Report On

CAMEL Rating Analysis of Eastern Bank Ltd and United Commercial Bank Ltd.

By

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ID: 22164064

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

BRAC Business School

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Declaration

It is hereby declared that:

1. My original work from the time I was pursuing my degree at BRAC University is the internship report that I have submitted.
2. The report doesn't include any content that has already been published or authored by a third party, unless it is properly referenced with complete and correct details.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main source of help.

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ID: 22164064

Supervisor's Full Name & Signature:

Dr. Mohammad Enamul Hoque

Supervisor Full Name

Lecturer, BRAC Business School

BRAC University

Letter of Transmittal

Mr. Dr. Mohammad Enamul Hoque
Lecturer,
BRAC Business School
BRAC University
Kha 224, Bir Uttam Rafiqul Islam Ave, Dhaka 1212

Subject: Submission of internship report.

Dear sir,
I am glad to be an intern at The Eastern Bank PLC., where I was assigned under your supervision. I would like to turn in my internship report, which was required by both the internship and the MBA programs. I successfully finished both my internship and my report program offered by Eastern Bank PLC.

I have made every effort to finish the report with the necessary details and recommendations advice in the most comprehensive and prudent manner conceivable.

Perhaps I might say thank you for providing me with this wonderful chance and for your support during the moment. I'm hoping you'll enjoy my report and provide me with constructive criticism.

Sincerely yours
Sadia Sultana Zisha
ID: 22164064
BRAC Business School
BRAC University

Non-Disclosure Agreement

The Eastern Bank Ltd. and the undersigned BRAC University student Sadia Sultana Zisha ID: 22164064.

Acknowledgement

First and foremost, I would like to express my deepest gratitude to the Almighty, whose endless blessings and guidance have made it possible for me to complete this internship report successfully.

I would like to extend my heartfelt thanks to my esteemed supervisor, Dr. Mohammad Enamul Hoque, and my co-supervisor, Dr. Abu Saad Md. Masnun Al Mahi, for providing me with the invaluable opportunity to undertake this internship. Their constant guidance, insightful feedback, and unwavering support have been instrumental in shaping this report.

I would like to express my appreciation to Monjurul Alam, the Head of Human Resources, and Sharmeen Aliya Billah, the Head of People Pay under the Human Resources department of EBL PLC, as well as my hierarchical supervisor, who guided and supported me throughout my internship. I have learnt so much because of the knowledge and support that Sharmeen Aliya Billah mam has rendered to me.

Lastly, thank myself for all the pushing, dedication, and hard work that I put into completing my report. It has been a challenging yet rewarding journey, and I am not disappointed with the achievements.

Executive Summary

In the executive summary section of the present internship report, a discussion of Eastern Bank PLC (EBL) is presented on a financial ratio basis, as reported under the CAMEL rating table, for comparison with industry and competitor averages. The internship held at EBL aimed to assess the bank's financial health, liquidity, profitability, capital adequacy, asset quality, and management. Through this analysis, we aimed to understand the performance of EBL and its position compared to other competing banks in Bangladesh.

The main strengths of EBL identified in this report are a protective brand name, creative and diverse digital banking services, and a range of services offered to clients across various categories. The bank's performance is impressive, particularly in terms of profitability and capital adequacy, consistently outperforming the market. In addition, the customer-focused and digital transformation orientation, i.e., the adoption of payment wearables and the development of improved online banking services, has been beneficial in helping the firm significantly enhance its customer satisfaction rates and competitiveness.

However, the report identifies weaknesses, such as the overall higher leveraged ratio of EBL, which puts the bank at financial risk and results in relatively higher operational costs compared to other competitors. The bank is also not responsive to the dynamically shifting trends of the digital-based banking in the financial sector, especially in some of its conventional banking networks. The report also guides the opportunities that EBL has in the areas of fintech market expansion, growing financial inclusion, and leveraging strategic partnerships. Nevertheless, it also discusses possible threats that may include intense competition, regulations, and an increase in cybersecurity risks.

To sum up, EBL can maintain its competitive advantage by adhering to the principles of innovation, establishing systemic efficiency, and adapting to the evolving banking environment. The report recommends ways to improve the bank's financial position and enhance its market position.

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1.1: Student Information

Name: Sadia Sultana Zisha

ID: 22164064

Program: Masters of Business Administration

Major: Finance

1.2: Internship Information

1.2.1 Internship session, Name of the Company, Division/Department, Address

I started my journey at The Eastern Bank PLC. as a learner at Human Resource Division. My internship program's duration is from 19th May, 2024 to 18th August, 2024. The office is situated at 100 Gulshan Avenue, Dhaka.

1.2.2 Information of the supervisor of Internship company

Name: Sharmeen Aliya Billah

Position: Head, People's Pay & Benefit

1.2.3 Job Scope – Job Description/Details/ Responsibilities

As an intern working with Eastern Bank Ltd, I was fortunate to work in two of the most important departments. Thus, I was exposed to various responsibilities that contributed to the financial performance. My primary work focused on Financial Spreadsheet Analysis and Ratio Analysis, where I helped determine the bank's economic stability and profitability using various financial indicators. This practical experience has enabled me to apply the theoretical aspects of banking in practice, and I was engrossed in determining the overall financial position of the bank.

My role was to create financial reports based on these analyses, defining trends, risks, and areas for improvement. In addition to making financial spreadsheets, I was able to liaise with my supervisor and other employees across various departments to obtain the relevant data, which I then used for analysis. I ensured that everything was recorded correctly, and I would have meetings with my supervisor where I would share the data and discuss other implications of the research.

Another role I played very well was taking precise notes during meetings, especially when my supervisor or other bank officers made statements directly related to my report on the CAMEL

Rating Analysis. This enabled me to gather qualitative information with quantitative data to create an evaluation of the research. Moreover, I also participated in document preparation according to supervisory demands, contributing to the organization of internal documentation norms at the bank and collecting information to facilitate further analysis and decision-making.

I have gained a great deal of knowledge about financial analysis as it applies to a bank through my internship experience at Eastern Bank Ltd., which has provided me with a solid foundation for my future work in the banking and finance sector.

1.3: Internship outcome

1.3.1 Student's Contribution to the Company

For the training session that I conducted, I had some of the routine tasks that I always perform on a given day. At times, I supervised and coordinated different appropriate documents to ensure that they were organized in the proper manner and easily accessible whenever needed. Among the activities that I carried out is the signing of salary certificates and ensure that the respective employees got the documents on time. In my capacity, I was able to facilitate the swift evaluation of loan applications particularly auto loan applications through organizing relevant information. The outcomes of my assignments informed the authorities of the solutions and encouraged further investigation. It also improves efficiency in retrieving the desired paper since they are synchronized with the organization.

1.3.2 Benefits to the Student

In this internship program in EBL PLC one of the top most banks in Bangladesh I got lots of opportunities including the carrier above. All the numerous procedures and functional activities of the banking operation were described to me briefly, and so, I had an overall conception of the banking sector. I also became familiar with the preparation of expert reports and certificates They are official documents which are used in banking systems. In the process of carrying out this experience I have applied myself appropriately that has helped in enhancing my precision of work. From gaining knowledge about the loans that the banks are allowed to extend with the help of my supervisor I gathered the information about various laws of Bangladesh bank. With this knowledge under my belt, I now consider myself well equipped on banking rules as well as regulations.

1.3.3 Problems/Difficulties

My internship experience at Eastern Bank Ltd offered some learning experiences that challenged my problem-solving skills and presented me with a few difficulties. Comprehending the complexity of data analysis in finance was one of the most significant challenges I had to overcome. When I was working on the financial spreadsheet and ratio analysis, I initially had difficulties translating a large amount of information that was tabulated in various ways. The numbers had to be examined very closely because even a minuscule mistake could cause a significant discrepancy in the analysis. It was a steep learning curve to learn to handle these financial documents effectively, analyze them, and make them accurate. With time, I improved at handling such types of work matters.

The second issue was related to the limited availability of data. In some instances, the business statistics required for the analysis were incomplete or outdated, which affected the validity and reliability of my results. I also need to liaise closely with my supervisor and other team members so that gaps can be filled by either data retrieval or by recalculation employing available alternative methods. This demanded tolerance and innovativeness to solve problems (in case of time-constrained issues).

Another problem I encountered involved time management, particularly when I had to combine tasks across multiple departments. The time frames for providing reports, recording results, and conducting analysis frequently overlapped. This necessitated that I plan well in terms of prioritizing my work and ensuring that the quality of work is not compromised.

Lastly, the challenge was to adapt to the bank's internal processes and software. I was familiar with general financial analysis tools, but the systems used at Eastern Bank Ltd were new to me when I started. These systems required adaptation, and I needed time to become accustomed to them. The tools and systems, however, became easier to work with as I gained more experience, and this has enabled me to work more efficiently.

Despite this, it taught me a great deal about the banking sector and enhanced my financial analysis and problem-solving skills.

1.3.4 Recommendations

Having interned for a few months at that organization, I have some comments for the whole:

- Company should strengthen all the policies so that they cover any uncertainty.
- It is important to be flexible with the employees and reward the hard work.
- Every employee should get training about how to manage online services.

Chapter 2

Organization Part: Overview, Operations and a Strategic Audit

2.1 Introduction

Officially started its operation in 1992, Eastern Bank PLC (EBL) is one of the fastest growing private sector banks in Bangladesh. Bank offers financial services and products through its divisions of retail banking, Investment banking, Operations division, Asset management division and equity Brokerage division. presently, it has 85 branches and 214 ATM booths in Bangladesh and it has approximately 3000 employees. In Calcutta, India, the company, Eastern Bank PLC has laid down ambitious plans of opening up its first branch fully owned branch. This Indian office will be the company's first overseas office other than those in Bangladesh. Currently, EBL has an office in Myanmar and a branch named EBL Finance (HK) Limited in Hong Kong incorporated. As the third representative office, EBL formally opened in Guangzhou, China on 29th September 2019. As EBL aims at providing new and front-line financial products, as well as the best service to the customers, it has gained much reputation regarding its stability, effectiveness and responsible for sustainable development. Through a well-established network of branch offices all over the country, the bank offers a wide array of products that can be availed by the banking public which includes customer, SMEs and big corporations. These services are retail and corporate banking, specialized and business banking, investment banking and treasury services. A key factor that has shaped the banking industry competitive outcome is the technological advancement, and innovation on which EBL has embarked on as a strategic factor to healthy competition. New opportunities for receiving financial services through internet banking, mobile banking, and ATMs have significantly improved customer satisfaction. Also, there is particular attention to corporate and social responsibility as the bank funds projects in education, healthcare and environment concerns. The company called EBL is always eager to maintain the highest level of professional and ethical performance. The company's commitment to its employees and focus on the customer has been evident in its steady, year on year growth ensuring it is a major player in the financial market of the country.

Eastern Bank PLC (EBL) handles various daily banking activities, including:

- Retail Banking
- SME Banking
- Corporate Banking
- Loan Disbursement
- Payroll management
- Treasury Operation.

Methodology of the Study:

Information that is both Mandatory and optional is gathered for the report.

Primary Source:

- Direct conversations with bank advisors and other bank representatives.
- Gather data from customers.
- Practical work on the bank.

Secondary Source:

- Financial report of Eastern Bank PLC.
- Annual report of other banks.
- Website of bank.
- Different documents published by bank and other source.

Scope of the Report:

In as much as this Internship Report is intended to present the duties, the works, and events that was observed and done during the Internship at Eastern Bank PLC, it is also intended to provide a comprehensive overview of the operations of the Bank. The research work will be conducted on Empirical Business and Lifecycle E- Business Linkages (EBL) selecting HR division in the research assessment. As well as it reveals the bank's history, goal, vision, values, and all such information about it. However, the financial analysis of the bank under study as well as the comparison of it with other banks are of central interest to the study.

Limitation of the study:

This report may be restricted for certain limitations. Internship is a short period working experience so it's tough to gather all the data needed for the report. Besides this there were other limitations. Those are given below:

- Privacy of bank data.
- It's hard to analyze banking financial data.
- Due to the speed and busy nature of the banking system and staff, it was not possible to get all the information.
- Due to a brief period of protest in Bangladesh, curfew restricted movement, leading to a loss of workdays, which reduced the overall exposure during that period.

