Comparative Performance Evaluation using CAMEL Rating Specially of Some Selected Private CommercialBanks in Bangladesh

Md Shakil *
Prof. Mihir Kumar Roy, Phd**
* Lecturer, Department of Business Administration, CityUniversity
**Professor and Dean, Faculty of Business Administration, City University, Dhaka

Abstract: This study demonstrate the comparative performance evaluation of some selected commercial banks in Bangladesh by using CAMEL Rating Approach.. The study found that some conventional and Islamic bank's performance are very satisfactory, some bank's performance are on average and some are not very good. It was found that the Eastern Bank Ltd. is in top position followed by EXIM Bank Ltd. By analyzing the performance of all these banks in term of CAMEL parameters it seemed that these banks Capital adequacy, Asset quality, Management quality, Earnings quality, Liquidity Management are in satisfactory level. The study recommended thatthe bank has to increase its capital so that it become more capable to meet any financial unexpected condition then before due to credit risk, market risk and interest risk.

Introduction

1.1 Statement of the problem

Banking sector is one of the fastest growing sectors in Bangladesh. Modern banking sector is becoming more complex than before. Evaluating Bangladeshi banking sector is challenging task. There are so many factors, which need to be taken care while differentiating good banks from bad ones. Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy of a country as well. As a result to this statement, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively.

In this study, an effort was made to compare the Performance of some selected banks in Bangladesh by using CAMEL rating approach/parameters. Through this method, it was highlighted that the position of the bank under the study is became sound and satisfactory so far as their capital adequacy, asset quality, management capability and liquidity is concerned.

This study can be helpful tool for the managers re-defined their objectives, strategies, policies, processes, methods and technologies which have a direct bearing on the financial health and performance of this bank. This study will also help to the investors and creditors to take decision abut their banking selection. Findings of this study may enrich the present literatures and it can help researchers in further study.Performance evaluation is a method used by stakeholders such as creditors, investors, and customers to evaluate the past , present and projected conditions and financial performance of the organization. Because they need to know about the profitability and financial condition of the organization in order to select best organization. In this case performance evaluation is a logical way to know about the bank's financial position.

1.2 Objectives, Scopes and Methods of investigation

The general objective of the study is to analyze comparative performance evaluation of Social Islamic bank ltd .with that of some selected bank by using CAMEL rating method…

More specifically, this study entails the specific aspects such as financial performance of social Islamic bank ltd. by using the indicators of CAMEL rating in the sampled banks.

1.3 Scope of the Study:

The scope of the study is concentrated mainly on some important variables like Capital Adequacy, Asset Quality, Management Quality, Earning Ability, Liquidity and the other variables which are found in the financial statement of a Bank. have

1.4 Methods of Investigation:

1.5.1 Data Sources: The entire study is based on the secondary sources of information such as :
 - Annual report of the sample banks..
 - Website of the Sample banks.
 - Different Publication s).
 - Bangladesh bank website.
 - And others selected banks Annual report.
 - Internet.

1.6.Data Processing Methods:

Data has been computerized and processed by using MS Word, MS Excel. For the purpose of analyzing the data I have presented the data in tabular form with necessary chart and graph. Ratios are calculated from current year data and are then compared to previous years to judge the performance of the company.

1.2 Results and Discussions
Method of Analysis: CA:Comparative performance of Social Islamic Bank with that of other banks
CAMEL Rating Approach

Banking sector is one of the fastest growing sectors in Bangladesh. Modern banking sector is becoming more complex than before. Evaluating Bangladeshi banking sector is challenging task. There are so many factors, which need to be taken care while differentiating good banks from bad ones. Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy of a country as well. As a result to this statement, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. CAMEL Rating Approach one of best way to know the overall banking performance. The CAMEL rating system is a recognized international rating system that bank supervisory authorities use in order to rate financial institutions according to five factors represented by the acronym "CAMEL." Supervisory authorities assign each bank a score on a scale, and a rating of one is considered the best and the rating of five is considered the worst for each factor.

There is no formal or recognized definition of CAMEL Rating. But it might be stated in the following manner in general sense:

 - CAMEL Rating system is a technique to assess the financial soundness and operating performance of the banks.
 - Its provide the significant and concise information about condition of banks.
 - This system serves as a supervisory tool to help identify those banks that are having problems and require close supervision.
 - An instrument to categorize the banks on the basis of their financial health.
 - It is a useful tool to measure a ranking position of a bank on the basis of few criteria

3.2 Materials of CAMEL
There are five materials of CAMEL Rating Approach.
Those are:

C – Capital adequacy
A – Asset quality
M – Management quality
E – Earnings
L – Liquidity

Bank supervisory authorities assign a score on a scale of one (best) to five (worst) for each factor to each bank. If a bank has an average score less than two it is considered to be a high quality institution, while banks with scores greater than three are considered to be less-than satisfactory establishments. The system helps the supervisory authority identify banks that are in need of attention.

