the ability to identify, evaluate, supervise and control these risks. Because by monitoring the risk level a bank can keep the stakeholder's confidence, trust and protect the bank from bankruptcy

Bank's Name	CAR		TE/TA		TD/TA		GS/TI		GROUP	
	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank
AB Bank Ltd.	10.03%	27	7.02%	17	92.98%	17	76.90%	21	20.50	22.5
Agrani Bank Ltd.	10.09%	24.5	5.27%	27	94.73%	27	62.01%	25	25.88	27
Bank Asia Ltd.	15.05%	6	7.60%	10	92.40%	10	92.04%	7	8.25	5
BRAC Bank Ltd.	13.67%	9	10.03%	5	89.97%	5	29.44%	27	11.50	8
City Bank Ltd.	13.42%	10	7.52%	13	92.48%	13	33.47%	26	15.50	15
DBBL	16.68%	5	6.66%	20	93.34%	20	97.67%	3	12.00	9
Dhaka Bank Ltd.	13.84%	8	6.06%	23	93.94%	23	79.69%	18	18.00	21
EBL	12.16%	19	8.13%	7	91.87%	7	80.17%	16	12.25	10
EXIM Bank Ltd.	10.88%	22	7.6%	11	92.4%	11	95%	6	12.50	11
HSBC	26.72%	1	18.33%	1	81.70%	1	100%	1.5	1.13	1
IFIC Bank Ltd.	12.63%	14	7.81%	8	92.19%	8	87.08%	9	9.75	7
Janata Bank	10.09%	24.5	6.30%	22	93.70%	22	72.07%	23	22.88	26
Meghna Bank Ltd.	18.86%	3	12.67%	3	88.01%	3	94.90%	4	3.25	3
Mercantile Bank Ltd.	13.28%	11	6.41%	21	93.59%	21	85.20%	11	16.00	18
MTB Ltd.	12.86%	12	5.87%	24	94.13%	24	91.85%	8	17.00	20
National Bank Ltd.	14.04%	7	11.00%	4	89.00%	4	78.08%	20	8.75	6
NCC Bank Ltd.	12.62%	15	7.35%	15	92.65%	15	86.24%	10	13.75	12
One Bank Ltd.	11.93%	21	5.41%	25	94.59%	25	80.16%	17	22.00	24
Premier Bank Ltd.	12.27%	18	7.07%	16	92.93%	16	82.07%	13	15.75	16.5
Prime Bank Ltd.	17.04%	4	8.91%	6	91.09%	6	94.63%	5	5.25	4
Pubali Bank Ltd.	12.04%	20	6.68%	19	93.32%	19	65.37%	24	20.50	22.5
SCB Ltd.	19.23%	2	13.45%	2	86.55%	2	100%	1.5	1.88	2
Sonali Bank	10.07%	26	5.37%	26	94.63%	26	85%	12	22.50	25
South East Bank Ltd.	12.38%	17	7.36%	14	92.64%	14	81.04%	15	15.00	14
Standard Bank Ltd.	10.27%	23	7.58%	12	92.42%	12	78.18%	19	16.50	19
UCB Ltd.	12.77%	13	6.98%	18	93.02%	18	82.06%	14	15.75	16.5
Uttara Bank Ltd.	12.49%	16	7.76%	9	92.24%	9	75.60%	22	14.00	13

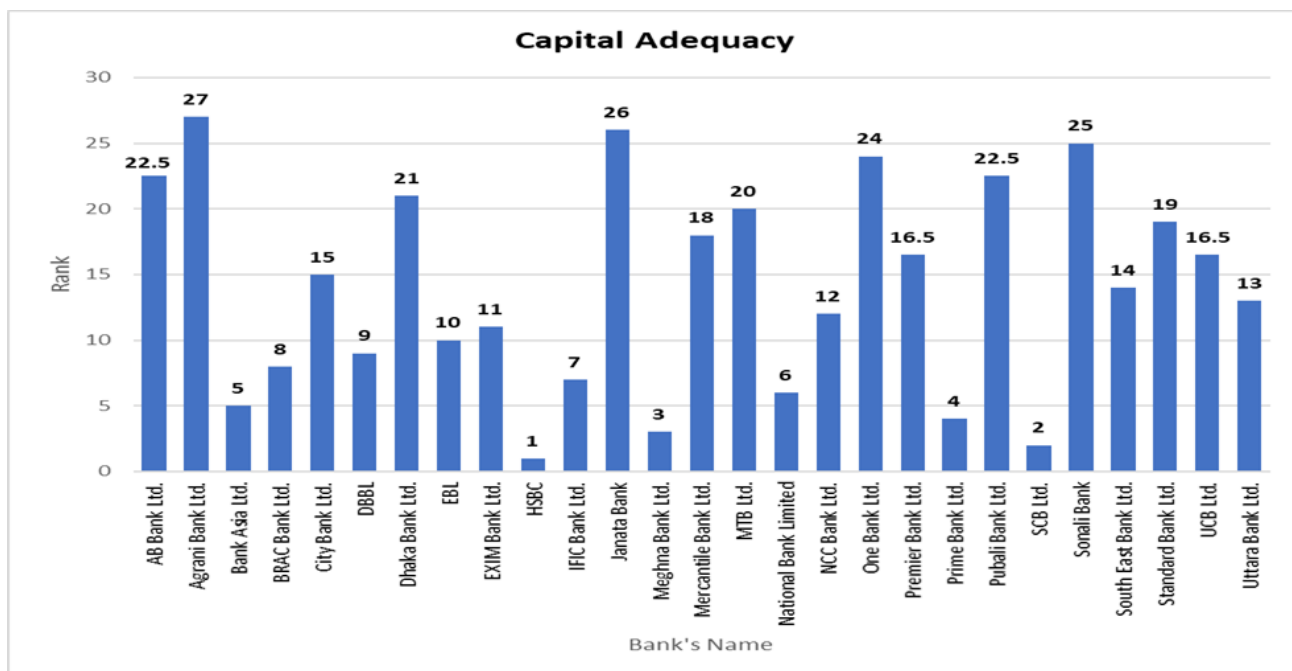


Table 8: Capital Adequacy ratios and average group rank of sample banks.