2.2 Overview of the Company

Eastern Bank PLC (EBL) is one of the most successful privately owned commercial banks in Bangladesh, earning a reputation for delivering innovative financial services and customer-focused solutions. EBL was established in 1992 and has rapidly developed into a significant force in the country's banking industry. The bank operates through an effective corporate governance structure and is seeking to establish itself as the preferred financial institution among retail and corporate customers.

Based in Dhaka, EBL has a well-developed network of branches throughout Bangladesh, as well as international activities in countries such as India and the United Kingdom. The bank offers a diverse range of services tailored to various market segments, including retail banking, corporate banking, small and medium-sized enterprise (SME) banking, treasury services, and trade finance. EBL also offers a diverse range of deposit products, personal and corporate loans, credit cards, and remittance services, thus providing a one-stop solution for all financial requirements.

Innovation and adaptation to market demands are among the bank's central strengths. A frontrunner in digital banking in Bangladesh, EBL has provided customers with convenient and secure online banking platforms, mobile banking applications, and automated service systems. The technological development predicted by the bank equips us with the necessary competence to compete in a rapidly changing financial market environment.

The success of the Eastern Ban is based on its customer-driven strategy, effective risk management, and a loyal workforce. It is always aimed at providing high-quality products and services, while also maintaining a strong corporate social responsibility (CSR) agenda. The bank was engaged in various social programs that stimulate education, health, and environmental sustainability. Such dedication to CSR has enabled EBL to establish itself as a responsible corporate entity.

In financial terms, EBL has established a constant growth pattern in the past. It continues to yield good returns in terms of profitability, asset development, and economic investment in Bangladesh. The bank's wise management and sound strategic planning have enabled it to stand its ground even during the economic downturn.

Overall, Eastern Bank PLC is recognized for its excellence in banking services, strong financial health, and its leadership in innovation and customer satisfaction. Its long-term vision is to be the most valuable financial brand in the region, driven by sustainable growth and stakeholder trust.

Historical Background:

A major shift in the banking industry of Bangladesh was observed in early 1990s when Eastern Bank Limited was set up. EBL has been started its operation in 1992 when the unsteady Bank of Credit and Commerce International – BCCI has failed in all over the world. When the acute activities of BCCI in Bangladesh were bought over and rebuilt, EBL emerged as an offshoot to build up anew confidence and credibility in banking sector. Post-reform structure and development of Bangladesh's financial system Bangladesh's financial liberalization began in the early nineties and provided existing and emerging and re-established institutions an opportunity to modify and become more traditionalized.

Since the late 1990s and early 2000, due to change in market conditions, EBL expanded in the directions of retail banking and SME financing. Specifically, EBL could be accused of taking an intense part in making financial services more available to customers, especially the individual fellows and small business groups. This expansion was accompanied by a huge investment on infrastructure to support the transformation of the bank into a full technological bank; for instance, the country had invested in digital banking platforms long before other banks did.

Since its establishment EBL has continued on a growth path and has embarked on innovation to establish itself as a major player in Bangladesh's financial market. Its concentration on conservative policies on sustainability, governance as well as customer centric services has allowed it to cope with a country's economic problems and sustain fierce competition.

Vision:

Discover how to become the most valuable brand in the financial services in Bangladesh and deliver sustainable growth creating the long-term value for their key stakeholders and for the community EBL operates in by changing the way of their work.

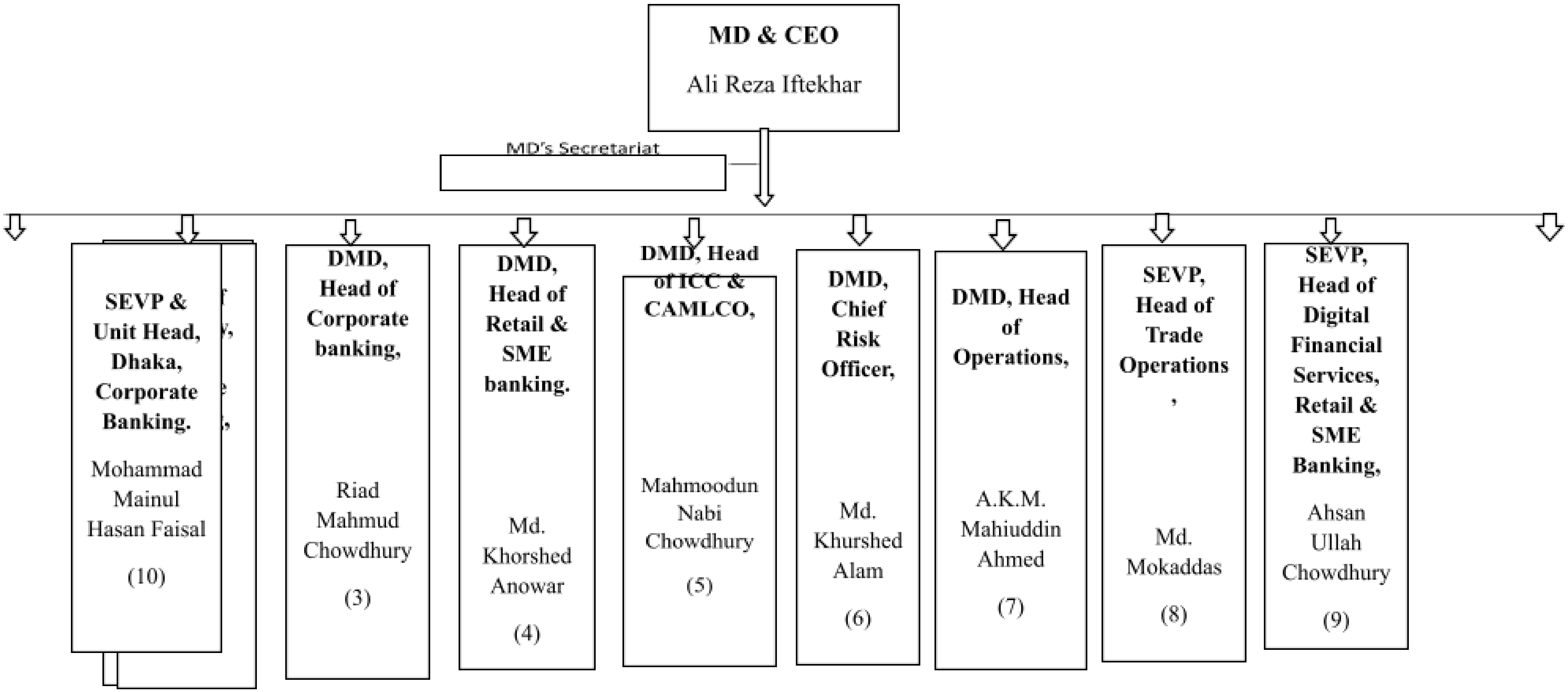
Mission:

- deliver service excellence to all their customers, both internal and external.
- ensure to maximize shareholders value.
- constantly challenge their systems, procedures and training to maintain a cohesive and professional team in order to achieve service excellence.
- create an enabling environment and embrace a team-based culture where people will excel.

Values:

- Engaged and inspired.
- Accountable and Transparent.
- Result driven.
- Courageous and Respectful.
- Focused on Customer Delight.
- Persistent Improvement.

2.3 Management Practice:



2.4 Marketing Practice

The Eastern Bank Ltd. (EBL) has consistently adapted its marketing strategy to reflect the transformation of the banking industry toward a digital world and evolving customer needs. Between 2020 and 2024, the marketing approach focused on digital innovation, customer experience, financial inclusion, and creating an interactive presence in the community, which enabled the bank to solidify its role in the competitive banking market in Bangladesh.

Digital Transformation and Innovation

Embracing digital transformation has been a key pillar of EBL's marketing strategy. In 2023, the bank introduced "WEAREBL, a line of payment wearables to give its clients a comfortable and safe way to make payments. This project reflects EBL's dedication to enhancing the customer experience through innovative, tech-savvy solutions. Moreover, the bank has simplified its remittance operations by automating money transfers and supporting the EBL Self-Service system, enabling customers to conduct their banking operations without needing to visit a branch (The Daily Star, 2023). These electronic tools have not only popularized the banking system but also enabled EBL to meet the increased demand for convenience and efficiency in financial services.

Customer-Centric Marketing Approach

EBL attaches great importance to a customer-focused approach, which is used to satisfy the needs of various members within the target market. The bank offers a range of financial services, including deposit accounts, loans, and credit card services, designed to appeal to various customer segments. Through Mr. data and customer feedback, EBL personalizes its services in a way that fulfills specific market needs, thereby making its products more relevant to customer needs. To illustrate, debit cards are offered at low prices by banks and other competitors, enabling them to position themselves in a way that appeals to a wide range of customers (Scribd, 2023).

The marketing communications established by the bank are designed to foster good relations with customers. EBL utilizes various advertising options to communicate with its customers, including social media, TV, and print advertisements. Customer loyalty and retention are equally important to the brand, and reference is always made to how the brand is committed to providing value through customized and customer-centric services.

Financial Inclusion and Digital Banking Services

The second important aspect of the EBL marketing plan is that the company strives to make financial inclusion accessible to all. In 2023, the bank introduced several initiatives to bring banking opportunities to underserved individuals. In these activities, there was an expansion of the EBL 365 platform, a detailed digital banking platform. The service offers continuous access to other banking services, including bill payments, fund transfers, and account management, thereby enhancing the overall banking experience (The Daily Star, 2023).

The adoption of online banking and mobile services allows EBL to reach a broader audience, including populations in rural areas and underserved regions. It is not only increasing its market penetration, but it also aligns with the bank's vision and mission to empower more people and offer them access to financial services.

Community Engagement and Corporate Social Responsibility

Along with high-level digitalization and marketing aimed at its business customers, EBL has also been investing in corporate social responsibility (CSR) activities. The bank has been involved in numerous community development programs, particularly in areas such as financial literacy and small and medium-sized enterprises (SMEs). Such operations also make the bank appear as an institution of social responsibility and strengthen its relations with customers.

An example is that EBL has ventured into business to enhance the development of local businesses by offering them tailored financial packages, especially to small and medium-sized companies, which are essential to the country's economy. The given initiative not only stimulates the local economy but also contributes to the formation of a favorable brand image for EBL, which encourages customers to use the bank's services (Scribd, 2023).

In conclusion, Eastern Bank Ltd. has marshalled its marketing activities from 2020 to 2024, with a close interest in digital transition, customer experience, financial inclusion, and fostering a sense of community connection. EBL has been a trendsetter among financial institutions in Bangladesh by adopting innovation and the principle of a customer-focused business. Its flexibility in adapting to market dynamics and utilizing digital tools to serve its customers and promote financial inclusion has enabled the bank to compete effectively. EBL is, therefore, maintaining a loyal customer base while also contributing to the overall development of the banking sector in Bangladesh through these strategies.

2.5 Financial Performance and Accounting Practice

The second and more efficient and simpler way of measuring the performance of a firm based on the statement is to use the financial ratios of the firm and compare with those of the competitors.

Liquidity ratios: first of all, reveal how effectively in cash or cash equivalents a corporation can employ. They show the debtor's capability to meet current needs to repay the credits without seeking for other capital sources. The quick ratio indicates how capable the organization is in meeting the amounts due within the year.