Capital Adequacy
Capital adequacy focuses on the total position of bank capital. It assures the depositors that they are protected from the potential shocks of losses that a bank incurs. Financial managers maintain company's adequate level of capitalization by following it. It is the key parameter of maintaining adequate levels of capitalization. In this study, capital adequacy is measured by using the Capital adequacy ratio, equity to total assets ratio and total debt to total assets. That means capital adequacy enables a bank to meet any financial unexpected condition due to FX risk, credit risk, market risk, interest rate risk. Capital adequacy protects the interest of depositors of a bank. A bank has to maintain a minimum capital adequacy ratio (CAR) of not less than 10 percent of their risk weighted assets (RWA, with at least 5 percent in core capital) or Taka 2 billion, whichever is higher. The ratio used to evaluate capital adequacy and represented as:

➤ Capital Adequacy Ratio (CAR).
➤ Total Equity to Total Asset (TE/TA)
➤ Total Debt to Total Asset (TD/TA)

Table No.1.Capital Adequacy Sub-parameter Ratios of Banks during the Period 2010-2016

Name Of Banks(Ltd.)	CAR		TE/TA		TD/TA		Group Rank	
	Avg	Rank	Avg	Rank	Avg	Rank	Avg	Rank
Social Islami Bank	11.90	11	8.24	15	91.76	16	14	12
Bank Asia	11.55	14	7.81	18	89.45	5	15.67	16
Prime Bank	12.31	7	9.81	7	90.06	8	7.33	7
BRAC Bank	12.24	8	7.63	20	92.00	21	16.33	5
Dhaka Bank	11.29	18	7.76	19	92.36	22	19.67	23
IFIC Bank	10.27	24	6.99	22	93.60	24	23.33	25
Eastern Bank	12.51	3	11.79	3	88.21	2	2.67	2
Dutch Bangla Bank	12.44	5	6.84	23	91.90	18	15.33	15
Premier Bank	11.12	21	8.47	13	91.76	17	17	18
Pubali Bank	11.73	12	9.68	9	90.49	10	10.33	9
Standard Bank	11.18	20	8.56	12	91.37	13	15	14

| Jamuna Bank	11.28	19	8.71	10	91.29	11	13.33	11
NCC Bank	11.99	9	10.47	5	89.60	6	6.67	6
AB Bank	10.86	22	8.67	11	91.91	19	17.33	19
Mercantile Bank	11.39	17	8.16	17	91.97	20	18	21
City Bank	12.89	2	12.73	1	87.27	1	1.33	1
One Bank	11.68	13	8.21	16	91.62	14	14.33	13
Trust Bank	11.98	10	6.40	24	91.32	24	18.67	22
National Bank	12.33	6	11.84	2	88.25	3	3.67	3
Mutual Trust Bank	11.46	16	6.05	25	93.69	25	22	24
Southeast Bank	10.08	25	10.78	4	88.37	4	11	10
United Commercial Bank	10.46	23	8.32	14	91.68	15	17.33	20
Al-ArafahIslami Bank	14.28	1	9.72	8	90.09	9	6	4
EXIM Bank	11.49	15	10.16	6	89.74	7	9.33	8
Islami Bank	12.46	4	7.62	21	92.82	23	16	17
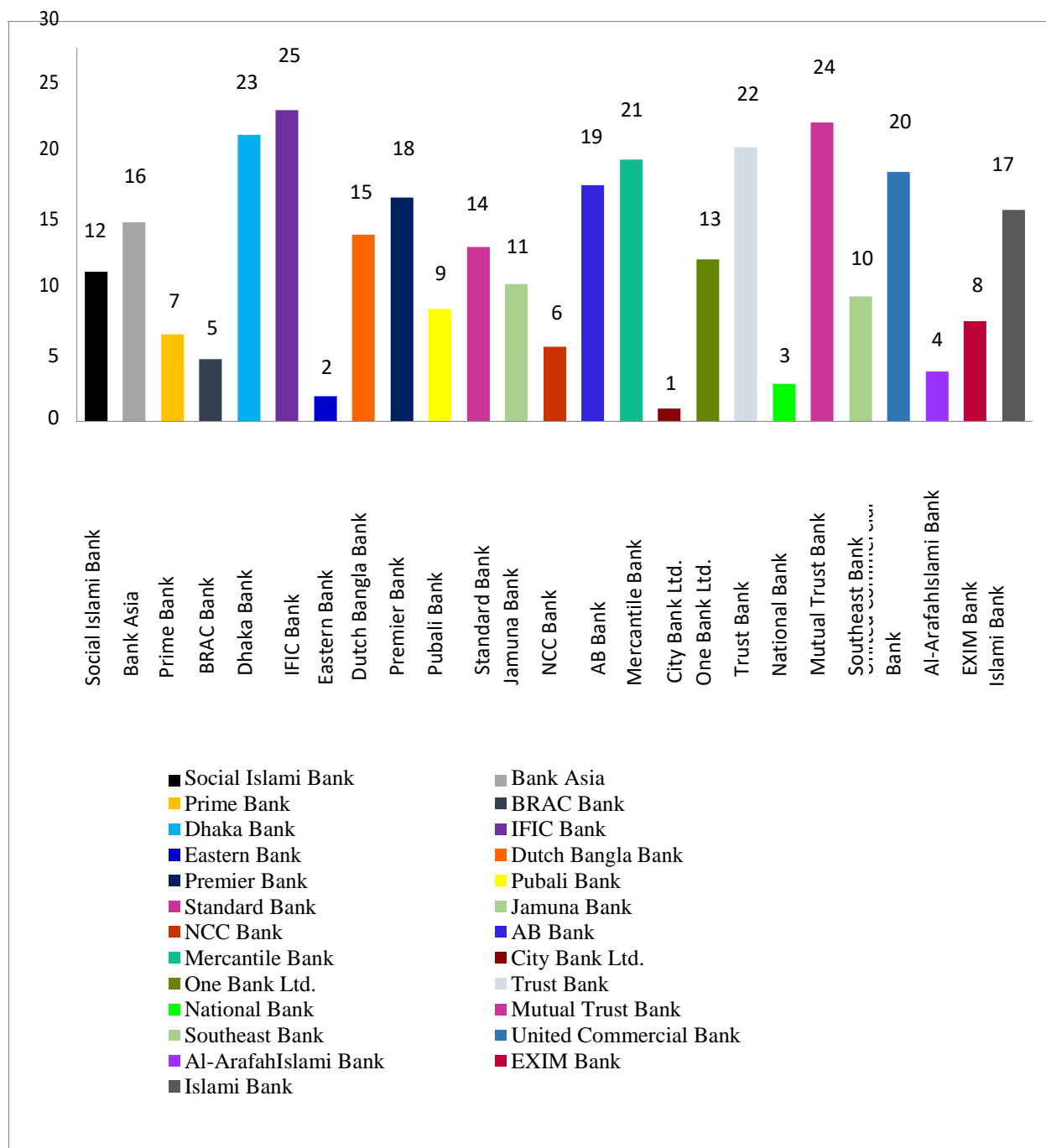
Fig: Capital Adequacy Sub-parameter

