Report on

"Assessing the Operations of EXIM Bank Using the CAMELS Rating System"

By

Faiyaz Bente Rahman

20204004

An internship report submitted to the BRAC Business School in partial fulfillment of the requirement for the degree of Bachelor of Business Administration

BRAC Business School

BRAC University

October 2025

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing a 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 that 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.

Student's Full Name & Signature:

____

Faiyaz Bente Rahman

ID: 20204004

Supervisor's Full Name & Signature:

____

Mohammad Enamul Hoque

Associate Professor

Brac Business School

Brac University

Co-supervisor's Full name & Signature

____

Sayla Sowat Siddiqui

Assistant Professor

Brac Business School

Brac University

Letter of Transmittal

Mohammad Enamul Hoque
Associate Professor,
BRAC Business School,
BRAC University
Kha 224 Bir Uttam Rafiqul Islam Ave, Dhaka-1212

Subject: Submission of Internship Report on Assessing the Operations of EXIM Bank Using the CAMELS Rating System

Dear Sir,

I have submitted my internship report for your kind consideration. To fulfill the requirements for the BBA program, I am submitting my internship report, "**Assessing the Operations of EXIM Bank Using the CAMELS Rating System**." I had a tremendous chance to obtain hands-on expertise in a professional setting by participating in this internship, which also significantly improved my academic performance. I have followed your instructions in an organized way while I have been writing this report. Apart from my meticulous research, this report represents a valuable resource that has enabled me to conduct an in-depth analysis of the actual situation. My three-month internship has been an incredible opportunity for me to further develop my understanding of company culture.

I truly hope and pray that you would provide permission for the report to be approved.

Sincerely yours,

Faiyaz Bente Rahman
20204004
BRAC Business School
BRAC University
Date: 18th October, 2025

Non-Disclosure Agreement

This present agreement is made and executed by and between the EXIM Bank PLC as one party and the undersigned student of BRAC University, whose name is Faiyaz Bente Rahman, as the other party. EXIM Bank Ltd.'s proprietary and sensitive information must be kept confidential by the undersigned at all times during their employment with the Bank and at no time afterward, unless permission has been granted in writing by EXIM Bank Ltd. The person or party signing below confirms that they have read and agree to be bound by all the terms of this non-disclosure agreement.

Student's Full Name & Signature:

Faiyaz Bente Rahman
ID: 20204004

Internship Company Supervisor's Full Name & Signature:

Mohammad Monjur Morshed Khan
Senior Assistant Vice President & Second Officer
EXIM Bank Limited, Dhanmondi, Dhaka

Acknowledgement

Most importantly, I thank the Almighty for giving me the strength to perform my internship duties and complete the report on time. Moreover, I am very thankful to my parents, who helped me through the tough period in their minds. Without the constant support, I would not be in this position now. I would like to thank my internship supervisor, Mohammad Enamul Hoque, who works as an Associate Professor at BRAC Business School, BRAC University. Who has also given me direction on the internship. He also provided me with the necessary equipment to accomplish the mission and essential tips whenever I was intercepted. I would also like to thank Sayla Sowat Siddique, who is an Assistant Professor at Brac Business School and was my co-supervisor throughout my internship. She helped me a lot with drafting my report and gave me some wonderful ideas. I want to thank EXIM Bank for giving me a position for the last three months, which has helped me learn a lot about the job. I also want to thank my co-supervisor and coworkers for being kind enough to provide relevant information and give me helpful advice. Great thanks go to Mohammad Monjur Morshed Khan. Second, I would like to thank BRAC University and the great lecturers of this institute for teaching me and making changes in my life.

Executive Summary

Assessing the Operations of EXIM Bank Using the CAMELS Rating System: This paper attempts to examine the performance of EXIM Bank and other contestants with the aid of the CAMELS rating system. The model is globally used as a measure of a bank's performance and of risks associated with it. It comprises Capital Adequacy, Asset Quality, Management Efficiency, Earnings, Liquidity and Sensitivity to Market Risk.

Earnings reports, statutory reports and industry norms are used to analyze the Strengths and Weaknesses of EXIM Bank. The results show that EXIM Bank is capital adequate and this assures security and compliance with the rules. The bank is also exposed to the analysis of the NPL ratio, which allows the bank to ensure the correct management of the risks of credit even in the most adverse market situations with respect to the quality of assets. Management efficiency is taken into consideration when the subject is efficacy of operation and in the context of judicious actions adopted.

Also, the revenue and profit generated in the previous periods have been reported and shown in the report, which shows the strong growth of these indicators. Their liquidity is evaluated as regarding their ability to manage cash flow on a short term basis and pay for their operations. Finally, in terms of improving the sensitivity of market risks, the analysis of exposure of the Bank to risk is demonstrated.

Keywords: Capital Adequacy, Asset Quality, Management Efficiency, Earnings, Liquidity, Sensitivity to Market Risk, Operational Efficiency, Risk Exposure, Regulatory Compliance, Non-Performing Loan (NPL) Ratio, Credit Risk Management, Profitability, Revenue Growth, Cash Flow Management, Market Risk, Interest Rate Fluctuations, Exchange Rate Fluctuations, Sustainability

Table of Contents

List of Figures

List of Tables

List of Acronyms

CAMELS	Capital Adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity
IBBL	Islami Bank Bangladesh Limited
CAR	Capital Adequacy Ratio
D/E	Debt to Equity
NPL	Non-Performing Loans
ROE	Return on Equity
ROA	Return on Assets
EPS	Earnings Per Share
FDR	Fixed Deposit Receipt
DPS	Deposit Pension Scheme
NID	National Identification
TIN	Taxpayer Identification Number
ATM	Automated Teller Machine
RTGS	Real Time Gross Settlement
EFT	Electronic Funds Transfer
NPSB	National Switch Bank
GB	General banking
SME	Small and Medium Enterprise
ICT	Information and Communication Technology
SWOT	Strengths, Weaknesses, Opportunities and Threats
MFS	Mobile Financial Services
E-Banking	Electronic Banking
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
GDP	Gross Domestic Product
CSR	Corporate Social Responsibility

Chapter 1: Overview of Internship

1.1 Student Information

Name: Faiyaz Bente Rahman

ID: 20204004

Program: Bachelor of Business Administration

Major: Finance, Banking and Insurance

Minor: Computer Information Management

1.2 Internship Information

1.2.1 Time Period and Company Details

Time Period: 12 weeks. November 20, 2024 – February 20, 2025.

Company Name: EXIM Bank PLC

Department: General Banking

Address: 1st floor, Dhanmondi Tower, 4/A Road No. 16, Dhaka-1209, Bangladesh.

Work Office Shift and Timing: Sunday to Thursday, 10.00 AM - 5 PM

1.2.2 Internship Company Supervisor's Information

Name: Mohammad Monjur Morshed Khan

Position: Senior Assistant Vice President & Second Officer

1.2.3 Job Description/Responsibilities

During my internship at EXIM Bank PLC, I was assigned to the general banking department. During my tenure, I was also under the supervision of Mohammad Monzur Morshed Khan, Senior Assistant Vice President of the Dhanmondi branch. Additionally, I received a briefing from my supervisor on the job's responsibilities and environment. The process was made easier for me by the branch staff's great kindness and accommodation. As an intern, I was expected to observe, learn, support, and assist staff members with their daily tasks, rather than being assigned specific tasks. During my internship, my primary responsibilities were as follows:

1. **Documentation & Record Management**

- I help in the preparation and validation of account opening forms, Know Your Customer (KYC) documentation and preparation of compliance reports. This role highlighted the importance of having accurate records, which is very important for ensuring that they comply with regulations (Bangladesh Bank, 2020).
- The team must keep the accurate records of customer information, which must be regularly updated following the banking regulations.
- The staff is supporting the processing of applications and the filing of banking documentation processes in conjunction with banking paperwork procedures.

2. **Client Communication & Customer Service**

- Customers can seek our assistance regarding their bank accounts and deposit transactions, and withdrawals and money transfer services.
- Enabling customer inquiries by routing the individuals to the appropriate banking officers if needed.
- The bank agents will help clients in using the digital banking services to support seamless customer journeys (Kishada & Wahab, 2015).

3. **General Banking Procedures**

- The staff member performs the day-to-day transaction processing (cash deposits, fund transfers, and clearing cheques).
- The trainee should cover several general banking operations, beginning with account administration and ending with the processing of transfers and the payment of bills.
- The employee has to follow the rules as issued by Bangladesh Bank and also the practice followed in the banking world as set in the EXIM Bank

4. **Risk Assessment & Management Support**

- All customer requests and transaction processing operations are required to be made according to the protocols of risk assessments to be conducted by staff.
- Learn fraud detection methodologies as well as all banking operations compliance.
- Support is needed for the bank to assess documents reflecting issues of NPL as well as credit risk (Matin 2017).

5. **Administrative Assistance**

- The employee is responsible for helping staff develop reporting documentation for general banking organizations as well as the respective banking organizations.
- My support is utilized in the department for maintaining active meeting schedules, documentation, and correspondence.
- The staff will collaborate with the cash, remittance and loan departments in order to achieve operational efficiency.

1.3 Internship Outcomes

1.3.1 Contribution to the Company

As an Intern at EXIM Bank, I was given the chance to develop both operational efficiency and client service standards through various valuable activities.

1. **Administrative & Documentation Support**

- The team's involvement included processing account applications, conducting KYC verifications, and maintaining accurate loan documentation.
- Record-keeping, along with file organization functions, helped make daily banking operations more efficient.

2. **Customer Service Enhancement**

- The staff supported customers throughout their interactions, which reduced waiting periods and resulted in improved service quality for all users.
- The bank staff educated clients about banking rules in addition to teaching them how to use banking transactions and digital banking services.

3. **Operational Support in General Banking Procedures**

- The bank officers received my support to execute remittances and clear checks, and transfer funds, which maintained steady transaction sequences.
- Daily transactions became more accurate through my work of maintaining the cash deposit and withdrawal register.

4. **Risk Management & Compliance Assistance**

- The employee followed banking risk assessment guidelines for regulatory policy compliance.
- I assisted in writing reports on non-performing loans (NPLs) and supported credit risk analysis.

1.3.2 Benefits to the Student

Internship at EXIM Bank PLC offered me invaluable practical experience in banking operation including financial document processing, dealing with customers, general bank operations and the required procedures as well as avoidance of malpractices and regulatory compliances in the banking sector. The organization not only develops soft skills like problem solving, teamwork and communication, but also provides technical skills for risk assessment and loan processing. Students are already exposed to real banking challenges at university, which makes the financial industry more accessible to them and familiarizes them with banking regulations and digitalization as well as ways to manage risks. Students can take aid in their career contemplated by these connections, which can open up career opportunities for the students for banking and finance jobs in the industry. (Dewan & Nazmin, 2008).

1.3.3 Challenges Encountered During Internship at EXIM Bank

I faced different challenges in EXIM Bank PLC for the current economic situation in Bangladesh and operation guidelines of the Bank. The rise in the stock of non-performing loans (NPLs) coupled with easing economic conditions and a phenomenon of increasing inflation make the banking institutions hesitate in risk taking in the process of disbursement of loan (Bangladesh Bank, 2024). Banking institutions show little technological development as incorporating digital services into banking operations faces infrastructure-related and cybersecurity challenges that are a major factor behind the inability to adopt new financial technology methods (Mujeri & Azam, 2018). Regular policy adjustments imposed by the Bangladesh Bank and other monetary authorities imposed an impediment on routine banking operations making them complex in nature. The volume of customers and the massive service needs led to such high staff work-loads that the demand for educational growth opportunities and operational productivity in banking; there were difficulties between. Poor quality of assets and violations of compliance affected accessing key financial decision-making in the bank. The practical challenges that came with the internship enabled me to understand the real banking challenges in a way that allowed me to adapt and make key decisions as I learned all details regarding the Bangladeshi banking system.

1.3.4 Recommendations

1. Be involved in the opening of banking accounts and transactions, cheque clearance, and documentation management processes to acquire general banking operations procedures.

2. Employees in digital banking need to become familiar with all existing financial technological systems, such as web-based banking, as they broaden into additional platforms (Rahman et al., 2021).
3. The evaluation of credit risks and compliance has become essential for banking professionals, so the strategies for evaluating loans, determining non-performing loans (NPLs), and methods of fraud detection to prevent financial risks management have become a task to be learned by interns.
4. Banking organisations require daily human relations as part of the business ethic. Interpersonal skills and problem-solving skills in interns are significantly enhanced by their attention to professional communication and the provision of quality customer service to clients.
5. The intern's proactive behavior consists of both questioning and asking experienced bankers to mentor them, as well as attending training sessions to gain experience in the banking industry and acquire knowledge.
6. Both learning occurs through the process of developing relationships with the bank staff, along with the managers and other colleagues, during the internship period. It establishes potential career development opportunities in the banking and financial services institutions in the future.
7. Banking operates most effectively when its staff demonstrates efficiency and delivers precise work with meticulous attention to detail. Interns must develop their ability to manage time effectively and handle multiple tasks simultaneously, while remaining flexible, to succeed in demanding banking environments.

Chapter 2: EXIM Bank Overview, Functions, and Industry Analysis

2.1 Introduction

Export Import Bank of Bangladesh Limited, commonly known as EXIM Bank, which is the largest Shariah-based commercial Bank of today's Bangladesh. The bank had been established as a conventional bank in 1999, which later developed into an Islamic bank in 2004 and emerged as a leader in Islamic interest-free banking architecture.

EXIM Bank has played a significant role in the financial and banking sector in Bangladesh, promoting trade and economic development in the country. Its business operations consist of corporate banking, retail banking, SME finance, foreign exchange and investment banking, and remittance services. The bank pursues expansion through its network of branches, digital services and ATMs to offer business solutions in a range of clientele from individual clients to business giants. As a financial entity, EXIM Bank channels deposit funds to construct investment and productive economic projects. Besides, in accordance with its multifaceted business activities, the institution also excels at foreign exchange solutions such as import-export and remittance services, providing timely services to international business trade as well as attracting foreign currency inflow into Nepalese markets.

Even with these market competition and changing trends in the banking industry, EXIM Bank succeeded in maintaining steady or increasing growth in deposits, and also saw consistent increases in operating profit and return on equity, along with foreign exchange volume growth (2019-2023). Excellence in operations: EXIM Bank's adherence to regulatory requirements, adoption of technological advances, and customer-oriented approach have established the foundation for excellence in operations.

The chapter includes a detailed research of the banking system of Bangladesh integrating the Islamic banking aspects and an in-depth analysis of the activities of EXIM Bank.

2.2 Overview of the EXIM Bank

2.2.1 History of EXIM Bank

A private Islamic commercial bank based on Shariah, Export Import Bank of Bangladesh Limited has been carrying out banking operations of business transactions. The late founder and chairman, Mr Shahjahan Kabir, set up the bank with the objective of improving the socioeconomic situation in the country on June 2, 1999. This private sector bank was founded based on 1994 Company Act. With an authorized capital of Tk 1 billion (100 million), EXIM Bank started lease of operations on August 3, 1999 with 10 million general shares, each Tk 100 and likewise worth. This bank initially began as a private commercial bank. Still, it later adopted the challenge of transforming the commercial bank to operate in all types of transactions on the basis of Islamic principles.

After obtaining Bangladesh Bank's clearance on the 1st day of July 2004, the entire traditional banking activities were converted to Shariah based Islamic banking activities. In 2004, EXIM Bank joined the Dhaka & Chittagong stock exchanges.

The bank used to be known as the "Bangladesh Export Import Bank Limited" (BEXIM Bank Limited); however, the bank had to change the name due to the constraints of regulation. Export Import Bank Limited or EXIM Bank Limited is the name that was suggested by the central bank governor.

Opening of an account, storage of money, investment facilities, debiting and crediting of money, deals in money transfer, deals in foreign currency and delivery of services like guarantee issuance, money storage are some of the banking operations. The bank provides a full range of services to individuals, business and international commerce, and also to foreign nationals (EXIM Bank, 2023).

