Report on

Financial Performance Analysis of Mutual Trust Bank PLC using CAMELS Framework- A Comparative Study of Mutual Trust Bank Limited, City Bank PLC, and BRAC Bank PLC

By

Arpita Das
ID-21204215

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

BRAC Business School
BRAC University
January 2026

Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing my 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 from a university or other institution.

4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Arpita Das

ID- 21204215

Supervisor's Full Name & Signature:

Md. Kausar Alam, PhD

Associate Professor

BRAC Business School

Brac University

Letter of Transmittal

Md. Kausar Alam, PhD
Associate Professor
BRAC Business School
BRAC University
Merul Badda, Dhaka

Subject: Submission of internship report on Mutual Trust Bank PLC

Dear Sir,

With all due respect, I am delighted to submit my internship report titled "Financial Performance Analysis of Mutual Trust Bank PLC" using the CAMELS Framework. This report is being submitted as a partial requirement for completion of my BBA program at Brac University.

The report is the outcome of my three-month internship experience at Mutual Trust Bank PLC within the Group Finance Division. During this period, I gained valuable experience that enabled me to integrate theoretical knowledge into real-world financial data. I tried my best to develop this report effectively, providing a comprehensive overview of the organization's performance over five years.

I believe this report will fulfill your expectations. I highly appreciate any feedback regarding the report.

Sincerely
Arpita Das
ID: 21204215
BRAC Business School
BRAC University
Date: January 11thth, 2026

Non-Disclosure Agreement

[This page is for the Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between [Mutual Trust Bank PLC] and the undersigned student at Brac University [Arpita Das]

Acknowledgement

First of all, I would like to express my sincere gratitude to my academic supervisor, Md. Kausar Alam (Associate Professor at Brac Business School). His valuable, insightful feedback and constant advice were crucial in the preparation of this report.

Secondly, I would like to thank my internship supervisor, Md. Mehedi Hasan (Officer at Group Finance, Mutual Trust Bank PLC). His wise counsel, patience, and support guided and assisted me in completing my routine duties as well as my internship report. Additionally, I would like to appreciate all concerned officers and staff of the Group Finance division for their cooperation and willingness to share their field of knowledge and help me to fit within the company culture.

Finally, I would like to make a big thank you to my beloved parents for their unconditional love and support, as well as to my friends for their direct and indirect support, motivation, and encouragement throughout my academic journey.

Executive Summary

The report is divided into three major chapters highlighting internship experience, organizational overview, and financial performance analysis using the CAMELS model.

Through a CAMELS-based performance record, the report analyzed and compared the financial performance and overall soundness of MTBL with the help of secondary data, including annual reports, Bangladesh Bank guidelines, and relevant academic literature. Followed by quantitative research, the report highlights strengths, weaknesses, and areas of improvement in recent years of MTBL. The findings reveal that compared to the industry average, MTBL has a strong Capital Adequacy position, weak Asset Quality, improved management efficiency, conservative Liquidity status, and greater risk sensitivity. However, the bank has been in a relatively good position in terms of recent crises and higher non-performing loans (NPL). Lastly, based on the analysis, the report concludes with actionable recommendations, for instance, strengthening credit risk management, diversifying income sources, and improving cost efficiency and liquidity position for long-term sustainable growth in this competitive banking sector.

Contents

Chapter 1: Overview of Internship

1.1 Student Information:

Name: Arpita Das

Student ID: 21204215

Program: Bachelor of Business Administration (BBA) - BRAC Business School

Major: Accounting

Minor: Operations and Supply Chain Management

1.2 Internship Information:

1.2.1

Company: Mutual Trust Bank Ltd. | Corporate Head Office

Address: Plot- 5, 26, MTB Center, MTB Centre, 26 Gulshan Avenue, Plot-5, Block SE (D, Gulshan Avenue, Block- SE(D), Gulshan- 1, Dhaka 1212

Period: 7th October 2025 - 7th January 2026 (three months)

Department/Division- Group Finance

1.2.2 Supervision and Mentorship:

Field Supervisor: Md. Mehedi Hasan

Position: Officer

1.2.3 Job Scope – Job Description/Duties/Responsibilities

As I was an intern of the Group Finance department, not a specific team, my role as an intern was primarily observational and through routine tasks under several units of the department. I rotated to different teams to get a brief overview and how they coordinate with each other, beginning at the payment processing unit, accounts, business development, corporate tax & VAT, to financial reporting.

The longest period I spent was in the payment processing unit, where I checked multiple travel-daily allowance bills whether they ensure compliance, such as that meal bills are correct, the presence of mushok 6.3, seal signatories of designated authorities, claimed amount is appropriate. Moreover, I went through vendor bills to check the quotation copy, requisition amount is appropriate with the real invoice, proper vat-tax deduction, and work completion certificate copy. Also, I assisted in tracking down the bills and maintaining Bill MIS under a specific department and type before finally being distributed to payment officers for posting and voucher generation of that day. Further in the corporate VAT-tax unit, I assisted in VAT and tax challans for corporate account holders.

This overall experience was initially challenging, yet it boosted my confidence, communication skills, and knowledge. On top of that, working closely with senior officers by following confidentiality guidelines and maintaining accuracy while checking and posting to Bill MIS reduced the workload of employees to some extent and ensured smooth day-to-day operations.

1.3 Internship Outcomes:

1.3.1 Student's contribution to the company

I actively contributed to verifying and organizing financial data required for internal reports and management overview. I assisted in a detailed review of CAPEX and OPEX records, daily vouchers, and supporting documents to ensure general compliance and regulatory requirements. I thoroughly verified the accuracy and calculation of bills, fraud bills, proof of submission, work orders, work completion copies, and any other discrepancy issues. Besides, I maintained an MIS for individual employees who went to different places for official purposes to track down their account number or credit card number, followed by individual branch codes and the purpose of the visit. These supervisory duties of collecting, cleaning, and organizing tons of bills, which I believe somewhat lessen unnecessary back-and-forth work and enhance a smoother workflow.

1.3.2 Benefits to the student

It was a huge opportunity for me to work in the back office of a top-tier private bank, where I could connect my academic accounting and finance theories with the practical applications in daily banking operations. I saw that different sizes and types of bills, ranging from petty expenses to large-value bills, are subjected to the same structured process of documentation, compliance standards, and final approval of designated authorities. Additionally, I had the fundamentals of VAT and tax certificates, returns, and rebates. Then, how a bank monitors appropriate general ledger posting, such as assets fall under 2, and expenses fall under 4. Further, how the reporting unit prepares financial reports daily, monthly, quarterly, and yearly, and compares them to mock reports for performance evaluation and budgeting.

Interacting with employees from different sub-division, developed my communication skills and learnt to work in a structured organization, also came across through career development suggestions. I acknowledged internal and external auditors, attended internal events where I observed valuable speeches of senior management (e.g., MD, CEO). Essentially, this overall period allowed me to explore how the finance division of a bank works and the culture it holds.

1.3.3 Problems/Difficulties (faced during the internship period)

- As this is my first time working in such a corporate environment, in the back office of a bank, inexperience, lack of banking knowledge, and many complicated issues have been some of the key factors that limited the study's scope

- Checking tons of hard copies related to travel/daily allowance, vendor bills, advance, and pay order bills is time-consuming

Despite these minimal hurdles, I believe this fruitful journey not only challenged my resilience but also increased my ability to work and adapt in stressful situations. This further enabled me to think creatively in a real-life work environment. Needless to say, the cooperation and support of my superiors greatly contributed to a positive and enriching internship experience. This learning period will serve as a valuable foundation for my professional development and future endeavors in the corporate sector.

1.3.4 Recommendations (to the company on future internships)

- To enhance work experience, first and foremost, it is recommended that a structured orientation program be held to provide general procedures, policies, and targets about the organization to familiarize the interns to minimize the initial learning gap to some extent.
- Arranging attendance systems, ID cards, proper seating arrangements, and access to essential office resources for interns so that they feel included and can add valuable contributions to the bank

- Preparing a weekly or monthly department-specific task list for individual interns and regular feedback from supervisors would make the internship more organized and goal-oriented. This would help supervisors to track down interns' performance effectively. Also, the interns would get a chance to refine their performance and solve future challenges they encounter.
- Providing a modest stipend or small reward based on individual performance will motivate and attract talented students who will eventually benefit from MTB
- Arranging some workshops, online courses, or interactive talks on some essential topics such as banking software, customer service, VAT/tax, or credit risk management, reporting treasury to enrich the interns' technical knowledge and skills.

Chapter 2: ORGANIZATIONAL SYNOPSIS

2.1 Introduction

The banking system is one of the empowering sectors bringing about socio-economic changes in a country's economy. As the banking system is linked with the whole economic prosperity, an adequate facility can actually boost the agriculture, commerce, and industrial development of a country. Banks act as a financial intermediary between investors (by taking money) and debtors (lending it out) for car loans, mortgages and business funding, and other monetary services. With the establishment of Dhaka Bank in 1806, followed by other European-style banks during the British era, such as the Dacca Bank in 1846 and the Bank of Bengal in 1873. After independence, the central bank reformed the whole banking system, which was further established in 1972, and commercial banks were nationalized. Later on, with the rising innovation and automation, many 1st to 3rd generation, more particularly private sector banks, introduced new products and switched to electronic banking operations, making significant progress as well as keeping pace with developed countries of the world.

With the vision of becoming a world-class bank, Mutual Trust Bank (MTB), being one of the prominent commercial banks in Bangladesh, began its journey in 1999 under the late founding chairman, Syed Manzur Elahi. Like any other sphere of financial institutions, MTB's performance is also influenced by internal and external factors, including asset management, capital adequacy, liquidity, and profitability indicators.

However, it is important to note that in this rising competition, economic instability, and changing regulatory environment, evaluation of a bank's financial performance over the past few years would help in identifying MTB's financial strengths, weaknesses, and sustainability in this sector.

2.1.1 Objective of the report

Combining my own financial knowledge and financial data, this research problem addresses: How effectively has Mutual Trust Bank performed financially in the recent five years, and what factors have contributed to its financial performance variations?