Table 1 and graph show that group average of Capital Adequacy Sub-parameter of 25 Banks, during the Period 2010-2016 .City Bank Ltd. stood 1st position with the group average 1.33. Followed by Eastern Bank Ltd with group average 2.67. According to CAR Ratio Al-ArafahIslami Bank Ltd. Became 1st position by 14.28 . And followed by City Bank Ltd. with 12.89.Total Equity to Total Asset Ratio indicate that City Bank Ltd. Hold 1st position with 12.73. and Followed by National Bank Ltd. with 11.84.Total Debt to Total asset Ratio proves that City Bank Ltd. Hold 1st position with 87.27. Followed by Eastern Bank Ltd with 88.21. According to all ratio of Capital Adequacy Sub-parameter City Bank Ltd. become 1st position.

And Social Islami Bank ltd. Become 12 no position of 25 Banks with group average 14. This Banks CAR Ratio position is 11 with 11.90. Total Equity to Total Asset Ratio show that Social Islami Bank ltd. became 15th with 8.24 . Total Debt to Total asset Ratio indicate that it hold 16th with 91.76. Performance of Capital Adequacy of Social Islami Bank ltd. Is not good. But Average.

Asset Quality

Asset quality covers an institutional loan's quality which reflects the earnings of the institution. Assessing asset quality involves rating investment risk factors that the company may face and comparing them to the company's capital earnings. This shows the stability of the company when faced with particular risks. Asset quality determines the robustness of financial institutions against loss of value in the assets. All banks show the concentration of loans and advances in total assets. The high concentration of loans and advances indicates vulnerability of assets to credit risk, especially since the portion of non-performing assets is significant. Lastly, asset quality is reflected by the efficiency of an institution's investment policies and practices. In this report Asset quality parameter is measured by the following ratio:

- ➢ Fixed Assets to Total Assets (FA/TA)
- ➢ Non-performing Loans to Total Loan(NPL/TL)
- ➢ Loan loss Cover Ratio(LLP/TL)
- ➢ Total loans to Total Assets (TL/TA)

Table No. 2. Asset Quality Sub-parameter Ratios of Banks during the Period 2010-2016

Name Of Banks	FA/TA		NPL/TL		LLP/TL		TL/TA		Group Rank	
(Ltd)	Avg %	Rank	Avg %	Rank	Avg %	Rank	Avg %	Rank	Avg	Rank
Social Islami Bank	1.87	12	4.32	14	1.09	12	69.34	6	11	7
Bank Asia	2.75	21	4.37	15	1.46	4	66.44	14	13.50	16
Prime Bank	2.19	18	3.98	10	1.49	3	65.70	16	11.75	10
BRAC Bank	1.43	7	5.68	23	2.24	1	65.49	19	12.50	15
Dhaka Bank	1.82	10	4.66	17	1.21	9	68.31	9	11.25	8
IFIC Bank	2.09	17	4.93	18	1.12	11	67.72	10	14	17
Eastern Bank	3.81	23	3.00	4	1.19	10	68.75	8	11.25	9
Dutch Bangla Bank	2.43	20	3.61	9	0.64	21	61.46	25	18.75	24
Premier Bank	1.56	8	5.84	24	0.46	25	65.66	17	18.50	23