2.2.2 Vision of the EXIM Bank

The vision statement of EXIM Bank is "Together towards Tomorrow." By offering individualized services and continually improving its offerings, EXIM Bank aims to advance alongside its clients. By providing the public with a cutting-edge, technologically advanced financial system that respects Islamic principles, EXIM Bank thinks that the Islamic economy will be the most effective means of achieving the intended outcome (EXIM Bank, 2022).

2.2.3 Mission of the Bank

The EXIM Bank's goal is to provide equal financial services, particularly in international commerce.

- Maintaining a modern, technologically advanced, professional banking setting.
- Upholding openness and corporate and commercial ethics at all levels.
- A solid foundation of capital.

- Ensuring proper growth and creating complete value for all parties involved.
- Meet its social obligations.
- Making a beneficial contribution to the country's economy (EXIM Bank, 2022).

2.2.4 Introduction of Dhanmondi Branch

Since its founding, the Dhanmondi branch of EXIM Bank Limited has gained the trust of its clients by offering genuine, high-quality service. House No. 4/A, Plot No. 4, Road No. 16 (Old-27), Dhanmondi Tower, Dhanmondi, Dhaka-1207 is the branch's address. This branch employs a total of eighteen people, including senior officers, the senior vice president and manager, and the senior assistant vice president, who serves as the operations manager. The Dhanmondi branch employs five staff members in the general banking division, two in the investment section, four at the cash counter, two peons, two laborers, two security guards, and two personnel in the data center.

2.3 Functional Departments

The following departments are part of EXIM Bank:

Retail and general banking services include:

- Deposits
- Investments
- Cards
- Internet and SMS banking
- locker services

Corporate banking

- Investments
- Foreign Exchange & Trade Finance
- Correspondent Banking
- Import & Export Finance

SME Banking

- EXIM Udyog
- EXIM Abalamban
- EXIM Durodorshini

- CMSME & Women Entrepreneur Application

Agri Banking

- EXIM Kishan
- EXIM Farmer

Remittance

- Foreign Remittance
- Exim Exchange Company (UK) Ltd
- Exim Exchange Company (Canada) Ltd
- SWIFT
- International Operation

2.3.1 Retail/ General Banking

Instead of transacting with businesses or other banks, retail banking involves firms dealing directly with customers. In the banking industry, general banking is often referred to as retail banking. Savings and transactional accounts, loans, mortgage loans, credit cards, debit cards, and a range of other services are provided to clients.

2.3.2 Corporate Banking

The primary goal of corporate banking is business. It involves providing loans for more dynamic issues, such as assisting overseas subsidiaries in reducing their tax obligations, managing exchange rate variations, or providing information on financing packages required for the building of a new office, factory, or other facility.

2.3.2.1 Corporate Banking Investment

- **Corporate Finance**

Corporate finance deals with the financial decisions made by businesses and provides the resources and research necessary to inform these choices. The primary objective is to enhance shareholder value. However, it differs from managerial finance, which focuses on business financial decisions.

- **Industrial Finance**

The banks' industrial sector is the primary application of industrial financing. EXIM Bank makes wise investments to support the expansion of the industrial sector. The development of industrial growth is the primary goal of industrial investment.

- **Project Finance**

Project financing is the long-term funding source used by industrial sponsors for various infrastructural and industrial projects. Several sponsors are involved in funding the project. The operation receives loans from a syndicate of banks as part of project funding. EXIM Bank also funds this type of specialized project.

2.3.2.2 Foreign Exchange Department

Both domestic and international remittances are within the purview of the foreign exchange department. This department's primary goal is to open Letters of Credit (LC). This category mostly consists of two parties. They are the beneficiary and the applicant/issuing bank. The following parties must be present to open an L/C:

- **Importer:** The importer requests a Letter of Credit (L/C) from the bank. The importer and the exporter agree that the bank will open the L/C on the importer's or applicant's behalf.
- **The issuing bank:** Its function is to handle transactions on behalf of the importer and pay both the bank and the exporter.
- **The advising bank:** It is not responsible for entering into any agreements with the importer's bank; instead, it provides advice to the exporter's bank.
- **Exporter/Beneficiary:** In essence, the exporter or seller is the beneficiary.
- **Confirming Bank:** In addition to the issuing bank, the confirming bank verifies the payment that was made. The confirming bank is asked to arrange with the issuing bank.
- **Accepting Bank:** The issuing bank designates the accepting bank in the credit to fulfill the reimbursement bank's requirements and make the payment outlined in the agreement.

Corresponding Banking

More than 354 international banks are correspondent banks of EXIM Bank. To ensure that clients receive the best and most reliable service in other nations at the most affordable prices, 137 of these were selected for correspondent banks.

Additionally, the bank has ties to the International Finance Corporation (IFC), and it has a five-million-dollar credit ceiling that may be used in 182 IFC member nations. The Asian Development Bank (ADB) and the bank have a credit service agreement.

Import Finance

Opening a Letter of Credit (L/C) is the responsibility of Import Finance. Import finance comes in several forms, including MIB, MTR, MPI, and IBB. An importer will require the following to open a Letter of Credit. First, they will request that a bank open a Letter of Credit (L/C), accompanied by the necessary documentation.

- An application
- Indent or Proforma Invoice
- Import Registration Certificate (IRC)
- Taxpayer’s Identification Certificate (TIN)
- Insurance cover note with money receipt
- Membership of the chamber of commerce

Export Finance

International finance oversees international commerce, where exporters often require funding at various stages to secure an export order from a foreign organization and to deliver the items to a foreign purchaser. The exporter needs this funding to purchase, process, manufacture, assemble, and package the items for export during the pre-delivery phase. Sometimes, after delivery, exporters must wait for the value until the credit period ends and provide the importer with credit for a predetermined amount of time. Despite the importer's inability to obtain credit, the exporter pays, and the exporter's bank receives the money.

2.3.3 SME Banking

Small and medium-sized businesses in the poultry, dairy, fishery, and agricultural sectors, among others, can access both fixed and working capital through SME banking. EXIM Uddyog, EXIM Abalamban, and EXIM Durodorshini are the SME banking services offered by EXIM Bank. This service provides investment facilities for fixed asset purchases and/or working capital financing.

2.3.4 Agri Banking

For a longer time, farmers can get direct investment through agribanking services. Since 2008– 09, EXIM Bank has set a distinct goal for agricultural and rural investment in accordance with a directive from the Bangladesh Bank. This banking includes goods for fishing, agriculture, and livestock. Additionally, this investment provides services to the agricultural sector, generates revenue, and contributes to rural poverty alleviation. Customers benefit from job opportunities and nutrition security thanks to this investment. The investment products offered by EXIM Bank include EXIM Kishan and EXIM Farmer (Bangladesh Bank, 2023).

2.3.5 Remittance

EXIM Bank handles foreign exchange transactions both domestically and internationally. To offer the chosen services, the bank purchases and sells foreign currency. Additionally, the exchange rate determines how these currencies are changed into dollars and other currencies. Each country has a different exchange rate for purchasing and selling foreign currencies. There are two distinct forms of remittances offered by EXIM Bank: inward and outward.

2.4 Organogram of EXIM Bank

Managing Director & C.E. O
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
Senior Assistant Vice President
Assistant Vice President
First Assistant Vice President
Senior Principal Officer
Principal Officer
Executive Officer
Senior Officer
Officer
Trainee Officer
Junior Officer
Assistant Officer
Trainee Assistant Officer

Table 1: Organogram of EXIM Bank

2.5 Marketing Practices of EXIM Bank

EXIM Bank Bangladesh implements a strategic market interaction model that supports its position as an Islamic bank that follows complete Shariah principles. The bank has developed its marketing strategies to cater to retail clients, corporate businesses, SMEs, and non-resident Bangladeshis. EXIM Bank presents itself to customers as an institution that delivers trustworthy, ethical financial services with a social responsibility focus, along with modern Islamic-compliant products. The marketing mix employed by EXIM Bank includes conventional resources and digital tools, such as physical branches, agent banks, and mobile banking, as well as social media, to serve inhabitants and rural populations nationwide. The bank develops its products in accordance with customer expectations and Islamic values through Islamic contracts, including Mudaraba, Murabaha, and Ijara. The bank demonstrates its commitment through standardized branding that extends from its visual communication to CSR activities and public relations platforms. EXIM Bank utilizes a combination of TV and newspaper ads, online marketing, seasonal promotions, and targeted business SMS and email messages to market its products. Through their marketing approaches, EXIM Bank achieves both market competitiveness in Bangladesh's expanding banking sector and maintains strong customer relationships, alongside brand trust.

Here's a summary of the essential elements:

1. **Target Market and Positioning Strategy:** EXIM Bank Bangladesh primarily targets customers, mainly individuals and businesses seeking Shariah-compliant financial services, as its primary audience. The target audience of EXIM Bank Bangladesh includes interest-free banking clients, as well as SMEs that require ethical financing options and corporate firms that utilize import-export services, along with non-resident Bangladeshis who use remittance services. Agent banking and sub-branches allow the bank to provide financial inclusion in all rural and semi-urban areas across the country. The positioning strategy of EXIM Bank includes its commitment to being a full-fledged Islamic bank that delivers ethical and transparent banking through social responsibility. The financial institution presents itself to customers as an ethical banking partner, uniting technological innovations with Islamic moral standards. EXIM Bank established its position by focusing on integrity while maintaining Shariah compliance standards and participating in national development, which made customers view it as a trusted organization that leads in financial services while supporting faith-based personal and business needs.
2. **Marketing Channels:** To engage and deliver services to its wide customer base located in Bangladesh, EXIM Bank operates through several marketing channels. The root marketing outlets are through the physical branches that cut across the populated towns and the countryside regions of the country, making the bank accessible to all communities. The bank encourages its client coverage through the use of sub-branches

and agent banking branches in order to offer services to the underbanked areas. EXIM Bank has updated its banking services through the creation of EXIM DigiBank mobile banking, alongside the internet banking, SMS alert service, and online transfer of funds to its clients who utilize the technological platforms. EXIM Bank promotes itself on Facebook, YouTube, and LinkedIn to keep young customers posted and communicate with them. Direct customer contact is done through the corporate relationship managers and the mobile banking representatives with the very important business clients and corporate customers. EXIM Bank achieves accessibility to financial services in Bangladesh through physical, online, and personal means of reaching out to its clients, enabling it to deliver in an inclusive and customer-centered manner (Koyel, 2013).

3. **Product Development:** Keeping focus on the Islamic Banking principles, EXIM Bank Bangladesh gives special importance to product development to meet the changing needs of the customer. The bank also offers a good variety of Shariah-compliant financial products for individuals, businesses, and corporate clients. It provides Mudharaba-based deposits, savings schemes, plans for Hajj and Umrah, Same as the investment schemes to the retail customers in compliance with Islamic contracts like Bai-MuAjjil, Murabaha, and Ijara. Trade financing, working capital, and project investments are also offered by EXIM Bank under ethical modes of financing to develop businesses and corporate clients. For the change of ecosystem, the bank has been updating its digital services and products day by day with market demand and technological advancements, such as mobile banking, online services, real-time funds transfer systems, etc. Customer feedback, market research, and the Shariah Supervisory Committee's directives drive product development at the EXIM Bank to ensure all the products offered to clients are competitive, innovative, and non-contrary to Islamic law. It is this main focus on intentional innovation that will keep the bank reliable, relevant and magnetic in the ever-changing banking industry of Bangladesh.
4. **The use of branding Activities:** EXIM Bank Bangladesh implements strategic branding activities that develop its trustworthy identity for successful competition against other banks. The entire banking operations of EXIM Bank Bangladesh adhere to Shariah religious principles, so its branding reflects the values of honesty, openness, and social accountability. All visual content from the bank demonstrates uniformity across branches,

marketing, and digital systems, creating a unified, professional, and ethical brand perception. EXIM Bank utilizes a combination of traditional and contemporary marketing methods, advertising its brand through sponsorships and participation in social and community events. Corporate Social Responsibility (CSR) serves as a core element of the bank's branding approach, as it provides continuous financial resources for education, healthcare services, disaster support, and religious construction initiatives, all of which simultaneously enhance its public reputation. In all its marketing strategies, EXIM Bank demonstrates its commitment to Islamic principles, aiming to attract religiously conscientious customers. The coordinated branding activities of EXIM Bank enable it to build customer trust, thus fostering loyalty while defining itself as a progressive financial institution in Bangladesh.

5. **Advertising and Promotional:** EXIM Bank Bangladesh implements strategic branding activities that help develop its trustworthy identity and facilitate successful competition against other banks. The entire banking operations of EXIM Bank Bangladesh adhere to Shariah religious principles, so its branding reflects the values of honesty, openness, and social accountability. All visual content from the bank demonstrates uniformity across branches, marketing, and digital systems, creating a unified, professional, and ethical brand perception. EXIM Bank utilizes a combination of traditional and contemporary marketing methods, advertising its brand through sponsorships and participation in social and community events. Corporate Social Responsibility (CSR) serves as a core element of the bank's branding approach, as it provides continuous financial resources for education, healthcare services, disaster support, and religious construction initiatives, all of which simultaneously enhance its public reputation. In all its marketing strategies, EXIM Bank demonstrates its commitment to Islamic principles, aiming to attract religiously conscientious customers. The coordinated branding activities of EXIM Bank enable it to build customer trust, thus fostering loyalty while defining itself as a progressive financial institution in Bangladesh.

The marketing methods of EXIM Bank combine religious perspectives with innovative solutions tailored to customer needs and strategic networking activities. The bank established a lasting competitive marketing structure through its process of clearly defining its target customer base and pioneering role in Islamic banking, while employing various marketing channels and sustaining brand recognition across different markets. The banking institution maintains its relevance in the Bangladeshi industry through its successful adaptation to changing market behaviors and industry developments.

2.5.1 Corporate Information

Industry	Banking
Founded	August 3, 1999
Authorized Capital	Taka 20,000.00 million
Paid-up-Capital	Taka 14,122.51 million
Founder	Late Mr. Shahjahan Kabir
Head office	"SYMPHONY" Plot # SE (F): 9, Road # 142 Gulshan Avenue, Dhaka- 1212, Bangladesh
Head office (unit 2)	SE(H): 02, Road No. 142, Gulshan Avenue, Gulshan, Dhaka
Area Served	118 branches in Bangladesh
Key Person	Mr. Nazrul Islam Mazumder (Chairman of **EXIM Bank**)
Services	Banking, Financial Services
Number of employees	3351 Approx.
Parent	NASSA Group
Website	www.eximbankbd.com

Table 2: Corporate Information

2.6 Corporate Social Responsibilities (CSR)

SL	Corporate Social Responsibility Initiatives	Fund Allocated (crore taka)
1	Education	12.12
2	Health	15.20
3	Environment & Climate Change Mitigation and Adaptation	4.0043
4	Other Sectors (Income generating activities, disaster management, infrastructure development, sports and culture, others)	12.61
	Total	43.9343

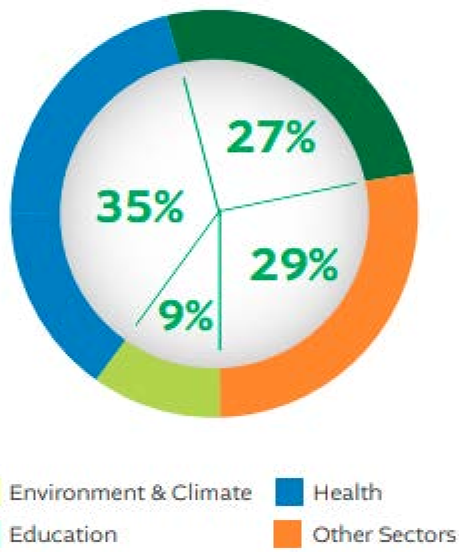

Figure 1: Corporate Social Responsibilities (CSR)

Banking institutions in Bangladesh dedicate themselves to charitable investments that support various charitable operations, alongside assistance programs for disadvantaged populations and places of religious worship and cultural institutions. EXIM Bank dedicates at least two percent of its annual company profits to support the CSR programs of the foundation. The charity conducts most of its CSR activities through

1. Donations are made to healthcare services: A 5-story building with 10,000 sq ft of floor space at 840 Kazi Para, Rokeya Sarani, Mirpur, Dhaka-1216 has been leased to set up the EXIM Bank Hospital. The decoration of this hospital is going on in full swing. A doctor has been recruited to serve as the resident director of the hospital. Other doctors and hospital staff have

been in the process of selection through recruitment notices already published in the national dailies. They will be appointed as soon as the hospital's decoration is complete.