According to the table, among these six banks, HSBC has stood first under the capital adequacy ratio, it represents that the performance of HSBC is very much strong and they do not need Central Bank's supervision. SCB is in the 2<sup>nd</sup> position, Meghna Bank and Prime Bank Ltd are hold the ranking of 3 and 4, Bank Asia Ltd. 5<sup>th</sup>. Moreover, EBL 10<sup>th</sup>, EXIM Bank 11<sup>th</sup>, Uttara Bank 13<sup>th</sup>, City Bank Ltd. 15<sup>th</sup> and UCB Ltd. and Premier Bank jointly are in 16.5<sup>th</sup> position. Lastly, Sonali Bank 25<sup>th</sup>, Janata Bank 26<sup>th</sup> and Agrani Bank Ltd. in last position which is 27<sup>th</sup>. This result shows that foreign banks are performing well compare to our local banks in the market place. They are maintaining Central Bank's standards properly. But if we look into our local banks, both Janata Bank and Agrani bank's performance is very unsatisfactory and they need immediate remedial attention for the sake of the banking company's survival. Lastly UCB and Premier Bank both of their performance represents that is flawed to some degree and in some extent their performance is significantly below average and need supervision of Central Bank to cover it up.

## Asset quality (A)

The asset quality of a bank focuses only the asset of a which are cash, current or fixed loans, government securities and investment etc. The primary assets of a bank is the loan that they provides to their borrowers with a fixed interest rate. To measure asset quality the central bank use gross non performing asset (any due of principal or interest for 90 days or above)/ gross advances. The banks use asset quality to measures the regulatory and monitoring risk. The intensity of credit risk varies on the asset's quality owned by a bank and off-balance sheet exposure.

Bank's Name	FIN- A/TA		TI/TA		NPL/TL		FA/TA		PLL/TL		TL/TA		GROUP	
	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank
AB Bank Ltd.	94.78%	11	13.52%	13	5.14%	11	1.20%	14	0.80%	22	0.75	6	12.83	8
Agrani Bank Ltd.	98.07%	1	20.18%	3	17.67%	24	1.87%	21	8.31%	3	0.50	23	12.50	7
Bank Asia Ltd.	6.98%	27	11.72%	17	1.81%	3	1.77%	19	1.67%	10	0.70	15	15.17	20
BRAC Bank Ltd.	87.27%	21	8.17%	27	3.10%	5.5	1.36%	15	0.29%	27	0.75	4	16.58	23
City Bank Ltd.	97.11%	3	8.58%	26	5.33%	12	1.08%	9.5	1.00%	18	0.71	13	13.58	10
DBBL	92.73%	17	9.30%	24	4.14%	8	1.66%	18	2.23%	6	0.67	17	15.00	18.5
Dhaka Bank Ltd.	88.04%	20	10.08%	22	4.99%	10	1.79%	20	1.75%	9	0.66	20	16.83	24.5
EBL	95.71%	8	9.81%	23	2.35%	4	2.34%	26	1.22%	15	0.76	3	13.17	9
EXIM Bank Ltd.	79.87%	25	52.05%	1	0.39%	1	0.06%	1	46.30%	1	0.07	27	9.33	1
HSBC	96.73%	4	16.90%	5	1.77%	2	0.17%	3	0.34%	25.5	0.49	24.5	10.67	5
IFIC Bank Ltd.	94.08%	13	11.06%	18	6.16%	16.5	1.92%	23	2.88%	5	0.73	10	14.25	16
Janata Bank	65.70%	26	19.26%	4	33.72%	27	1.19%	13	6.17%	4	0.62	22	16.00	21
Meghna Bank Ltd.	93.85%	14	10.25%	21	5.76%	14	0.72%	6	1.30%	14	0.69	16	14.17	15
Mercantile Bank Ltd.	96.59%	5	13.38%	14	4.82%	9	1.13%	12	0.88%	19	0.77	2	10.17	2
MTB Ltd.	94.67%	12	12.31%	16	7.39%	21	1.41%	16	1.43%	12	0.75	7	14.00	13
National Bank Limited	97.65%	2	14.21%	8	9.50%	23	0.60%	4.5	0.65%	24	0.77	1	10.42	3.5
NCC Bank Ltd.	86.91%	23	13.92%	10	5.80%	15	1.09%	11	1.34%	13	0.72	12	14.00	13
One Bank Ltd.	94.90%	10	10.80%	20	7.05%	20	0.76%	7	1.49%	11	0.75	5	12.17	6
Premier Bank Ltd.	93.42%	16	13.63%	11	3.99%	7	1.08%	9.5	1.84%	8	0.73	11	10.42	3.5
Prime Bank Ltd.	89.45%	19	8.86%	25	6.16%	16.5	0.60%	4.5	0.87%	20	0.70	14	16.50	22
Pubali Bank Ltd.	89.62%	18	14.07%	9	5.46%	13	0.92%	8	1.15%	17	0.66	19	14.00	13
SCB Ltd.	96.40%	6	10.80%	19	3.10%	5.5	0.08%	2	0.34%	25.5	0.49	24.5	13.75	11
Sonali Bank	86.73%	24	33.98%	2	26.26%	26	2.55%	27	10.62%	2	0.36	26	17.83	26
South East Bank Ltd.	95.19%	9	16.50%	6	20.52%	25	2.30%	25	1.92%	7	0.66	18	15.00	18.5
Standard Bank Ltd.	86.96%	22	13.54%	12	7.90%	22	1.89%	22	0.84%	21	0.73	9	18.00	27
UCB Ltd.	95.88%	7	12.67%	15	6.79%	19	2.26%	24	1.16%	16	0.73	8	14.83	17
Uttara Bank Ltd.	93.55%	15	15.09%	7	6.33%	18	1.61%	17	0.78%	23	0.63	21	16.83	24.5