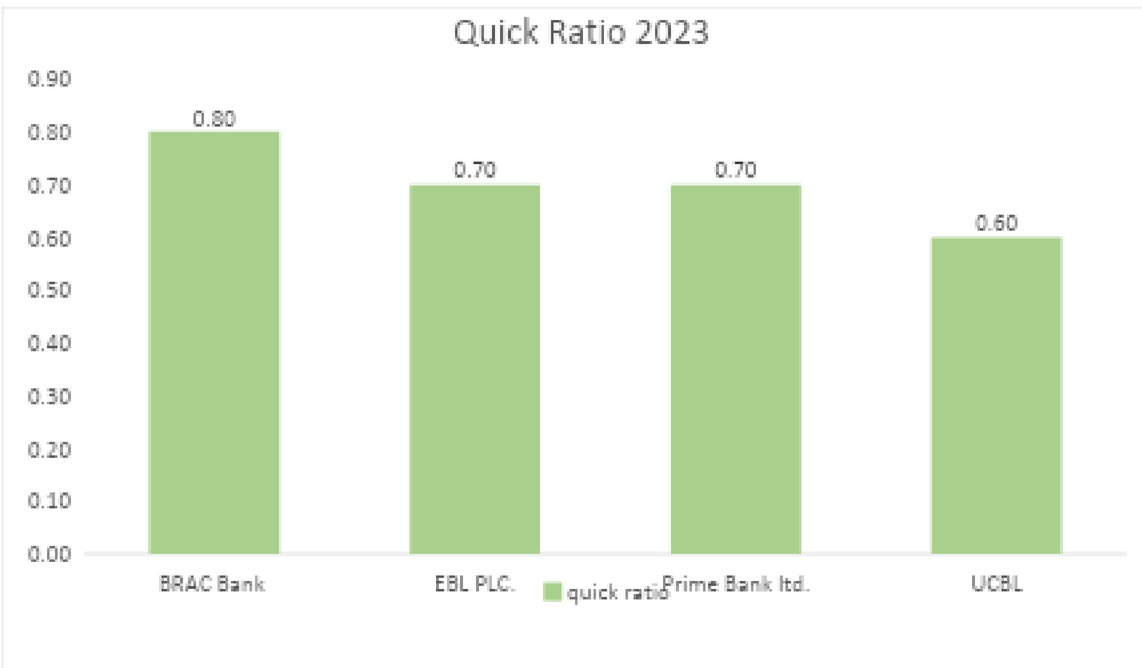


Figure 1: Quick Ratio

Therefore, in the chart, all including Eastern Bank PLC. and its competitors have equal power of liquidity id moderate. EBL PLC has a slight below 0.7 quick ratio which indicates it has the ability to meet its current liabilities which shows its solvency. However, it is a lot more competitive than most firms in the industry but is ranked below BRAC Bank. As shown by this ratio, it clearly demonstrates that EBL PLC has adequate level of liquidity to support immediate obligation hence a good indicator of efficient performance.

The most common way of establishing the net profit ratio of a particular firm is to search for the sales figure and compare it with others. The benefit to net profit ratio percentage change is corresponding. A rate is applied to show the income of the organization. From the net profit ratio, one simply has to look up to get the net profit of a corporation.

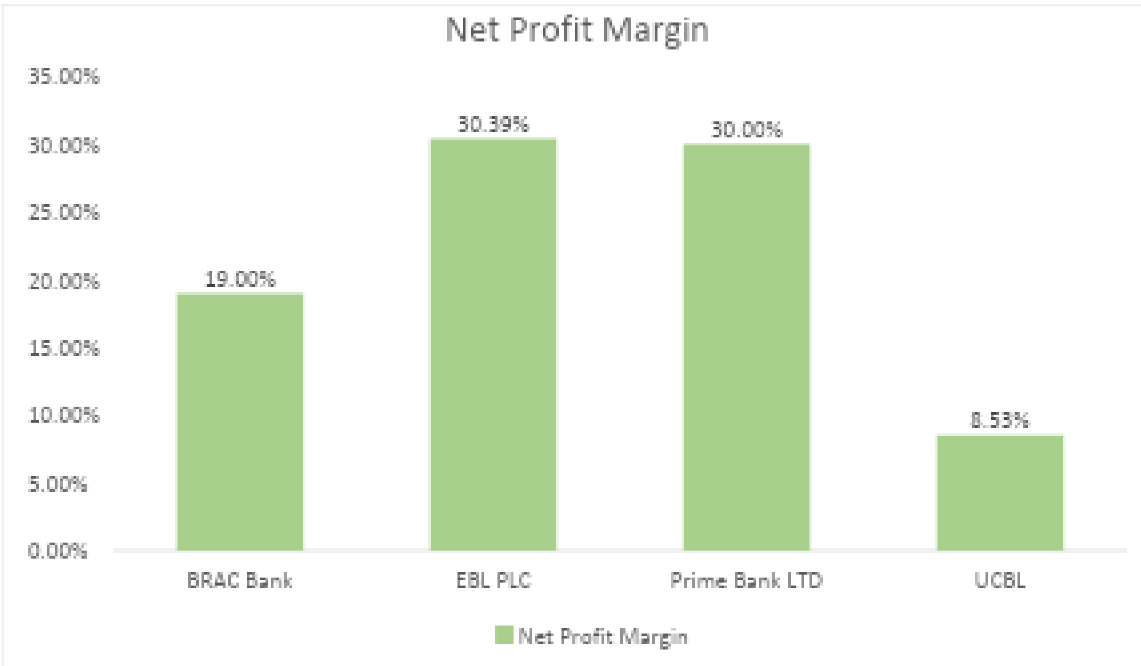


Figure 2: Net Profit Margin

We can also use the chart to see how well or badly EBL PLC is doing about revenue. EBL PLC's Net Profit Margin is the largest at 30.39%. This means that for every unit of revenue EBL PLC is able to retain 30.39% as profit out of this EBL is the most profitable bank out of the four. EBL created higher margin by having better controls on its financial, cost and operation issues.

Last but not the least, one should calculate the leverage ratio of a particular company in order to compare its financial health. It is also used to determine the debt and assets of the business by revealing the leverage ratio. That is, it demonstrates the relative proportion of financial capital in the organization.

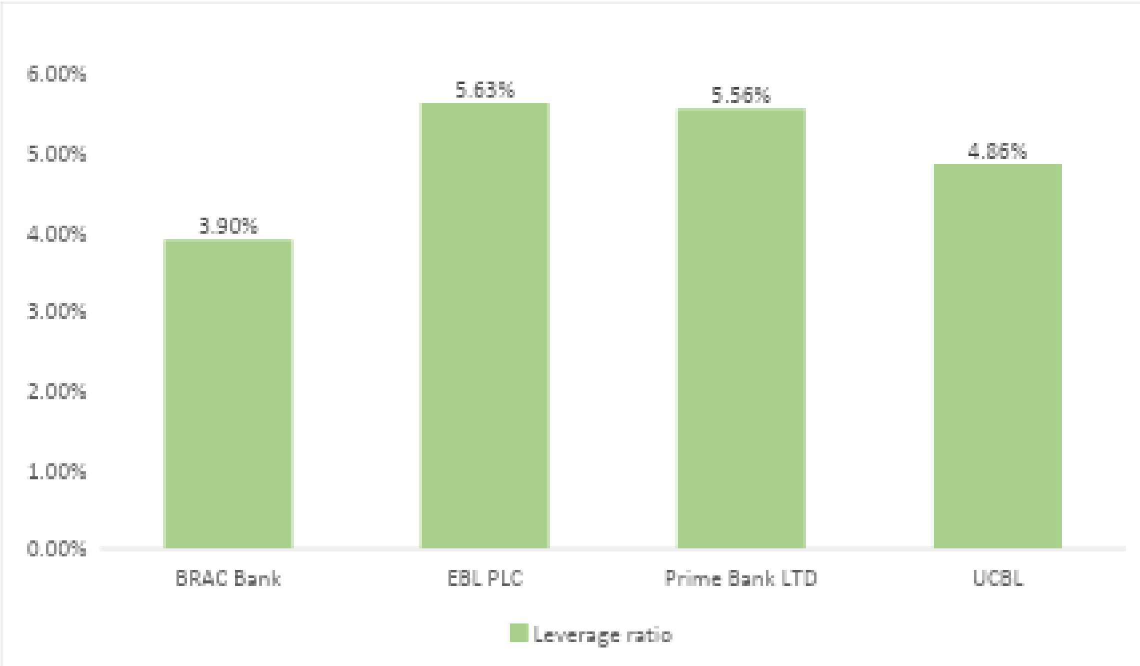


Figure 3: Leverage ratio

This clearly is evident when we also analyze the overview of the above ratio which depicts that EBL PLC is with highest leverage ratio of 5.63% which signifies the fact that the bank is more prudent in its financial management and has lesser dependence on its debtors. Among them, the leverage ratio of BRAC bank is minimum 3.90% which indicates the bank has more dependence on debts than equities. One disadvantage of, currently known as EBL, is high leveraged which implies high risk together with high revenues.

2.6 Operation Management and Information System Practice

Operation Management:

Eastern Bank PLC (EBL) being one of the most prominent financial institutions located in Bangladesh fully depends on its efficiently managed Operation Management System. To accommodate the client needs efficiently and accurately the bank runs through several departments each targeting a specific market. The main sectors embrace retail banking, corporate banking, SME banking and treasury. The divisions above are accompanied by a centralized operations department responsible for executing everyday logistic functions including; disbursing of loans, record keeping, transactions processing, and customer relations. The success of EBL is established mainly on the operational efficiency in which the technology is employed.

EBL reapplies banking software and technology applications to conduct transactional activities like payment processing, customer information management, and other reporting services. This reduces human element thus minimizing time and effort, improves efficiency in delivery of services and increases operational precision. In the same way, the way EBL conducts its operations as a paperless organization also enhances operational sustainability by expediting work turnover and cost-cutting. In EBL operational risk management is crucial. The bank lays down great emphasis on the liquidity support being in conformity with both the international norms and those prescribed by Bangladesh Bank. This involves carrying out audit, constantly monitoring exposures to risks and ensuring all activities conform to highest standard of financial integrity. Another benefit of the transactional approach is that it makes it easy to manage the transactional activities by adopting the digital communication channels and Brazil's mobile banking applications, which have become most useful in emergency cases, including the most recent COVID-19 pandemic.

A primary concern of the operation management of EBL is relationship with its employees and the staffing process. In relation to recruitment and training, EBL has constructed a system whereby its employees meet the required qualification when it comes to the complex requirements of banking in the modern society.

In general, the analyzed operations of EBL PLC are marked by efficient risk management, advanced technologies, and focused on high quality services for the bank's clients.

Information System:

Currently Eastern Bank PLC (EBL) offers numerical and diverse banking services with organized and highly automated computer network system. The following technological platforms applied in the bank facilitate to improve the client service and make internal processes more efficient whereas maintaining the competitive advantage over other banks within the industry: -Key information cluster at EBL comprises of account information reports, reports of operational financial position, handling of loans and customers' transaction processing capability.

The key component of information system in EBL is the main database that could provide real time information for its branches and departments. This centralized system makes it easy for a bank to have its different divisions including retail banking, corporate banking, and human resource. Internet/ Mobile banking is another channel through which EBL provide its customer various services, including balances checking, fund transfer, bills payment, and applying for loans.

Additionally, by utilizing data analytics technologies, EBL gives the bank insights into client behavior that aid in decision-making and the provision of individualized services. In general, EBL's customer-centric strategy and operational efficiency are greatly aided by its information system.

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces Analysis

The Five Forces analysis created by Porter is an effective tool in terms of comprehending the competitive forces existing within an industry. Judging by what is in your report, an analysis of Eastern Bank PLC (EBL) within the banking sector in Bangladesh, and most importantly when compared with its competitor, the UCBL is as follows:

- **Threat of New Entrants**

There is a moderate risk of new entrants in the banking industry of Bangladesh. The barriers to entry are comparatively high because the regulatory requirements are also strict, including capital reserves, licenses from the Bangladesh Bank, and the CAMEL rating system. Nevertheless, with the emergence of digital banking companies and financial technology (fintech) firms, new entrants have been able to join the market without physical branches, thereby saving capital costs. This is in response to growing competition among newcomers in the digital-first business field, as exemplified by EBL, which chose to specialize in digital banking. One of the competitive advantages of EBL is its early investments in technology and customer-focused services, which surpass those of its competitors.

- **Bargaining Power of Suppliers**

Suppliers in the banking industry include individuals or entities that provide financial resources, such as depositors, investors, and those offering technology services. The supplier's bargaining power is relatively low. Banks such as EBL and UCBL have more than one source of funds, which can be raised through customer deposits, making them less vulnerable to a particular supplier. Moreover, the standardization of banking services implies that there are many different service providers available with identical technology or financial services. This reduces the bargaining power of suppliers because banks can easily switch providers without incurring significant costs.

- **Bargaining Power of Customers**

The variations in banking services in Bangladesh, as well as the encroachment of the digital banking regime, grant banking industry customers a potent bargaining power. The presence of online and mobile banking services, such as those offered by EBL, i.e., WEAREBL payment wearables and EBL Self-Service platforms, has enabled customers to switch banks easily. Banks compete vigorously, and customers face numerous choices, leaving little room for survival. As a result, banks are challenged to provide competitive interest rates, better customer service, and innovative new products. The degree of customer empowerment is high, as evidenced by EBL's efforts to satisfy customers and tailor its services to reflect customer suggestions.