2. The organization offers scholarships to support bright, promising students from financially disadvantaged backgrounds. This is a stipend package for deserving and economically disadvantaged students that supports them throughout their academic life. The EXIM Bank Scholarship Programme, launched in 2006, selected 61 poor and meritorious students from various reputed educational institutions in Dhaka City, including the Govt. Laboratory High School, Viqarunnisa Noon School and College, Dhaka University, BUET, Dhaka Medical College, and others enrolled as many as 1,000 students from around 150 reputed educational institutions across the country by December 31, 2008. They are enrolled in this programme to be supported throughout their entire educational life, subject to their fulfillment of the eligibility criteria, which include satisfactory academic results, non-involvement in student politics, and financial insolvency, among other criteria. So far Tk. A total of 19.3 million has been disbursed as a scholarship under this programme.
3. Through the Education Promotion Scheme, this organization grants loans without charging interest rates to borrowers. Under the Education Promotion Scheme, a quota or investment without profit is provided for poor and meritorious students to help them bear their monthly educational expenses, including academic fees, food, accommodation, etc. The quota is disbursed to the selected students in monthly installments till they complete the master's degree. Under this programme, the students are required to repay the amount (only the principal amount) in long-term monthly installments after they have joined a confirmed job, completing their education properly. By 31 December 2008, Tk. 19.7 million was sanctioned to take care of around 138 poor and meritorious students from several reputed educational institutions like Dhaka University, Chittagong University, Dhaka Medical College, BUET, Bangladesh Agricultural University, Shahjalal University of Science and Technology, etc.
4. The organization assists people who experience disasters of a natural origin. Another vital area we are dealing with as part of our CSR activities is helping people survive natural calamities. Under this welfare programme, EXIM Bank provides relief in cash and kind to flood, fire, or cyclone victims and those affected by cold weather. These CSR activities aim to help the target group overcome their provisional handicap and contribute to the socio-economic growth as soon as possible.

5. **Assists slum regions:** Besides natural calamities, fire breaks out sometimes in slum areas that gut the shanties and render the affected people totally helpless. In that situation, we help the victims fight against the hard days and return to normal life.

2.7 4Ps of EXIM Bank

1. **Product:** The essential product family of EXIM Bank Bangladesh includes trade finance options, especially its letter of credit (L/C) solution that provides critical support for international trade operations. Bangladesh's significant international export power in textiles and garments makes EXIM Bank design its trade finance products to ensure confident business transactions for both buyers and sellers. Local companies can utilize these services for international trade activities, thereby reducing payment risks and uncertainties related to non-performance. The trade finance solutions offered by EXIM Bank serve crucial needs in the Bangladeshi banking industry because they provide efficient services and competitive rates for international trade support. EXIM Bank supports import-export businesses as an essential component through its offerings, which include bank guarantees, export bill collections, and foreign exchange services. EXIM Bank serves as a strategic facilitator of international commerce between Bangladesh-based enterprises and the global economy, focusing on trade finance.
2. **Price:** Trading finance services of EXIM Bank Bangladesh are not competing in terms of pricing, at least for the major trade finance facilities of the bank, which are Letters of Credit (LCs).The appeal to the business of the import-export world to the banks of the Bangladesh banking industry is done by making the trade finance costs which also include the costs of the letter of credit and foreign exchange management of the Bangladesh Banking industry and the guarantee cost.The pricing of the EXIM bank allows the businesses to acquire the international trade required financial services at minimal cost and sustains the insignia of profitability. EXIM Bank enforces interest rate policies, which follow the maze of Bangladesh Bank, yet promotes favorable lending conditions towards export and import business, since these two areas facilitate the economic growth of the nation. The bank retains competitive exchange rates on its foreign business, as its clients often have to turn their currencies so as to bring in foreign transactions. EXIM Bank's price structure has made it come out as a suitable financial

institution when businesses are looking to reduce their expenses for conducting business globally, whilst providing competitive business criteria in an unstable environment of Bangladesh Banking Industry.

SL. No	Types of Accounts/Services	Nature of Charge	Charge Amount BDT
1.	Al-Wadia-CD A/C	a) Service Charge	500/- half yearly
		b) Statement Charge	200/-
		c) A/C closing Charge	200/-
		d) Minimum required balance	3000/-
2.	Mudaraba Short Term Deposit	a) Service Charge	500/- half yearly
		b) Statement Charge	200/-
		c) A/C closing Charge	200/-
		d) Minimum required balance	5000/-
		e) Incidental Charge	-
6.	Mudaraba Savings Account	a) Service Charge	100/-
		b) Statement Charge	100/-
		c) A/C closing Charge	200/-
		d) Minimum required balance	1000/-
		e) Incidental Charge	200/-
4.	Issuance of Duplicate Instrument	Charge	Tk. 100
5.	Locker Rent & Security Money	Small size Tk.	2200/-
		Medium size Tk.	2800/-
		Large size Tk.	3500/-
		Security Money (Refundable)	Tk. 5000/-
		Cost of key replacement	Tk. 3000/-

Figure 2: The Pricing Model of EXIM Bank

3. **Place**: EXIM Bank Bangladesh concentrated its activity on rendering its service to its customers dealing in international business through its network of locations spread across the country. EXIM Bank Bangladesh has set up various branches in different parts of Bangladesh catering to businesses with importing or exporting businesses by locating at important shopping places all across the country. Due to its wide physical distribution across the country of Bangladesh it has enabled the EXIM Bank to cater to various corporate clients and individuals present in the country. The digital banking requirement in the Bangladeshi banking sector urged the EXIM Bank to launch the internet banking

and the mobile banking services in Bangladesh. EXIM Bank Digital Channels empower customers to manage their accounts, access transactions inside the bank or outside the office, and access any trade finance services offered by the Bank. The implicit support for the business clients has taken to the EXIM Bank has enabled Bangladesh to carry on the business and undertake international trades in any part of the world in its correspondent banking circle.With its portals of operations duly supplemented by the online access options and its network alliances as regards its approaches to service and response to ever-shifting customer requisites, EXIM Bank continues to occupy an important place in the term literature of the Banking Sector in Bangladesh.

As of November 2022, the bank has 145 branches, 56 sub-branches, and 3,000 ATM booths across Bangladesh. EXIM Bank plans to establish additional branches in key business locations nationwide.

The number of branches, division-wise, is:

Location	**Branch**
Dhaka	55
Chittagong	32
Rajshahi	09
Sylhet	10
Khulna	04
Barisal	03
Rangpur	02
Mymensingh	03

Table 3: The Number of Branches

4. **Promotion:** EXIM Bank Bangladesh promotes itself through strategic measures that make the institution more noticeable to both business clients and individual customers. The institution promotes itself through TV advertising, as well as printed media and digital channels, with a focus on business partners who conduct import-export operations. Through its corporate social responsibility programs, focusing on education, healthcare, and rural development, the bank creates brand promotion that aligns with local community ethics. The bank strengthens its role in international trade facilitation through sponsoring various industry events and trade exhibitions. Through personalized services and long-term relationship development, the bank implements customer relationship

management (CRM) strategies that foster loyal and satisfied customers. The competitive nature of Bangladesh's market necessitates these promotional methods, as both clients and businesses seek dependable and innovative banking solutions. EXIM Bank implements a promotion plan that combines traditional banking with digital techniques, as the organization strives to be a trusted and accessible banking partner in Bangladesh's rapidly evolving banking sector.

2.8 Porter's Five Forces Analysis of EXIM Bank

1. **Threat of New Entrants:** The Threat of New Entrants in the EXIM Bank Bangladesh operates at a moderate level when viewed within the broader Bangladesh Banking Industry landscape. The competitive banking environment of Bangladesh includes entry barriers that support major financial institutions, including EXIM Bank. Bangladesh Bank regulates the industry through strict guidelines that license new entities and set rules for operations. The process of establishing a new bank within EXIM Bank Bangladesh requires substantial financial resources to cover regulatory compliance and infrastructure construction, as well as the development of customer trust. New market participants face two main obstacles to entry in trade finance due to the requirement of specialized trade finance expertise, such as managing letters of credit and offering international trade support services. EXIM Bank, along with other established banks, leverages its well-known brand and a dedicated export-import client base as a strong advantage in global trade finance operations. The profit growth from increased scale allows big banks to provide better price terms to customers, yet new banking institutions struggle to compete with this advantage. Despite the barriers that smaller fintech-oriented competitors face when trying to enter the market, they may be motivated by the demand for digital banking and financial inclusion. Still, they must overcome the challenge of not being able to match EXIM Bank's comprehensive service network. EXIM Bank faces a moderate to low threat from new entrants due to both regulatory barriers and capital requirements, as well as its well-established market position.
2. **Bargaining Power of Suppliers:** The supplier bargaining power for EXIM Bank Bangladesh remains low because of its position in the banking sector. The suppliers operating within EXIM Bank's framework consist of finance institutions, technology

companies, and specialized workers. The global availability of possible correspondent banking partners diminishes any monopolistic power that individual suppliers may possess against EXIM Bank. By competing for his services, multiple international financial institutions offer EXIM Bank options, enabling it to operate securely and independently of a single provider. EXIM Bank achieves flexibility in choosing affordable and appropriate technology service providers because different vendors supply software platforms with underlying infrastructure and cybersecurity measures. Local and international banking professionals thrive in Bangladesh, so suppliers, including individual employees and recruitment agencies, maintain reduced bargaining authority. The abundance of choices for financial services technology and workforce enables EXIM Bank to have strong bargaining power in its supplier management, thus decreasing supplier power levels.

3. **Bargaining Power of Customers:** The customer negotiating power at EXIM Bank Bangladesh is moderate, as the Bangladesh Banking Industry presents competitive conditions. The export-import sector's customers possess bargaining power because they can select from various trade finance products, including letters of credit (LCs), foreign exchange solutions, and corporate banking services, offered by different financial institutions. The growing digital environment between businesses and the availability of banking service information have made it possible for companies in Bangladesh to conduct price comparisons to secure better banking solutions. The trust and distinguished reputation that EXIM Bank maintains as an expert in complex international trade transactions reduces to some extent the power of customers to negotiate. Long-term banking ties, along with the need for customized trade finance services, lead customers to maintain their financial relationships with trusted institutions. The combination of rising competitive solutions with simple bank switching mechanisms gives EXIM Bank customers moderate bargaining power. Thus, the bank offers superior customer service, along with attractive rates and innovative digital solutions, to maintain its customer base.
4. **Threat of substitutes:** The Bangladesh Banking Industry continues to evolve at a moderate pace, thus influencing the threat of substitute services at EXIM Bank Bangladesh. Trade finance facilities are now being challenged by digital banking platforms, combined with fintech solutions and alternative lending sources, which serve

as substitutes for traditional banking services. International trading businesses are adopting online payment platforms, along with peer-to-peer lending services, that offer faster and cost-effective alternatives to letters of credit (LCs) or bank guarantees, which were previously required for trade transactions. The rise of cryptocurrency and blockchain technology presents an alternative solution for cross-border transactions, as they provide more secure and financially efficient methods for fund transfer, eliminating the need for banks. Conventionally, banking services offered by institutions like EXIM Bank continue to attract numerous international business operators due to their dependable trustworthiness and complete assistance features, which surpass emerging banking methods. EXIM Bank establishes a unique position in trade finance through its specialized financial products for importers and exporters, making it difficult for substitutes to match. The bank maintains its competitive advantage, regardless of substitute threats, because it offers dependable, specialized services that comply with regulations that international trade businesses in Bangladesh depend on.

5. **Industry Rivalry:** The Bangladesh Banking Industry exhibits a high level of industry rivalry, in which EXIM Bank Bangladesh participates. Many commercial banks from the private sector, alongside state-owned commercial banks, participate in market competition to provide their customers with trade finance as well as corporate banking and retail banking services. In the Bangladesh Banking Industry, EXIM Bank competes against established firms such as DBBL (Dutch-Bangla Bank), Standard Chartered Bangladesh, and City Bank, as these banks possess strong networks and extensive product ranges, along with well-defined customer followings. Banks actively compete for dominance in trade finance services by providing advantageous conditions for foreign exchange deals and letters of credit (LCs), as well as bank guarantees, which are primary resources for export-import operations in Bangladesh. The emergence of digital banking through fintech services has intensified this competition, as customer segments, particularly small to medium-sized enterprises (SMEs), increasingly seek digital banking solutions to meet their financial needs. The competitive marketplace between banks in Bangladesh deepens as they focus on new service innovations to meet evolving client needs while also fulfilling directives from the Bangladesh Bank. EXIM Bank needs to combine strong customer relationships with international trade-focused specialized

services and digital banking development to compete successfully in this competitive market and preserve its market standing.

2.9 SWOT Analysis of EXIM Bank

Strength

- offers a wide variety of investment opportunities, cards, deposits, plans, and more.
- Gives full emphasis to the Islamic financing structure.
- Advanced information technology architecture.
- Resilient offshore branches.
- A mechanism that retrieves information proficiently.

Weakness

- Caring for customers had no dedicated department to handle their needs.
- Every unit at the bank lacks sufficient employees to conduct operations.
- Insufficient car parking
- The organization does not provide parking facilities to customers on-site.
- The Dhanmondi branch lacks a separately designated marketing department.

Opportunities

- Opportunities for expansion in consumer banking, currency market activities, and export-focused sectors are expected to arise as a result of the global economic recovery.
- The organization can pursue broader product ranges to contact a larger number of customers.
- Online banking systems will create additional business possibilities.

Threats

- Since market competition is intense, it will be challenging to accept price reductions.
- Multiple strong international banks, along with private banking institutions, will provide similar services at reduced or no cost, posing a significant business challenge.
- Having too many rules as well as consistent governmental policy modifications will prevent seamless customer accommodation and guideline compliance (Rahmayati, 2021).

2.10 Financial Performance and Accounting Practices

2.10.1 Financial Performance

The financial performance of EXIM Bank Bangladesh for 2023 showed a small but stable improvement, operating in a challenging banking market. The bank's economic base became more secure, as reflected by its improved Capital to Risk-Weighted Asset Ratio (CRAR), which reached 14.48%, and its Tier I capital, amounting to 10.02%. The bank achieved sound asset quality performance through efficient risk management, as Gross Non-Performing Investment (NPI) ratios improved slightly to 3.64% and Net NPI ratios remained at an extremely low level of 0.06%. The import and export business of EXIM Bank in trade finance showed strong performance, resulting in a 14.26% increase in export business and a 12.93% increase in import business. This trade finance growth supports Bangladesh’s economy, which depends heavily on trade. Although total deposits expanded by 4.74% during the period, the bank effectively managed its funds through loans, which totaled 77.87% of total assets. Operating profit per share experienced a minimal decline, reaching 4.08%, while the bank achieved an improved Net Interest Margin (NIM) of 5.16%. The bank’s liquidity remained robust because liquid assets accounted for 17.87% of total assets and 56.11% of short-term liabilities. The financial position of EXIM Bank remained strong because the organization strengthened its capital base while improving asset quality. Its trade operations grew, and operational performance stayed efficient through a focus on increasing deposits and cost management (EXIM Bank, 2023).

Particulars	2023	2022
Total Shareholders' Equity	33,291.37	31868.08
Total Loan and Advances	542848.15	508,540.01
Import Business	219541.39	250,137.77
Export Business	235318.11	276,498.19
Total Deposit	446873.7	426,015.24
Total Regulatory Capital	1,562,775,000	1,062,775,000
Risk-Weighted Assets	381577.84	374,679.65
Net Interest Income	12,482	9,850
Operating Income	14,888.61	14,229.03

Operating Profit	151,420,332	140,917,142

Table 4: Analysis of EXIM Bank Bangladesh's Core Financial Performance (2022–2023)

1. Total Shareholders' Equity

2023: 33,291.37 million BDT

2022: 31,868.08 million BDT

Stronger financial health translates directly to the +4.47% share price growth, indicating stronger earnings retention and capital development within the organization.