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Pubali Bank	14.32	25	4.57	16	0.93	17	63.52	23	20.25	25
Standard Bank	1.39	6	2.94	3	0.92	18	70.11	5	8	2
Jamuna Bank	1.88	13	5.43	22	1.26	8	61.62	24	16.75	21
NCC Bank	1.58	9	5.23	20	1.29	7	72.27	3	9.75	3
AB Bank	2.07	16	3.40	7	1.35	6	67.40	13	10.50	5
Mercantile Bank	1.93	14	4.10	12	0.97	14	69.20	7	11.75	11
City Bank	4.19	24	6.13	25	1.87	2	65.37	20	17.75	22
One Bank	1.13	2	5.28	21	0.94	16	71.61	4	10.75	6
Trust Bank	0.49	1	3.07	6	0.60	23	67.68	11	10.25	4
National Bank	1.27	5	5.07	19	0.58	24	65.71	15	15.75	19
Mutual Trust Bank	1.98	15	3.03	5	0.64	22	64.64	21	15.75	20
Southeast Bank	3.39	22	4.14	13	1.37	5	65.64	18	14.50	18
United Commercial Bank	1.84	11	4.08	11	0.99	13	67.55	12	11.75	12
Al-ArafahIslami Bank	1.23	4	2.88	2	0.72	19	64.00	22	11.75	13
EXIM Bank	1.17	3	2.65	1	0.95	15	75.98	2	5.25	1
Islami Bank	2.34	19	3.57	8	0.71	20	84.84	1	12	14
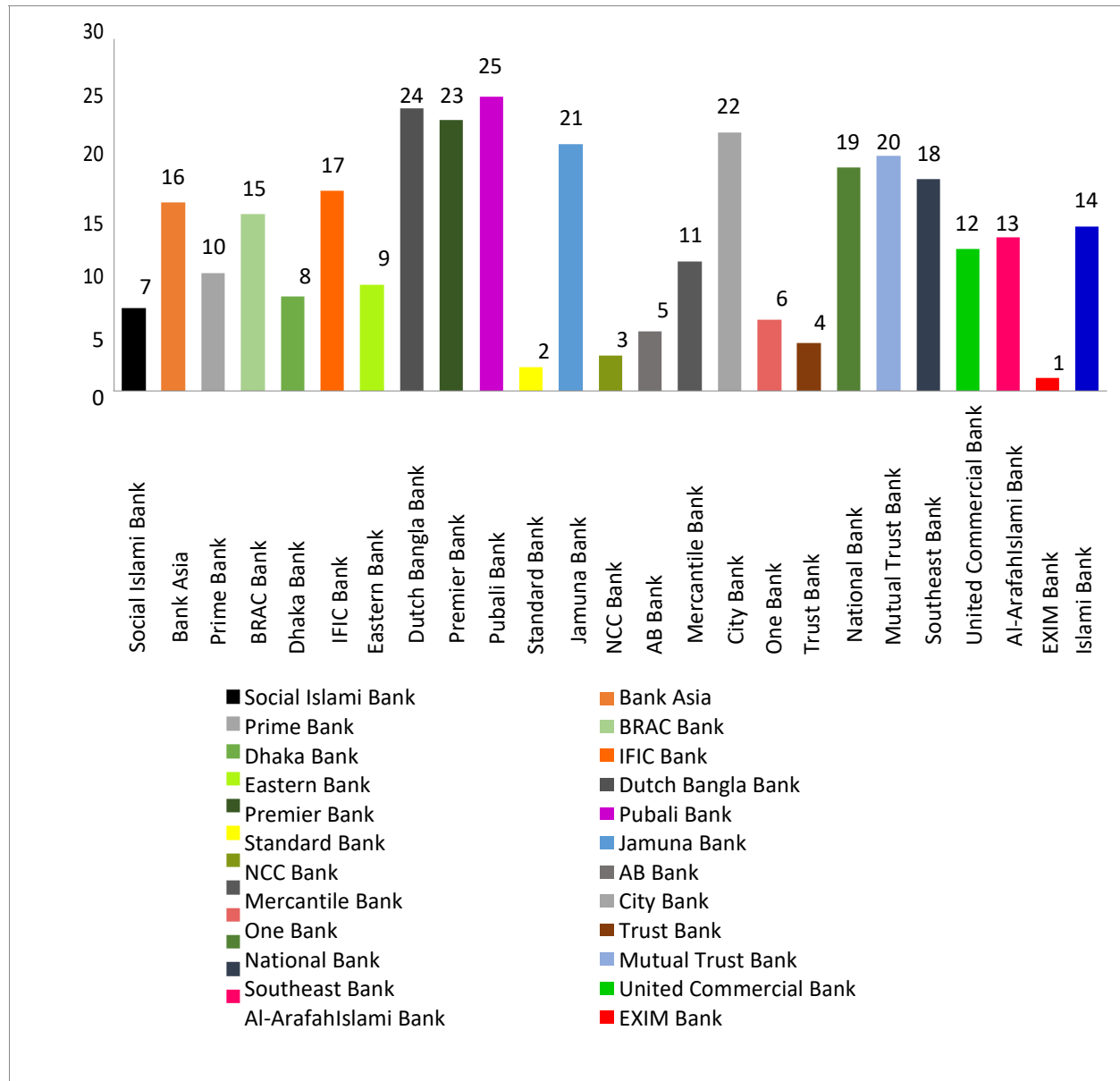
Fig: Asset Quality Sub-parameter

Table 2 and graph show that group average of Asset Quality Sub-parameter of 25 Banks, during the Period 2010-2016 . EXIM Bank Ltd. stood 1st position with the group average 5.25. Followed by Standard Bank Ltd. with group average 8. According to Fixed Assets to Total Assets(FA/TA). Trust Bank Ltd. Became 1st position by 0.49. And followed by One Bank Ltd. with 1.13. Non-performing Loans to Total Loan(NPL/TL) indicate that EXIM Bank. hold 1st position with 2.65. and Followed by Al-ArafahIslami Bank Ltd. with 2.88. Loan loss Cover Ratio(LLP/TL)

proves that BRAC Bank Ltd. Hold 1st position with 2.24. Followed by City Bank Ltd with 1.87. Total loans to Total Assets (TL/TA) show that Islami Bank Ltd. Hold 1st position with 84.84.

Followed by EXIM Bank Ltd with 75.98. According to all ratio of Asset Quality Sub-parameter EXIM Bank Ltd. become 1st position. And Social Islami Bank ltd. Become 7 no position of 25 Banks with group average 11. This Banks Fixed Assets to Total Assets ratio position is 12th with 1.87. NPL/TL Ratio show that Social Islami Bank ltd. became 14th with 4.32. Loan loss Cover Ratio(LLP/TL) indicate that it hold 12th with 1.09. Total loans to Total Assets ratio(TL/TA) show that Social Islami Bank ltd. is in 6th position with 69.34. Performance of Asset Quality of Social Islami Bank ltd. Is little good. But Average.