Table 9: Asset quality ratios and average group rank of sample banks.

The degree of financial strength of the banks can be assessed by their quality of Assets maintained by them. The assurance of asset quality is considered as the fundamental requirement of the bank. For the non-performing loan ratio EXIM bank and HSBC Bank rated 1 and 2 that means they are checking their customers credit worthiness and maintaining NPL at its minimum. Standard Chartered Bank and BRAC Bank rated 5.5 which means they also are checking credit worthiness but need a little bit more analysis of the customer. IFIC bank and Prime bank jointly rated 16.5<sup>th</sup>, Uttara bank rated 18<sup>th</sup>, which means performance is not bad enough not good enough as well. Among all these banks Sonali Bank and Standard bank are on rank 26<sup>th</sup> and 27<sup>th</sup> means they are not much focusing on whom to give loan and they should be improving their policies about loan giving or else there is a high chance of loan defaulter will arise who takes high amount of loan. In the PLL/TL ratio, all the banks are ranked within 24<sup>th</sup> to 27<sup>th</sup>. None of them are maintaining their PLL account. If liquidity crisis occur these banks would highly be facing liquidity risk as they are not maintaining enough asset for its liabilities.

According to the group average of the asset quality sub-parameters, EXIM Bank has stood first with average score of 9.33 following by one bank and Mercantile Bank. Supervision of central bank for these banks have to be informal. NPL is well maintained but mercantile bank should increase their PLL account which is very poor. If suddenly default of loan occurs these banks won't have cushion. However, due to poor performance in the NPL/TL and PLL/TL sub-parameters ratios NBL bank has scored the lowest position. As NBL has 9.5% of NPL with very few 0.65% PLL they're in big problem. Central banks has tight supervision is required for this type of bank. If proper steps are not been taken soon non-performing loan weight will increase which is greater risk for any banks.

### **Management Efficiency (M)**

Management efficiency diagnosis the financial stress of a bank and react based on the result. With the help of an effective management team it is very important to understand the financial condition, identify the problem, measure and control the risk of a bank and based on the outcome the team upgrade their guidelines and policy. Moreover, the management responds based on the change of interest and foreign exchange rate in the market, top management team delegate of their duties and responsibilities to their lower management team.

Bank's Name	Income per employee		Expense per		Total Loan/Total		Group	
	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank
AB Bank Ltd.	3,743,662.24	4	1,222,945.21	13	102.39%	8	8.33	2
Agrani Bank Ltd.	81,822.60	26	1,304,410.00	21	63.63%	26	24.33	27
Bank Asia Ltd.	1,041,666.67	10	1,279,575.13	18	96.47%	13	13.67	12.5
BRAC Bank Ltd.	2,704,999.72	7	660,732.36	1	104.11%	7	5.00	1
City Bank Ltd.	523,050.96	22	1,253,408.15	17	112.78%	4	14.33	15
DBBL	2,334,124.73	8	2,211,225.50	25	88.22%	20	17.67	22
Dhaka Bank Ltd.	5,674,068.17	1	1,139,437.85	11	91.60%	17	9.67	5
EBL	1,036,925.64	11	1,195,642.48	12	109.15%	5	9.33	3.5
EXIM Bank Ltd.	785,624.92	15	1,046,058.55	9	101.41%	9	11.00	8.5
HSBC	3,417,833.00	5	2,653,874.00	26	116.00%	2	11.00	8.5
IFIC Bank Ltd.	645,345.96	19	1,007,824.73	8	91.43%	18	15.00	18
Janata Bank	21,012.00	27	815,433.51	5	79.00%	23	18.33	23.5
Meghna Bank Ltd.	5,194,409.44	2	804,540.21	4	82.73%	22	9.33	3.5
Mercantile Bank Ltd.	2,752,960.29	6	1,067,849.21	10	92.03%	16	10.67	7
MTB Ltd.	746,415.56	16	1,236,558.64	15	97.95%	12	14.33	15
National Bank Limited	828,146.50	14	871,993.76	7	71.56%	25	15.33	19
NCC Bank Ltd.	846,545.22	13	2,899,173.60	27	90.87%	19	19.67	25
One Bank Ltd.	721,013.89	17	1,246,261.54	16	98.16%	11	14.67	17
Premier Bank Ltd.	1,303,775.95	9	1,235,967.06	14	92.63%	15	12.67	11
Prime Bank Ltd.	681,133.88	18	1,298,866.43	19	104.20%	6	14.33	15
Pubali Bank Ltd.	451,306.39	24	671,938.79	2	87.70%	21	15.67	20
SCB Ltd.	4,921,582.00	3	2,089,932.00	24	112.97%	3	10.00	6
Sonali Bank	131,086.79	25	785,934.80	3	42.43%	27	18.33	23.5
South East Bank Ltd.	878,000.65	12	1,783,521.33	23	118.34%	1	12.00	10
Standard Bank Ltd.	525,874.53	21	866,248.33	6	92.75%	14	13.67	12.5
UCB Ltd.	533,911.19	20	1,311,721.92	22	99.16%	10	17.33	21
Uttara Bank Ltd.	487,471.09	23	1,299,720.35	20	77.61%	24	22.33	26