2. Total Loans & Advances

2023: 542,848.15 million BDT

2022: 508,540.01 million BDT

EXIM Bank demonstrated financial expansion through its expanded lending activities since customer financing and core banking functions strengthened (+6.75% increase).

3. Import Business

2023: 219,541.39 million BDT

2022: 250,137.77 million BDT

The import operations of EXIM Bank experienced worse results in 2023 due to several possible factors, including global economic slowdowns, currency fluctuations, and changes in trade financing regulations.

4. Export Business

2023: 235,318.11 million BDT

2022: 276,498.19 million BDT

The export business sector experienced a substantial decline of 14.89% due to competitive market conditions and weak international demand.

5. Total Deposits

2023: 446,873.7 million BDT

2022: 426,015.24 million BDT

The bank experienced moderate growth of 4.90% in deposits, which effectively strengthens its financial base; however, the pace remains slower than the loan growth.

6. Total Regulatory Capital

2023: 1,562,775,000 BDT

2022: 1,062,775,000 BDT

The bank demonstrates robust compliance practices, along with strengthened financial stability and risk mitigation capabilities, through its 47.05% increase in regulatory capital.

7. Risk-Weighted Assets

2023: 381,577.84 million BDT

2022: 374,679.65 million BDT

The organization demonstrates balanced growth by mitigating additional risks through these 1.84% changes in risk-weighted assets.

8. Net Interest Income

2023: 12,482 million BDT

2022: 9,850 million BDT

The institution achieved excellent results, with net interest income improvements totaling +26.72%, driven by strong margin management and efficient lending operations in favorable interest rate conditions.

9. Operating Income

2023: 14,888.61 million BDT

2022: 14,229.03 million BDT

Operating income at EXIM Bank increased by 4.64%, indicating a steady capacity to generate revenue from core banking operations.

10. Operating Profit

2023: 151,420,332 BDT

2022: 140,917,142 BDT

Operating profit maintained a +7.45% improvement as the organization successfully stabilized expenses and boosted operational efficiency despite a general reduction in trade activities.

EXIM Bank Bangladesh successfully established its capital foundation, increased its loan distributions, and expanded its net interest revenue and operating profit numbers in 2023. Several factors external to EXIM Bank Bangladesh likely contributed to the decline in import and export activities, rather than internal operational issues. The banking institution remains well-positioned to handle upcoming competition, thanks to increased regulatory capital and steady growth in deposits.

2.10.2 Accounting Practices

Sl.	Particulars	2019	2020	2021	2022	2023	2024
1	Authorized Capital	2,000	2,000	2,000	2,000	2,000	2,000
2	Paid-up Capital	1,412	1,412	1,448	1,448	1,448	1,465
3	Statutory Reserve Fund	1,071	1,176	1,252	1,374	1,448	1,550
4	Deposits	35,582	39,531	42,171	42,704	44,795	47,437
5	Investment (General)	34,329	39,292	42,820	45,255	47,188	51,281
6	Investment (Shares & Securities Exclu. Subsidiaries)	4,209	3,887	4,132	3,321	4,924	4,353
7	Foreign Exchange Business	**37,791**	**34,443**	**49,788**	**53,291**	**46,189**	**54,994**
	a) Import Business	20,080	17,783	28,009	25,014	21,954	25,862
	b) Export Business	17,065	16,129	21,197	27,650	23,532	28,451
	c) Remittance	646	531	581	627	703	681
8	Operating Profit	692	631	564	676	737	700
9	Investment as % of total Deposit	89.6%	91.1%	88.0%	95.5%	95.9%	97.1%
10	No. of Foreign Correspondents	396	386	389	392	401	398
11	Number of Employees	2,956	2,910	3,235	3,351	3,230	3,433
12	Number of Branches	130	131	140	147	151	157
13	Return on Assets after tax	0.6%	0.6%	0.4%	0.7%	0.6%	0.6%
14	Return on Equity (ROE)	8.5%	9.3%	6.2%	11.4%	10.1%	10.7%

Table 5: Financial Highlights of EXIM Bank

Based on the financial highlights provided for EXIM Bank from 2019 to 2024, here's a summary of the key trends and observations:

1. Balance Sheet

- The annual revenue of EXIM Bank rose steadily from 35,582 million BDT in 2019 to 44,795 million BDT in 2023. The bank demonstrates a stable pattern of deposit acquisition for its lending operations.
- Increased from 34,329 million BDT in 2019 to 47,188 million BDT in 2023. The bank demonstrates its commitment to diversifying investments across various assets and its ability to significantly grow its assets.
- Total income at MFS Microfinance Bank exhibited a slight variation but showed a substantial increase, rising from 4,209 million BDT in 2019 to 4,924 million BDT in 2023. The bank demonstrates a delicate approach to investments in equity instruments that adapt to current market conditions.
- The revenue climbed to 53,291 million BDT in 2022, reaching a peak, but subsequently declined to 46,159 million BDT in 2023. The company demonstrates its awareness of worldwide trading patterns and exchange rate changes in its financial performance.

2. Income Statement

- The net profit of United Commercial Bank Ltd experienced a stable increase from 692 million BDT (2019) to 737 million BDT (2023). Triadic cost efficiency and operational earnings growth enabled this increase.
- The Import Business dropped by 6,465 million BDT between 2021, when it reached 28,009 million BDT, and 2023, when it reached 22,954 million BDT. The Export Business remained stable in 2023, reaching 23,532 million BDT. The bank demonstrated signs of post-crisis recovery, driven by outside trade activities that were impacted by worldwide economic slowdowns.
- The earnings from remittances experienced a growth from 646 million BDT in 2019 to 703 million BDT in 2023. The bank achieves stable outcomes from its remittance services, which serve as a crucial source of foreign exchange.

3. **Capital Adequacy**

- The authorized capital remained unchanged at 2,000 million BDT throughout the examination period. The bank saw a slight increase in paid-up capital from its 2019 value of 1,412 million BDT to 1,448 million BDT in 2023. The bank prefers to organically build up its capital instead of issuing it frequently, as its capital base remains strong.

- The bank experienced continuous growth of its stocks from 1,071 million BDT in 2019 to 1,448 million BDT in 2023. The level of retained earnings, together with regulatory requirements, is driving the status of strong reserves.

4. Credit Quality

- Between 88% and 95% the ratio maintained stability, and 2023 recorded 95.9% suggesting an aggressive approach that stays within acceptable boundaries.
- The return on equity for Shanghai International Doll Industry Co reached between 0.4% and 0.7% during the entire observation period. This ratio indicates an average level of profitability in assets, suggesting that there remains potential for improving process efficiency.
- The profit ratio started at 8.5% in 2019, reached its maximum value of 11.4% during 2022, and then decreased slightly to 10.1% in 2023. The company generates healthy returns for shareholders, despite a possible short-term decrease that may stem from external obstacles.

EXIM Bank Bangladesh has sustained steady financial growth from 2019 to 2023. Deposits at the bank continued to grow as operations became more profitable, while capital strength remained at optimal levels. The bank achieved stability in its operations, despite fluctuations in the foreign exchange business primarily caused by global economic pressures on import and export volumes.

Total Loan and Advances

Here are the total loans and advances for EXIM Bank from 2019 to 2023.

Year	Amount in Taka
2019	431,940,838,546
2020	484,743,509,683
2021	541,477,912,602
2022	540,034,529,652
2023	575,618,916,624

Table 6: Total Loan and Advances

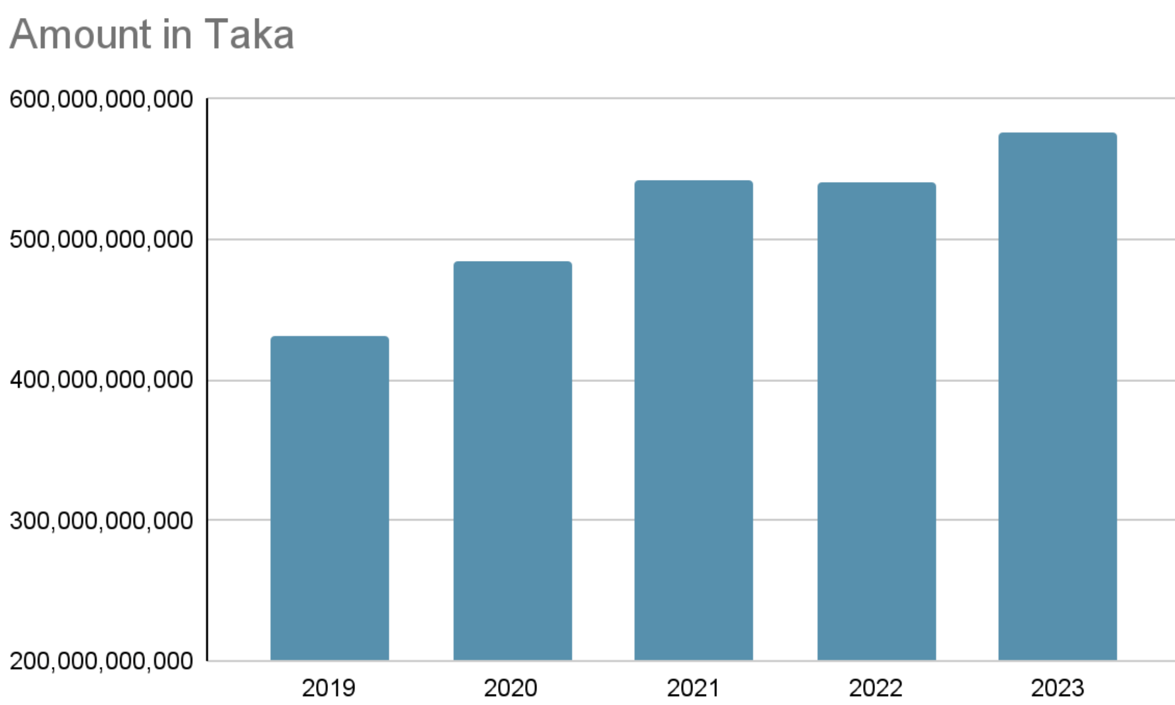

Figure 3: Total Loan and Advances

Net Profits and Loss

Here is the net profit /Loss of EXIM Bank from 2019 to 2023.

Year	Amount Million (BDT)
2019	4,875.85
2020	5,312.49
2021	4,089.55
2022	6,315.15
2023	5,324.68

Table 7: Net Profits and Loss

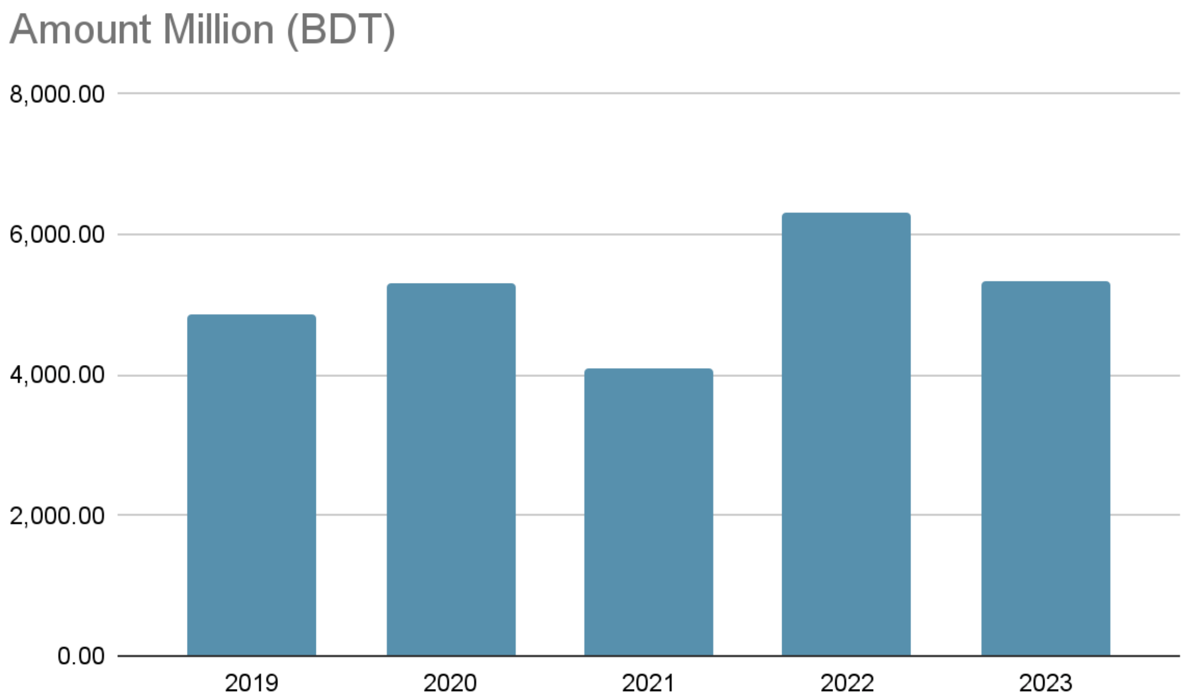

Figure 4: Net Profits and Loss

Net Profit After Tax Data (in BDT million)

- **2019:** 2,382.08
- **2020:** 2,815.32
- **2021:** 2,156.60
- **2022:** 3,721.41
- **2023:** 3,379.96

Key Financial Data and Ratios

1. Trend Analysis

- **2019-2020:** The total profit amount increased by 8.95% from BDT 4,875.85M to BDT 5,312.49M. A low revenue increase occurred because the bank managed assets wisely while raising deposit totals during the initial pandemic conditions. The bank's core operations sustained stable financial income.
- **2020-2021:** The company experienced a 23.05% reduction in profit, which reached BDT 4,089.55 million. The drastic financial decline stemmed mainly from the effects of the

COVID-19 pandemic, which harshly affected trade finance, particularly import/export operations, and resulted in more non-performing loans (NPLs) and required higher provisions for risk management.

- **2021-2022:** The economic situation improved significantly following the pandemic, resulting in a 54.49% increase in BDT 6,315.15 million profit. The rise in business activity, combined with strong remittance inflows and enhanced NPL recovery performance, contributed to improved profitability.
- **2022-2023:** The macroeconomic factors of inflation and currency market fluctuations, combined with volatile interest rates, resulted in a 15.69% profit reduction, which led the company to report a BDT 5,324.68M profit for the period. Rising operational costs, as well as regulatory pressure, might explain some of these events.

2. Key Observations

- **Profit Volatility:** Profits exhibit extreme volatility due to economic factors in the market, as seen in a sharp decline in 2021 during the COVID-19 pandemic's impact. EXIM Bank experienced a robust financial recovery in 2022, as trade activities resumed, accompanied by investment growth and successful cost management. Residual profit decreased minimally during 2023 because of both increased operational costs and changing exchange rates alongside rising inflation. The status of foreign trade and economic stability has a direct impact on EXIM Bank's profitability, as the institution remains highly sensitive to external disruptions (Matin, 2017).
- **ROE & ROA Fluctuations:** The shareholder returns, as indicated by ROE, rose from 2021 to 2022, reaching 11.4% despite lower net profits in 2021. The Asset Return on Assets figure declined to 0.4% in 2021, before stabilizing at 0.6% in 2023, indicating weak profitable returns from assets. The change in both ROE and ROA corresponds to net profit performance. The overall health of ROE shows stable capital utilization, despite temporary decreases.
- **Strong Resilience Post-Crisis:** EXIM Bank recovered swiftly from the 2020-2021 downturn during 2022, which caused improvements in operating income and net profits alongside the rise of ROE. EXIM Bank achieved a significant improvement in Operating Profit, which increased from $564 million in 2021 to $737 million in 2023, indicating operational recovery. Fee-based income from Foreign Exchange Business rose from

34,443M in 2020 to 54,994M in 2023, which led to an increase in the overall revenue. EXIM Bank weathered global crises by following these key recovery strategies: diversified business operations (including remittance and trade finance), Effective cost management, asset control, and cautious lending activities.