Management Quality

Management assessment determines whether an institution is able to properly react to financial stress. This component rating is reflected by the management's capability to point out, measure, look after, and control risks of the institution's daily activities. It covers the management's ability to ensure the safe operation of the institution as they comply with the necessary and applicable internal and external regulations. Management quality of any financial institution is evaluated in terms of Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity to market risk. Moreover, it is also depended on compliance with set norm, planning ability; react to changing situation, technical competence, leadership and administrative quality. A Sound management is the most important pre-requisite for the strength and growth of any financial institution. The ratios used to evaluate Management Quality are represented as:

➢ Profit Per Employee(PPE)
➢ Business Per Employee(BPE)
➢ Earning to Income Ratio(E/I)
➢ Assets Utilization Ratio (TOI/TA)
➢ Total Credit to Total Deposited Ratio(TL/TD)

Table No3.Management Efficiency Sub-parameter Ratios of Banks during the Period 2010-2016

Name Of Banks (Ltd)	PPE		BPE		E/I		TOI/TA		TL/TD		Average Rank	
	Avg milln	Rank	Avg million	Rank	Avg %	Rank	Avg %	Rank	Avg %	Rank	Avg	Rank
Social Islami Bank	1.98	11	110.03	11	39.32	7	4.57	19	85.06	9	11.4	11
Bank Asia	3.28	3	127.20	7	38.81	6	5.24	12	84.34	11	7.8	3
Prime Bank	2.62	5	124.46	8	43.25	10	5.32	11	82.91	15	9.8	7
BRAC Bank	0.93	25	36.32	25	49.66	19	7.03	4	79.22	21	18.8	23
Dhaka Bank	2.83	4	147.22	2	47.14	16	4.71	18	85.34	7	9.4	6
IFIC Bank	1.33	22	80.73	19	52.64	20	6.27	6	83.35	13	16	18
Eastern Bank	3.96	1	147.88	1	39.34	8	6.10	7	102.15	1	3.6	1
Dutch Bangla Bank	1.11	24	53.34	23	70.63	25	10.11	2	78.09	24	19.6	25
Premier Bank	1.49	20	113.58	10	64.04	22	4.90	15	81.13	19	17.2	19
Pubali Bank	1.12	23	46.69	24	68.23	23	9.53	3	81.56	17	18.0	21
Standard Bank	2.29	8	97.49	15	31.85	3	4.55	20	85.14	8	10.8	9
Jamuna Bank	1.55	19	81.60	18	49.09	17	5.17	13	75.61	25	18.4	22
NCC Bank	2.01	10	92.32	17	70.55	24	11.68	1	78.70	23	15	17

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AB Bank	2.54	6	142.36	4	45.84	14	5.00	14	86.55	6	8.8	4
Mercantile Bank	2.05	9	122.52	9	45.88	15	4.83	16	83.14	14	12.6	14
City Bank Ltd.	1.90	15	79.97	20	40.09	9	6.39	5	93.04	3	10.4	8
One Bank	1.93	13	97.96	14	44.89	13	5.71	8	84.63	10	11.6	12
Trust Bank	1.76	18	129.29	6	49.43	18	4.12	24	79.06	22	17.6	20
National Bank	1.89	16	79.68	21	30.41	2	5.44	9	83.68	12	12	13
Mutual Trust Bank	1.45	21	103.99	13	55.17	21	4.51	21	80.45	20	19.2	24
Southeast Bank	3.50	2	143.76	3	28.37	1	4.80	17	81.76	16	7.8	2
United Commercial Bank	1.83	17	96.93	16	43.37	12	5.40	10	81.31	18	14.6	16
Al-Arafah Islami Bank	1.97	12	105.08	12	32.63	5	4.44	22	89.07	5	11.2	10
EXIM Bank	2.53	7	141.19	5	37.81	4	4.02	25	90	4	9	5
Islami Bank	1.91	14	75.34	22	43.26	11	4.36	23	93.09	2	14.4	15
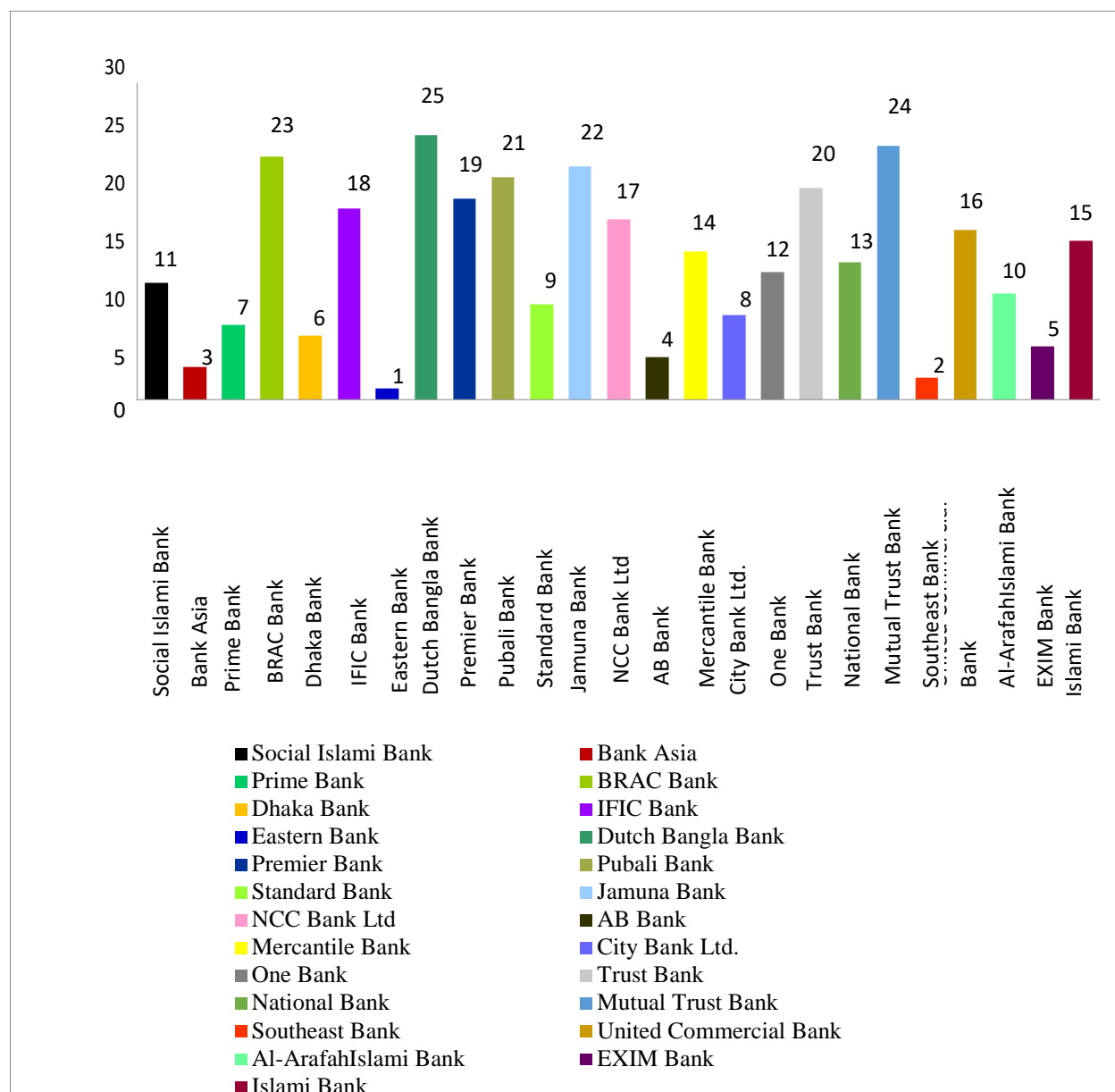
Fig:Management Efficiency Sub-parameter