- **Threat of Substitute Products or Services**

The potential of the substitute threat in the banking sector is high. Through the emergence of fintech enterprises, digital wallets, and peer-to-peer lending systems, customers can avoid traditional banking establishments, as they often fulfill most of their financial requirements. Mobile payment services, mobile banking applications, and even cryptocurrencies are becoming increasingly popular as alternatives to more traditional banking services. EBL and UCBL have been countering these threats by making substantial investments in online banking services, thereby enabling their customers to access their banking services easily, even when they are not physically present. Nonetheless, as these alternative financial services continue to evolve, traditional banks should continue to develop innovations to remain competitive.

- **Industry Rivalry**

Competition regarding value in banks in Bangladesh is stiff, as was observed in the report, in a direct fight between EBL and UCBL. Both banks share a similar customer base, which is vast and diverse, comprising individual retail clients and large corporations. On the one hand, EBL can maintain a competitive position due to its activities in the areas of digital transformation and customer-oriented initiatives. On the other hand, it is due to the high financial performance. The rivalry is, however, more stiffened by the threat of numerous banks operating in the private sector, such as Chittagong Bank, BRAC Bank, Dutch-Bangla Bank, and others that provide the same services as commercial banks. The entry of fintech companies also fuels competition by offering existing banks substitute services for banking activities, thereby prompting them to adopt new technologies to stay competitive.

2.7.2 SWOT Analysis

- **Strengths**

Eastern Bank PLC (EBL) has established a strong reputation and a respected name in the market since its incorporation in 1992. This is a customer-centered attribute that helps boost customer loyalty to the bank, as it is a long-established institution in the Bangladeshi banking sector. The novelty and the adjustment to the digital tendencies are the strengths of EBL that can be listed among the key ones. The bank has been a leader in the practice of digital banking, which includes mobile banking apps, online banking, and its most recent innovation: payment wearables (WEAREBL). This active dimension has enabled EBL to create a superior customer experience for its users, resulting in a higher level of convenience and efficiency. The financial performance of EBL has also been sound, as the organization's ratios of profitability, capital adequacy, and liquidity stand high compared to other banking industries. The profitability of the bank presents strong financial health in the profitability metric, which is indicated by its net profit margin and by its ROE. In addition, EBL offers a diverse range of banking services, including retail banking, SME banking, corporate banking, and investment banking, which enable the firm to accommodate a wide variety of clients, from individuals to large companies. And last but not least, the EBL already has a good reputation in the sphere of customer satisfaction and loyalty, resulting from its strategy of recognizing and addressing customer needs.

- **Weaknesses**

Despite its performance, EBL has its weaknesses, one of which is in its financial structure. The bank's leverage ratio is relatively high, indicating that it is highly funded with debt compared to its equity. With this level of leverage, EBL is at high financial risk, especially when the economy contracts or when interest rates rise. It also has a single weakness in that its operational cost is relatively high when compared to that of its competitors, even after it has adapted to the new technology. Training its employees, hiring, and infrastructural development in specific areas may be expensive, limiting the bank's profitability. Other than that, EBL, despite its transformation into computerized banking methods, still employs conventional banking practices, which may reduce its sensitivity to emerging computer threats in the corporate world. Furthermore, the entity of EBL in an international setting remains relatively insignificant compared to other international banking institutions. The bank has been able to expand into various countries, such as India and Myanmar; however, its share in overseas markets is low, and therefore, it cannot expand its market share.

- **Opportunities**

The expansion of the fintech market presents one of the opportunities that EBL will capitalize on. This can be attributed to the emergence of financial technology and digital wallets, which EBL is already utilizing to expand its digital services further. Providing innovative products and services to existing customers is possible with the development of new technologies, including blockchain and artificial intelligence. Financial inclusion is one of them. Since a large part of Bangladesh still lacks access to formal financial services, EBL can also expand its customer reach by targeting rural areas and low-income individuals. This would also enhance market penetration, besides enabling the bank to undertake social responsibility roles. At the same time, cooperation with fintech enterprises or other banks based in different countries will also allow EBL to enhance its competitive edge and expand its operations within the international banking sector. Moreover, the brand image and customer relationship can be improved by engaging in corporate social responsibility (CSR) activities, which focus on promoting education, healthcare, and environmental sustainability. Emphasizing CSR provides EBL with an opportunity to outshine its rivals and cater to customers who desire to purchase socially responsible products.

- **Threats**

However, EBL is prone to specific threats that have the potential to disrupt its activities and share in the market. The banking industry in Bangladesh is highly competitive, with numerous competitors and a range of private and government banking institutions offering similar services. EBL will face direct competition from existing players such as BRAC Bank, Dutch-Bangla Bank, and UCBL, among others, which is likely to erode its market share and reduce the level of margins it earns. Additionally, fintech companies, digital wallets, and peer-to-peer lending platforms can be considered products with a high threat of substitution. Customers have the opportunity to do without traditional banks and access all they need most easily and conveniently, with additional services and at a lower cost, in most cases. Such a shift to digital opportunities has caught traditional banking companies like EBL off guard, which need to remain dynamic and continually innovate to stay competitive. The threat of change in regulation is equally critical, as the Bangladesh banking system is highly regulated. EBL is vulnerable to government policies and any changes in the rules; consequently, the operation of EBL can be influenced by any potential changes in the supervision of the banking system. In addition, the growth in non-performing loans (NPLs) and deterioration in asset quality threaten the bank's financial stability. Although the asset quality of EBL compares favorably to that of its peers, the bank cannot afford to fail to manage credit risk at all times. Failing to do so, the bank will most likely experience the adverse effects of bad loans. Lastly, the issue of cybersecurity has also become increasingly relevant as EBL improves its online banking operations. The increase in the bank's digital presence also increases the risk of cyberattacks and data breaches, which could harm the bank's reputation and cause it to sustain severe losses.

With a strong brand image, solid financial capabilities, and robust digital banking services, EBL has emerged as a powerful force within the Bangladeshi banking industry. Nevertheless, the bank should address its weak aspects, including a high level of leverage and operational costs, and mitigate the impact of competition from more traditional banks and technology-based firms. By paying attention to the implementation of digital technology and the addition of new offers based on digital technologies, enhancing the efficiency of operations, and seizing the opportunities offered by financial inclusion and CSR, EBL will remain competitive in the market. However, the bank should monitor threats from competition, changes in regulations, and online security risks to sustain itself and grow in the long term.

2.8 Summary and Conclusion:

The original specifics of Eastern Bank PLC’s activities, structure, and positioning are presented in this part of the research. It provides information about the major aims and services of the bank as well as information about the organization’s Human Resources department. EBL is one of the more popular financial organizations in Bangladesh which provides its customers with some of the banking services such as retail banking, small and medium sized enterprises and corporate banking services. Recruitment, remuneration or compensation, and training and development of its workforce are vital responsibilities of the department and essential to the functioning of the internal environment of the bank.

Further, the strategic audit of the banks includes SWOT analysis about the company as well. Strengths of EBL are its sound image, customers' loyalty, and management experience; on the same note, threats are growing competition and the need to meet new requirements. This is currently a major opportunity for the bank if it chose to develop its technology business unit but the bank also faces threats from the economy and regulations.

In summary, this study identifies how EBL in detail has organizational structure and strategic style that allow it to sustain competitive advantage in the banking sector of Bangladesh. The HR division is a major part of its operations because on one hand it has to meet the satisfaction of its employees, and on the other it has to follow laws. New strategies and market sensibility is required as the bank goes through its future phases of development.

2.9 Recommendation

There are some suggestions to Eastern Bank PLC for their development. Those are given below:

- Establish a dedicated team to monitor and adapt to changing banking regulations.
- They should evaluate every employee task.
- Introduce more effective customer feedback system, such as regular surveys.
- Implement more comprehensive training programs for employees, focusing on digital skills, and customer service.
- Internet banking system should be more upgrade and maintained properly.
- Should focus on aligning HR activities with long-term business goals to enhance workforce productivity and organizational growth.

Chapter 3

Comparative Analysis of the Financial Ratio of Eastern Bank PLC.

3.1 Introduction

The Bangladesh Bank is legally responsible for overseeing and regulating the country's financial system. This includes evaluating the banking system's overall health and individual banks' stability.BB evaluates the banking system's overall performance to identify its strengths and weaknesses as a whole and the safety and soundness of each individual banking firm. The central bank has recently introduced risk-based supervisory actions to proactively assist banks in adapting to the modern, diverse, and fiercely competitive economic landscape.

The Management component of the CAMEL rating framework incorporates risk-based assessments derived from supervisory activities and inspections to evaluate management's efficacy in responding to the challenges inherent in banking operations. Financial ratios serve as a further supervisory instrument, enabling the Bangladesh Bank to ascertain the overall condition of individual institutions and to implement appropriate measures as circumstances dictate.

The research report will be a comparison of two banks, Eastern Bank Limited and UCBL. The years for comparison will include the latest three years from 2021, 2020, and 2019.

3.2 Background

3.2.1 Ratios Used for CAMEL Rating Analysis

To analyze the two banks, I will be using the ratios directly related to CAMEL
rating.

If we break down the term CAMEL and put the ratios accordingly, these will be the ratios for the report.

1. Capital Adequacy: To measure the capital competence of the banks we will use the following.

i. Capital Adequacy Ratio (CAR) iii. Advance to Assets Ratio (Adv./Ast.)

ii. Debt-Equity Ratio (D/E) iv. Govt. Securities to Total Investments (G-sec/Inv)

2. Assets Quality: It will measure the components of non-performing assets as a percentage of total assets.

i. Net NPAs to Total Assets (NNPAs/TA) iii. Gross NPA to Total Advance (GNPA/TA)
ii. Net NPAs to Net Advance (NNPAs/Adv) iv. Advance Yield Ratio

3. Management Efficiency: The ratio will provide a subjective analysis of the management efficiency.

i. Total Advance to Total Deposit iii. Return on Equity (ROE)
ii. Profit per Employee

4. Earning: This ratio will determine the earning consistency.

i. Operating profit to Total Asset iii. Interest Income to Total Income
ii. Net Profit to Total Asset

5. Liquidity: Using this ratio we can find out how the banks are performing with their funds.

i. Liquid Assets to Total Assets ii. Liquid Assets to Total Deposits

- **Capital Adequacy**

1. Capital Adequacy Ratio (CAR): The CAR, also known as the Capital to Risk-Weighted Assets Ratio (CRAR), essentially shows how much capital a bank has compared to its risk-weighted assets.The CAR ensures that banks have enough of this cushion to absorb a reasonable number of losses before they become insolvent.

2. Debt-Equity Ratio (D/E): The leverage ratio essentially reveals the proportion of debt to equity in a bank's funding structure. A higher leverage ratio indicates that the bank is relying more heavily on debt financing.

3. Advance to Assets Ratio: This ratio shows how aggressively a bank lends, which eventually leads to higher profitability. This ratio specifically measures the proportion of a bank's assets that are held in the form of loans (advances). It essentially shows how much of the bank's resources are being used for lending activities.

4. Govt. Securities to Total Investments: It is a crucial metric that demonstrates the bank's capacity for taking risks. The goal of a bank is to have either high earnings at high risk or low profits at low risk.

- **Assets Quality**

1. Net NPAs to Total Assets: This ratio demonstrates the bank's efficiency in assessing credit

risk and, to some extent, in recovering debts.

Net NPA divided by Total Asset is Net NPA/Total Asset.

2. Net NPAs to Net Advance: The most popular method for determining an asset's quality is to compare its net advances to net non-performing assets. This ratio refers to the bank's current NPAs as a percentage of the loans it has given.

Total Advances divided by Net NPA = Net NPA/Total Loan.

3. Gross NPA to Total Advance: By examining this ratio, one can determine whether the bank's gross non-performing assets are rising quarterly or yearly. If the answer is yes, suggesting that the bank is adding more subprime loans to its inventory, this could indicate that the bank is either not being cautious enough when making loan offers or that it is not following up with borrowers to ensure prompt repayments.

Gross NPA divided by Total Advances equals Gross NPA/Total Loan.