3. Factors to Consider

- **External Factors:** From 2020 to 2021, the decline in trade operations, combined with reduced economic activity, presented major challenges for EXIM to perform its key business functions, particularly import/export financing and receiving funds worldwide. The institution recorded a decline in profit to BDT 4,089.55 million during 2021.
- **Strategic Adjustments:** The upward trend in Non-Performing Investments, reaching 3.64% in 2023, demanded increased provisioning, which reduced net profits. Strategic measures to control credit extended a negative impact on interest revenue generation. The regulatory capital of EXIM Bank increased by 47.39% throughout 2023, establishing long-term stability for the institution. The organization maintains a strategic commitment to resilience, despite short-term profit decreases.

4. Caution Needed

- The company experienced a significant profit reduction in 2021 and a second downturn in 2023. Earnings instability created by this change reduces the ability to predict future performance. The company should assess both its revenue streams and costs to prevent overreliance on segments like trade finance.
- In 2023, the NPI ratio will increase significantly, with a 2022-2023 ratio of 3.64% rising by 95%. The steep increase in the NPI ratio by 3.64% suggests that the quality of loans is declining, and credit risks are becoming too high to manage. EXIM Bank needs to enhance its credit assessment procedures and reserve larger amounts for outstanding debts. Next, it is necessary to investigate its portfolios, which consist of risky loans, as these will have the most significant impact on the market sectors; they are unstable.
- The evaluation of areas of interest will become more effective in threat assessment and opportunity discovery, enabling Exim Bank to respond systematically to market changes.

2.11 Achievement of EXIM Bank

2.11.1 Awards

Exim Bank stands as a third-generation financial institution that has consistently maintained exemplary performance standards since its inception. Banks and international organizations recognize the valuable contributions made by EXIM Bank through its steady pursuit of quality improvement in all fields and its commitment to governance standards, community service, and top-tier service levels. Multiple awards have been bestowed upon Exim Bank due to its achievements both domestically and internationally.

- International Diamond Prize for Excellence in Quality
- Best Bangladeshi Islamic Bank 2013
- Best Rated Award 2024
- 2021 US Dollar Clearing Elite Quality Recognition
- ICMAB Best Corporate Award 2013
- International "BIZZ Award -2013"

2.11.2 Achievements

EXIM Bank's achievement list is as follows:

- EXIM Bank represents the premier financial institution from the private sector to establish an exchange house facility in the UK.
- The bank deployed its core banking system, which is internationally recognized as the TEMENOS T24 system.
- The conventional banking system received an adaptation to develop Shariah-based Islamic banking operations.
- Established the EXIM Bank Hospital in Dhaka's Mirpur (EXIM Bank, 2022).

2.12 Summary and Conclusions

The Export-Import Bank of Bangladesh achieved its expected goal by delivering dedicated service with effective strategies and competence in a brief period. The banking institution launched its journey as a planned commercial bank on August 3, 1999. In 2004, the establishment transformed into a Shariah-based Islamic Bank after the strong growth of Islamic banking operations. Customers receive the highest quality services from the bank through recent technical additions. Success depends on the deployment of best-in-class banking technology, which serves as a primary tool at EXIM Bank. EXIM Bank prioritizes its customers at the forefront of its operational objectives. They strive to deliver exceptional services to their customers.

The bank develops superior Shariah-based banking programs through numerous accessible services for its customers. The employees at EXIM Bank possess expertise in modern technology and improved product knowledge to assist clients. The staff demonstrates exceptional skill and expertise to help business customers with their financial requirements. The leader of EXIM Bank has committed to transforming the Export-Import Bank into a contemporary financial institution for modern times. The institution operates with progressive programs and demonstrates honesty in its dealings, delivers just decisions, and performs innovative work while maintaining a dynamic approach. In attitude, fair in methods, and keen on high-quality service to customers. The Bank has both advantages and disadvantages, yet it possesses many opportunities to achieve a larger market share. The increasing popularity of Islamic banking over time will lead to a greater number of such institutions. The increase in Islamic banks, driven by new competition, is likely due to market conditions evolving positively, and upcoming events requiring preparation from EXIM Bank, which necessitates a focus on customer needs and wishes. The bank aims to understand its customers' preferences.

2.13 Recommendations

EXIM Bank is certainly a well-organized bank, but there are areas where it needs to focus on improvement. Those are:

- To expand the scope of investments and attract additional deposits, EXIM Bank Limited should prioritize product marketing and advertising.
- There is the need for a faster and less time consuming procedure. Since customers have to spend a lot because of centralized structure, it takes a long time for the bank to issue pay orders.
- In view of getting an ample number of concerned and qualified staff, a contract of appointment of persons on the basis of their competence should be made.
- ATMs need to be installed in different locations in the city.
- They should audit transparency on a regular basis and issue reports on transparency on a regular basis.

- The problem is that the accountants don't have a place in which to store account forms and other documents for easy access. Such circumstances are itching to maintain trace of all the papers when there is a place to go with the wholesome thus will straightforwardly be supposed to develop such a specific filing compartment in which the police will store important documents.
- A prayer area should be provided for female employees. They used a filthy and stuffy storage area as a place of prayer.
- Since the same employment circular is utilized for every position, they should update it.
- Customers would find it more handy if IT systems and services are more easily accessible, dependable, user-friendly, and secure.
- The mobile banking and internet banking systems should be upgraded for improved user convenience.

Chapter 3: Project Part

3.1 Introduction

A bank may fail due to poor management. A weak banking industry might endanger sustainability over time and contribute to the onset of an economic crisis in a nation that has already experienced a financial crisis. A supervisory rating system called the CAMEL Rating was implemented in the United States in 1979–1980 to prevent bank collapses and evaluate the overall state of the banking industry. CAMEL Ratings are a useful technique for determining a financial institution's soundness and can assist regulators in understanding how well a bank is performing. The value of using historical CAMEL ratings to evaluate a bank's present state was described by Hirtle & Lopez (1999). They discovered that previous CAMEL rating analyses, which included confidential supervisory data, offer valuable insights into the current state of the bank, as summarized in the current study (Bangladesh Bank, 2023). By choosing and calculating highly correlated financial ratios that are also crucial to the CAMEL assessment, Dzeawuni and Tanko (2008) demonstrated a substantial correlation between the bank efficiency score and these financial ratios.

CAMEL rating has five characteristics.

- Capital Adequacy
- Asset Quality
- Management Efficiency
- Earnings Ratio
- Liquidity Ratio

These distinct traits make it easier to pinpoint the specific area in which a bank is outperforming or falling short of its rivals. Based on this grade, regulators can intervene quickly to restore their competitiveness in their performing industry. The CAMEL Rating was originally implemented in Bangladesh in 1993 by the Bangladesh Bank and has been an ongoing supervisory mechanism for the country's banking industry ever since.

Thus, the purpose of preparing this report is to utilize EXIM Bank Ltd.'s key financial ratios to assess the bank's overall financial situation. The goal is to determine EXIM Bank's overall banking performance using the CAMEL rating method by categorizing key ratios into primary categories and evaluating the bank's financial situation across various aspects. Time series analysis and comparison are also used. Additionally, the management methods and results of EXIM Bank will be discussed, with a special emphasis on liquidity management and management efficiency.

This study aims to bridge the gap in the application of CAMEL rating as an evaluation tool for a Bangladeshi bank that adheres to Shariah principles. The overall excellence of EXIM Bank will be assessed through this study, along with the value of utilizing the CAMEL rating as an evaluation instrument. For both academic and practical reasons, further research is encouraged to identify the distinctive strategies employed by EXIM Bank in comparison to other financial institutions. This study will undoubtedly open up new avenues for investigation into the application of this approach to the functioning of additional EXIM Bank offices in Bangladesh.

3.2 Literature Review/ Background

Banking institutions are considered one of the key pillars of economic development, where capital is allocated and financial intermediation is conducted (Hossain et al., 2021). Bank resiliency is especially critical in emerging markets because they are prone to non-performing loans (NPLs) and macroeconomic shocks (IMF, 2018). There has been extensive research on the CAMELS framework. According to the previous study, the CAMELS ratings are closely correlated with financial efficiency ratios. The quality of management is the key aspect of positive ratings. Bangladesh's evidence further suggests that the CAMELS framework is a successful way of distinguishing between private and state-owned banks. Recent reports indicate that the performance of state-owned institutions in terms of capital adequacy, profitability, and asset quality is generally lower compared to that of private banks (IMF, 2018; Robin et al., 2018). Although the collaboration with the Bangladeshi context, where the research was conducted, is regarded globally, there is a lack of research in this direction, which is why case-based studies, such as this one, hold significant importance.

What is the CAMELS rating system?

The Bangladesh Bank approves the CAMELS framework as the primary tool that regulatory bodies use for assessing the health of national financial institutions. The evaluation tool CAMELS represents Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity with widespread recognition for its financial institution assessment capabilities. A comprehensive analysis of financial institutions' advantages and disadvantages necessitates the incorporation of all CAMELS framework elements (Bangladesh Bank, 2023).

The banking sector monitors its developments through CAMELS, which also serves as a fundamental method to evaluate institutional performance. Purohit and Bothra (2018), along with other researchers, analyzed each CAMELS framework element through measurements such as profitability performance, cost-in-earnings ratio, liquidity index, and asset ratio (Rostami, 2015; El-Faham, 2020; Hanif et al., 2012). The evaluation framework of CAMELS functions reveals a significant relationship between high efficiency results and favorable CAMELS evaluations, as noted by Lad and Ghorpade (2022). Dang (2011) suggests that effective bank management is crucial for receiving favorable CAMELS evaluations.

What are the classes of the CAMELS rating system?

While a bank with a score of five is the worst and should be avoided, a bank with a score of one has the best financial position. The rating system uses a five-point scale. The table below displays the CAMELS rating, along with its corresponding explanations.

Table 8: Scale of the CAMELS Rating System

Score	Explanation	Class of Bank
1	This implies that the banking institution has achieved a **strong** financial performance and upholds a consistent risk management approach**.**	A
2	This implies that oversight is still required even when the bank is solvent. Its performance is therefore regarded as **adequate.**	B
3	This suggests that if some of these defects are not adequately monitored, the bank's vulnerabilities might worsen. As a result, its performance is only considered **fair**.	C
4	Future risks may arise from poor management techniques resulting from only marginally successful	D

	financial operations. As a result, it receives a **marginal** rating of **4**.	
5	The bank has a rating of **poor** with a score of **5**, which represents the worst performance.	E

With the introduction of the CAMELS grading system to the world, it has overrun the other grading systems, but relatively few studies have been undertaken in the context of the banking industry in Bhutan (Islam et al., 2014).Although CAMEL components directly influence the financial performance of most banks, it has its inherent shortcomings due to the limited ability of the earning capacity of the bank (Zulkafli and Samad, 2007). Saif-Alyousfi (2020 examined the relationship between capital strength, earning capacity and bank returns. Hossain (2016) has laid the fact that poor performance in terms of capital adequacy of state banks and private banks in Bangladesh is closely related to the size of banks. Hossain et al. 2017 also make the same observation for the two banks.As a result of this, the CAMELS rating system is effective worldwide. Therefore, in order to enhance their position globally and regionally, it became necessary for the banks of Bangladesh to pursue such a practice.

3.3 Objective

The majority of the attention is on the third chapter of the study, which provides a comprehensive analysis and important discoveries. This section examines the CAMELS rating, its importance, and the increased level of global relevance it has achieved. It explains the components of the CAMELS rating system and demonstrates the computation of the many indicators that comprise CAMELS. Therefore, Chapter 3's goal is to present a comprehensive comparison of the three financial institutions and provide bank regulators, prospective investors, and consumers with useful information that will help them make informed investment decisions and, if necessary, regulate these institutions effectively.

3.4 Significance

The essential study section in Chapter 3 significantly improved my capacity for conducting efficient research and my understanding of the CAMELS grading system. To compare the financial standings of Islami Bank Limited and EXIM Bank Limited over the last three years in Bangladesh's banking sector, their CAMELS ratings must be calculated. Customers, prospective investors, and relevant management bodies can all benefit from this report by using it to make informed investment decisions.

3.5 Methodology

Secondary sources, such as the banks' Annual Reports for 2021, 2022, and 2023, provided the financial data utilized to determine the CAMELS ratings. Microsoft Excel was used for these calculations, and its charting function was created to enhance the visual interpretation of the data for users. As a result, the majority of the data collected for this chapter is quantitative**.**

Every element of the CAMELS grading system has undergone meticulous analysis and computation. Below is a detailed explanation of each component.

The methodology also notes that the audited financial statements of Islami Bank Bangladesh Limited of FY2024 were not available throughout the research period (The Business Standard, 2025; The Daily Star, 2025). These statements were not finalized until after the completion of this report; hence, they could not be obtained in time. Consequently, the CAMELS ratios of Islami Bank have been computed based on the information of 2021-2023, only, according to the available data concerning the EXIM Bank. This restriction is clearly recognised with respect to transparency, whereby all CAMELS calculations are made with reference to full approved annual reports.

Capital Adequacy assesses a bank's degree of capital compliance, as the name implies. This is crucial for several reasons, many of which are interconnected, including bank growth, investor attraction, and enhanced lending capacity. The following are important ratios that are used to evaluate capital sufficiency:

- **Capital Adequacy Ratio (CAR):** The ratio measures a bank's ability to absorb losses resulting from its internal activities.
- **Ratio of Debt to Equity (D/E):** This ratio measures the bank's leverage by determining the ratio of debt-financed equity.

- **Ratio of Advances to Assets:** The advance-to-assets ratio shows how keen a bank is to lend money to people, which makes it more profitable. But it also makes defaults more likely, especially for subprime loans.
- **Ratio of total investments to government securities:** This ratio, which compares the bank's total assets with its holdings of government securities, assesses the bank's reliability and liquidity. This is because banks typically seek to offer high returns to large investments, and vice versa.

As the name suggests, Asset Quality is a measure of the health of a bank's assets, particularly its loans. The lower the value of assets, the lower their quality, and the higher the default risk. It is thus necessary to conduct regular Asset Quality assessments to ensure that it maintains a good CAMELS rating.

- **The ratio of total assets to net non-performing assets (NPAs):** This metric evaluates how well banks evaluate credit risk and retrieve non-performing assets. This demonstrates the bank's proficiency in managing credit risk.
- **Net Non-Performing Assets (NPAs) to Net Advances:** This measure indicates the proportion of the bank's total advances that are unlikely to be recovered, providing insight into the perceived creditworthiness of the bank's loan portfolio. It highlights the extent to which progress might be regained.
- **Gross Non-Performing Loans to Total Advance:** This ratio illustrates the rate of growth of the bank's gross non-performing loans. If increases occur more frequently, the bank could be lending more to subprime customers while paying less attention to on-time payments.

Effective management is instrumental in measuring success in any company, although more so in the banking industry. The banking entity ought to possess in-house as well as external control systems in an effort to promote efficient administration. The internal controls also imply descriptive documentation processes, internal auditing, and controlled and maintained information systems, among others. There are a few managerial efficiency ratios in this evaluation, too.

- **The ratio of total advances to total deposits:** It will indicate the level of currency within the bank in deposits that we use to finance the loans. That is a low percentage showing that the bank is a very small percentage of the deposits are being used to fund its loans, and a high percentage of its capital and secondary market to earn money.

- **Profit per Employee:** This measure estimates a company's profit per staff member, inclusive of tax discount revenues. The bigger the ratio, the more successful the company management.
- Return on Equity or ROE is just one indicator by which gains of equity investment are measured. Because the large ROE figures translate to large returns on invested equity, banks often prefer them.

The amount of profits they make out of the money that they invest in them is positively correlated with bank earnings. To decide, certain financial ratios are used.

- **Operating Profit to Total Assets:** The ratio tells how much profit a bank makes from all its assets.
- **Return on Assets (ROA):** This is the ability of any bank to produce returns by calculating the net profit it achieves out of all the assets they have.
- **Interest Income to Total Income Ratio:** This is the ratio that evaluates the effectiveness of a bank to earn interest income against the total income, since the interest money constitutes a substantial part of the bank's income.