Broad objective- Analyzing Mutual Trust Bank's Financial Performance Assessment

Specific objectives-

- Evaluating the effectiveness of MTB's financial strategies by studying profitability and examining trends from 2020-2024, utilizing key financial ratios and their indications
- Evaluating profitability, management, information practices, and marketing practices
- Identifying key challenges and gaps faced by MTB in this competitive environment
- Providing possible recommendations to sustain and improve performance and operational efficiency.

2.1.2 Scope of Study

This study solely focuses on publicly available financial information of MTBL from 2020 to 2024, which includes both qualitative and quantitative research data. The scope of this study is limited to assessing MTB's operational efficiency and financial performance by utilizing secondary published data, annual reports, bank publications, and other relevant information sources. However, the report does not include a detailed comparative analysis between MTB and other banks, or any in-depth examination of internal strategic decisions, as such information is generally classified and beyond an intern's access. In addition, inadequate time is also an issue. This study does, however, highlight patterns in the bank's performance and compares selected ratios against industry benchmarks to provide a meaningful evaluation. Additionally, some internal factors are mentioned, such as managerial, marketing, and operational practices, as well as external factors such as industry competition and macro-economic factors.

2.1.3 Methodology

The report is generated based on primary and secondary data, followed by both qualitative and quantitative research.

Primary data includes-

- In-person interviews and interactions with respective Finance officers
- Intern's observations throughout her internship period and routine work

Secondary data comprises-

- Data collected from annual reports for the period of 2020-2024
- Written documents of Mutual Trust Bank
- Manuals and publications of the bank
- Relevant journals, articles, and former research studies
- Published, unpublished, or personally collected information

2.1.4 Significance of the Study

The research addresses and evaluates several critical aspects to get a comprehensive view of MTBL. Firstly, the stakeholders, including existing and potential investors, bank management, and regulatory bodies, would get comprehensive insights and the transparency surrounding MTBL regarding strategic decisions that are made, affecting leadership structure, operational efficiency, employee engagement, and financial health. This will enable the concerned ones to make better investment and credit decisions. Secondly, reviewing their marketing practices highlights how MTBL manages to attract and retain customers and differentiates itself in the crowded banking sector. The financial findings from this study could be used to rectify any shortcomings and improve liquidity, profitability, and capital management in light of recent market challenges and new regulatory changes. Alternatively, sound accounting practices can also boost investor confidence and regulatory trust needed by the bank during financial upheavals. Thirdly, understanding whether MTB is progressing suitably towards digitalization as its impact in departments such as operations management and information systems can significantly minimize operational costs, provide improved customer service, and increase operational efficiency and risk management. Lastly, evaluating Porter's five forces and SWOT analysis of MTB would further help to form final recommendations for long-term sustainability.

2.1.5 Limitations

- Confidential information is strictly prohibited from being disclosed because of legal obligation and business secrecy, so there may have been a lack in my knowledge

- This study is mainly based on available published data and some degree of formal and informal interviews, and a limited survey.

- As there are many subdivisions in the Group Finance division, it became difficult to solely concentrate on a single subject or department of study

- Employees have a busy schedule, so sometimes it becomes tough for them to give ample time

2.2 Overview of the Company

Since MTB's inception in 1999 as a Public Limited Company, it has demonstrated unwavering commitment and strength in the financial sector. The bank has earned the trust of the public through 25 years of exceptional customer service, dynamic and innovative solutions, and delivered returns for shareholders. Its customers are provided with fully integrated real-time Online Banking Services, Internet, and SMS Banking through a committed team of seasoned relationship managers and Alternate Delivery Channels (ADC). These attributes have provided its position among the top financial institutions in the country. This third-generation private commercial bank has been recognized as the Global Excellence Chronicle Magazine's Bank in 2024. The bank was also named as Bangladesh's Best Digital Bank for the second consecutive year at the Euromoney Awards for Excellence 2025. Previously, Bangladesh Bank and the SME Foundation had awarded MTB the first-ever "SME Bank of the Year" and "Women Entrepreneurs Friendly Bank of the Year" awards. The bank started its journey with BDT 1000,000,000 authorized share capital, split into 10,000,000 regular shares, worth BDT 100 each. As of now, the authorized share capital has risen to BDT 20,000,000,000, split into 2,000,000,000 common shares, worth BDT 10 each. Along with a customer-centric approach, MTB is committed to corporate sustainability and social responsibility, actively supporting economic and social development initiatives. Embracing a new theme in 2025: "Navigating Challenges, Building Trust'' to be the bank customers can trust today and for the future.

Corporate structure defines an organization's duties, responsibilities, and hierarchy, typically consisting of a management team and a board of directors.

Figure 2: Corporate Structure of MTB

Source: Mutual Trust Bank PLC website

2.2.1 Current situation of MTB

With the vision to be known as a creative, customer-focused business and one of the most respected banks in the country MTB has a current network of 122 branches and 53 sub-branches, 185 Agent Banking Centers, 344 ATMs and CRMs, 8 Air Lounges, 4 Foreign Exchange Booths and over 3,306 Point of Sale (POS) machines, situated in prime commercial, urban and rural areas.

2.2.2 Goals & Objectives of MTB

Vision

To be the most trusted bank by providing excellence and surpassing changing client expectations in every sector through creative and sustainable financial solutions. (Mutual Trust Bank Limited, n.d.)

Mission

To improve the lives and livelihoods of our clients by using creative and sustainable solutions, driven by a motivated and productive staff. (Mutual Bank Limited, n.d.)

Core Values

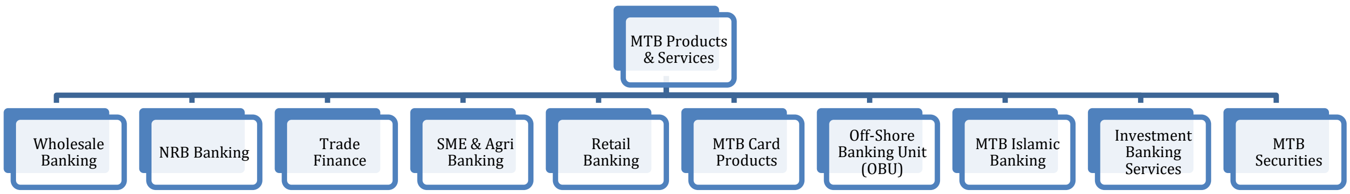
1. Commitment to Excellence- MTB strives to maintain and excel in the highest standards in every facet of its business to enhance its services, operating procedures, and staff performance as part of its commitment to excellence.

2. Customer focus- The bank strives to provide personalized services based on customer preference and feedback, timely service delivery, easily accessible financial solutions, and a satisfying banking experience at every touchpoint.

3. Act with Transparency and Accountability- It reflects MTB's dedication to maintaining integrity. All business dealings are carried out ethically, responsibly, and in accordance with the law.

4. Agile to Adapt- MTB emphasizes flexibility and agility in this rapidly evolving financial landscape. It focuses on creativity, adaptability in operations, and continuous development by introducing new digital services, process updates, or strategy adjustments.

2.2.3 Products & Services



Source- MTB Annual Report

2.2.4 MTB's CSR philosophy

Involving in Corporate Social Responsibility (CSR) is not only significant for the ethical and societal obligation, but it also achieves sustainability by generating long-term value to stakeholders, the environment, along the community. MTB Foundation (MTBF) specifically works with the vision of achieving Sustainable Development Goals (SDGs) by providing easy access to basic human needs for underserved and marginalized people to build a stronger community. Awarded by Business Tabloid Magazine, the best CSR bank in 2022, MTB ensures in giving strategic-financial benefits to both internal and external stakeholders, also keeping in mind preserving the environment today to make it sustainable for tomorrow. Areas such as education (131 crore), healthcare (198), environment and disaster management (134 crore) are MTB's top initiative sectors. These activities are aligned with SDG goals guided by its Board-approved CSR policy. In 2024, CSR expenditure amounted to BDT 5.68 crore alongside BDT 5.54 crore for supporting flood and winter-affected communities. According to the major achievements of 2024, ranging from-

- 33 events and 25 CSR projects were carried out
- Different scholarships are given by the MTB Foundation
- A lump sum amount has been set aside for the donation fund
- Approximately 574,000 beneficiaries were reached.

- Major projects include the Plastic-Free Campus program with ESDO (SDG 13), engaging 1000+ youths and the donation of ambulances to CRP (SDG 3), benefiting approximately 10,000+ patients

2.3 Management Practices

2.3.1 Leadership style

Based on the interview with some employees and personal experience, I got to learn that MTB follows a combination of democratic and participative leadership style with strictly following the chain of command except in emergencies. Before taking any significant initiatives, the Head of Finance, Group CFO, DMD, MD, and other senior officers seek opinions from other employees. In general, respective team managers (8 teams in Group Finance) encourage open communication, embrace suggestions, and involve employees in the operational decision-making process, fostering a valuable and powerful culture. In the Retail Banking and Customer Service department, leadership roles is typically more leaned towards participative, where supervisors provide necessary guidance based on general compliance and legal norms to employees while also granting them the freedom to deal with customers, resolve issues, and oversee day-to-day operations other than critical areas such as credit approval and risk management (autocratic style). Apart from that, what I observed is that employees have been tirelessly working towards attaining the bank's goals and objectives, even willing to go beyond usual duty time, which ultimately contributes to a democratic leadership system.
Hierarchical chart is as follows-

MD

↓

AMD-DMD

↓

SEVP

↓

SVP & EVP

↓

AVP-VP

↓

JAVP & FAVP

↓

MTO & SO

↓

AO-OFF

↓

Other Staffs

Source- From the Back Office of Mutual Trust Bank PLC

2.3.2 Recruitment & Selection Process

Human Resource Planning is an integral part of every organization as it aligns the workforce with strategic goals and objectives by forecasting future needs, guiding recruitment, training, and retention processes. It ensures that the right people with the right skills are in the right place at the right time.

Like any other company, MTB goes through a certain systematic procedure in order to employ competent and qualified candidates.