4. Advance Yield Ratio: Another ratio is yield on advances. We can use it to gauge how well-made an advancement is. In this context, "yield" refers to interest revenue earned on bank advances. Advance yield ratio increases are a sign of good asset quality. Advances Interest earned on advances divided by the total advances is the yield ratio.

- **Management Efficiency**

1. Total Advance to Total Deposit: This ratio assesses a bank's management's effectiveness and capacity for transforming its depositors' available funds into high-yielding advances. Equity money and other resources are not included. Demand deposits, savings deposits, term deposits, and other banks' deposits are all included in the total amount of deposits. Receivables are also included. Total Deposit/Total Advance equals the sum of the advances.

2. Profit per Employee: The profit per employee is expressed by this ratio. It is computed by dividing the overall workforce by the profit remaining after taxes. As the ratio rises, managerial effectiveness gets better. Profit per employee is equal to profit after taxes divided by the number of employees.

3. Return on Equity (ROE): A company's ability to benefit from the investments made by its shareholders is measured by the profitability metric known as return on equity or ROE. To put it another way, the return on equity ratio shows how much profit is generated for every dollar of equity that common stockholders own. Net income divided by total shareholder equity is how ROE is computed.

- **Earning**

1. Operating profit to Total Asset: This ratio illustrates how much a bank can make on each Taka invested in its total assets through its activities. Operating profit is stated as a proportion of total assets in this ratio.

2. Return on Asset (ROA): Here, calculating the bank's total assets by net earnings yields the efficiency of asset usage, or return on assets employed. When the ratio is higher, a bank's potential earnings in the future are better.

3. Interest Income to Total Income: For banks, interest income is regarded as their main source of income. The bank's ability to generate income from its lending business is indicated by the interest income to total income ratio.

- **Liquidity**

1. Liquid Assets to Total Assets: The bank's overall liquidity position is measured by this ratio. Liquidity assets include cash on hand, funds that are ready to be used right away, balances with Bangladesh Bank, and balances with other banks, including those overseas. Total assets include revalued assets.

2. Liquid Assets to Total Deposits: This ratio shows what proportion of deposits overall are held as liquid assets. This liquidity can be regarded as sufficient to cover the banks' immediate obligations. The ratio of liquid assets to total deposits calculates the bank's overall liquidity. Higher values of this ratio imply greater bank liquidity, whereas lower values indicate decreased bank liquidity. It is calculated by subtracting the quantity of deposits from liquid assets.

3.3 Objectives

The objective of the research and study is to find the comparison of two commercial banks of Bangladesh, Eastern Bank Limited and UCBL in terms of performance, using CAMEL Rating analysis. For the result, various ratios given under CAMEL have been used to determine their performance from one another over three years.

3.3.1 Significance

While doing the research it has been pointed out that this particular research report on CAMEL rating in Bangladesh is scarce. There are no reports written based on this certain topic. This way it can be used for any purpose academically. Normally, the CAMEL rating analysis is not published online. So if there are any academic scholars or any students who are interested in these kinds of topics, it can be believed that this research study can be beneficial for them, providing an ample amount of information and a general idea of what needs to be done for a CAMEL rating analysis report.

3.4 Methodology

Data were gathered from primary and secondary sources. The primary source of information was gathered from the internal management as much as possible, customer interactions, and personal experiences. With calls and small interviews over the phone, certain data could be retrieved and information could be put to use.

Most data were gathered from the secondary sources. The sources used were Google, YouTube, and Facebook. From the online sources, journal articles, social media posts, videos, encyclopedias, and reviews. The ratios of CAMEL have been researched from certain websites to get an understanding of how the CAMEL rating of Bangladesh can be done or has been done before.

Composite Range of CAMELS Rating (Adapted from Heldek, 2010; Wirnkar and Tanko, 2008; Sarker, 2006)

Rating	Composite Range	Description	Meaning
1	1.00 - 1.49	Strong	The institution is basically sound in every respect. Findings are of minor nature and can be handled routinely.
2	1.50 - 2.49	Satisfactory	The institution is fundamentally sound. Findings are of minor nature and can be handled routinely.
3	2.50 - 3.49	Fair	Financial, operational, or compliance weaknesses ranging from moderately severe to unsatisfactory.
4	3.50 - 4.49	Marginal	Significant volume of serious financial weaknesses. Unsafe conditions may exist that are not being satisfactorily addressed.

5	4.50 - 5.00	Unsatisfactory	Immediate or near-term probability failure, requiring urgent action. Severe weaknesses that demand external interventions.

Interpretation and Application

This table forms part of my report analysis of the financial performance of the Eastern Bank PLC (EBL) and UCBL. Every rating provides a specific definition concerning the financial soundness and well-being of the particular banks. I can rate the two banks out of a scale of 1 to 5 based on the five essential components of CAMEL, which are Capital Adequacy, Asset Quality, Management Efficiency, Earnings, and Liquidity, using this table in this report's comparative analysis.

3.5 Limitations

There were limitations to this study. Due to the scarcity of information online and time constraints, certain information could not be retrieved. The annual reports also had misleading information which created a bigger challenge.

3.6 Findings and Analysis

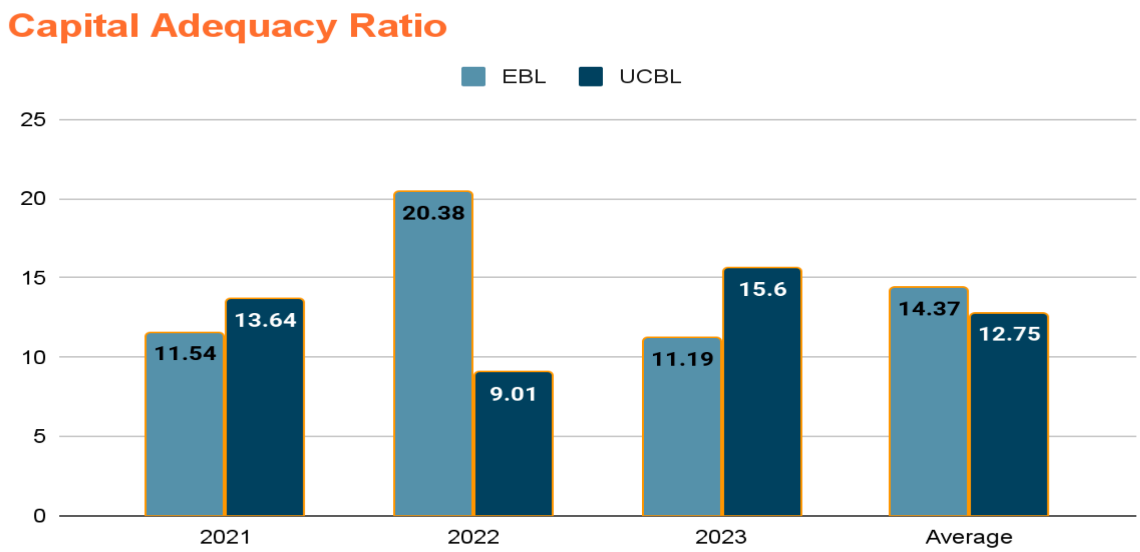
For the CAMEL rating analysis, I have used the MS Excel sheet to quantify and find out the performance result.

1. Capital Adequacy

Capital adequacy ratio = Capital and reserve/Total risk-weighted assets

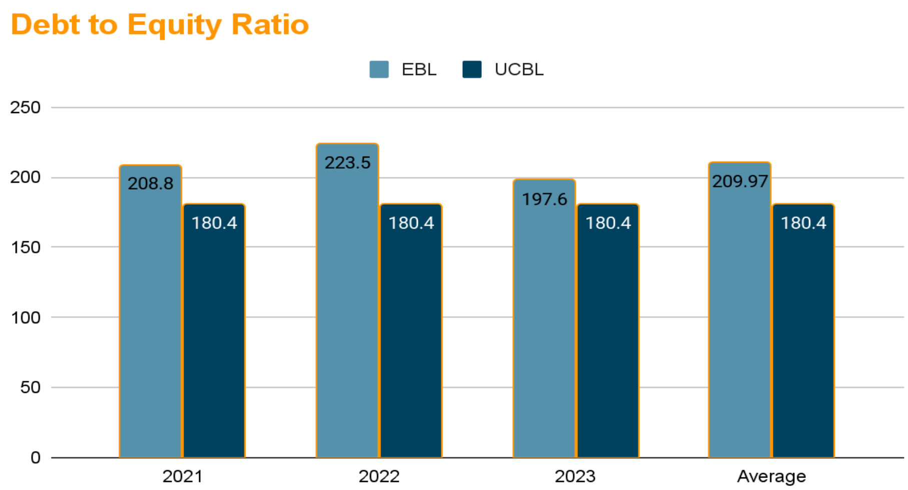
CAR

Bank Name	2021	2022	2023	Average	Rank
EBL	11.54	20.38	11.19	14.37	1
UCBL	13.64	9.01	15.60	12.75	2



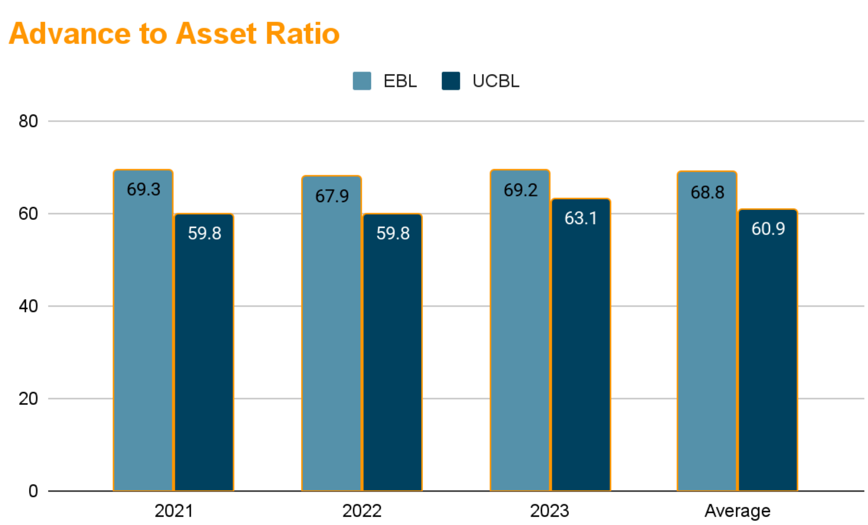
Debt-Equity Ratio (D/E)

Bank Name	2021	2022	2023	Average	Rank
EBL	208.8	223.5	197.6	209.97	2
UCBL	180.4	180.4	180.4	180.4	1



Advance to Asset Ratio

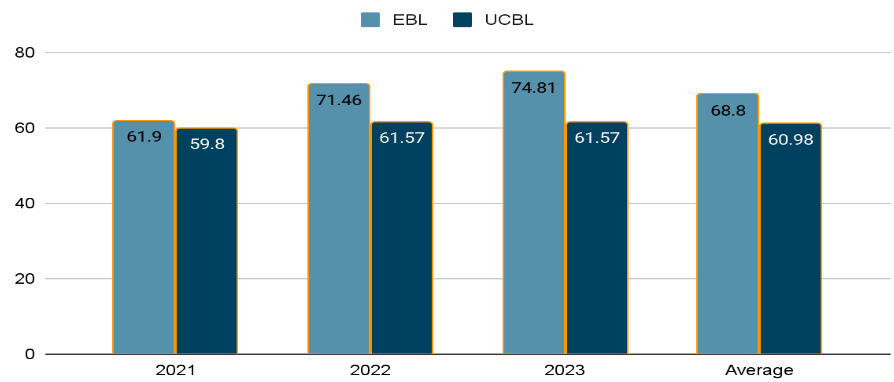
Bank Name	2021	2022	2023	Average	Rank
EBL	69.3	67.9	69.2	68.8	1
UCBL	59.8	59.8	63.1	60.9	2



Govt. Securities to Total Investments

Bank Name	2021	2022	2023	Average	rank
EBL	61.9	71.46	74.81	68.8	1
UCBL	59.8	61.57	61.57	61	2

Govt. Securities to Total Investments



Composite Capital Adequacy

Banks	CAR		D/E		ADV/ASSETS		Gsec/T.Inv		Rank	
	%	Rank	%	Rank	%	Rank	%	Rank	Avg	Rank
EBL	14.37	1	209.97	2	68.8	1	68.80	1	1.25	1
UCB	12.75	2	180.4	1	60.9	2	61	2	2	2

Interpretation

Both banks have CARs above the regulatory minimum in most jurisdictions (often around 8-10%). EBL is better capitalized than UCB. A higher CAR generally indicates a stronger ability to absorb losses and withstand financial stress. A high D/E indicates a higher level of financial leverage. EBL has a higher D/E, suggesting it's more reliant on debt financing than UCB. This could indicate a higher risk if the debt is poorly managed or if the bank's assets are not generating sufficient returns. Advances to Assets Ratio indicates the proportion of a bank's assets that are loans (advances). A higher ratio means the bank is more focused on lending. EBL has a higher ratio, suggesting a more aggressive lending strategy. This could be positive if the loans are of high quality, but it also increases credit risk.