Liquidity is another extremely significant aspect of the developability and survival of a bank. Banks need cash to attract new borrowers and new depositors because they continue facing issues regarding categorised loans. Two ratios that represent the liquidity include:

- The Liquid Assets to Total Assets ratio demonstrates the ability of a bank to settle its current liabilities using its liquid assets.
- **Liquid Assets to Total Deposits:** This ratio indicates the number of total deposits that are not utilized as liquid assets.

Sensitivity is an important parameter to consider when examining the potential effects of exposure to some risks on the entire organisation. The credit concentrations of an institution are carefully examined to determine how vulnerable they are to market risk. This essay outlines the likely implications of the decision to finance some business activities at the organisation.

For this reason, sensitivity remains merely the measure of the sensitivity of a bank to one or other of these dangers, interest rate, exchange rate of a foreign currency, rate of stock, and price of a commodity, being traded at a stock exchange. It will clarify the effects of such risks to achieve profitability, profits of a bank, its overall financial health, and performance. The interest rate is indeed sensitive in the market since the market sets the interest rates. This placed them at a disadvantaged status- exposed to a killer blow in the lending sector.

3.6 Findings and Analysis

Calculations of the CAMELS Rate

3.6.1 Capital Adequacy

- **Capital Adequacy Ratio (CAR)**

Bank	2023	2022	2021	Average
Exim Bank	13.76%	13.86%	13.39%	13.67%
Islami Bank	12.54%	12.62%	11.59%	12.25%

Table 9: Capital Adequacy Ratio (CAR)

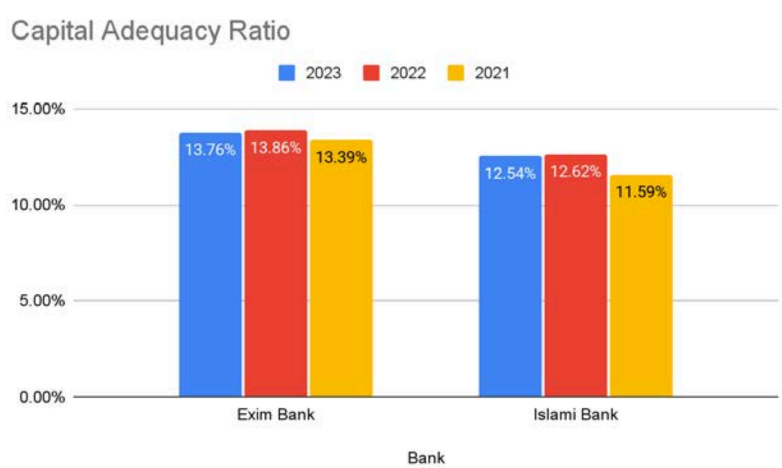

Figure 5: Capital Adequacy Ratio (CAR)

One of the financial ratios is the Capital Adequacy Ratio (CAR), which is a ratio of the financial assets of a bank compared to the capital that is held by the bank, to determine how stable the bank is. As demonstrated in Table 1, the average of these two banks' CAR, i.e., EXIM Bank and Islami Bank, goes higher compared to the other rounds 2021-2023. Exim Bank has a mean CAR of 13.67 percent, and Islami Bank has 12.25 mean CAR. Bangladesh Bank is worth around 12.5 percent, though two banks are yet to be valued at that point. Nevertheless, its bigger dimension presupposes that CAR will have to spend more funds, and it can borrow and reimburse money without fearing its losses and borrow it more skillfully. This also reassures the investors and regulators. Islami Bank, on the other hand, has cushions that are limited in compliance. This can also slow the pace of growing and expanding its credit base in the bad state economy. On a broader scale, there is also the meaning of CAR when the banking system is safe, the depositors are secured, and confidence in the system is essential, making it a steady economy. The CAMELS rating system, which views the health of the bank as a whole, based on their words, is the Rating process that directly influences the Capital adequacy aspect of the rating. High CAR implies a higher CAMELS rating and thus is less risky and less probable to escalate the danger of the extended term outburst and risk management than its competitor, the Islami Bank (Gazi et al., 2021).

- **Debt/ Equity ratio (D/E)**

Bank	2023	2022	2021	Average
Exim Bank	18.5	19.8	18.1	18.8
Islami Bank	28.2	29	27	28.06666667

Table 10: Debt/ Equity Ratio (D/E)

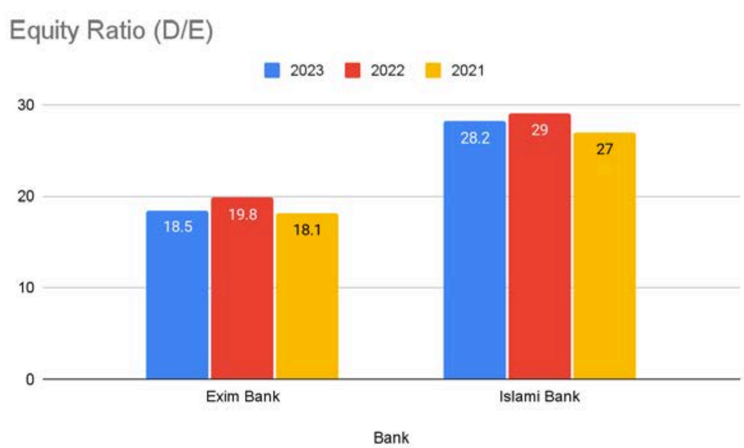

Figure 6: Debt/ Equity Ratio (D/E)

One of the most important financial ratios is the Debt-to-Equity (D/E) ratio, as it indicates the extent to which a bank has utilized borrowing as a source of financing and the proportion of its shareholders' funds it has employed. When the D/E ratio is lower, it implies that the company is not in a financially risky state. This means that it is economically sounder and makes more effective use of its own funds, rather than relying on borrowed funds. As indicated in the table, Islami Bank has a significantly higher average D/E ratio of 28.07 compared to 18.8 in 2021 and 2023 for EXIM Bank. This implies that the capital structure of the EXIM Bank is more properly balanced, as it employs less external borrowing. This reduces the likelihood that changes will affect interest rates and other financial factors. The high D/E ratio, however, suggests that Islami Bank is more concerned with the utilization of borrowed capital, which may indicate that it is assuming a greater financial risk and is not in a free position to maneuver in a volatile market. The D/E ratio of the banks would help the economy remain stable, especially for those banks with low ratios, as they contribute significantly to the economy. High leverage may increase risk in a poorly performing economy. The CAMELS grading system, which assesses Capital Adequacy and Sensitivity to Market Risk, also utilizes this ratio. In the case of high D/E, the authorities can issue a red flag, as it can easily fall prey to credit shocks or a capital shortage. Thus, a low D/E ratio is beneficial when regulators examine EXIM Bank, as it indicates that the bank is managing its finances effectively and is likely to remain in business for an extended period. On the contrary, an Islamic bank is highly leveraged, which may pose a risk to its long-term survival and capital sufficiency.

3.6.2 Asset Quality

- **Non-Performing Loans (NPL)**

Bank	2023	2022	2021	Average
Exim Bank	2.06%	2.06%	1.96%	2.03%
Islami Bank	1.97%	3.46%	2.23%	2.55%

Table 11: Non-Performing Loans (NPL)

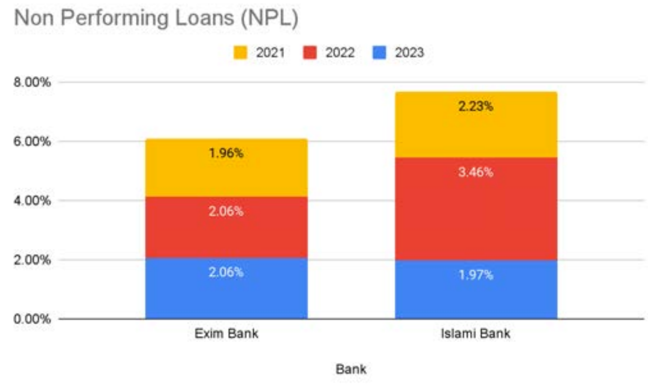

Figure 7: Non-Performing Loans (NPL)

The Non-Performing Loans (NPL) ratio is one of the most important indicators of the quality of bank assets since it is related to the efficiency of risk management. It is used to indicate the percentage of bad loans that a bank has. A lower NPL ratio means that credit risk is being managed well, the loan portfolio is in great shape, and the business is financially stable. The figure shows that the performance of EXIM Bank is consistent, with an average NPL rate of 2.03% in 2021 to 2023, and a low and stable rate in each of the three years. Islami Bank, on the other hand, is more likely to change, which is the highest in 2022 (3.46%) and the average value (2.55%). This means that sometimes the monitoring of the credit risk is not as thorough as it has to be, which increases the risk of default. Statistically speaking, Islami Bank had a slightly below NPL ratio of 2023 (Apr. 1.97%) than that of EXIM bank (Apr. 2.06%). However, looking into the long-term stability of the asset quality over a period of time at EXIM, this was lower cumulatively. These ratios are unfavorable to a bank, since they may result in inferior profits, the withdrawal of capital, and higher provisioning expenses when the NPL ratios are too high. High NPLs held by banks might make it harder for key sectors of the economy to gain access to credit, which might destabilize the financial system and create more systemic risk. The NPL ratios have a direct impact on the Asset Quality part of the CAMELS rating scale. This is because it helps the regulators to understand how well a bank manages the credit risk & recovery of loans. EXIM Bank's CAMELS score is on the rise as its NPL to average ratio remains quite low. This is due to the fact that the Bank of Brunei has a stringent lending policy and an excellent track record of getting back money. But changes in this percentage at the Islami Bank could be a cause of concern for the authorities. This research will demonstrate that it is important to know NPL trends for more than just keeping credit under control in the organisation. It will also have an impact on the health of the whole system and regulatory difficulties.

- **ROA (Return on Assets)**

Bank	2023	2022	2021	Average
Exim Bank	0.56%	0.67%	0.71%	0.65%
Islami Bank	0.46%	0.66%	0.72%	0.61%

Table 12: ROA (Return on Assets)

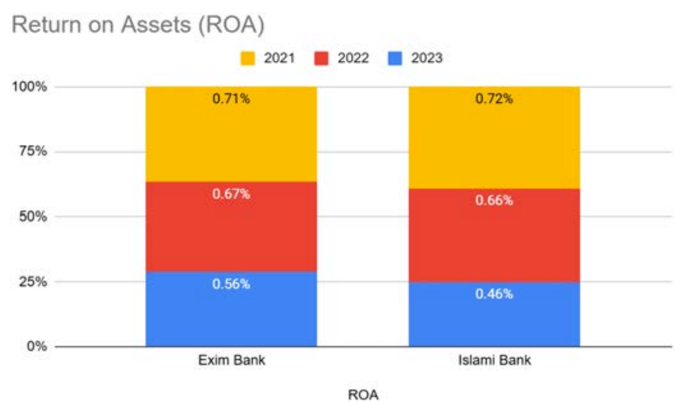

Figure 8: ROA (Return on Assets)

Cigna employs the Return on Assets (ROA) ratio to find out how lucrative the firm is. This ratio shows how well assets are being used to generate net income. It is better since it implies the bank is making money on each asset, which indicates that management is being used more effectively. The bank is doing well financially as a whole. The table reveals that Islami Bank had an average ROA of 0.61 percent from 2021 to 2023, whereas EXIM Bank had an average ROA of 0.65 percent. In 2023, both banks' return on assets (ROA) went down. EXIM Bank's ROA went down to 0.56 percent, and Islami Bank's ROA went down to 0.46 percent. EXIM Bank, on the other hand, was more stable and better at using its assets for business. This is a very significant ratio for banks since their main job is to make money from loans and investments. This ratio shows how profitable operations and strategic financial investments are right now. A bank with a strong ROA can easily manage more loans, help keep the capital markets stable, and be ready for changes in the economy. The earnings chapter of the CAMELS rating is mostly on ROA, which lets banks make money over and over again. The two banks'

ROA going down might be a cause for worry. But because it is less dynamic for EXIM Bank, this means that the profits are greater. It's vital to note in this report that EXIM Bank's ROA is greater and steadier than Islami Bank's. This means that EXIM Bank has better control over its finances and makes more money. This helps it seem better to investors, regulators, and credit rating agencies.

3.6.3 Management Efficiency

- **Income Per Employee**

Bank	2023	2022	2021	Average
Exim Bank	2.02	1.89	1.77	1.893333333
Islami Bank	0.58	0.52	0.48	0.5266666667

Table 13: Income Per Employee

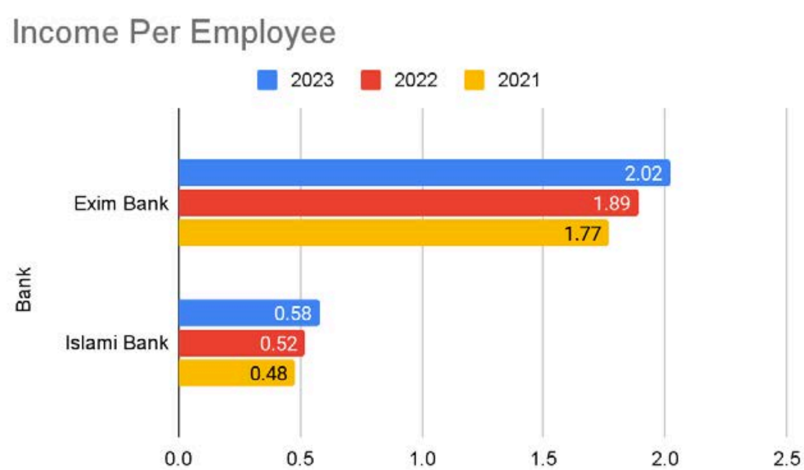

Figure 9: Income Per Employee

The amount of money each employee makes will be a big part of how successfully a bank conducts its business. This will show how well the bank can use its workers to make more money. This ratio shows how productive each worker is, which is very important for service firms like banks that need a lot of work done. From 2021 to 2023, EXIM Bank paid its employees an average of 1.89 million BDT, which is a lot better than the other banks. On the other side, Islami Bank only has 0.53 million BDT. This means that each employee at EXIM

Bank makes more than 3.5 times as much money as each employee at Islami Bank. This means that it makes good use of its employees and runs a lean firm. Its employees could be more competent or better at planning their work schedules. The bank's ability to control expenses, make money, and develop would be shown by the fact that each employee makes more money.

The inference on a low income per employee (like Islami Bank mentioned above) may be that the bank has too many workers, the bank processes are not going well, or the bank employees balance their revenues and vice versa. In the bigger tank, all of the banks get more done with every employee putting an economy out there, and also being able to really pay more in taxes, and new, fresh ideas, totally new and digital. The measure is under the Management section of the CAMELS evaluation system. This system helps the regulators to calculate how efficiently the leadership makes use of people and operational resources. The fact that there is high income per employee indicates that its management and processes are good in comparison to those of the Islamic Bank. This brings about the question of the state of performance of its employees in their respective workplaces and the efficiency of those employees. The study information that one of the weaknesses both are related to the performance was extensively connected with the overall organisational discipline, which directly reflected in the profitability, competitiveness, and regulatory valuation (Zulkafli and Samad, 2007).