- HR closely monitors departments to identify vacancies and justify requirements for each position
- A detailed job description is made to clearly specify about required qualifications, skills, and work experience
- Job posting could be circulated internally and externally, and is done through BD jobs or campus recruitments
- Candidates are evaluated through written assessments and viva. For MTO positions, multiple screening tests (aptitude tests, focus group discussion, presentation, written, and finally viva) are conducted
- After successful completion of all assessments, information provided by candidates is checked through background and police verification, along with a health checkup.

A six-month probation period or more is held to check the employee's capability. If the given service is not adequate, then the employee may be terminated by giving one month's notice or compensation.

2.3.3 Compensation and Leave System

MTB is awarded twice as 'Best workplace for Diversity and Inclusion in Banking' by the International Finance Banking Awards 2023. It is known to be the third-highest paying bank in Bangladesh with an incredibly competitive salary package and benefits (house, rent, medical, utility, conveyance, provident fund, gratuity fund, etc.) aligned with market standards. Yearly basis increment and bonus are provided based on performance evaluations. Three festival bonuses (Baishakhi, Eid Ul Fitr, Eid Ul Azha) are given, where the full basic salary of Eid bonuses and 20-25% of Baishakhi bonuses are considered. Other than that, employees are allocated with multiple leave criteria such as Casual, Medical, Earned, Leave without pay, Leave Fair Assistance, and Bereavement. Most importantly, every female employee is eligible for paid maternity leave of six months or 180 days, which the mother can take a maximum of twice in case of two pregnancies. Besides, paternity leave of 10 days is offered as a part of new parenting responsibilities and to promote gender equality.

2.3.4 Training & Development initiatives

MTB regularly emphasizes employee development to enhance technical, behavioral, and leadership competencies as well as deliver high-quality services in areas such as risk management, digital banking tools, regular banking operations, and retail banking services. Multiple training programs conducted by internal and external speakers through-

- MTB Training Institute by MTB Foundation
- On-the-job training
- Digital learning modules
- Online and offline skills development programs

2.3.5 Performance appraisal system

The performance evaluation structure of MTB is mainly designed based on the SMART model. It stands for Sustainable, Measurable, Applicable, Realistic, and Time-bound. This system motivates its staff, reduces turnover rate, and ultimately raises employee productivity to contribute to overall organizational success. Under this, Key Performance Indicators (KPI) are measured to evaluate efficiency, goal achievement, and overall contribution of employees. KPIs are set based on the job description and departmental objectives of each employee, with the predefined and measurable targets set at the beginning of each year. The employees' performance on factors such as accuracy, error minimization, turnover time, completion of assigned tasks on time, and new innovations that made the work efficient is reviewed by their immediate supervisor, departmental heads, and HR at the end of each year. Based on KPI results, employees who work hard and meet performance expectations are eligible for increments, bonuses, promotions, and recognitions. The general annual increment of MTB is around 3% of their basic salary.

2.4 Marketing Practices

MTB primarily follows a customer-centric, technology-driven, and differentiation-based marketing strategy offering customized banking solutions tailored for different customer segments.

Now I would like to describe about 4Ps of marketing elements of the marketing mix to provide a foundational framework.

- ✓ Product- MTB offers a wide range of financial products and services catered to diverse groups, including corporate clients, retail clients, OBU clients (offshore banking unit), and privileged customers. The services include digital banking, retail banking, corporate banking, strengthening SME focused products, trade & foreign exchange, MTB Yaqeen (Islamic banking), and also differentiating financial solutions such as cards, agent banking, and so on. The product portfolio is designed in such a way that it provides security, convenience, innovative features, while maintaining value-added services to customers.

Source: Mutual Trust Bank PLC website

- ✓ Price- Elements of Pricing for a bank appear as interest rates, service charges, fees to serve its products and services to customers. MTB uses competitive interest rates for savings and fixed deposits, loans as required by market conditions, and Bangladesh Bank regulations. Standard fee structures are maintained for accounts, cards, and special pricing for privileged and high-value customers to attract and retain potential clients. Besides, yearlong discounts and offers such as seasonal promotions, interest rebates, discount partnerships with shopping, meal, travel, and ecommerce platforms (e.g., Daraz), while remaining profitable.

- ✓ Place- MTB adopts a multi-channel distribution network through nationwide physical and digital networks, for instance, 122 branches, 53 sub-branches, 344 ATMs, kiosks, over 3306 POS machines, and 185 agent banking centers, enhancing accessibility and customer reach. ADC (Alternate Delivery Channels) is incorporated for real-time online banking services, internet, and SMS banking, guided by an experienced, dedicated team for customer convenience

- ✓ Promotion- MTB follows both traditional promotional tools through billboards on roads, advertisements in newspapers, TV commercials, seasonal campaigns, print brochures, sponsorships, job fairs, trade fairs, SME fairs, offline events, news portals, and digital launches. As well as digital marketing through social media advertising (e.g., paid ads, involving influencers), email marketing, and content marketing. An example could be rebranding, and the launch of MTB Neo had a strong marketing impact, offering next-generation digital services and payment solutions. And through CSR activities such as education, healthcare, and welfare projects

2.4.1 Critical marketing gaps

- As there are vast amounts of banks offering similar services like MTB, so its value propositions are not always uniquely positioned.

- Digital footprint is weaker compared to other top-tier banks, reducing engagement and influencer marketing

- Limited youth-based campaigns than rivals like City Bank, Nagad, and Bkash

2.5 **Financial Performance and Accounting Practices**

Financial analysis is an essential part as it assesses an organization's financial health and well-being by examining four primary financial statements (Balance sheet, Income statement, Cash flow statement, and Shareholders' equity).

2.5.1 Profitability

- **DuPont analysis**

This five-factor model is a detailed and useful method to dissect various factors influencing return on equity (ROE). While ROE shows a company's overall profitability from shareholder investments, DuPont analysis helps investors concentrate on each of the major financial performance indicators to pinpoint its strengths and weaknesses. Mainly, three financial metrics- financial leverage, asset usage efficiency, and operating efficiency drive ROE.

Financial leverage- It means using borrowed money to fund larger investments or projects instead of using own cash alone in the hope of generating a higher return. It is calculated by the equity multiplier (dividing average assets by average equity)

Asset usage efficiency- As the name suggests, it measures how effectively a company uses its assets to generate output revenue, which is measured by the asset turnover ratio.

The following five-year DuPont Analysis is given-

Particulars	2024	2023	2022	2021	2020
Return on Equity (ROE)	12.77%	12.59%	11.56%	16.22%	5.83%
Net Profit Margin	7.63%	9.24%	8.37%	13.75%	4.49%
Contribution on Net Profit Margin:					
a) Operating Profit Margin	12.34%	13.80%	14.71%	23.22%	9.72%
b) Non-operating Items	16.91%	14.99%	16.16%	9.82%	7.82%
c) Tax Effect	3.90%	2.29%	3.04%	2.62%	3.97%
Asset Turnover (times)	0.101	0.086	0.056	0.049	0.054
Financial Leverage (times)	16.61	15.91	16.11	15.70	15.80

Source- MTB Annual Report (2020-2024)

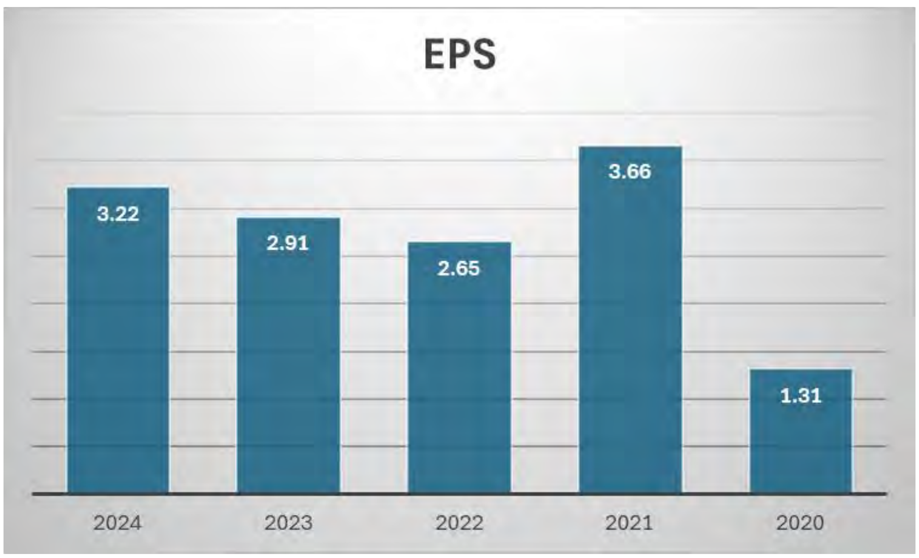
DuPont analysis and ROE have a positive effect on each other, meaning the value of each DuPont analysis component increases with the magnitude of ROE. As a result of the combined effects of three factors (Operating profit margin, Non-operating, and Tax effect) working together, the Net Profit Margin decreased from 9.24% in 2023 to 7.63% in 2024, pulling down ROE because profitability is shrinking. Operating profit margin in 2024 drops to 12.34% from 13.80% in 2023, indicating operating expenses slightly escalated faster than revenue. Although gross revenue climbed by 33.97% in 2024 compared to the previous year, the table indicates a negative financial performance trend. The reasons behind that are non-operating items such as loan loss or higher credit risk, and other provisions jumped by 51.14% which affected to 16.91% from 14.99%. Lastly, the tax effect increased from 2.29 % to 3.90% leaving less profit after tax.

- **Earnings Per Share (EPS)**

It is one of the measurements of a company's profitability, indicating how much profit each outstanding share of stock generates in order to assess a company's value, compare performance with industry standards, and evaluate investment potential.

Particulars	2024	2023	2022	2021	2020
EPS	3.22	2.91	2.65	3.66	1.31

Source- MTB Annual Report (2020-2024)



As we can see, the EPS of MTB is overall showing an improving trend over the five years (BDT 1.31 in 2020 to 3.66 in 2024), which refers to better earnings stability and value creation for shareholders. However, EPS of 2024 could not yet surpass EPS of 2021 (3.66). So overall, we can assume that this performance reflects short-term fluctuations but is gradually strengthening its earning capacity.