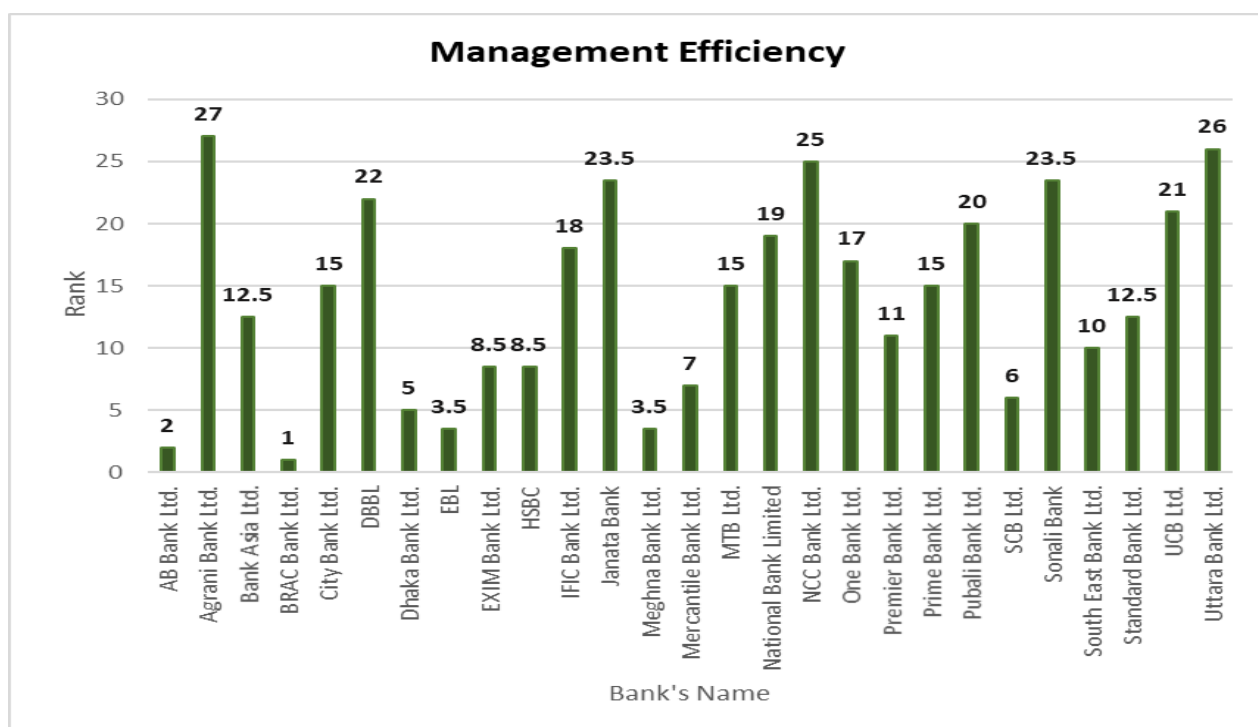


Table 10 Management efficiency ratios and average of group rank of sample banks.

Efficiency in management is the production generated by a management team in comparison to the assets they channel and the expenditures they invest. Management efficiency clearly reveals that BRAC Bank and AB Bank has performed outstanding, they secured first & second



position averaging 5 & 8.33 in group parameter or overall parameter. Additionally, multinational bank SCB ranked 6 and HSBC ranked 8.5 averaging 10 and 11 in overall parameter. However, BRAC Bank has maintained lowest cost ratio and Dhaka Bank highest income ratio. Only Agrani bank is almost in the last position as they have low income and high expense per employee, so it can visualize that the bank has a high number of branches so as employee. As a result, expenses is higher and within this small country the number of branches is excessive which effect in their overall performance. A sound leadership is a cornerstone to any organization's success. The quality of leadership plays an important role in an organization's performance. Quality in management enables the management system to adapt quickly to a growing and complex climate. Investing on employees are essential but employee must return the value by performing well the well a bank manages it will sustain in long run.

### **Earnings (E)**

Earnings quality indicates the income or profit a bank get by providing their service. This quality is measured as a very significant standard for assessing the profitability and performance of a bank. High earnings help the bank in controlling present and future operations, increasing the investment base, paying dividends to shareholders, increasing the ability to take losses and also confirming the growth of the business.