- **Cost Per Employee**

Bank	2023	2022	2021	Average
Exim Bank	0.72	0.69	0.66	0.69
Islami Bank	0.65	0.61	0.59	0.6166666667

Table 14: Cost Per Employee

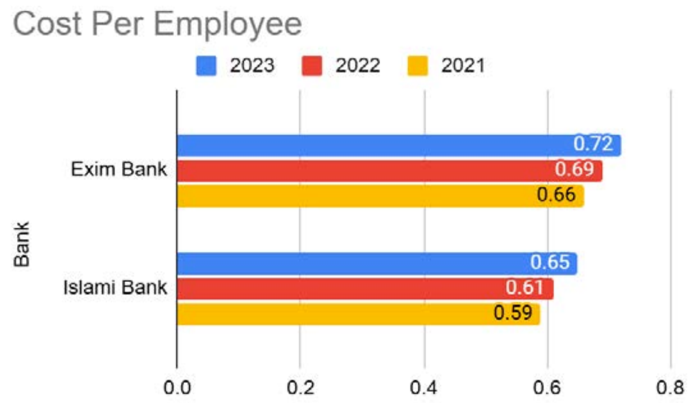

Figure 10: Cost Per Employee

One of these ways to assess efficiency is the Cost per Employee, which is the amount of money a bank spends on each employee for things like pay, benefits, training, and other HR-related expenses. It is a key sign to find out how much it costs to run a bank, how well its people work, and how well it uses its resources. The figure shows that EXIM Bank's cost per employee is 0.69 million BDT, which is higher than Islami Bank's cost of 0.62 million BDT from 2021 to 2023. The greater cost per person may not seem good at first, but it makes sense for EXIM Bank since it is not only reasonable, but it is also helpful when you consider that the remainder of its revenue per employee is much higher. This suggests that EXIM Bank is really putting money into its people and receiving a lot back. On the other hand, Islami Bank's comparatively low cost per employee is linked to its relatively low revenue per employee. This might mean that staff are not working efficiently or not performing well, which could be an indication of a culture of inefficiency.

In terms of banking, it is essential to control the cost per employee, as the cost-to-income ratio is very important, as it immediately affects profitability. An incongruence between cost and productivity may erode margins and overburden earnings. Economically, effective management of the workforce enables a bank to expand sustainably, remain competitive, and contribute to national financial growth in a more meaningful way. In the CAMELS rating system, this indicator is inseparable from the Management category, where examiners determine the capacity of a bank in the management of operating funds and the management of expenses. An income and cost per employee ratio of a favorable balance is a sign of good internal governance and strategic planning of the workforce, as in the case of EXIM Bank. The smaller the ratio of cost to income, or the ratio of cost greater than the income, as observed in the case of Islami Bank in some entries, the worse the utilisation of human resources, or relatively few returns on investment in staff. In this report, we will gain a lot of useful information as to how efficiently a bank employs its workforce and the extent to which this efficiency impacts profitability, regulatory compliance, and long-range competitiveness using this cost measure.

3.6.4 Earnings Ability

- **Return on Equity (ROE)**

Bank	2023	2022	2021	Average
Exim Bank	14.80%	14.10%	13.78%	14.23%
Islami Bank	9.78%	9.02%	8.64%	9.15%

Table 15: Return on Equity (ROE)

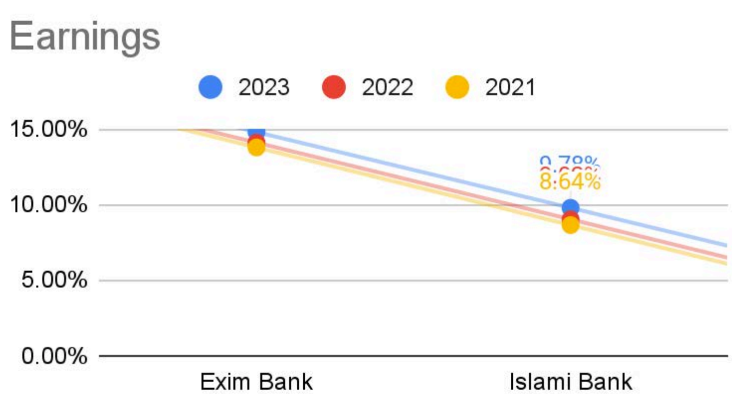

Figure 11: Return on Equity (ROE)

Return on Equity (ROE) is considered one of the key measures of a bank's profitability and financial effectiveness, as it determines how effectively the bank converts shareholders' equity into net income. It symbolizes a bank's capacity to compensate its investors and maintain value generation. As per the table, EXIM Bank has been performing better than Islami Bank, with an average ROE of 14.23 percent as compared to the 9.15 percent that Islami Bank achieved during 2021-2023. Accordingly, this implies that EXIM Bank earns significantly more profit per unit of equity, which means it has a greater profit-making ability and more efficient capital utilization. Moreover, in 2023 alone, EXIM Bank reported an ROE of 14.80%, compared to Islami Bank's 9.78%, which further highlights EXIM's leadership in creating shareholder value.

In the case of banks, a high ROE enhances investor confidence, brings in more funds, and finances business growth. It is also portraying strategic operational effectiveness and good risk management. On the other hand, a low ROE, as in the case of Islami Bank, may indicate that the company is not very profitable, equity is not properly used, or there is some structural inefficiency. The greater ROE among banks at a macroeconomic level brings an overall stronger and more profitable banking sector, which is critical to the growth of the economy and capital market development.

ROE is part of the earnings section of the CAMELS rating system. It shows how well a bank can keep running by making its own money. A bank's CAMELS rating may go up if it has a high and consistent ROE. This demonstrates that the bank is financially strong and its operations are stable at a certain level, like EXIM Bank. The fact that Islami Bank has a lower ROE than other banks might indicate that it has unused equity capital or margin limits. This number is important in your report because it shows how well each bank can offer value to its shareholders and maintain the quality of all banks' profits, which are important for the long-term stability and trust of regulators.

- **EPS (Earnings Per Share)**

Bank	2023	2022	2021	Average
Exim Bank	3.81	3.48	3.14	3.476666667
Islami Bank	3.84	3.42	3.12	3.46

Table 16: EPS (Earnings Per Share)

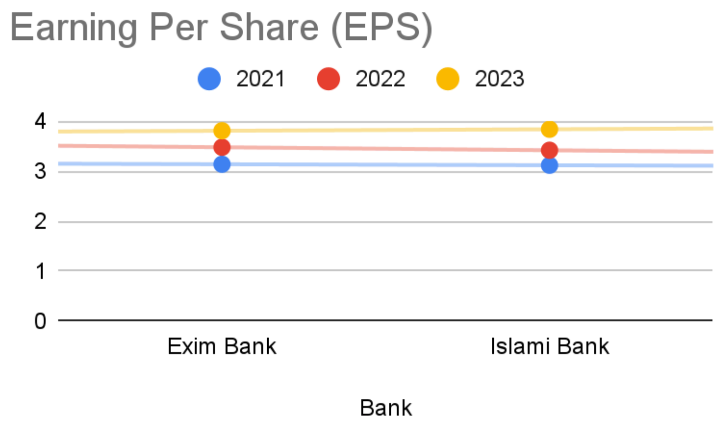

Figure 12: EPS (Earnings Per Share)

Earnings Per Share (EPS) is a crucial profitability indicator that shows the amount of net income achieved per outstanding share of a company. It represents the capacity of a bank to bring forth profits and share the value among the shareholders of the bank. Both the banks in question in the table given are EXIM Bank and Islami Bank, which depict close and stable EPS results in the years 2021 to 2023. Islami Bank has a 3-year average eps of 3.46 BDT, only marginally lower than the 3-year average eps of Exim Bank, which is 3.48 BDT. Islami Bank in 2023 posted a slightly higher performance, with an EPS of 3.84 BDT, compared to EXIM, which recorded an EPS of 3.81 BDT. Even though the difference in EPS between the two banks is minimal, the fact that both banks increased their EPS steadily in the past three years reveals positive earnings momentum and an increasing shareholder value.

EPS is significant because investors widely employ it to evaluate the profitability of a bank per share of the stock. Hence, it determines decision-making on who to invest in and determines the share values. Better or increasing EPS tends to raise market confidence, dividend capacity, and the valuation of the stocks. To the banks themselves, EPS is used as a gauge of internal performance over time and as a gauge of future expectations concerning finances. Economically speaking, the steady increase in the EPS level throughout the banking sector indicates that the banking institutions are healthier and profitable, and can facilitate their credit expansion and economic growth.

EPS is also included in the evaluation process of the MAPE rating system, also simply known as the section Euler on model expansion of CAMELS, where the regulators evaluate whether the profit-making part of the bank is adequate and of good quality. The constant growth in the EPS will be an addition to this ranking because it implies that the financial performance is steady or improving and that it can generate internal capital. On completion of this report, the trend of EPS is positive in both EXIM and Islami Bank, whereas in EXIM Bank, such results were stable in comparison to the last year, as in the last year, Islami Bank also recorded a minor improvement. Such a score indicates that both banks are healthy, are making profits, and are doing their part for their stockholders, and in that respect, it deserves a good CAMELS rating.

3.6.5 Liquidity

- **Investment to Deposit**

Bank	2023	2022	2021	Average
Exim Bank	87.08%	86.15%	85.32%	86.18%
Islami Bank	88.56%	89.72%	91.45%	89.91%

Table 17: Investment to Deposit

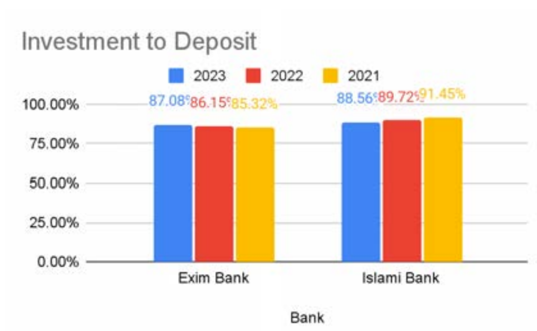

Figure 13: Investment to Deposit

The Investment to Deposit Ratio (sometimes called the Loan to Deposit Ratio in Islamic banking) shows how well a bank utilises the money its customers deposit and how it may make money via investments. It shows what proportion of all the client deposits have been moved into assets that make money. A higher ratio suggests that liquidity usage is more aggressive, while a lower ratio means that liquidity use is more cautious. The table reveals that the average proportion of investments and deposits at Islami Bank is higher than at EXIM Bank, with 89.91% and 86.18%, respectively, between 2021 and 2023. Over 88% of the deposits at Islami Bank were permitted to be invested, with a high of 91.45% in 2021. This shows that the investing activities were more active. Instead, EXIM Bank selected a less extreme but still reasonable approach, incrementally growing its percentage while making sure it would stay below 88% every year after that.

Such a ratio is significant as it directly influences the liquidity and profitability of a bank. A very large proportion of deposit ratios, such as that of Islami Bank, can improve earnings by taking advantage of asset utilization at the expense of pools of liquidity, which can put the bank at risk of a halt in transactions due to a bank run or other economic shocks. In contrast to this, a more moderate ratio found in the EXIM Bank is proportionate both to the revenue generation and maintenance of liquidity levels, which enables its stability during difficult periods. Economically, the risk-averse yet effective use of the deposit funds helps the economy realise sustainable credit growth, economic productivity, and financial system soundness.

The ratio mainly affects the liquidity and the asset quality in the CAMELS rating system. A healthy ratio, such as the one maintained by the EXIM Bank, indicates good asset-liability management and reduces the liquidity risk of the bank, thereby improving its CAMELS score. Such a high ratio may boost the short-term earnings profile of Islami Bank, but this may raise concerns among regulators in terms of sufficient liquidity cushions, which may influence the risk profiling of the overall bank. Setting up a verdict in this report, you can conclude that both banks are operating within the acceptable industry parameters, however something more conservative in terms of investment-to-deposit ratio in the case of EXIM Bank is apparent as it has a safer and more sustainable operating strategy, as opposed to aggressive investments conducted by Islami Bank which may result in higher returns as well as higher susceptibility to liquidity strains.

- **Liquidity Assets**

Bank	2023	2022	2021	Average
Exim Bank	7.28%	5.35%	93.83%	35.49%
Islami Bank	5.35%	-0.66%	75.22%	26.64%

Table 18: Liquidity Assets

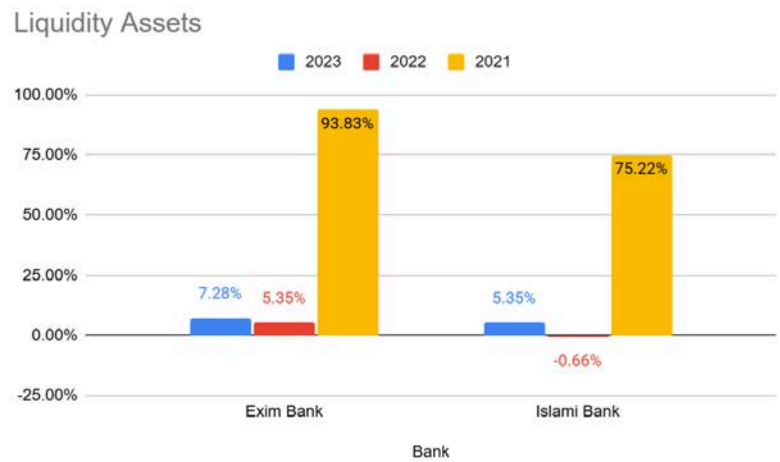

Figure 14: Liquidity Assets

Liquidity Assets are those characteristics of the assets of a bank that can be liquidated in a minimum time, which can be used to meet the short-term obligations of the bank. They usually consist of cash in circulation, accounts at the central bank, and heavily liquid government securities. In the table, there are significant fluctuations in the liquidity position of EXIM Bank and Islami Bank between 2021 and 2023. The average liquidity ratio of 35.49% at EXIM Bank is relatively high, attributed to the very high 93.83% in the 2021 estimation, implying a high level of water in the bucket in 2021, possibly strategically based on the uncertainties in the market. Islami Bank, on the other hand, records a lower average of 26.64 percent. Its liquidity position has moved to the negative (-0.66) in 2022, and this is a troubling sign and may indicate some liquidity mismatches and temporary funding pressures.

Liquidity assets are needed to maintain trust in the bank to sustain liquidity in meeting withdrawal demands, as well as to run the daily operation of the bank without interruption. Any inadequacy of liquidity may compel banks to force the sale of assets at a loss or borrow at disadvantageous terms, which will eventually affect profitability and solvency. The macroeconomic view is that banks with sufficient liquidity buffers can contribute to systemic stability, making it possible to maintain credit flow even in the event of financial shocks. The liquidity stress on huge banks, such as Islami Bank, on the other hand, can transmit risk to the rest of the economic system.

The Liquidity element of the CAMELS grading scale shows the cash available of a bank. This demonstrates how well the bank is able to keep up its promises without spending too much money. Having crucial signs of liquidity, including superior liquidity performance, especially in 2021, is a sign of good risk management that improves the CAMELs score of EXIM Bank. Be that as it may, Islami Bank's liquidity decline in 2022 is a signal of troubles that could spell problems for the bank's reputation, both among its clientele and the authorities. On the other hand, neither bank had any significant concerns with its liquidity over the three years in question. The EXIM Bank nevertheless had a stronger and more stable liquidity profile, establishing that, in respect of risk, strength, and resilience, the EXIM Bank was equally prepared to handle financial stress as was the other bank.

3.6.6 Sensitivity

With the dynamic financial landscape in Bangladesh, the Sensitivity to Market Risk is an aspect that determines the exposure of a bank to macroeconomic forces like changes in profit rate (interest rate equivalents in Islamic banks), change in foreign exchange rate, and inflationary forces. The external changes are able to have a great impact on the earnings of a bank, the value of the assets and the financial position of the bank.

In the case of Islamic banks like EXIM Bank limited and Islami bank Bangladesh limited (IBBL), the market risk is sensitive and is reflected in the exposure to rate of return risk, foreign exchange risk and even the equity investment price volatility. Nevertheless, the speculative exposure is reduced by the nature of the Islamic finance since both banks are Shariah-compliant investment structures that do not carry an interest-bearing instrument and high-risk derivative. Consequently, they are exposed to lesser traditional market risk as compared to conventional banks.

The changes in the rate of profits have a direct effect on the expectations of the depositors in these banks. An increase in the customer profit rates in the market will force the banks to increase their returns on the investments to attract customers. This generates a rate of return pressure that can squeeze margins in the short run assuming that returns on investment are below the expense of deposits. Equally, the foreign exchange market moves impact on the value of trade-based financing and foreign currency investments but both banks do control such exposures within set regulation limits.