2.5.3 Market Value Added (MVA)

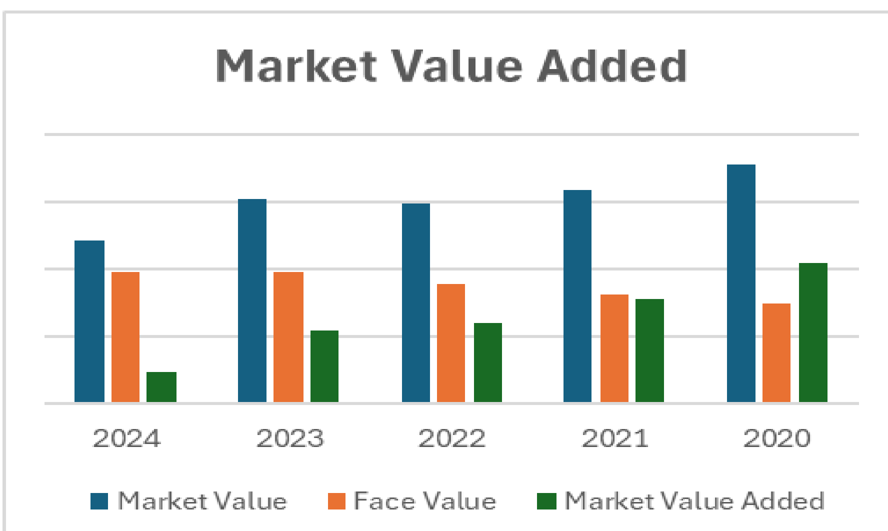
Market value measures the external performance based on the difference between the current market price and the face or book value of shares invested by the shareholders and debt holders.

A positive MVA is better as it denotes market value has appreciated and has a positive impact on shareholders' wealth. A high MVA is appreciated as it signifies achieving maximized wealth of shareholders over time. Whereas a negative MVA indicates that the investor's capital has not been effectively used.

The last five years' MVA statement is as follows- BDT Million

Particulars	Value (2024)	Value (2023)	Value (2022)	Value (2021)	Value (2020)
Market Value	12092	15238	14926	15925	17801
Face Value	9831	9831	8937	8125	7386
Market Value Added	2261	5407	5988	7800	10415

Source - MTB Annual report (2020-2024)



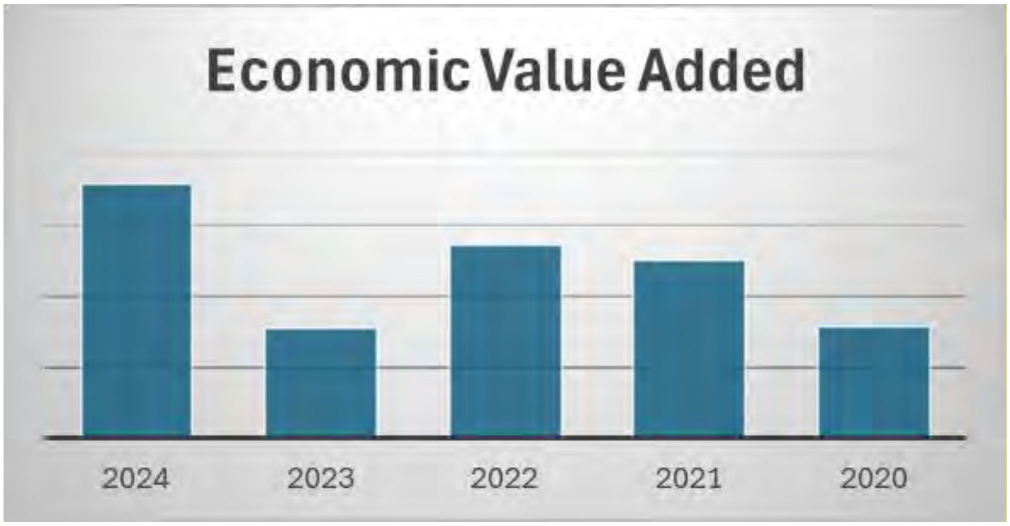
As we observe the last 5 years' data of MVA from the table, a declining trend can be seen over the last five years, which indicates the negative impact of shareholders' capital invested. The value that was BDT 10415 million in 2020 is BDT 2261 million in 2024, reflecting a sharp decline in market valuation against the MTB's equity base. In 2020 and 2021, MVA rates were BDT 10415M and BDT 7800M, respectively, which are relatively high due to stable financial performance, higher market confidence, even after post-pandemic circumstances. Because of rising Non-Performing Loans (NPLs), lower share price, geopolitical tensions, fluctuations of currency exchange rates, among other causes, this further shrank and fell drastically in 2024.

2.5.4 Economic Value Added (EVA)

This performance metric shows whether a bank is generating returns above its cost of capital, measuring the real contribution to the economy. Typically, a positive EVA stands for better value creation for shareholders. EVA helps to evaluate organizational performance. It analyzes whether investments are truly earning economic value and suggests better or smarter investment options.

BDT Million

Particulars	2024	2023	2022	2021	2020
Economic Value Added	3,563.94	1,529.37	2,698.19	2,487.52	1,552.91



MTB maintained a positive EVA during all five years, which initially implies that it has been generating economic value instead of destroying it. The trend from 2020 to 2022 showed positive results; however, it declined in 2023. The reason could be due to higher provisioning, cost of capital, and operating costs amid economic pressures. This scenario significantly recovered in 2024, achieving the highest EVA of BDT 3563.94 million.

Liquidity

This financial metric measures a company's ability to pay its short-term expected and unexpected financial obligations (accounts payable, short-term loans) without incurring significant losses. It is an especially significant component, and a higher ratio is better because, without sufficient liquid balance, the bank cannot perform its daily operations.

	2024	**2023**	**2022**	**2021**	**2020**
MTB	163.41%	134.82%	122.60%	115.14%	101.78%

Source - MTB Annual report (2020-2024)

According to Basel ||| Matrices 2024 requirement, Liquidity coverage ratio (LCR) should be a minimum 100%. Based on that, MTB maintained its liquidity standard above the regulatory minimum in the past five years. The LCR of MTB surged from 101.78% to 163.41% from 2020 to 2024, showing steady improvement. Nonetheless, an extremely high ratio improves safety but can reduce profitability since a significant amount of funds is tied up in low-yield liquid assets, limiting revenue and ROA.

Accounting Practices:

MTB prepares its solo and consolidated financial statements in accordance with IFRS, IASB, and IAS standards for the basic framework. Besides, BRPD circulars of Bangladesh Bank, Companies Act 1994, Bank Company Act 1991, and other relevant laws are followed for different purposes. The statements are made on a going concern basis, and all commercial and modern banks primarily use the accrual basis of accounting. Moreover, as required by Bangladesh Bank guidelines, detailed notes, classification of accounts, and provisions are disclosed for stakeholders' benefit. All the usual accounting cycles, such as recording and maintaining journals, general ledgers, trial balance, balance sheet, profit-loss accounts, cash flow, and changes in equity statements, are rigorously maintained. Depreciation is generally charged using two methods- Reducing and Straight-Line. Specifically, for immovable property, furniture, fixtures, office, and electronic equipment, the Reducing method is used. Other than that, the Straight-Line method is being applied for computers & peripherals, motor vehicles, and intangible assets. According to the independent auditors' report analyzed by International Standards on Auditing (ISAs), the financial statements of MTB give a true and fair view in all material aspects, due to fraud or error, and proper books of accounts are followed, complying with applicable laws and regulations.

2.6 Operations Management and Information System Practices

MTB uses an advanced Core Banking System (CBS) to manage its core banking activities, enabling seamless integration of banking functions such as account management, daily transactions, loan management, and bill processing. This helps to collect, store, and process customers' accounts and manage daily bills in real time, maintaining accuracy and efficiency across all branches.

MTB primarily uses TCS BaNCS, a software developed by Tata Consultancy Services for general banking activities. This is an all-in-one user-friendly software where numerous bills can be processed, for instance, conveyance, petty expenses (entertainment, courier, water, electricity, newspaper), advance payments, business development, etc.,) under individual customer accounts and cardholders.

ODOO software is for vendor payment, which also affects TCS at the end. For example- capital expenditure (CAPEX), operating expense (OPEX), legal, repair-maintenance, loan valuation, pool, buy one get one (BOGO), air lounge (highest selling point), training institute bills, subscription fees, dish, telephone, and electricity.

Ababil is used solely for Islamic transactions titled 'MTB Yaqeen' to serve Shariah-compliant banking services

Jasper is used for the report generation of any financial statements for any year. Though it takes some time to process

CBS MIS, which can be done through GL (General Ledger) code, to get an individual's current ledger situation, which does not take much time

Mnet - Important notice updates, shows attendances of employees, login in-logout time, contact information of any individual of any department, including job description, employee id, extension number, then daily quizzes, any issue related to IT service, etc.

By using these softwares, employees can work efficiently because it saves time, work is done smoothly, cuts costs, and reduces human error massively.

2.7 Industry and Competitive Analysis

It is a broad analysis that evaluates the overall industry's structure, trends, internal and external factors, specific strengths and weaknesses against its competitors while developing effective strategies for market positioning and profitability. There are mainly two types of strategic frameworks to evaluate the competitive position of an organization internally and externally-

- ❖ **Porter's Five Forces**- It is an external market analysis to analyze the potential risks related to the industry's environment.

Competitive Rivalry (High)- As we know about the highly competitive banking industry of Bangladesh, which consists of 61 scheduled banks under Bangladesh Bank, 35 finance and non-banking financial institutions, along with Shariah-compliant banking, MTB is facing intense competition. Prominent players are a serious threat to MTB, like City Bank, Brac Bank, Dutch Bangla Bank, and Eastern Bank, with similar offerings such as digital services, SME financing, retail and corporate loans, aggressive campaigns on competitive prices, and unique services. They have to look for innovative and smarter digital solutions, expand and diversify offerings to maintain a competitive edge, and secure market share.