Table 3 and graph show that group average of Management Efficiency Sub-parameter of 25 Banks, during the Period 2010-2016 . Eastern Bank Ltd. stood 1st position with the group average 3.6. Followed by Southeast Bank Ltd. with group average 7.8. According to Profit Per Employee(PPE), Eastern Bank Ltd. Became 1st position by 3.96. And followed Southeast Bank Ltd. with 3.50. Business Per Employee(BPE) indicate that Eastern Bank ltd. hold 1st position with 147.88. and Followed by Dhaka Bank Ltd. with 147.22. Earning to Income Ratio(E/I) proves that Southeast Bank Ltd. Hold 1st position with 28.37. Followed by National Bank Ltd with30.41. Assets Utilization Ratio (TOI/TA) show that NCC Bank Ltd. Hold 1st position with 11.68. Followed by Dutch Bangla Bank Ltd with 10.11.

According to Total Credit to Total Deposited Ratio(TL/TD), Eastern Bank Ltd. Became 1st position by 102.15. And followed Islami Bank Ltd. with 93.09. According to all ratio of Management Efficiency Sub-parameter Eastern Bank Ltd. become 1st position. And Social IslamiBank ltd. Became 11 no position of 25 Banks with group average 11.4. This Banks Profit Per Employee ratio(PPE), position is 11th with 1.98. Business Per Employee(BPE) show that Social Islami Bank ltd. became 11th with 110.03. Earning to Income Ratio(E/I) ,indicate that it hold 7th with 39.32. Assets Utilization Ratio (TOI/TA), show that Social Islami Bank ltd. is in 19th position with 4.57. According to Total Credit to Total Deposited Ratio(TL/TD), Social Islami Bank ltd. Stand at 9th with 85.06. Performance of Management Efficiency of Social Islami Bank ltd. Is little good. But Average.

Earnings Quality

An institution's ability to create appropriate returns to be able to expand, retain competitiveness, and add capital is a key factor in rating its continued viability. Examiners determine this by assessing the company's growth, stability, valuation allowances, net interest margin, net worth level and the quality of the company's existing assets. Earning and profitability is the prime sources of increasing capital of any financial institution. Strong earnings and profitability profile of a bank reflect its ability to support present and future operations. Increased earning ensure adequate capital and adequate capital can absorb all loses and give shareholder adequate dividends. The ratios used to evaluate Management Quality are represented as:

- Net Profit(loss)/Total Assets(ROA)
- Net Profit(loss)/Total Equity(ROE)
- Operating Profit/Total Assets(EBIT/TA)
- Net Interest Margin/Total Assets(NIM/TA)

Table No. 4. Earnings Quality Sub-parameter Ratios of Banks during the Period 2010-2016