Applying CAMELS Besides ADV/ASSETS Ratio of 68.8% suggests a significant portion of assets are loans. This could indicate higher risk if loan quality is poor, but it also reflects active lending. On the other hand, 60.9% indicates a lower proportion of loans, potentially suggesting a more conservative approach to lending. This may indicate better asset quality, but further review is needed. A high D/E ratio of 209.97 indicates significant leverage, making EBL more sensitive to interest rate fluctuations and economic downturns and a D/E ratio of 180.4 is also high but lower than EBL, suggesting less sensitivity to market risk compared to EBL.

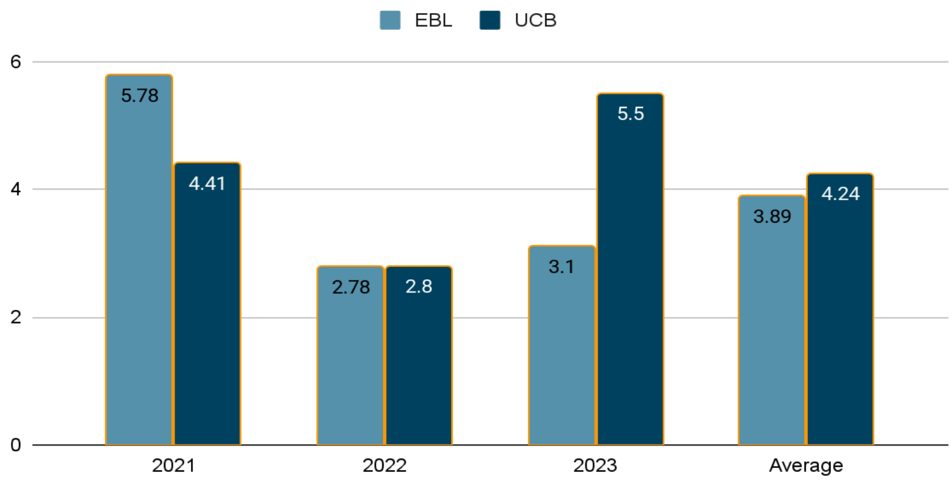
Other than that, on an overall basis, EBL has a better hold in terms of Capital Adequacy of CAMEL rating.

2. Assets Quality

Net NPAs to Total Assets

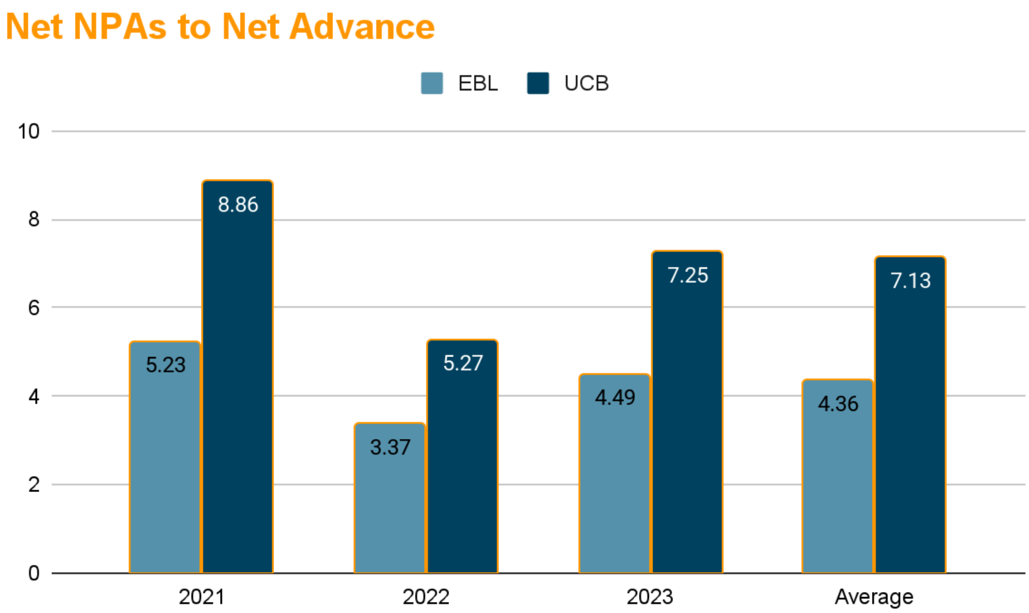
Bank Name	2021	2022	2023	Average	Rank
EBL	5.78	2.78	3.10	3.89	1
UCBL	4.41	2.8	5.50	4.24	2

Net NPAs to Total Assets



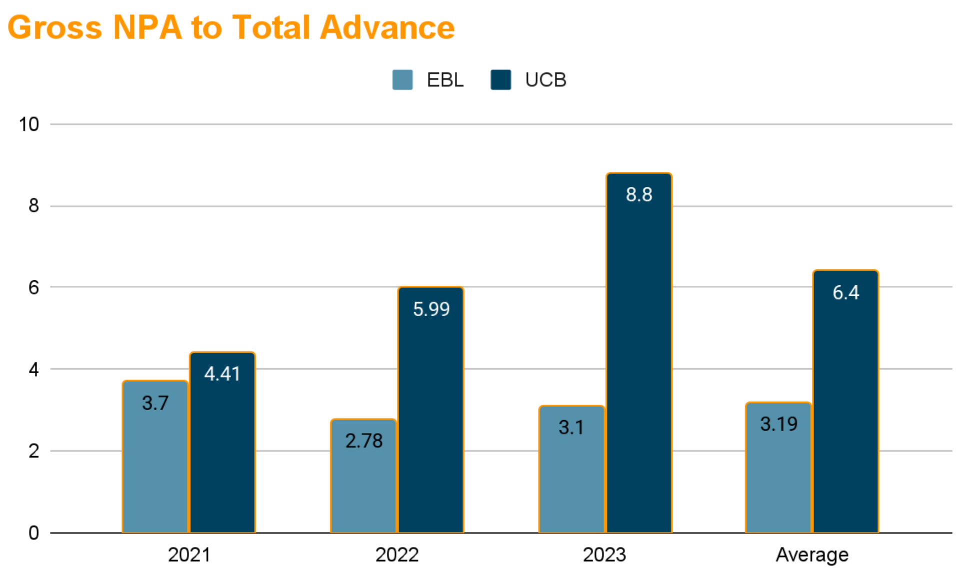
Net NPAs to Net Advance

Bank Name	2021	2022	2023	Average	Rank
EBL	5.23	3.37	4.49	4.36	1
UCBL	8.86	5.27	7.25	7.13	2



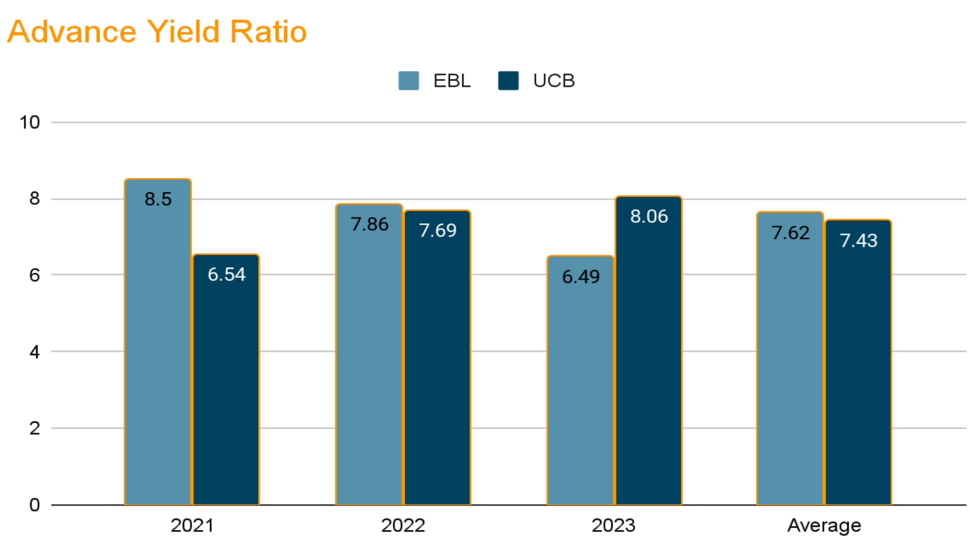
Gross NPA to Total Advance

Bank Name	2021	2022	2023	Average	Rank
EBL	3.70	2.78	3.10	3.19	1
UCBL	4.41	5.99	8.8	6.4	2



Advance Yield Ratio

Bank Name	2021	2022	2023	Average	Rank
EBL	8.50	7.86	6.49	7.62	2
UCBL	6.54	7.69	8.06	7.43	1



Composite Assets Quality

Bank	Adv. Yield Ratio		NNPAS/TA		NNPAs/Net Adv		GNPA/Tadv		Group Rank	
	%	Rank	%	Rank	%	Rank	%	Rank	AVG	Rank
EBL	7.62	1	3.89	1	4.36	1	3.19	2	1.25	1
UCBL	7.43	2	4.24	2	7.13	2	6.4	1	1.75	2

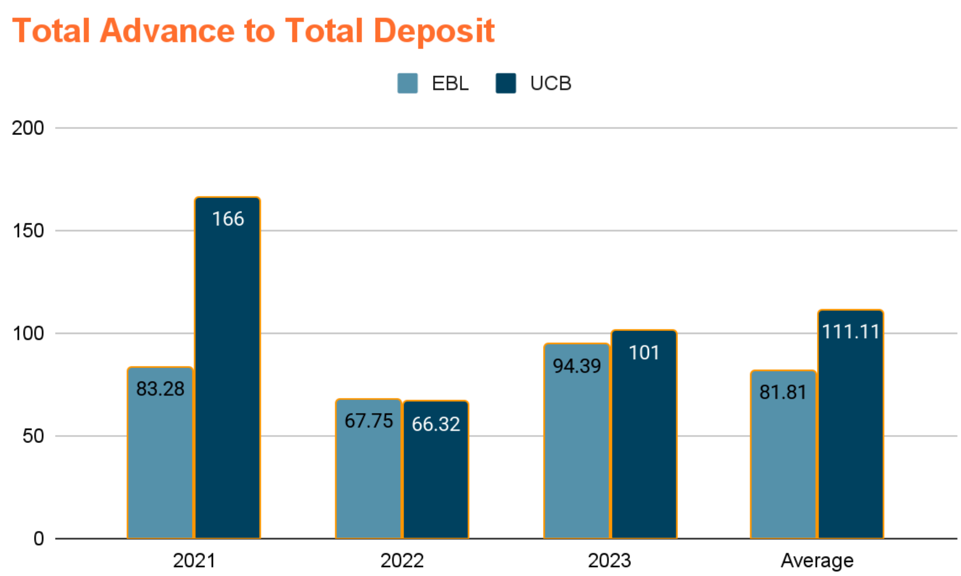
Interpretation

Based on the group averages of the four assets quality ratios as presented in this specific, it can be shown that EBL is on top. As can be seen EBL has scored of ranking 1 in all the ratios resulting in a group average of EBL and UCB. Also, their yield on advances is high. According to it, the higher the percentage means that the company is investing more in riskier assets. In this term, EBL as well as UCB have been risk averse. However, UCB has the highest Gross NPA to Total Advance. On an overall basis, Eastern Bank Limited seems to have a better hold in terms of Asset Quality of CAMEL rating. It demonstrates strong asset quality. All three asset quality metrics are ranked 1st, indicating efficient asset utilization and a lower proportion of non-performing assets and loans. This suggests sound credit risk management and a healthy loan portfolio. It shows weaker asset quality compared to it. The lower yield ratio and higher non-performing asset ratios suggest potential issues with loan quality, credit risk management, or both. The significantly higher NNPAs/Net Adv ratio is a particular concern, indicating a larger proportion of problematic loans relative to the loan portfolio. However, a complete CAMELS rating requires further analysis of the other components and comparison to relevant benchmarks.