Bank's Name	ROA		ROE		EBIT/TA		NI/TA		NII/TA		GROUP	
	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank
AB Bank Ltd.	0.01%	27	0.08%	27	0.95%	27	0.59%	26	2.05%	9	23.20	26
Agrani Bank Ltd.	0.13%	25	2.49%	24	1.05%	26	1.13%	25	2.02%	10	22.00	25
Bank Asia Ltd.	0.30%	22	3.96%	22	2.62%	11	2.57%	11.5	1.27%	21	17.50	18.5
BRAC Bank Ltd.	1.76%	3	17.53%	3	6.08%	2	4.29%	2	1.79%	13.5	4.70	2
City Bank Ltd.	0.62%	17.5	8.26%	18	2.06%	16	2.83%	8	1.50%	18.5	15.60	14
DBBL	1.21%	4	18.20%	2	6.53%	1	4.88%	1	1.65%	16	4.80	3
Dhaka Bank Ltd.	0.54%	20	8.18%	19	2.40%	12	2.04%	20	1.86%	12	16.60	16
EBL	0.66%	13.5	9.50%	12.0	1.91%	18	2.30%	16.5	0.19%	25.5	17.10	17
EXIM Bank Ltd.	0.62%	17.5	8.15%	20	1.85%	20	2.17%	19	1.12%	22	19.70	21
HSBC	1.83%	2	10.02%	11	3.42%	10	2.88%	6.5	2.76%	2	6.30	6
IFIC Bank Ltd.	0.58%	19	7.46%	21	1.38%	23	1.61%	23	1.57%	17	20.60	22.5
Janata Bank	0.03%	26	0.46%	26	1.13%	24	3.98%	3	0.56%	24	20.60	22.5
Meghna Bank Ltd.	0.26%	23	2.19%	25	1.83%	21	2.88%	6.5	1.73%	15	18.10	20
Mercantile Bank Ltd.	1.03%	5.5	16.06%	4	2.18%	15	2.57%	11.5	1.50%	18.5	10.90	10
MTB Ltd.	0.78%	10	13.06%	6	2.20%	14	2.36%	15	2.06%	8	10.60	9
National Bank Limited	0.95%	7	8.61%	15	2.26%	13	1.74%	22	2.12%	7	12.80	12
NCC Bank Ltd.	0.75%	11	10.27%	10	4.33%	6	2.37%	13.5	1.97%	11	10.30	8
One Bank Ltd.	0.52%	21	11.22%	9	2.02%	17	2.37%	13.5	1.47%	20	16.10	15
Premier Bank Ltd.	1.03%	5.5	14.57%	5	5.12%	4	2.69%	9	2.43%	4	5.50	4
Prime Bank Ltd.	0.74%	12	8.36%	17	4.39%	5	2.60%	10	1.79%	13.5	11.50	11
Pubali Bank Ltd.	0.84%	9	12.51%	7	4.21%	7	2.20%	18	4.21%	1	8.40	7
SCB Ltd.	2.59%	1	19.28%	1	3.90%	8	3.49%	4	2.29%	6	4.00	1
Sonali Bank	0.17%	24	3.23%	23	1.55%	22	-0.48%	27	0.86%	23	23.80	27
South East Bank Ltd.	0.64%	15.5	8.75%	14	3.86%	9	1.36%	24	2.56%	3	13.10	13
Standard Bank Ltd.	0.64%	15.5	8.46%	16	1.08%	25	1.90%	21	0.16%	27	20.90	24
UCB Ltd.	0.66%	13.5	9.50%	13.0	1.91%	19	2.30%	16.5	0.19%	25.5	17.50	18.5
Uttara Bank Ltd.	0.90%	8	11.66%	8	5.30%	3	3.01%	5	2.30%	5	5.80	5



Table 11: Earnings ratios and average of group rank of sample banks.

In the earning part of CAMEL, rating from our analysis and discussion in the Table 11, we got that BRAC Bank Limited and the multinational bank named Standard chartered bank, both are kind of equal in this regard. This means that BRAC bank and SCB is maintain the higher standard in this regard. They are keeping the standard rate of rating in return on asset and return on investment. These two banks are getting the best out of the investment and in a best way they are operating the return on asset, the asset they are investing these are simply works in a greater as they have the better output from the asset and their investment. SCB and BRAC bank are given rating 1 and 2 as these two are almost in the same level averaging 4 and 4.7 in terms of maintaining the earning. HSBC is in the 6<sup>th</sup> position the ranking that means they also having the greater output of the ROA and ROI. But they need to be exposed in this regard, they gave to more efficient mand has to make effective decision to be in the top rating. Though their operations in Bangladesh is in very limited way. In the 17<sup>th</sup> place it is Eastern Bank limited. From the other element of CAMEL, we have seen that EBL is doing good in all other part of the CAMEL. But in this earing issue they are kind of fall behind, they are not able showcase their efficiency in this area. They have less Road meaning they are not able to make the bets output from their total asset investing. The deposit might be are not utilizing properly. IFIC bank and Janata bank jointly in the 22.5<sup>th</sup> position in the composite rating. That means this bank also need to be more efficient while comes in regard of return of investment and return on asset. The two banks, AB bank ltd. (26<sup>th</sup> rank) and Sonali bank (27<sup>th</sup> rank), those two need to be more concern with the earning part of their bank. Within these banks the banks are not renewed they are operating for couple of years in Bangladesh, so it is high time to realize the market opportunity to utilize their investment and earing as much as they can. The earning is basically maximizing their profit in terms of investing the asset and the investment, if they could do well I this site it is quite obvious that they could also build up a good reputation in the met and in the bang sector they would be more renowned. The low positions banks need to hire

efficient management to get the higher rating. Banks main profit and all that is dependable on earning. So, this is so crucial for a bank to making the best out of the investment and assets they could.