Source: Mutual Trust Bank PLC website

Threat of New Entrants (Low)- The previous government did not approve any new banks in 2024 rather focused on stabilizing and strengthening existing ones. Moreover, entering the banking sector has high entry barriers, as it requires banking licenses, extensive capital requirements (paid-up capital must be a minimum of BDT 400cr), advanced technology, and a stricter regulatory environment. Apart from that, the banking industry is already saturated, making it challenging to gain significant market shares for new ones.

Bargaining Power of Suppliers (High)- As there are no significant switching costs for depositors, it creates pressure for banks to retain customers. The overall bargaining power of depositors is increasing because of decreased confidence in weak banks in recent times (low liquidity, higher NPLs). MTB, being a stable bank, might have less pressure to negotiate with customers compared to weaker ones, yet it still needs to offer competitive interest rates and services.

Bargaining Power of Buyers (Moderate) - As low switching costs, loan interest rates, deposit returns, availability of alternatives such as Non-Banking Financial Institutes (NBFIs), mobile banking services (Bkash, Nagad, Rocket), and greater accessibility of information (easily compare interest rates and services) strengthen the bargaining leverage of buyers in Bangladesh. In order to survive, MTB must come up with innovative customer-friendly services suitable for different customer segments in a competitive cost structure to fight against the challenges.

Threat of Substitute Products (High)- With the rising digitalization, mobile financing services (MFS), digital wallets, fintech platforms, and agent banking are posing a serious threat to traditional banking services. These offer virtual specialized financial mixtures such as personal loans, leasing options, convenient remittances, and mobile transactions at lower costs and time. MTB is partnering up with MFS programs, focusing on SME, retail banking, increasing investment in consumer goods, and technology to remain relevant in the market.

❖ SWOT Analysis

It is a strategic internal framework that helps to analyze the competitive position and drive the sustainable growth of an organization.

Strengths

Financial performance- MTB is a respectable third-generation bank with steady growth in size and scope. Cost-to-Income ratio is satisfactory (47.59% < 50%) for using digital tools and reducing hiring costs. Their NPL is standing at 6.95% in 2024, compared to 4.61% in 2020, showing greater asset quality and risk assessment

Human Capital Development- Strongly focuses on employee wellness and flexibility, maintaining work-life balance, people people-centric environment, higher pay, and benefits. The turnover rate is 4% showing greater employee satisfaction

Diverse product portfolio- MTB Neo, mobile banking app, MNet, TCS, CBS, ODOO, Jasper, enhancing productivity, customer satisfaction, and improved data management

Weaknesses

Low operating profit than peers, a decline in Net Interest Margin (NIM), limited SME and retail exposure hurting profitability, signaling process and cost inefficiencies, and heavily concentrated on corporate banking.

Opportunities

Expand more in agent or rural banking, sub-branches, agricultural finance, retail, SME, CMSME buyers to grab large unbanked rural markets

Develop attractive remittance programs for NRB banking products to retain inflow and boost customer relationships

Develop tech-based products and services for the growing demographic dividend and capture new income schemes

Threats

Intense competition from banks, Fintechs, rising NPLs, cyber cybersecurity threats eroding market share

Political and economic instability, inflation, interest rate fluctuations, stricter Bangladesh Bank compliance on provisions, capital, deposit, and lending rates, and global trade issues (trade war by the US president) may raise costs, create a negative impact on investment income and profitability

2.8 Summary and Conclusions

This report is motivated by rapid changes in the banking sectors of Bangladesh during the period from 2020 to 2024, including swift digital transformation, regulatory tightening, increased competition, and macroeconomic uncertainty. The study is largely supported by published annual reports, secondary data, practical observations, and meaningful discussions with the employees during the internship. To evaluate the overall financial performance of MTB, key ratio analysis and value-based metrics are conducted, for instance, DuPont decomposition, Market Value Added (MVA), Economic Value Added (EVA), Earnings Per Share (EPS), and Liquidity Coverage ratio (LCR) to assess financial trends and value creation. Additionally, it reviews key accounting practices, market analysis through SWOT and Porter's Five Forces, and four marketing mixtures. Despite significant efforts, the study suggests that there are a few challenges because of declining MVA, rising competition from similar category organizations, and stronger digital commitments.

2.9 Recommendations

- First and foremost, MTBL needs to aggressively work on a digital approach to expand its horizon across all dimensions. The bank should increase its footprint on social media and other digital platforms to strengthen its brand visibility

- Establish more agent banking centers and ATMs like Dutch Bangla Bank, especially in remote areas. These centers should provide cost-effective and easily accessible solutions

- From the customer reviews of MTB Neo, the users are not satisfied with the online service due to slow servers, less user-friendly, and so on. To mitigate this issue, the bank could fully digitalize and upgrade end-to-end process automation, ranging from account opening, small loan distribution, to trade services

- Like an AI chatbot for blind people, the bot could also integrate sign language and relevant support systems for other physically challenged people

- Deposit growth needs to be maximized with attractive policies, customized interest structures, to regain lost market share

- Should invest more in automation of operational activities and accelerate decision-making for real-time validation, reduce cost per transaction, and eliminate manual bottlenecks. Sometimes, a technical glitch in the ODOO software hampers the daily operational process. The IT department should be more vigilant in upgrading core software to handle peak hours workload, leading to little to no service disruptions

- Ensuring a calmer work environment, sufficient break times, and arranging ergonomic chairs to reduce stress and physical discomfort. This will, in return, help in greater profitability and employee satisfaction

Chapter 3: Project Part

3.1 Introduction

In this part, the report will evaluate MTB's five-year CAMELS performance with two peer banks (City and Brac bank) for the period of 2020-2024. For the banking industry, this period is known for significant economic uncertainties and stricter regulatory changes. The evaluation would help to determine MTB's position in the industry, whether they are outperforming or lagging. In the last portion, the study aims to provide recommendations intended to establish it as a competitive and sustainable bank.

3.1.1 Background and Problem Statement

Financial performance analysis plays a vital role in understanding a bank's proficiency, efficiency, and stability. The CAMELS system was first developed in the United States by the Uniform Financial Institutions Rating System in 1979 as a regulatory instrument (UFIRS) to assess a bank's overall condition. CAMELS represents the six factors- Capital adequacy, Asset quality, Management, Earnings Capacity, Liquidity, and Sensitivity. A scale of 1 to 5 is used; 1 being the best score and 5 being the poorest. Unlike other financial ratios or ratings, the CAMELS model is not released to the public as it is only used by top management to assess the financial health and risk profile of a financial institution (Team, 2025). Over the past few years, the banking industry has gone through a rapid transformation driven by the post-pandemic recovery phase, digitization, regulatory strictness, rising NPLs, macroeconomic disruptions, increased competition, and rising customer expectations. Like any other sphere of financial institutions, MTB's performance is also influenced by internal and external factors. Despite expanding its footprint and product portfolio, modernization of banking systems, operational efficiency, and strategic changes, MTB continues to face challenges from both traditional and digital-first banks.

Research Question

- How has the overall performance of MTB evolved from 2020 to 2024 based on the CAMELS framework?
- To what extent have external factors impacted MTB's performance in the past five years?
- How effective is MTB's internal management in controlling operational expenses and improving efficiency during 2020-2024?
- Which unique strengths and weaknesses have most affected MTB's profitability and operational efficiency over this period?
- What strategic actions or policy adjustments and operational measures can be implemented to enhance financial performance, strengthen risk management, and ensure sustainable growth for a longer period of time?

3.1.2 Objectives

1. To examine MTB's financial performance strategies and trends from 2020-2025, utilizing key financial ratios and indicators

2. To compare MTB's performance relative to industry benchmarks and local peer banks

3. To evaluate capital adequacy, asset quality, management, earnings, liquidity, and sensitivity

4. To provide possible recommendations to enhance sustainable financial performance and operational efficiency

3.1.3 Significance of the issue

The research would address and assess different critical facets related to the financial performance of commercial banks in Bangladesh. Empirical data regarding the financial performance of the private commercial banks reveal the evolving nature of financial dynamics, thus helping policymakers and regulators, specifically the Bangladesh Bank, to make better policy decisions and risk management practices. This would lead to better stability of the financial sector and sustainable growth in the banking sector as a whole. In addition, the research fills the knowledge void relating to the recent economic uncertainties in the Bangladeshi context for the mid-tier private banks and can indeed be used to gain insights that may be beneficial for other institutions facing similar challenges.

3.1.4 Scope of the Study

This study emphasizes evaluating the financial performance of MTB over five years (2020-2024) to understand the bank's financial strengths, weaknesses, and long-term growth and sustainability by annual reports, auditors' statements, published disclosures, and available data. A detailed assessment of the CAMELS model, which will provide a comprehensive picture of MTB's capital adequacy rate, asset quality, management competency, earnings or long-term viability, liquidity, and sensitivity to market risks. This further aims to present internal and external factors that are affecting operational performance and financial stability. In addition, the study will differentiate MTB's performance with respect to other top-tier banks and industry benchmarks. However, the scope is limited to secondary qualitative-quantitative insights relevant to MTB, while being limited to selective interviews of employees of Group Finance for primary data.

3.2 Literature Review

The importance and need of financial inclusion for the economic and social development of society were explored by Sharma and Kukreja (2013). The ways followed and analyzed past years' performance and achievement to derive financial inclusion deployed by banks and regulatory bodies are identified by Garg and Agarwal (2014). In the report of Moudud UL Huq (2017), the banks of Bangladesh are lagging in management and asset quality, so they should focus more on new investment opportunities. Financial ratios assist managers in identifying the areas of strength, weaknesses, and working with alternative opportunities (Payne, 2011). Sk. Alamgir Hossain & K. M. Anwarul Islam (2017) conducted a study that compares the financial performance of Bangladeshi commercial banks using the CAMEL framework (Capital, Asset quality, Management, Earnings, Liquidity) using ratio analysis and secondary data from annual reports. According to them, the main causes of the variation in performance among banks are differences in asset quality (NPL levels) and earnings performance. It further demonstrates that, despite having sufficient capital, banks were under pressure from NPLs and operating expenses. Yadav (2013) says that unsecured loans attract more interest than the secured ones due to the larger unsecured loan risk to lender. Ibrahim (2015) followed the CAMEL model in a study to examine the performance and financial status of state banks and found that bank rankings differed based on state group ratios. This further concluded that there was no significant difference in performance on the basis of ratio analysis. Md. Rouf Biswas (2017) found that the financial performance of private commercial banks is better than that of state-owned banks in Bangladesh. However, according to Akber & Dey (2020), Islamic banks perform better in terms of capital adequacy and liquidity positions. Similarly, Gupta (2014) used the CAMEL method to investigate the performance of Indian public sector banks from 2009 to 2013. According to the study, the CAMEL ratios of all Indian public sector banks differ significantly, and the overall performance of public sector banks varies as well. By using the data of 2446 banks across 47 Asian countries, it has been concluded that banks that perform more non-traditional activities have higher return on assets (ROA) and return on equity (ROE), and Profit before tax; however, lower net interest revenue and net interest margin (Saif-Alyousfi, 2020). Ho & Wu (2006) demonstrate that benchmarking performance indicators is essential and commonly used for the financial analysis of banks.