3. Management Efficiency

Total Advance to Total Deposit

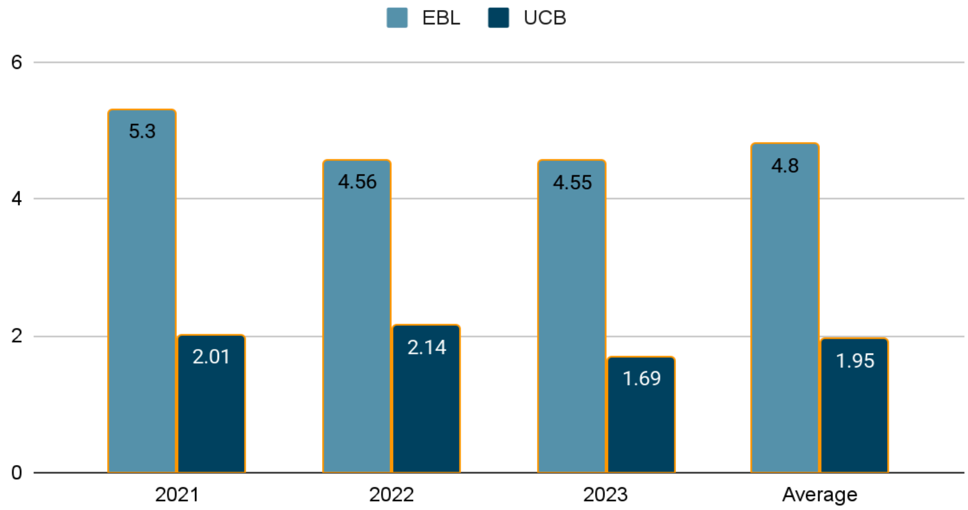
Banks	2021	2022	2023	Average	Rank
EBL	83.28	67.75	94.39	81.81	2
UCb	166	66.32	101	111.11	1



Profit Per Employee (in Lakh)

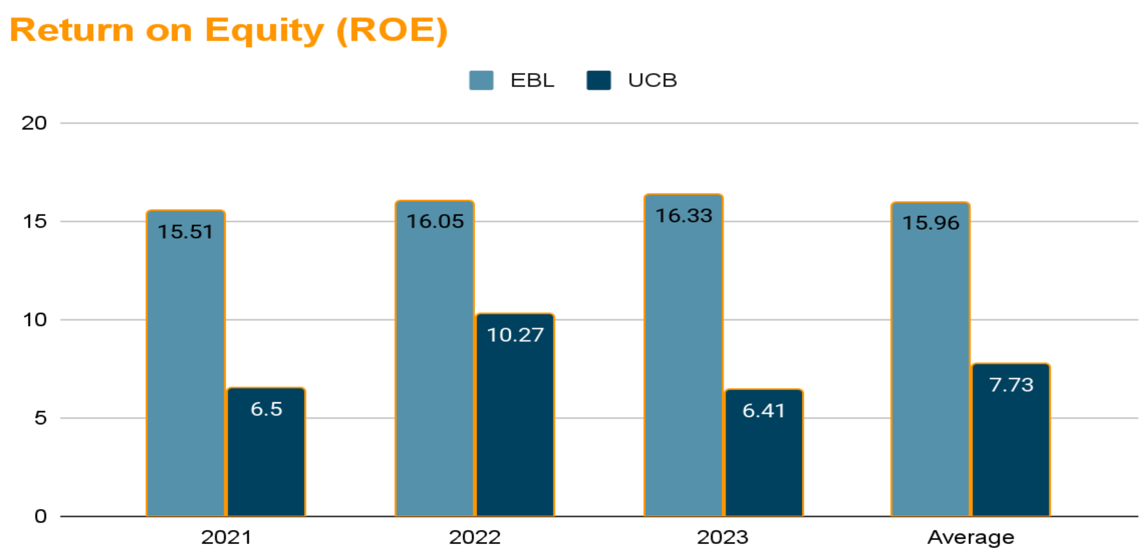
Banks	2021	2022	2023	Average	Rank
EBL	5.30	4.56	4.55	4.80	1
UCB	2.01	2.14	1.69	1.95	2

Profit per Employee (in Lakh)



Return on Equity (ROE)

Bank Name	2021	2022	2023	Average	Rank
EBL	15.51	16.05	16.33	15.96	1
UCB	6.5	10.27	6.41	7.73	2



Banks	T.Adv / T.Deposit		Profit /employee		ROE		Group Rank	
	%	Rank	Times	Rank	%	Rank	AVG	Rank
EBL	81.81	2	4.80	1	15.96	1	1.33	1
UCB	111.11	1	1.95	2	7.73	2	1.66	2

Interpretation

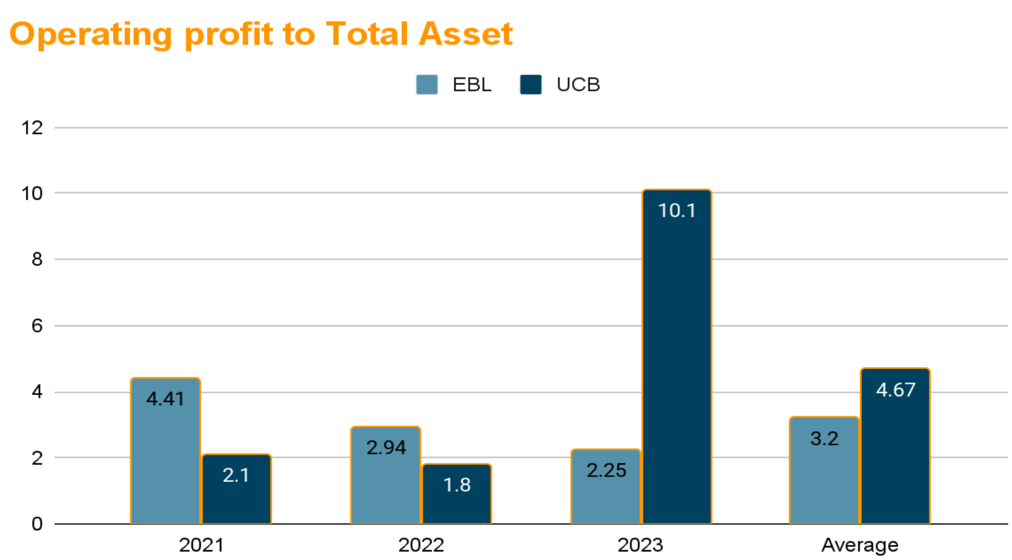
Here, it can be seen that after doing the composite ranking based on the group averages of the two management efficiency ratios as presented in this specific, EBL has performed again perfectly compared to other banks, being on the top rank with a group average of 1.33.

EBL has left behind UCB. In terms of ROE, EBL generated a good profit of 15.69% from its shareholder's investments in the company. The return on equity metric reveals how much profit is produced for each dollar of common stockholder equity. When it comes to profit per employee, if the ratio is higher, it says that the company is being more efficient. Here we can see that UCB has performed poorly while EBL has ranked first. In Total Advance to Total Deposit, EBL scored second though. When it comes to transforming bank deposits into higher-earning advances. On an overall basis, Eastern Bank Limited seems to have a better hold in terms of Management Efficiency of CAMEL rating.

4. Earning

Operating Profit to Total Asset

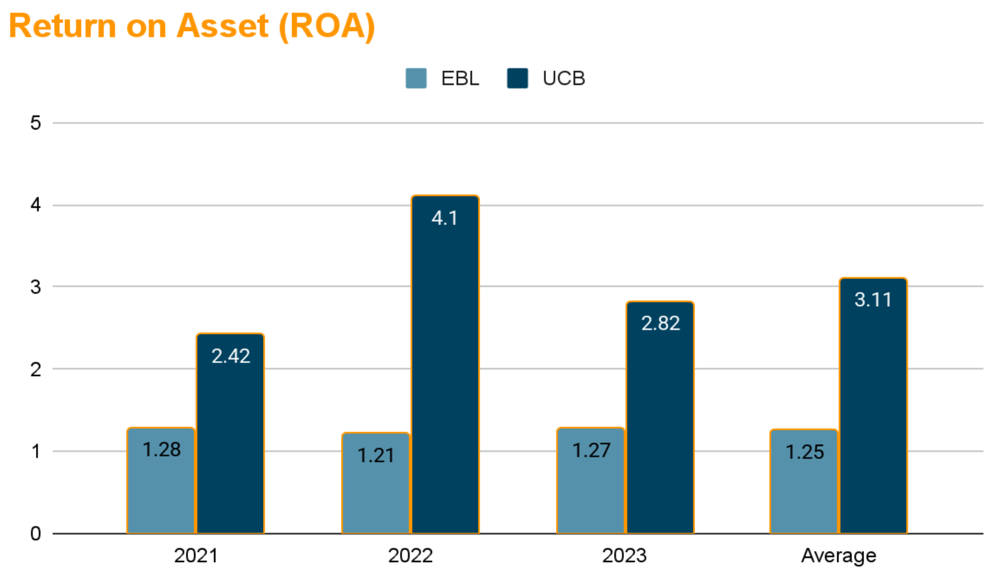
Bank Name	2021	2022	2023	Average	Rank
EBL	4.41	2.94	2.25	3.2	2
UCB	2.1	1.8	10.1	4.67	1



Return on Asset (ROA)

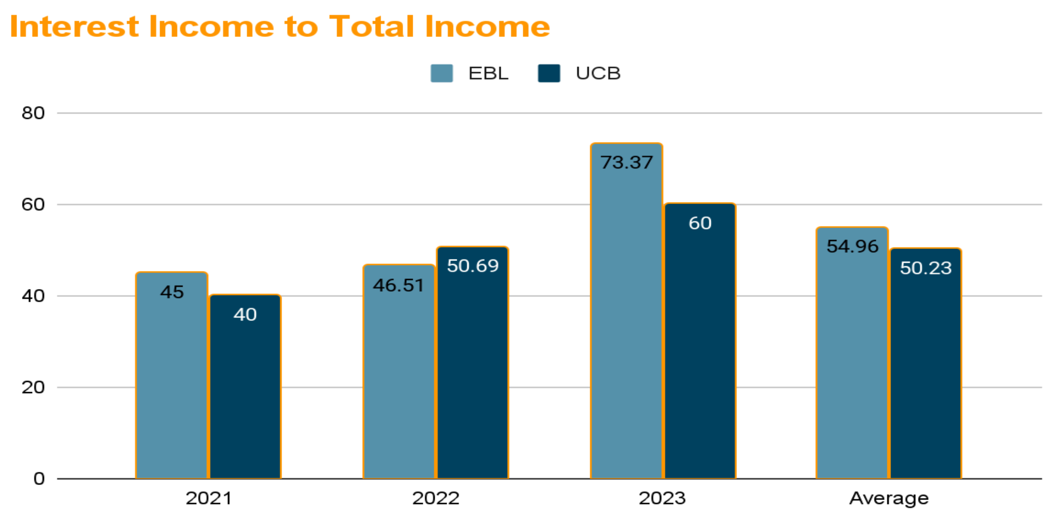
Bank Name	2021	2022	2023	Average	Rank
EBL	1.28	1.21	1.27	1.25	2

UCB	2.42	4.10	2.82	3.11	1



Interest Income to Total Income

Bank Name	2021	2022	2023	Average	Rank
EBL	45	46.51	73.37	54.96	1
UCB	40	50.69	60	50.23	2



Composite Earning

Bank	Op.Proft/T.Asset		ROA		Int.Income/Total Inc		Group Rank	
	%	Rank	%	Rank	%	Rank	AVG	Rank
EBL	3.2%	2	1.25 %	2	54.96%	1	1.67	2
UCB	4.67%	1	3.11%	1	50.23%	2	1.33	1