## **Liquidity (L)**

Liquidity indicates bank's capacity to meet its financial responsibilities. An acceptable liquidity means sufficient liquid maintained by the bank to protect short-term liabilities. Banks meet their financial commitments whether by assembling short-term deposits from customers or by converting current assets into cash. A suitable level of liquidity is synchronous with profitability. The bank's incapability to meet short-term liquidity conditions can cause a serious impact on the overall profit and performance. A high liquidity ratio means that the bank is more comfortable to protect against liquidity risk under all circumstances.

For liquidity evaluation of a bank, its current status of liquidity is taken into consideration in relation to the liabilities it has. It also considers the capacity of the bank to deal with the possibility of unanticipated changes in its financing resources and prevailing market conditions that will affect liquidation of its assets and the minimum possible erosion in its earnings.

Bank's Name	LA/TA		LA/STL		LA/TD		GS/TA		GROUP	
	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank	AVG	Rank
AB Bank Ltd.	20.71%	15.5	122.56%	2	28.37%	16	10.39%	16	12.38	10.5
Agrani Bank Ltd.	20.71%	15.5	90.09%	7	26.28%	22	12.51%	5	12.38	10.5
Bank Asia Ltd.	13.48%	27	16.32%	27	18.62%	27	10.78%	13	23.50	27
BRAC Bank Ltd.	18.26%	25	66.66%	10	25.19%	23	2.40%	27	21.25	24
City Bank Ltd.	17.28%	26	62.65%	12	27.35%	18	2.87%	26	20.50	23
DBBL	25.90%	11	44.21%	20	34.19%	12	9.08%	20	15.75	18
Dhaka Bank Ltd.	20.06%	18	126.20%	1	27.88%	17	8.03%	23	14.75	17
EBL	20.20%	17	37.99%	22	28.96%	14	7.78%	24	19.25	21.5
EXIM Bank Ltd.	91.17%	2	105.97%	3	112.45%	4	6.58%	25	8.50	7
HSBC	79.75%	4	105.29%	4	113.56%	3	16.98%	2	3.25	1
IFIC Bank Ltd.	21.47%	13	78.25%	8	26.85%	19	9.63%	18	14.50	16
Janata Bank	40.10%	7	77.60%	9	51.41%	8	13.88%	3	6.75	4
Meghna Bank Ltd.	18.65%	23	22.48%	25	22.44%	26	9.72%	17	22.75	26
Mercantile Bank Ltd.	25.24%	12	42.62%	21	30.19%	13	11.40%	8	13.50	12
MTB Ltd.	19.58%	21	23.30%	24	134.78%	1	11.01%	11	14.25	14.5
National Bank Limited	97.65%	1	60.80%	13	126.16%	2	11.10%	10	6.50	3
NCC Bank Ltd.	19.66%	20	51.72%	16	24.72%	24	12.00%	6	16.50	19
One Bank Ltd.	84.10%	3	96.22%	5	110.42%	5	8.65%	21	8.50	6
Premier Bank Ltd.	21.03%	14	54.49%	14	26.83%	20	11.18%	9	14.25	14.5
Prime Bank Ltd.	19.43%	22	49.97%	18	28.90%	15	8.39%	22	19.25	21.5
Pubali Bank Ltd.	27.12%	10	52.71%	15	35.97%	11	9.20%	19	13.75	13
SCB Ltd.	47.29%	5	94.94%	6	62.10%	6	10.80%	12	7.25	5
Sonali Bank	45.28%	6	65.60%	11	54.09%	7	28.87%	1	6.25	2
South East Bank Ltd.	28.82%	9	35.52%	23	36.81%	10	13.37%	4	11.50	9
Standard Bank Ltd.	18.44%	24	18.59%	26	23.30%	25	10.59%	14	22.25	25
UCB Ltd.	19.80%	19	49.23%	19	26.72%	21	10.40%	15	18.50	20
Uttara Bank Ltd.	31.04%	8	50.35%	17	38.54%	9	11.41%	7	10.25	8