3.3 Methodology

This study is generated based on secondary data, followed by a mainly quantitative research approach to evaluate the financial performance of Mutual Trust Bank PLC (MTB) using the CAMELS rating framework. Little to no primary data were used due to the confidential nature of internal banking data and regulatory restrictions.

The main source of secondary data includes the audited annual reports of MTB, City Bank, and Brac Bank for the five years (2020-2024). The annual reports of three banks were used to compute key financial components of CAMELS- Capital Adequacy, Asset Quality, Management Efficiency, Earnings Capacity, Liquidity, and Sensitivity. Moreover, trend analysis was applied to examine year-to-year performance changes and to identify systematic patterns. Additionally, benchmarking analysis is conducted to compare CAMELS indicators of MTB with peer banks (City Bank and Brac Bank) to examine MTB's financial position in the private commercial banking sector of Bangladesh. According to a news article by Bonik Barta (*BRAC, City, and Prime Lead the Ranking*, n.d.-b), out of 31 publicly listed banks, BRAC and City bank scored in the top two, and MTB is the ninth bank with the highest scores based on the 2024 audited financial statements. Thus, comparison of MTB with the above two banks helps in making a meaningful assessment of the financial performance of MTB through CAMELs and hence its relative strengths, weaknesses, opportunities, and performance gaps that exist in the banking sector. Finally, additional information was collected from recent circulars issued by Bangladesh Bank, guidelines of Basel III, regulatory disclosures, academic journals, articles, and previous empirical research for theoretical background and interpretation of the results.

3.4 Findings and Analysis

3.4.1 CAMELS Framework

CAMELS rating system evaluates the overall soundness and safety of financial institutions using six components (Basel Committee on Banking Supervision, 2011). By a composite scale of 1 to 5, six components- Capital Adequacy, Asset Quality, Management Efficiency, Earnings Capacity, Liquidity, and Sensitivity are evaluated to determine how safe and sound a financial institution is. The ranking is as follows-

Rating 1- Excellent performance and sound management
Rating 2- Satisfactory performance with some minor weaknesses
Rating 3- Average Performance in several dimensions, needs attention and improvement
Rating 4- Poor performance with serious financial concerns due to unsound practices
Rating 5- Unstable performance, needs immediate action

CAMELS Components	**1**	**2**	**3**	**4**	**5**
Capital Adequacy	>15%	12-14.99%	8-11.99%	7-7.99%	<6.99%
Asset Quality	<1.25%	<2.5-1.26%	<3.5-2.6%	<5.5-3.6%	>5.6%
Management Efficiency	<25%	30-26%	38-31%	45-39%	>46%
Earnings Capacity ROA	>1.5%	1.25-1.5%	1.01-1.25%	0.75-1.00%	<0.75%
ROE	>22%	17-21.99%	10-16.99%	7-9.99%	<6.99%
Liquidity	<55%	62-56%	68-63%	80-69%	>81%
Sensitivity	<0.25	0.30-0.26%	0.37-0.31%	0.42-0.38%	>0.43%

Source- Rozzani & Rahman (2013)

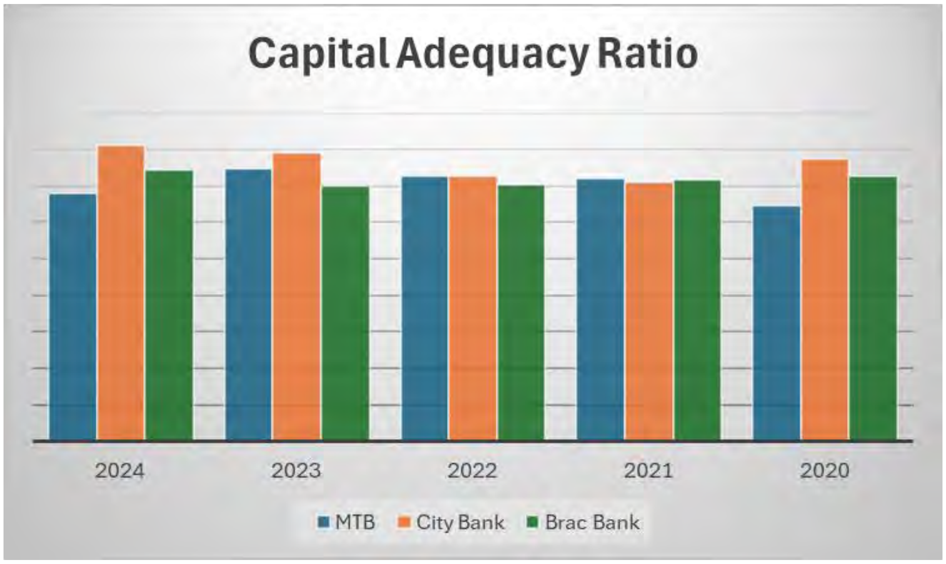
3.4.1.1 Capital Adequacy Ratio (CRAR)

CRAR calculates a bank's capital with respect to its risk-weighted ratios, showing how it can cover liabilities and absorb potential losses while maintaining stability. Higher CRAR indicates a stable and safer bank, while lower CRAR shows a higher risk of financial distress (Athanasoglou et al., 2008; Kouser & Saba, 2012; Roman & Şargu, 2013).

Capital Adequacy ratio= (Tier 1 Capital + Tier 2 Capital) / Risk-Weighted Assets

	2024	**2023**	**2022**	**2021**	**2020**	**Average Rating**
MTB	13.60%	14.93%	14.50%	14.41%	12.92%	1
City Bank	16.24%	15.80%	14.50%	14.20%	15.50%	1
Brac Bank	14.90%	14%	14.04%	14.36%	14.55%	1

Source- Mutual Trust Bank PLC [MTB], 2020–2024; BRAC Bank PLC, 2020–2024; City Bank PLC, 2020–2024



As per the BRPD circular No. 18 under Basel ||| standards, issued by Bangladesh Bank on 21st December 2014, all financial institutions are required to maintain a minimum capital adequacy ratio of 12.50% including Capital Conservation Buffer of 2.50%. MTB consistently maintained a stable and strong capital adequacy position, meeting regulatory requirements. However, there was a small drop of 1.33% from 2023 to 2024 due to high NPLs and high provisions (Modak, 2025). Compared to the other two banks, City Bank maintains the strongest CRAR level above 14% over the last five years, peaking at 16.24% in 2024. Lastly, Brac Bank as well as maintains a stronger CRAR that is quite similar to MTB except in 2024, indicating a balanced capital position.

3.4.1.2 Asset Quality

This measures the health and riskiness of a bank's assets, particularly its loans, to determine the likelihood of getting repayment of principal and interest from borrowers. Rising non-performing loans (NPLs) weaken asset quality and reduce profitability (Berger & DeYoung, 1997; Hossain & Islam, 2017). Thus, a lower ratio is good as it means fewer risky or bad loans.

Asset Quality Ratio = Non-performing loans (NPL)/Total loans

	2024	2023	2022	2021	2020	Average Rating
MTB	6.95%	6.60%	5.77%	5.80%	4.61%	3
City Bank	3.7%	3.6%	3.9%	4.9%	4%	3
Brac Bank	2.63%	3.38%	3.72%	3.90%	2.93%	2.4

Source- MTB, 2020–2024; BRAC Bank, 2020–2024; City Bank, 2020–2024

MTB's asset quality is showing a deteriorating trend from 4.61% in 2020 to 6.95% in 2024 because of higher NPLs, particularly higher SME loans. The reasons behind these are higher credit risk, weaker loan recovery, and increased provisioning. Compared to peer banks, MTB has the highest NPL ratio. Brac Bank is maintaining the best asset quality with low NPLs because of strong credit management and maximum loan recovery.

3.4.1.3 Management efficiency

This measures how effectively a company manages its assets, resources, and operations in order to generate revenue and profits and how it reacts to potential financial distress. The common benchmark ratio should be between 50% to 60%. A lower ratio signifies better management efficiency since lower expenses compared to net income are preferable (Avkiran, 2011; Sufian & Habibullah, 2009).

Management efficiency = Total Operating Expenses/Net Income

	2024	**2023**	**2022**	**2021**	**2020**	**Average Rating**
MTB	47.59%	53.05%	51.54%	55.79%	64.77%	4.8
City Bank	41.7%	51.1%	51.9%	48.6%	57.9%	4.8
Brac Bank	47%	56%	58%	53%	58%	5

Source- MTB, 2020–2024; BRAC Bank, 2020–2024; City Bank, 2020–2024

Among the three, City Bank demonstrates stronger management efficiency. MTB and Brac Bank are showing similar percentages in 2024, demonstrating a downward trend over the five years. MTB managed to reduce its cost significantly from 64.77% in 2020 to 47.58% in 2024. This significant improvement was possible due to lower staff expenses, other operating expenses, higher business growth, and management efficiency.

3.4.1.4 Earnings capacity

This refers to the bank's ability to produce earnings from assets to be able to perform banking activities, expand, and remain competitive. Higher earning capacity is better for banks as it represents greater stability, lower risk of default loans, leading to a better ability to generate future profits.