Name Of Banks (Ltd.)	ROA		ROE		EBIT/TA		NIM/TA		Group Rank	
	Avg %	Rank	Avg %	Rank	Avg %	Rank	Avg %	Rank	Avg	Rank
Social Islami Bank	1.15	17	14.26	11	2.78	18	3.11	6	13	10
Bank Asia	1.15	18	13.50	16	3.22	10	2.04	16	15	15
Prime Bank	1.19	15	12.09	24	4.55	1	1.69	22	15.5	18
BRAC Bank	1.18	16	15.32	4	3.55	6	3.99	1	6.75	3
Dhaka Bank	1.21	13	15.19	6	2.92	16	1.70	21	14	13
IFIC Bank	1.04	21	14.45	10	2.74	20	2.30	14	16.25	20
Eastern Bank	1.72	3	13.71	14	3.75	4	2.80	12	8.25	5
Dutch Bangla Bank	1.32	9	19.05	2	2.99	15	3.93	2	7	4
Premier Bank	1.08	20	12.78	20	4.54	2	1.93	18	15	16
Pubali Bank	1.31	10	11.90	25	3.10	11	2.99	8	13.5	11
Standard Bank	1.30	11	15.02	7	2.24	23	2.41	13	13.5	12
Jamuna Bank	1.20	14	13.58	15	2.77	19	1.61	23	17.75	22
NCC Bank	1.45	7	12.22	23	3.08	12	2.18	15	14.25	14
AB Bank	0.98	22	14.68	8	2.80	17	1.81	19	16.5	21

| Mercantile Bank	1.12	19	13.91	13	2.62	21	2.83	11	16	19
City Bank	1.49	6	12.49	21	3.34	8	3.25	3	9.5	7
One Bank	1.89	2	20.67	1	3.58	5	3.03	7	3.75	2
Trust Bank	0.92	24	14.68	9	2.15	25	1.73	20	19.5	24
National Bank	1.91	1	12.87	19	3.53	7	2.00	17	11	8
Mutual Trust Bank	0.84	25	13.33	17	2.24	24	1.37	24	22.5	25
Southeast Bank	1.42	8	13.13	18	3.26	9	1.33	25	15	17
United Commercial Bank	1.30	12	16.02	12	3.08	13	2.94	9	11.5	9
Al-ArafahIslami Bank	1.53	4	15.38	3	2.89	3	3.17	4	3.5	1
EXIM Bank	1.53	5	15.30	5	3.00	14	2.91	10	8.5	6
Islami Bank	0.96	23	12.33	22	2.59	22	3.13	5	18	23
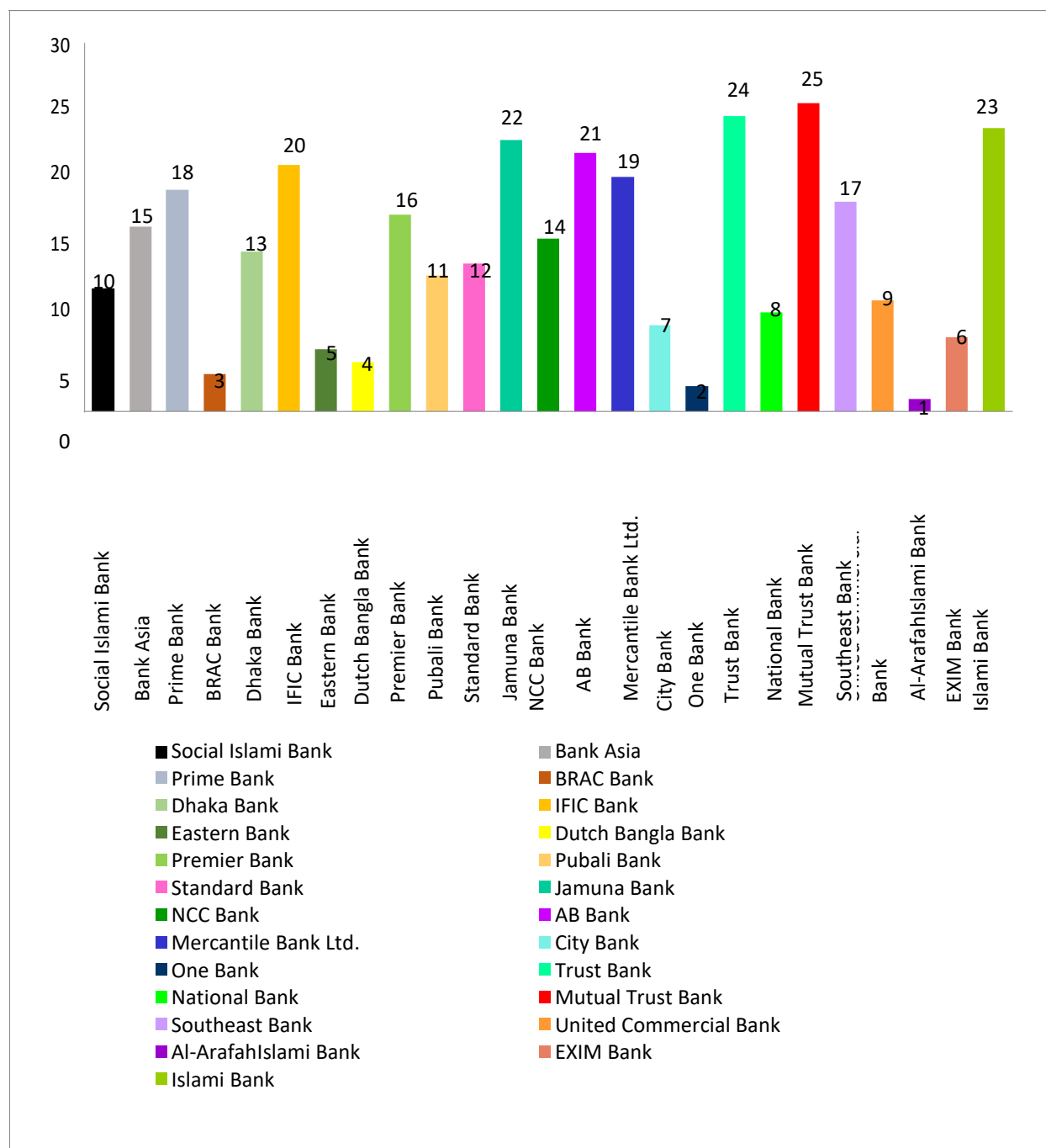
Fig: Earnings Quality Sub-parameter