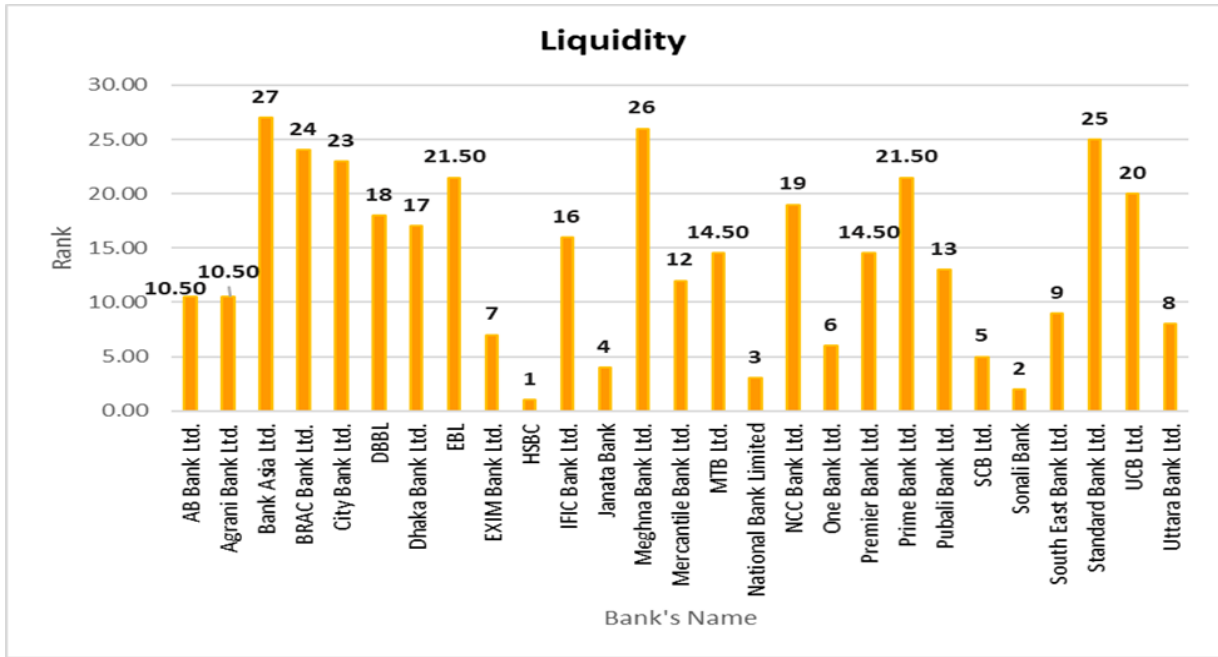


Table 12: Liquidity ratios and average of group rank of sample banks.

Our analysis reveals that HSBC Bank has obtained the most comfortable liquidity position with an average group ranking of 1, followed by Sonali Bank and AB Bank Ltd. Results show that Bank Asia has maintained least liquidity and scored last position with group average of 23.5. From these results we can say that two foreign banks here are doing better than the local banks in terms of liquidity management. On the other hand, Bank Asia has gotten the worst ranking among others. We think they should take some remedial actions to address the flaws such as getting rid of useless assets, controlling their overhead expenses, switching to long-term debts etc. and be more prudent with their liquidity management.

### 4.3 Composite Rating

Bank's Name	C	A	M	E	L	AVG	Composite Rating
AB Bank Ltd.	22.5	8	2	26	10.5	13.80	12
Agrani Bank Ltd.	27	7	27	25	10.5	19.30	24
Bank Asia Ltd.	5	20	12.5	18.5	27	16.60	21
BRAC Bank Ltd.	8	23	1	2	24	11.60	7
City Bank Ltd.	15	10	15	14	23	15.40	18
DBBL	9	18.5	22	3	18	14.10	13
Dhaka Bank Ltd.	21	24.5	5	16	17	16.70	22
EBL	10	9	3.5	17	21.5	12.20	8
EXIM Bank Ltd.	11	1	8.5	21	7	9.70	4
HSBC	1	5	8.5	6	1	4.30	1
IFIC Bank Ltd.	7	16	18	22.5	16	15.90	20
Janata Bank	26	21	23.5	22.5	4	19.40	25
Meghna Bank Ltd.	3	15	3.5	20	26	13.50	10
Mercantile Bank Ltd.	18	2	7	10	12	9.80	5
MTB Ltd.	20	13	15	9	14.5	14.30	14
National Bank Limited	6	3.5	19	12	3	8.70	3
NCC Bank Ltd.	12	13	25	8	19	15.40	19
One Bank Ltd.	24	6	17	15	6	13.60	11
Premier Bank Ltd.	16.5	3.5	11	4	14.5	9.90	6
Prime Bank Ltd.	4	22	15	11	21.5	14.70	15
Pubali Bank Ltd.	22.5	13	20	7	13	15.10	16
SCB Ltd.	2	11	6	1	5	5.00	2
Sonali Bank	25	26	23.5	27	2	20.70	26
South East Bank Ltd.	14	18.5	10	13	9	12.90	9
Standard Bank Ltd.	19	27	12.5	24	25	21.50	27
UCB Ltd.	16.5	17	21	18.5	20	18.60	23
Uttara Bank Ltd.	13	24.5	26	5	8	15.30	17

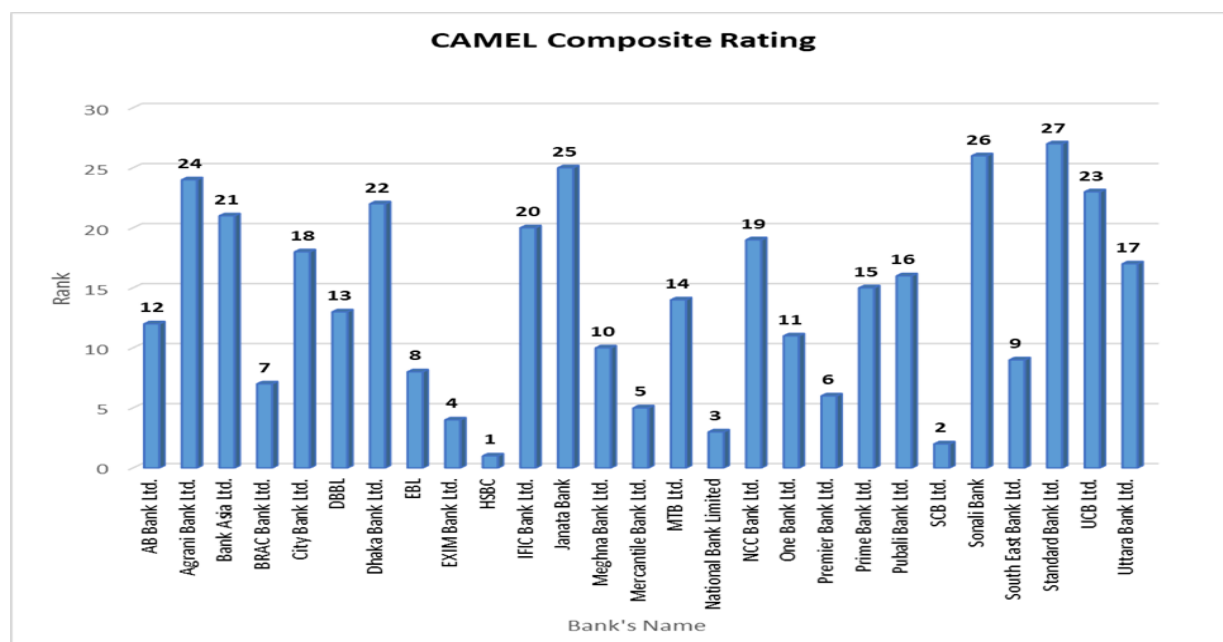


Table 13: Overall composite Rating of sample banks.