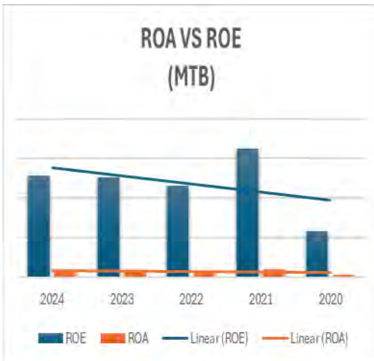
	2024	**2023**	**2022**	**2021**	**2020**	**Average Rating**
MTB	0.77%	0.79%	0.72%	1.03%	0.37%	4.2
City Bank	1.7%	1.2%	1%	1.2%	1.1%	2.8
Brac Bank	1.46%	1.13%	1.14%	1.31%	1.18%	2.6

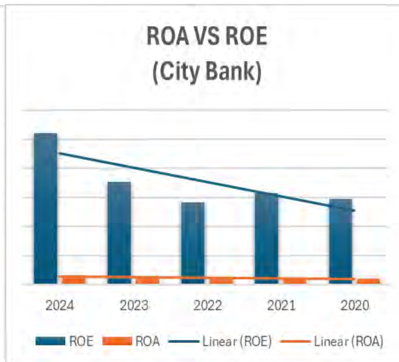
TABLE- ROA

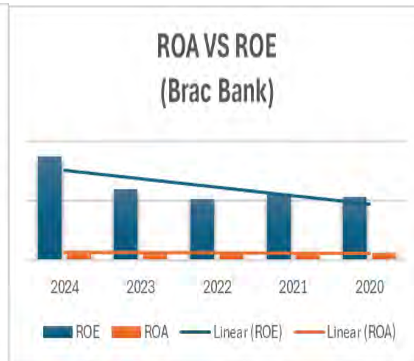
	2024	**2023**	**2022**	**2021**	**2020**	**Average Rating**
MTB	12.77%	12.59%	11.56%	16.22%	5.83%	3.4
City Bank	26.1%	17.6%	14.1%	15.8%	14.8%	2.4
Brac Bank	17.43%	11.95%	10.22%	11%	10.63%	2.8

TABLE- ROE

Source- MTB, 2020–2024; BRAC Bank, 2020–2024; City Bank, 2020–2024







Both higher ROA and ROE are better because they suggest better asset utilization and shareholder value creation (Athanasoglou et al., 2008). City Bank is the best performer both in terms of ROA and ROE. Similarly, Brac Bank is showing stable and sustainable profitability as it is particularly strengthening its SME banking. MTB is showing moderate recovery, though comparatively weaker because of the higher cost of funds, focuses more on long-term stability, competitive market pressure, and so on.

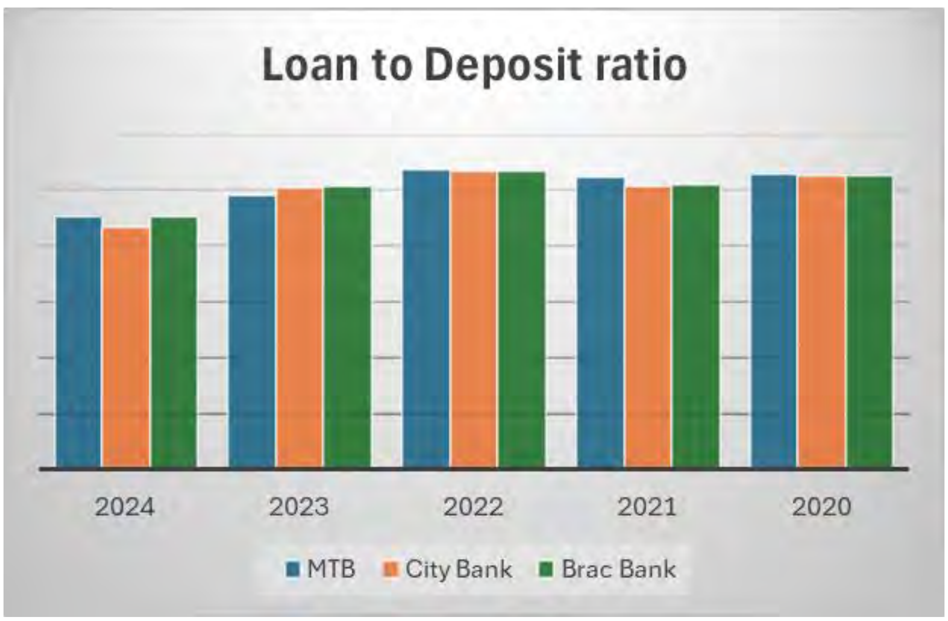
3.4.1.5 Liquidity

One of the key indicators is the Loan to Deposit Ratio (LDR), which assesses the liquidity and risk profile of a bank. The loan-to-deposit ratio (LDR) compares a bank's total loans to its total deposits. A balanced LDR suggests that the bank is capable of meeting depositors' demands whenever needed. According to Allred (2025), an ideal range is said to be 80-90% in order to balance financial stability and growth. Both extremely high and low LDR are threatening, as high LDR leads to higher liquidity risk and lower LDR leads to missed profit opportunities.

Loan-Deposit ratio = Total Loans/Total Deposits

	2024	2023	2022	2021	2020	Average Rating
MTB	90.67%	98.10%	107.42%	104.68%	105.45%	5
City Bank	86.54%	100.91%	106.89%	101.53%	105.27%	5
Brac Bank	90.52%	101.08%	106.81%	102.10%	105.27%	5

Source- MTB, 2020–2024; BRAC Bank, 2020–2024; City Bank, 2020–2024



Here, MTB's LDR shows a gradual decline from 105.45% in 2020 to 90.67% in 2024. This signifies a more cautious and safer lending approach. City Bank has been able to maintain a more stable and well-balanced LDR; significantly lower LDR in 2024 (86.54%), showing a balance of liquidity safety with income generation under uncertainty economic situations. Similarly, Brac Bank is showing a downward trend in LDR.

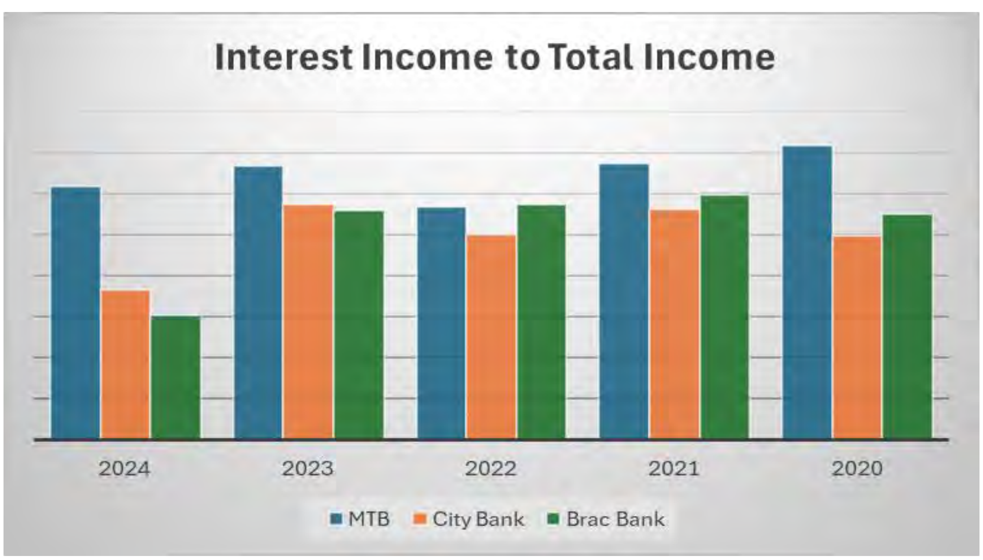
3.4.1.6 Sensitivity

This last component was added later to CAMEL. Sensitivity refers to a bank's exposure to market risks such as fluctuations of interest rates, exchange rates, and commodity prices that ultimately affect a bank's earnings and capital. Any financial institution should have low exposure to market risks, making it stable in future financial mechanisms.

Interest Income to Total Income = Net Interest Income/Total Operating Income

	2024	2023	2022	2021	2020	Average Rating
MTB	61.88%	66.95%	56.77%	67.36%	72.04%	5
City Bank	36.65%	57.35%	50.26%	56.29%	49.97%	4.6
Brac Bank	30.42%	56.05%	57.34%	59.91%	55.11%	4.4

Source- MTB, 2020–2024; BRAC Bank, 2020–2024; City Bank, 2020–2024



One of the measures of Sensitivity Analysis is Interest Income to Total Operating Income, which shows the extent of dependency of banks on interest income. If the percentage is higher, the bank is extremely sensitive to interest changes, leading to higher risk (Saunders & Cornett, 2019). From the table, we can see that MTB consistently shows very high-interest rate sensitivity in the last five years compared to the other two banks. This specifies MTB has a less diversified income structure and is heavily reliant upon interest-based revenue from loans, advances, and relatively lower non-interest income sources (cards, remittance, treasury, etc.). However, the percentage slightly improved in 2024 but remains at high risk. Conversely, City Bank and Brac Bank are moderate and less sensitive to the interest rates, suggesting their earning structure has become more resilient to interest rate volatility.