To manage the market risk, both the EXIM Bank and the Islami Bank have put in place elaborate risk management systems to check them out. Their treasury departments are actively involved in liquidity positions and asset-liability mismatch and rate-of-return fluctuations to ensure the situation is financially stable. Also, they have high capital bases and diversified investment portfolios which helps them to be less sensitive to negative market movements.
But this aspect has not been considered in the composite CAMELS score because there is no numerical data or standardized ratios (market-sensitive assets/total assets or ratios of foreign exchange exposure, etc.) contained in this aspect. However, based on the general evaluation of their disclosures, both banks are moderately sensitive to market risk, but Islami Bank is more resilient due to its greater capital base and diversified investment portfolio under Islamic investment.

3.6.7 Composite Performance Ranking

1. **Exim Bank**

CAMEL RATING OF EXIM BANK YEAR BY YEAR

EXIM Bank		Weight	2021	Rating	Score	2022	Rating	Score	2023	Rating	Score
C	**CAR**	0.2	13.39%	1	0.2	13.86%	1	0.2	13.76%	1	0.2
A	**NPL**	0.2	3.91%	3	0.6	3.86%	3	0.6	3.64%	3	0.6
M	**Expenses**	0.25	82%	5	1.25	80.71%	5	1.25	75.18%	5	1.25
E	**ROA**	0.15	0.42%	5	0.75	0.59%	5	0.75	0.69%	5	0.75
L	**Loan to Deposite**	0.1	102%	5	0.5	95.50%	5	0.5	93.80%	5	0.5
				SUM	3.3		**SUM**	3.3		**SUM**	3.3
			AVERAGE	**3.3**	Rating	**Fair**					

Table 19: CAMEL RATING OF EXIM BANK YEAR BY YEAR

2. **Islami Bank**

CAMEL RATING OF ISLAMI BANK YEAR BY YEAR

ISLAMI Bank		Weight	2021	Rating	Score	2022	Rating	Score	2023	Rating	Score
C	**CAR**	0.2	11.59%	1	0.2	12.62%	1	0.2	12.54%	1	0.2
A	**NPL**	0.2	2.23%	2	0.4	3.46%	2	0.4	1.97%	2	0.4
M	**Expenses**	0.25	81%	5	1.25	85%	5	1.25	89%	5	1.25
E	**ROA**	0.15	0.72%	5	0.75	0.66%	5	0.75	0.46%	5	0.75
L	**Loan to Deposite**	0.1	91.45%	5	0.5	89.72%	5	0.5	88.56%	5	0.5
				SUM	3.1		**SUM**	3.1		**SUM**	3.1
			AVERAGE	**3.1**	Rating	**Fair**					

Table 20: CAMEL RATING OF ISLAMI BANK YEAR BY YEAR

The overall composite CAMEL rating of both the EXIM Bank Limited and Islami Bank Bangladesh Limited (IBBL) shows that both the banks continued to perform fairly during the 20212023 period. Fair rating indicates average efficiency of operations, decent profitability and average adherence to regulation, but the asset quality and cost management can be improved.

In the case of EXIM Bank Limited, composite rating of 3.3 indicates that the bank is strong in its capital adequacy and position and liquidity, however; management efficiency and earnings indicators of the bank are still weak to moderate. The cost-to-income ratio and the average turnover on assets are relatively high, which means that operating costs are still putting pressure on the profitability. Nevertheless, it can be noted that the bank has shown a steady approach to ensuring that it has a proper capital base and a slow decline in non performing investments which are supportive to the financial stability of the bank in the long term.

Comparatively, the composite rating of Islami Bank Bangladesh Limited (IBBL) is a little higher at 3.1 as well and falls within the same category, but nearer to the satisfactory boundary. The good capital adequacy ratio and the consistent increase in the quality of assets of the bank were positive influences on the overall score of the bank. Furthermore, IBBL demonstrated better profits and increased managed liquidity position than EXIM Bank, which was preconditioned by the broad market base and diversified Shariah-compliant portfolio. However, obstacles are still evident in the improvement of management effectiveness and cost optimization of operations in order to gain more profit.

In general terms, the two banks are not financially distressed, and there is no major indication of distress but they are in moderate levels of efficiency. On-going focus on enhancing cost management, enhancing credit risk control, and enhancing the ability to conduct digital banking might assist in boosting their composite ratings into the range of satisfactory in the upcoming evaluations.

3.7 Summary and Conclusion

The CAMELS model plays an important role in finding out whether the banks are well-managed and operational in Bangladesh. This would assist managers in paying for all the affairs of operating a bank, and the stakeholders operating the bank to analyze performance, the sustainability of the bank in the long term, and attract investors and depositors. In the case of banks such as EXIM Bank and Islami Bank, CAMELS factors, such as the capital adequacy, quality of assets, and effectiveness of management, the earning-generating potential, the liquidity position, and the sensitivity with which the bank behaves in the market, can help paint the whole picture of the well-being of a bank. These are the things that the customers think about in evaluating the ability of a bank in reference to their money's security. Banks are supposed to be the optimal safe place where a customer deposits his/her funds and where they can avail of other banking facilities. These individuals equate low capital sufficiency and high non-performing loans to imply the organisation is a good one. Shareholders who also have the capacity to make articulate decisions will be influenced by the improved profitability and performance rate, which has been very robust in Exim Bank as compared to any other financial agency (ROA, ROE, eps). Its operations give the two banks a better transfer of money, financial transparency, and a high performance index, contributing to the maintenance of the whole economy, and a reputation and credibility of the masses.

Finally, the comparative study indicates that the performance of both banks, EXIM Bank and Islami Bank, is more than satisfactory in terms of regulatory standards. However, in all CAMELS areas, EXIM Bank is superior, which indicates greater financial discipline and risk assessment. The use of the CAMELS model has been imperative in establishing the main strengths and weaknesses amongst the institutions, leading investors and depositors to other, more dependable banking services. Within the context of the changing financial environment in Bangladesh, the research highlighted the need to integrate performance reporting, which helps in the larger objective of providing resilience of the financial sector by providing optimal benchmarking and policy implications.

3.8 Recommendations/ Implications

- Based on the CAMELS evaluation, EXIM Bank and Islami Bank have several recommendations and implications that are crucial for strengthening their financial stability and long-term performance. To start with, both banks must maintain a well-balanced percentage between risk-weighted assets and core capital in the process of strengthening their capital adequacy. Although EXIM Bank has been performing well with respect to capitalization standards, it can still enhance its capital base by making diversified investments and generating retained earnings. Islami Bank, conversely, must increase its investment in reducing the debt level and strengthening its capital base to align with global banking standards, which will raise investor confidence and gain regulatory approval.
- Secondly, asset quality needs to be at the front line. Even though lower and more stable non-performing loan (NPL) ratios of the EXIM Bank have been maintained, Islami Bank needs to pay attention to the tightening of credit screening, recovery of overdue loans, and the reduction of exposure to risky lending sectors. The increase in asset quality will not only reduce the provisioning requirements but also increase its profitability and the assessment of its investors. Among the areas involving managerial effectiveness, the above position of earning more with fewer employees illustrates that Islami Bank needs to increase the efficiency of its employees by enhancing worker productivity, reducing their administrative expenses, and ensuring performance incentives.

- Both banks demonstrate decent growth in the sphere of earnings ability; however, they should strive to enhance their return on assets (ROA) and return on equity (ROE) by making their operations more efficient. Islami Bank should especially not count too much on financial leverage as a support to a high ROE, but rather on the strength of core earnings through the innovativeness of the products and services, and the ways to keep customers. Further, the cost-to-income ratio and the overheads will be up to date and under manageable levels; this would enable both banks to retain competitiveness and profitability in the long-term period.
- Finally, attention has to be paid to liquidity management. The liquidity ratios, which have historically been good, give EXIM Bank leeway during economic shocks, a point that Islami Bank should work on to balance its liquid asset-liability buildup. Both banks must ensure that they maintain sufficient current assets and high-quality liquid assets to cover their short-term liabilities without significantly impacting their lending capacity. This is absolutely vital in volatile economic conditions, as it is laid to rest the confidence of depositors, and interbank credibility has been deeply linked to the liquidity strength. Altogether, the implementation of the following strategic upgrades of each of the CAMELS complexity allows both EXIM and Islami Bank to achieve a greater level of operational sustainability, regulatory compliance, and the level of their competency in the competitive banking industry of Bangladesh.

References

Bangladesh Bank. (2020). *Guidance Notes on Anti-Money Laundering and Combating Financing of Terrorism for Money Changers*. Bangladesh Bank.

Bangladesh Bank. (2023). *Financial Stability Report 2023*. Dhaka: Bangladesh Bank.

Bangladesh Bank. (2024). *Financial Stability Report 2024*. Dhaka: Bangladesh Bank.

Borroni, M., & Rossi, S. (2019). Bank profitability: Measures and Determinants. In *Palgrave Macmillan Studies in Banking and Financial Institutions* (pp. 23–53). https://doi.org/10.1007/978-3-030-15013-6_2

Dang, U. (2011). *The CAMEL Rating System in Banking Supervision. A Case Study.*

Dewan, A. M., & Nazmin, S. A. (2008). The Opportunities and Barriers of Using ICT by Small and Medium Enterprises in Bangladesh: A Case Study of SMEs in BSCIC Industrial Estates. *International Conference on Computer and Communication Engineering*, 656–661. https://doi.org/10.1109/iccce.2008.4580686

Dzeawuni, W. A., & Tanko, P. M. (2008). CAMELs and Banks Performance Evaluation: The Way forward. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.1150968

El-Faham, K. M. D. (2020). *Financial Risk and Financial Performance of Banks in Egypt*. https://doi.org/10.25401/cardiffmet.12720890.v1

EXIM Bank. (2021). *Annual Report 2021*. Dhaka: Export-Import Bank of Bangladesh Limited.

EXIM Bank. (2022). *Annual Report 2022*. Dhaka: Export-Import Bank of Bangladesh Limited.

EXIM Bank. (2023). *Annual Report 2023*. Dhaka: Export-Import Bank of Bangladesh Limited.

Gazi, M. A. I., Alam, M. S., Hossain, G. M. A., Islam, S. N., Rahman, M. K., Nahiduzzaman, M., & Hossain, A. I. (2021). Determinants of Profitability in Banking Sector: Empirical

Evidence from Bangladesh. *Universal Journal of Accounting and Finance*, *9*(6), 1377–1386. https://doi.org/10.13189/ujaf.2021.090616

Gobat, J. (2012). Banks: At the Heart of Matter. *Finance & Development*, *49*(1), 38–39. https://www.imf.org/external/pubs/ft/fandd/2012/03/basics.htm

Hanif, M., Tariq, M., & Tahir, A. (2012). Comparative Performance Study of Conventional and Islamic Banking in Pakistan. *SSRN Electronic Journal*. https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID1973569_code454519.pdf?abstractid=1959950&mirid=1

Hirtle, B., & Lopez, J. A. (1999). Supervisory Information and The Frequency of Bank Examinations. *Economic Policy Review*, *5*(1).

Hossain, M. A. (2016). Efficiency Analysis of State Owned and Private Commercial Banks Operating in Bangladesh: A DEA Approach. *Data Envelopment Analysis and its Applications*, *39*.

Hossain, S. A., Islam, M. N., Mahmud, M. S., & Islam, K. A. (2017). Evaluation of Financial Performance of Commercial Banks in Bangladesh: Comparative Study Based on CAMEL Approach. *The Millennium University Journal*, *2*(1), 54-77.

Hossain, M.N.A., Hosan, K., & Arefin, M.S. (2021). The Impact of Banking on Economic Growth in Bangladesh: An Empirical Study. Jahangirnagar Economic Review, 32(June), 34–47.

Islam, M. A., Siddiqui, M. H., Hossain, K. F., & Karim, L. (2014). Performance Evaluation of the banking sector in Bangladesh: A Comparative analysis. *Business and Economic Research*, *4*(1), 72. https://doi.org/10.5296/ber.v4i1.4672

International Monetary Fund (2018). Bangladesh: Selected Issues (Staff Country Report No. 18/159).

Islami Bank. (2021). *Annual Report 2021.* Dhaka: Islami Bank Bangladesh Limited.

Islami Bank. (2022). *Annual Report 2022.* Dhaka: Islami Bank Bangladesh Limited.

Islami Bank. (2023). *Annual Report 2023.* Dhaka: Islami Bank Bangladesh Limited.

Kishada, Z. M. E. M., & Wahab, N. A. (2015). Influence of Customer Satisfaction, Service Quality, and Trust on Customer Loyalty in Malaysian Islamic Banking. *International journal of business and social science*, *6*(11), 110-119.

Kagan, J. (2025). Understanding the CAMELS Rating: Evaluation and Calculation Explained. *Investopedia*. https://www.investopedia.com/terms/c/camelrating.asp

Koyel, S. S. (2013). Islamic Banking vs. Conventional Banking: A Comparative Study on EXIM Bank Ltd & Dutch Bangla Bank Ltd.

Lad, R., & Ghorpade, N. (2022). An Analysis of Financial Performance of Public Sector Banks in India Using the CAMEL Rating System. *International Research Journal of Humanities and Interdisciplinary Studies*, *3*(6), 15–29. http://irjhis.com/paper/IRJHIS2206003.pdf

Matin, K. A. (2017). Determinants of Bank Profitability in Bangladesh. In *20th Biennial Conference on Economics and Ethics of the Bangladesh Economic Association* (pp. 1-20).

Mujeri, M. K., & Azam, S. (2018). Role of Digital Financial Services in Promoting Inclusive Growth in Bangladesh: Challenges and Opportunities. *Institute for Inclusive Finance and Development, Working Paper*, *55*, 5-25.

Purohit, A., & Bothra, P. (2018). A CAMEL Model Analysis of Selected Public and Private Sector Banks in India. *International Journal of Management and Applied Science*, *4*(3), 91–98.

Rahman, B., Ahmed, O., & Shakil, S. (2021). Fintech in Bangladesh: Ecosystem, Opportunities and Challenges. *International Journal of Business and Technopreneurship*, *11*(1), 73-90.

Rahmayati, R. (2021). Competition Strategy In The Islamic Banking Industry: An Empirical Review. *International Journal Of Business, Economics, And Social Development*, *2*(2), 65-71.

Robin, I., Salim, R., & Bloch, H. (2018). Financial Performance of Commercial Banks in The Post-Reform Era: Further Evidence from Bangladesh. *Economic Analysis and Policy*, *58*, 43–54. https://doi.org/10.1016/j.eap.2018.01.001

Rostami, M. (2015). Determination of the CAMELS Model on Banks' Performance. *International Journal of Multidisciplinary Research and Development*, *2*(10), 652–664.

Saif-Alyousfi, A. Y. (2020). Determinants of Bank profitability: Evidence from 47 Asian countries. *Journal of Economic Studies*, *49*(1), 44–60. https://doi.org/10.1108/jes-05-2020-0215

Sarker, A.A. (2008). CAMELS Rating System in The Context of Islamic Banking: A Proposed 'S'for Shariah Framework. *Journal of Islamic Economics and Finance*, *1*(1), 78-84.

Stackhouse, J. L. (2019). CAMELS ratings: Sensitivity to Market Risk. *On the Economy*. Retrieved from https://www.stlouisfed.org/on-the-economy/2019/january/camels-ratings-sensitivity-market-risk

The Business Standard. (2025, April). *Islami Bank yet to publish financials for 2024, subsequent quarter*. https://www.tbsnews.net/economy/stocks/islami-bank-yet-publish-financials-2024-subsequent-quarter-1157416

The Daily Star. (2025, Month & Day). *Most banks fail to finalise annual financial reports*. https://www.thedailystar.net/business/news/most-banks-fail-finalise-annual-financial-reports-3886971

Washbrook, D. A. (1988). Progress and Problems: South Asian Economic and Social History C.1720–1860. *Modern Asian Studies*, *22*(1), 57–96. https://doi.org/10.1017/s0026749x00009410

Zulkafli, A. H., & Samad, F. A. (2007). Corporate Governance and Performance of Banking Firms: Evidence from Asian Emerging Markets. In *Advances in Financial Economics* (pp. 49–74). https://doi.org/10.1016/s1569-3732(07)12003-x