On this table the overall performance under CAMEL rating analysis of these twenty-seven banks. In order to assess the overall performance of the selected commercial banks, we have

calculated the composite rating and results are given in this table. Taking consolidated results, it can be said that HSBC has stood first among them with the average of 4.3 followed by SCB ranked 2 with an average of 5. So, HSBC and Standard Chartered Bank do not need any supervision. They just need to keep improvising their policies for better performance. Sonali Bank and Standard Bank Ltd. has come in the last position with average of 20.7 and 21.5. Those banks are not performing good in all CAMEL expect for management efficiency for Standard Bank Ltd. and liquidity for Sonali Bank. They don't have enough asset to maintain their asset, liability, management, liquidity is handled poorly and they're very far away from maintaining CAR ratio. They are following the regulations of central bank but with not maintaining other sectors like management, liquidity. Strong supervision is needed for this bank and central bank should set up limit of the amount of the loans and deposits should be made by them. Uttara Bank and City Bank are in the average rank of 17 and 18 which means they are not above average. They (board of directors) need to seat and figure out the factor which is slowing them down with informal supervision of central bank. In the management and asset quality sector, they're not performing well. They are giving big portion of their loan of deposits and NPL is high. So, they need to improvise their credit worthiness checking to reduce NPL ratio or it can say that they are moderately risk taker bank.



## 4.4 Recommendations

Based on the components of CAMEL rating, I am giving my recommendation for all the selected banks.

**Capital Adequacy:** It indicates a bank's performance in the capital adequacy ratio meaning whether a bank has its enough capital to cover up the total risk weighted risk. So, for getting good rating a bank needs to look into their asset, how can they raise Tier-I and Tier-II capital to strengthen their total capital. This Tier-I and Tier-II capital will help them to cover up the bad situation when a bank will fall into. So, the certain amount of capital needs to be maintained to be risk free. But this is also fact that over asset holding is a good sign for the bank. Bank needs to invest a certain portion as well to have the profit out of it.

**Asset Quality:** Each bank should take contact actively with the loan takers and try to get the situation hey they are not able to make the payment. The bank needs to be more efficient to be strict while it comes in the loan payment and make action actively to take the loan payment from the loan takers as early as possible. However, the loan losses provisioned should be maintain with the minimum requirement set by central bank. The more reliable asset they can invest the more profit bank can earn and at the same time the bank would also would able to gain the customer confidence more than others.

**Management Efficiency:** Every bank should focus on the expense minimizations; the management expense of the bank should be minimized by the management of the bank. The bank needs to have minimum expenses while marinating in regard of the total earning, they have. With the least expense if a bank can gain larger profit that would be more profitable for a bank. The management efficiency deepened on the efficiency and effectiveness of making decision of the management of the banks. That mean how quickly a bank can efficiently manage the issues.

**Earnings:** All the banks should work as early as possible to get rid of this lower rating. Because as the rating too low the central bank might take few actions against the bank. They bank are not able make the return us of investment. A banks investment comes from the deposits of customers. If a bank itself cannot gain enough earing from the investment it would be so difficult for them to pay the interest or also gaining profit out of the investment.

**Liquidity:** this is most important factor among the CAMEL. It refers that how quickly a bank can convert their short-term liabilities into cash. This meaning how quickly a bank can provide cash to its customer while they were acing for it. Specially for the business people, they probably need instant money to the bank with shirt notice sometime, the bank should be able to make the payment as superbly as possible. They should be liquidated much for meeting those challenges, this is also carrying image of a bank. Like if a bank fails to meet customer payment is very bad for them in recent Bangladesh I banks are facing m such issues, So, to get rid of this sort of situation banks need to be more concern to keep more short-term liquid asset to meet the needs of customer.

## **4.5 Conclusion**

In conclusion, maximum state-owned commercial banks are not in marginal point due to lack of accountability, transparency and proper evolution process in terms of providing loans. Due to that top-level management of state-owned commercial banks get a chance to do corruption as a result bank scandal increases day by day like BASIC Bank scandal, Hallmark scandal of Sonali Bank, Farmers Bank incident. On the other hand, having so many banks in a small country creates mismanagement, high composition forces PCB to take three-four times higher risk while providing loans, so because of that loan defaulter increases drastically in recent years which makes the market more volatile. I think Bangladesh Bank should focus more on the banks and monthly basis have to monitor whether banks are maintaining the standards or not.

Moreover, no new banks should be allowed, actions should be taken which banks are unable to maintain Basel III and the top management of weak banks should be reformed. Lastly it is visible that foreign banks have a consistency in terms of maintain their standards. So, Bangladesh Bank can make new guidelines for top ranking banks and weak banks separately.

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