3.4.1.7 CAMELS Rating Analysis

CAMELS PARAMETER	Banks	Average Rating	Comment
Capital Adequacy	MTB City Brac	1 1 1	Robust Robust Robust
Asset Quality	MTB City Brac	3 3 2.4	Satisfactory Satisfactory Satisfactory
Management Efficiency	MTB City Brac	4.8 4.8 5	Poor Poor Unsatisfactory

Earning Capacity (ROA)	MTB City Brac	4.2 2.8 2.6	Poor Satisfactory Satisfactory
(ROE)	MTB City Brac	3.4 2.4 2.8	Fair or Average Satisfactory Satisfactory
Liquidity	MTB City Brac	5 5 5	Unsatisfactory Unsatisfactory Unsatisfactory
Sensitivity	MTB City Brac	5 4.6 4.4	Unsatisfactory Poor Poor

As we can see, the data in the table implies that the capital adequacy of all three banks is relatively stable. Asset quality performance demonstrates a satisfactory rating; however, rising NPLs remain a concern. The management efficiency of the mentioned three banks is showing relatively weak performance because of less cost optimization, improper resource utilization, and a slower decision-making process. In terms of Earning capacity, MTB is showing moderate recovery compared to early years, yet a lesser percentage than peer banks. On the other hand, a weaker liquidity position is detrimental for short-term and emergency funding needs. Therefore, MTB needs to concentrate more on making better cost utilization, proper liquidity management, and lower market risk sensitivity

3.5 Summary

Over the years, MTBL has steadily built a reputation through continuous innovation and following a strong customer-centric approach. By offering a diversified range of products across corporate, retail, SME, Islamic, investment, and security sectors, it has enabled MTBL to mark its market presence and respond to the changing demands of different customer segments simultaneously. Findings from the CAMELS model reveal that the performance of top-tier banks like MTBL has been influenced by the aftershock of the COVID-19 pandemic, regulatory tightening by the Bangladesh Bank, unstable macroeconomic factors, a high rise in NPLs, and increased competition in the banking industry. While the financial data of MTBL has shown gradual improvement in areas such as Capital Adequacy and Asset Quality in 2024, the overall rating remains comparatively low. Other components, such as Management Efficiency, Earnings Capacity, Liquidity, and Sensitivity, also remain in a critical position, which highlights the need for strategic corrective measures. For instance, such heavy dependence on income from interest is a serious threat to interest rate fluctuations. Similarly, lower ROA and ROE reflect negative earnings results. Therefore, in order to sustain in the industry, it is high time MTBL should take steps in areas such as operational efficiency, income diversification, balanced liquidity management, credit risk control, and so on.

3.6 Recommendations

Based on CAMELS analysis, employee interviews, and personal observations, MTB should strengthen credit appraisal procedures, risk assessment of borrowers so that they can identify problematic loans beforehand. Similarly, monitoring, prioritizing faster loan recovery, prohibiting defaulters from access to further credit, and revised loan classification and provisioning policies will help control rising NPLs. Not to mention diversifying loan portfolios, such as focusing more on the retail, SME sectors, will help to reduce concentration risk and upgrade asset quality. Although cost efficiency has improved over the years, management efficiency needs to be improved by controlling better resource allocation, deepening process automation by updating banking core software, and centralization. In the last few weeks, MTB has moved towards digitalizing Travel and Daily Allowances (TA-DA bills), where, before, tons of such physical bills needed to be checked for payment processing. In this way, automation should be further extended for routine, repetitive bills (e.g., stationary, utility payments, internet bills, petty bills). Likewise, for better decision-making, leveraging data analytics could be implemented too. This will significantly provide long-term benefits- higher speed, fewer human errors, and lower overall process cost. Finally, diversifying revenue streams by rising non-interest and fee-based income from cards, remittances, trade finance, and digital banking services. In such a manner, profit growth will not heavily depend on spread income. Addressing these sectors will hopefully enhance sustainable growth and long-term competitiveness in this financial landscape.

References

1. *Allred, C. (2025, March 6). Loan-to-Deposit Ratio (LDR) Definition. Investopedia. https://www.investopedia.com/terms/l/loan-to-deposit-ratio.asp*

2. *Annual reports. (n.d.). City Bank PLC. https://www.citybankplc.com/report/annualreports*

3. *Athanasoglou, P. P., Brissimis, S. N., & Delis, M. D. (2008). Bank-specific, industry-specific, and macroeconomic determinants of bank profitability. Journal of International Financial Markets, Institutions and Money, 18(2), 121–136. https://doi.org/10.1016/j.intfin.2006.07.001*

4. *Avkiran, N. K. (2011). Association of DEA super-efficiency estimates with financial ratios: Investigating the case for Chinese banks. Omega, 39(3), 323–334. https://doi.org/10.1016/j.omega.2010.08.001*

5. *Bangladesh Bank. (n.d.). https://www.bb.org.bd/en/index.php*

6. *Basel Committee on Banking Supervision. (2011). Basel III: A global regulatory framework for more resilient banks and banking systems. Bank for International Settlements. https://www.bis.org/publ/bcbs189.htm*

7. *Basel III: international regulatory framework for banks. (2017, December 7). https://www.bis.org/bcbs/basel3.htm*

8. *Berger, A. N., & DeYoung, R. (1997). Problem loans and cost efficiency in commercial banks. Journal of Banking & Finance, 21(6), 849–870. https://doi.org/10.1016/S0378-4266(97)00003-4*

9. *Biswas, M. R. (2017). Comparative Analysis of Financial Performances of State-owned and Private commercial banks in Bangladesh. International Journal in Management and Social Science, 05(04), 207–223.*

10. *BRAC Bank. (n.d.). https://www.legacy.bracbank.com/en/investor-relations*

11. *BRAC, City, and Prime lead the ranking. (n.d.-a). Bonikbarta.*

https://en.bonikbarta.com/business/CjWtvRDWI1Rs9ikV

12. *FM Associates Bangladesh. (n.d.). Banking & Finance. FMA | Leading Law Firm in Dhaka and Chittagong, Bangladesh. https://www.fmassociatesbd.com/doing-business/how-to-setup-banking-and-finance-business-in-bangladesh-doing-business-in-bangladesh*

13. *Garg, S. & Agarwal, P. Financial inclusion in India: A review of initiatives and achievements. Journal of Business and Management, 10(6), 52-61.*

14. *Gunasekaran A, Putnik GD, Ho C, Wu Y (2006), "Benchmarking performance indicators for banks". Benchmarking: An International Journal, Vol. 13 No. 1-2 pp. 147–159, doi: https://doi.org/10.1108/14635770610644646*

15. *Gupta, P. (2014). An analysis of Indian public sector banks using the CAMEL approach. IOSR Journal of Business Management, 16(1), 94-102*

16. *Hayes, A. (2025, August 11). Understanding petty cash: usage, accounting, and best practices. Investopedia. https://www.investopedia.com/terms/p/pettycash.asp*

17. *Hossain, S. A., & Islam, K. M. A. (2017). Comparative financial performance analysis of Bangladeshi commercial banks using the CAMEL model. Asian Business Review, 7(1), 1–10*

18. *Hossain, Sk & Islam, K. M. Anwarul. (2017). Evaluation of Financial Performance of Commercial Banks in Bangladesh: Comparative Study Based on CAMEL Approach. 2.*

19. *Ibrahim, M. (2015). A comparative study of financial performance between conventional and Islamic banking in the United Arab Emirates. International journal of economics financial issues, 5(4), 868-874.*

20. *Islam, A. (2023, December 4). About Us - Mutual Trust Bank PLC. Mutualtrustbank. https://www.mutualtrustbank.com/mtb-foundation/about-us/*

21. *Kouser, R., & Saba, I. (2012). Gauging the financial performance of the banking sector using the CAMEL model: Comparison of conventional, mixed, and Islamic banks in Pakistan. International Research Journal of Finance and Economics, 82, 67–88 Bangladesh: An Analysis. AIUB Bus Econ Working Paper Series, No. 2011-03.*

22. *Payne, R. (2011). Finance's Role in the Organization. Institute of Chartered Accountants in England and Wales, ISBN 978-1-84152-855-7.*

23. *Report, T. (2024b, July 10). 10 banks, 3 NBFIs make it to the latest BB Sustainability Rating list. The Business Standard. https://www.tbsnews.net/economy/banking/sustainability-rating-2023-brac-bank-city-bank-top-list-896206*

24. *Roman, A., & Şargu, A. C. (2013). Analyzing the financial soundness of the commercial banks in Romania: An approach based on the CAMELS framework. Procedia Economics and Finance, 6, 703–712. https://doi.org/10.1016/S2212-5671(13)00192-5*

25. *Rozzani, Nabilah & Rahman, Rashidah. (2013). Camels and Performance Evaluation of Banks in Malaysia: Conventional Versus Islamic. Journal of Islamic Finance and Business Research. 2. 36-45.*

26. *Saif-Alyousfi AY (2022), "Determinants of bank profitability: evidence from 47 Asian countries". Journal of Economic Studies, Vol. 49 No. 1 pp. 44–60, doi: https://doi.org/10.1108/JES-05-2020-0215*

27. *S. Parven. 2011. Nonperforming Loans of Commercial Banks in Bangladesh. Munich Personal RePEc Archive Paper No. 65248. Bangladesh Inst of Bank Management. 27 November. https://mpra.ub.uni-muenchen.de/65248/9/MPRA_paper_65248.pdf; IMF*

28. *Saunders, A. and Cornett, M.M. (2019). Financial institutions management: A risk management approach. 9th ed. New York: McGraw-Hill.*

29. *Saunders, A., & Cornett, M. M. (2019). Financial institutions management: A risk management approach (9th ed.). McGraw-Hill Education*

30. *Sharma, A. &Kukreja, S. (2013). An analytical study: relevance of financial inclusion for developing nations. Research Inventory: International Journal of Engineering and Science, 2(6), 15-20.*

31. *Shipu. (2021, January 10). Corporate Social Responsibility - Mutual Trust Bank PLC. Mutualtrustbank https://www.mutualtrustbank.com/sustainable-finance/corporate-social-responsibility/*

32. *Shipu. (2023, May 17). Awards & Recognitions - Mutual Trust Bank PLC. Mutualtrustbank.*

33. *Shipu. (2025b, August 3). Profile - Mutual Trust Bank PLC. Mutualtrustbank. https://www.mutualtrustbank.com/about-us/mtb-profile/*

34. *Sufian, F., & Habibullah, M. S. (2009). Bank-specific and macroeconomic determinants of bank profitability. Empirical Economics, 37(1), 1–25.*

35. *Team, C. (2025, June 6). CAMELS rating System. Corporate Finance Institute.*

36. *Vodova, P. (2011). Liquidity of commercial banks and its determinants. International Journal of Mathematical Models and Methods in Applied Sciences, 5(6), 1060–1067*

37. *Yadav, J.R. (2013). Credit Is Inevitable In Banking: A Case Study Of Premier Bank On Credit Appraisal and Assessment. Journal of Business Management and Social Sciences Research, 2(7), 20-29.*