Interpretation

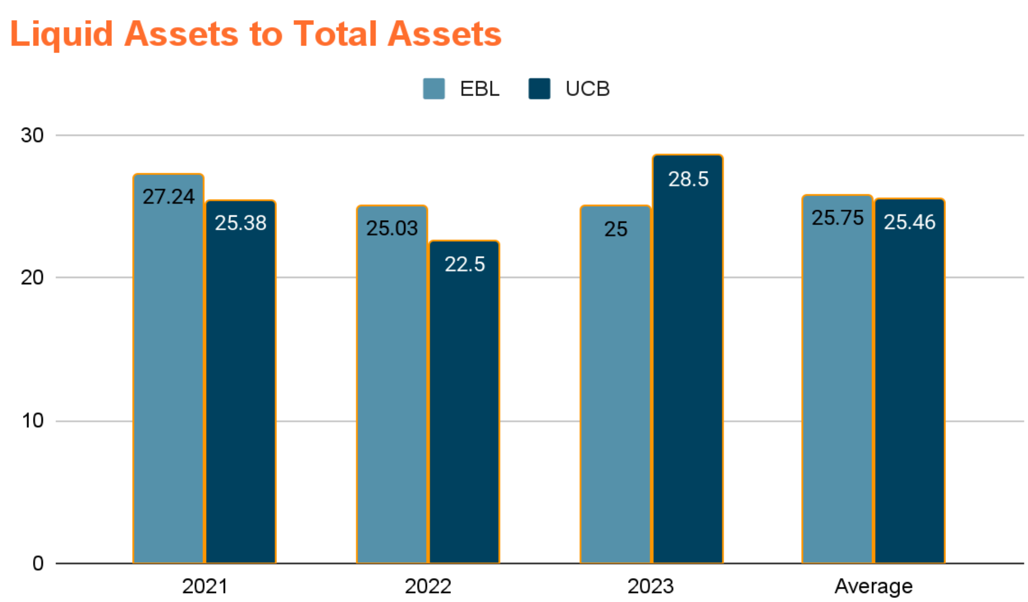
Here it can be seen that after doing the composite ranking and based on the group averages of the two Earning ratios as presented in this specific, UCB has performed well. Their operating profit to total assets where UCB is earning much profit utilizing its operations for each taka invested in their total asset with a score of 4.67%. ROA shows how better a company is in terms of earning potential. The higher the value, the higher the efficiency of the company. From the table, it can be seen that UCB has a slightly higher ROA than EBL. In terms of interest income to total income, according to their shareholder reports, it can be seen that particularly EBL had good

revenue build-up which is why their interest income percentage on average was 54.96%. However, as it can also be noted from the table the overall composite ranking of the Earnings ratio shows that the UCB has performed far better
than EBL.

Liquidity

Liquid Assets to Total Assets

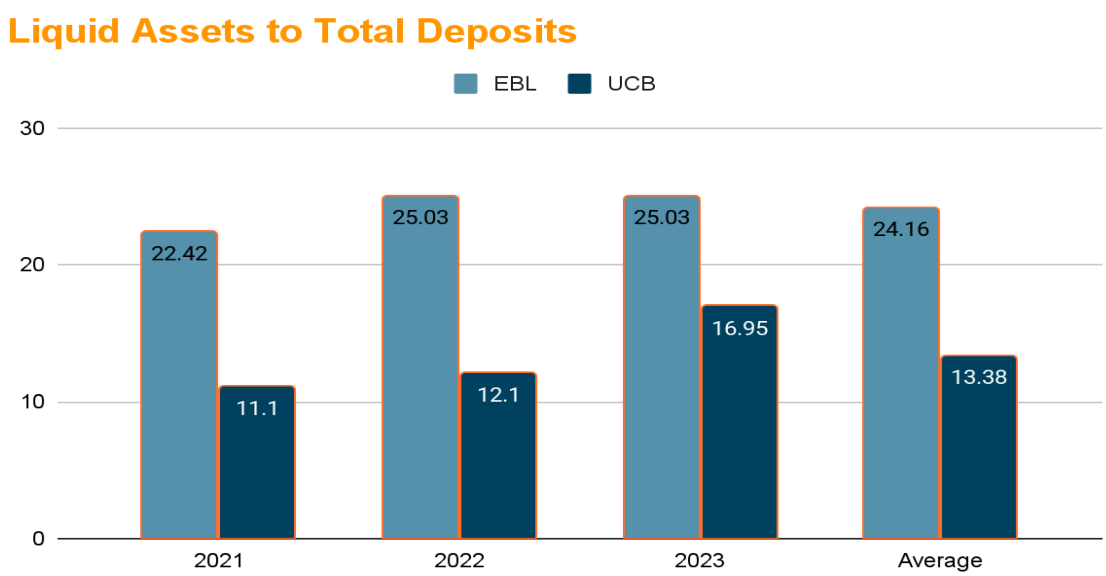
Bank Name	2021	2022	2023	Average	Rank
EBL	27.24	25.03	25	25.75	1
UCB	25.38	22.5	28.5	25.46	2



Liquid Assets to Total Deposits

Bank Name	2021	2022	2023	Average	Rank

EBL	22.42	25.03	25.03	24.16	1
UCB	11.1	12.1	16.95	13.38	2



Composite Liquidity

Bank	L.A / T. A		L.A/ T. Deposits		Group Rank	
	%	Rank	%	Rank	AVG	Rank
EBL	25.75	1	24.16	1	1	1
UCB	25.46	2	13.38	2	2	2

Interpretation

The composite ranking based on the group averages of the two Liquidity ratios as presented in this specific, shows that EBL is much more liquid based on the table above. Doing the composite liquidity, it can be found that EBL has topped here with liquid assets to total assets being 25.75 % and UCB 25.46%. The Liquid Assets to Total Deposits shows that EBL has 24.16% with UCB scoring the lowest, that is, 13.38%. It must be noted that this information has mostly been found in the respective shareholder's reports for three years of these two banks.

Overall Performance Composite Ranking

Bank	C	A	M	E	L	AVG.	RANK
EBL	1.25	1.25	1.33	1.67	1	1.3	1
UCB	2	1.75	1.66	1.33	2	1.75	2

Interpretation

To assess the overall performance of the chosen Bangladeshi Commercial Banks, the following composite ratings for three years (2021, 2022, and 2023) have been calculated and accumulated. The above table shows the overall CAMEL rating composite ranking of all the ratios combined using average. From the above it can be disclosed that UCB has been in the 2nd position with where EBL has topped with 1.25. In Asset Ratio, EBL has performed the highest with UCB. The management efficiency ratio shows EBL still performing top class mostly due to ROE and profit per employee. In the Earnings ratio, UCB has again outperformed other banks scoring 1.33. However, this is information derived and taken from the shareholder's reports of the two respective banks. Finally, when it came to ranking everything on average, the results are that Eastern Bank Limited (1.3) performed much better followed by UCB (1.75).

3.7 Conclusion

For the CAMEL rating analysis, I have used the MS Excel sheet to quantify and find out the performance result. For the report to come to light I took the liberty of studying each and every shareholder's reports posted online by the specified banks. An international bank rating system is called CAMEL. The CAMEL rating is now widely used by banks to gauge their effectiveness. Only the management of the bank is informed of these ratings; neither competing banks nor the general public are. The more modern "CAMEL" rating is a development of the earlier "MACRO" grade. There are five ratios in the CAMEL rating
that are taken into account by all financial institutions. These include Earnings, Asset Quality, Management Effectiveness, Capital Adequacy, and Liquidity. Ratings range from 1 to 5, with 1 representing the best and 5 the worst. Although it has several drawbacks, CAMEL grading is utilized by bank examiners all over the world. When two or three companies are arranged in a row, it is quite problematic for CAMEL ratings. At this point, it becomes very challenging to evaluate and rank them based on their position. A problem was encountered when working on this project. This should be taken into account in CAMEL rating as it will facilitate evaluation for financial institutions. Two further drawbacks are that the CAMEL rating does not account for or quantify the cost of employee training as well as additional expenses. Finally, because CAMEL rating is a very expensive process, it requires highly skilled employees to carry out and compute the operations.

3.8 Recommendation

From the above analysis of these two private commercial banks of Bangladesh (EBL and UCB), the final results show that UCB has a tremendous lack and in comparison, came in last after the composite ranking came out. The recommendations will be based in the two banks composite ranking and general point of view for improvement.

- Maintaining a sufficient capital buffer is paramount for banks to absorb potential losses and safeguard against insolvency. The Capital Adequacy Ratio (CAR) serves as a critical regulatory metric, ensuring banks hold adequate capital relative to their risk-weighted assets. A robust CAR promotes financial stability and operational efficiency. In this analysis, EBL demonstrates adherence to its financial obligations, indicating a healthy level of capital adequacy
- The asset quality of UCB is worse than that of other institutions under analysis, as it reflects a higher Non-Performing Asset (NPA) ratio. High levels of NPA require a

strategic and innovative approach to management. To counteract this effect, some measures that UCB can take include increasing collection efforts, targeting low-rated loans, and developing a declining exposure strategy. Secondly, improve customer relationship management by providing timely and customized services to clients experiencing financial difficulties, thereby preventing defaults. Last but not least, design and implement customized strategic asset management plans tailored to each asset category, focusing on long-term, practical, capital-efficient, and permanent solutions.

- To mitigate the potential loss that could arise in the event of worsening loans, banks can utilize third-party risk sharing. Where a loan is at risk of default, and the party/client that made the loan is unable to honor the loan principal and interest, another financial institution with a greater risk appetite can take over the loan. This swap of risk enables the first bank to recover a significant portion of the continued balance of the loan amount from the third party, thus reducing its exposure to Non-Performing Loans (NPLs). It can be a helpful instrument for proactive asset management and NPL reduction.
- The performance of the banks highly depends on the management efficiency. This includes strategic capacity management of human resources. Banks that have recorded low profits per employee are advised to consider being specific in their training methods or strategic recruitment of experienced personnel to improve productivity levels. The increased profit per employee, on the other hand, can be used as one of the most critical indicators of improved efficiency. Moreover, they can enhance deposit mobilization by employing a differentiated marketing strategy, such as offering competitive interest rates, which will help attract priority customers. This level of the deposit base enables banks to generate revenue through strategic investments, such as loans and advances. Nonetheless, external forces have also brought considerable threats to the functioning of banks in Bangladesh, including the ongoing geopolitical instability, particularly with the Russia-Ukraine war. Thus, an in-depth analysis suggests that the overall efficiency of management in the sector needs to be improved.
- As bankers, it is essential to maintain a strong profitability ratio, as this indicator reflects the effectiveness of asset utilization in generating operating and net profits, as well as returns on investments and revenues. To capitalize on profitability, banks should consider the following strategies: First, they should have fully automated systems that offer more

services to their customers, thereby saving on operational costs and increasing efficiency. Secondly, create a remote work atmosphere by providing employees with mobile technology to increase productivity. Thirdly, promote customer self-service through customer-friendly digital systems, where physical contact during transactions is minimized. Although the risk may not be eliminated, it can be mitigated by ensuring that the risk assessment is conducted correctly and by examining new prospective solutions, such as enhanced server systems and optimized operational procedures. Ultimately, customer retention can be improved by developing customer satisfaction through effective and trustworthy service provision, which in turn leads to increased profits.

- Banks should consistently identify and generate new sources of revenue to sustainably grow and remain profitable. The most important thing is generating significant revenue. Quality in earnings is defined as undervaluing interest income and returns on various investments, which is a factor in the financial health of institutions. Thus, banks should conduct thorough research into the market to assess the investment potential in new businesses.
- Since major banks realize that the technological capability of the younger generations is rapidly growing, they need to look into how they can strategically enhance their digital transformation to increase their operational efficiency and competitively acquire top talent. Banks have established human capital by embracing new technologies and efficient processes so that they can grow a workforce with the latest skills. Such investment in human capital will yield long-term returns, as it will become easier to make better decisions over time regarding other strategic investments, ultimately helping to maintain high profitability.
- To improve the liquidity stance of any bank, a couple of strategic interventions can be applied. One is the shrinkage of the banks as they should sell non-performing or non-essential assets, which are not generating any income. Secondly, they must focus their efforts on collecting overdue debt obligations. Third, it is essential to put in place stringent cost-control measures to minimize the overheads. Lastly, optimal utilization of current lines of credit needs to be studied. These measures will help establish a stronger liquidity position.

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