Table 4 and graph show that group average of Earnings Quality Sub-parameter of 25 Banks, during the Period 2010-2016 . Al-ArafahIslami Bank Ltd. stood 1st position with the group average 3.5. Followed by One Bank Ltd. with group average 3.75. According to Return on Assets(ROA) ratio, National Bank Ltd. Became 1st position by 1.91. And followed by One Bank Ltd. with 1.89. Return on Equity (ROE) ratio, indicate that One Bank ltd. hold 1st position with 20.67.and Followed by Dutch Bangla Bank Ltd.with 19.05. Operating Profit/Total Assets Ratio (EBIT/TA),proves that Prime Bank Ltd. Hold 1st position with 4.55. Followed by Premier BankLtd with 4.54. Net Interest Margin/Total Assets(NIM/TA),show that BRAC Bank Ltd. Hold 1st position with 3.99. Followed by Dutch Bangla Bank Ltd with 3.93. According to all ratio of Earnings Quality Sub-parameter Al-ArafahIslami Bank Ltd. become 1st position. And SocialIslami Bank ltd. Become 10 no position of 25 Banks with group average 13. This Banks Return on Assets(ROA) ratio position is 17th with 1.15. Return on Equity (ROE) ratio show that Social Islami Bank ltd. became 11th with 14.26. Operating Profit/Total Assets Ratio (EBIT/TA), indicate that it hold 18th with 2.78. Net Interest Margin/Total Assets(NIM/TA),show that Social Islami Bank ltd. is in 6th position with 3.11. Performance of Earnings Quality of Social Islami Bank ltd. Is not good. But Average.

Liquidity Management

An adequate liquidity position refers to a situation, where an institution can obtain sufficient funds, either by increasing liabilities or by converting its assets quickly at a reasonable cost. It access in terms of asset and liability management. Liquidity indicators measured as percentage of demand and time liabilities (excluding interbank items) of the banks. It means that the percentage of demand and time liabilities gets a bank as per its liquid assets. Liquidity ratio in a bank measures the ability to pay its current obligations. For having sound banking operations it needs to have liquidity solvency. If any bank faces liquidity crisis, bank can't meet its short-term obligations. So it is a prime concern to banks. Cash and investment are the most liquid assets of a bank. The ratios used to evaluate liquidity are represented as:

- Liquid Assets/ Total Assets(LA/TA)
- Liquid Assets/ Short-term Liabilities(LA/Sht-L)
- Liquid Assets/ Total Deposit(LA/TD)

Table No.5 Liquidity Management Sub-parameter Ratios of Banks during the Period 2010-2016

Name Of Banks (Ltd.)	LA/TA		LA/SL		LA/TD		Group Rank	
	Avg %	Rank	Avg	Rank	Avg %	Rank	Avg	Rank
Social Islami Bank	41.92	1	1.05	15	51.38	1	5.67	2
Bank Asia	26.28	11	1.08	11	33.41	11	11	9
Prime Bank	26.18	12	1.18	9	32.88	13	11.33	10
BRAC Bank	23.77	19	1.05	17	31.90	15	17	20
Dhaka Bank	27.02	8	0.92	23	35.64	7	12.67	14
IFIC Bank	24.55	16	1.03	19	28.88	22	19	22
Eastern Bank	25.17	13	1.10	7	36.44	5	8.33	3
Dutch Bangla Bank	30.77	3	0.95	22	36.76	4	9.67	6
Premier Bank	28.77	4	1.02	20	37.57	3	9	4

|							
Pubali Bank	27.96	7	1.07	13	35.07	8	9.33	5
Standard Bank	24.37	17	1.09	8	29.73	21	15.33	19
Jamuna Bank	26.33	10	1.34	6	31.98	14	10	7
NCC Bank	24.61	18	1.09	10	31.27	17	15	18
AB Bank	28.58	6	0.55	25	36.08	6	12.34	13
Mercantile Bank	25.17	14	1.42	4	30.32	18	12	12
City Bank	23.36	20	1.43	3	33.15	12	11.67	11
One Bank	29.44	25	1.53	2	31.58	16	14.33	17
Trust Bank	24.88	15	1.38	5	30.21	20	13.33	16
National Bank	22.67	22	1.07	14	30.25	19	18.33	21
Mutual Trust Bank	28.74	5	1.06	16	33.80	10	10.33	8
Southeast Bank	22.60	23	0.91	24	28.18	23	23.33	25
United Commercial Bank	22.68	21	1.04	18	27.94	24	21	24
Al-ArafahIslami Bank	26.66	9	0.97	21	34.64	9	13	15
EXIM Bank	36.54	2	2.15	1	42.04	2	1.67	1
Islami Bank	19.47	24	1.08	12	25.15	25	20.33	23
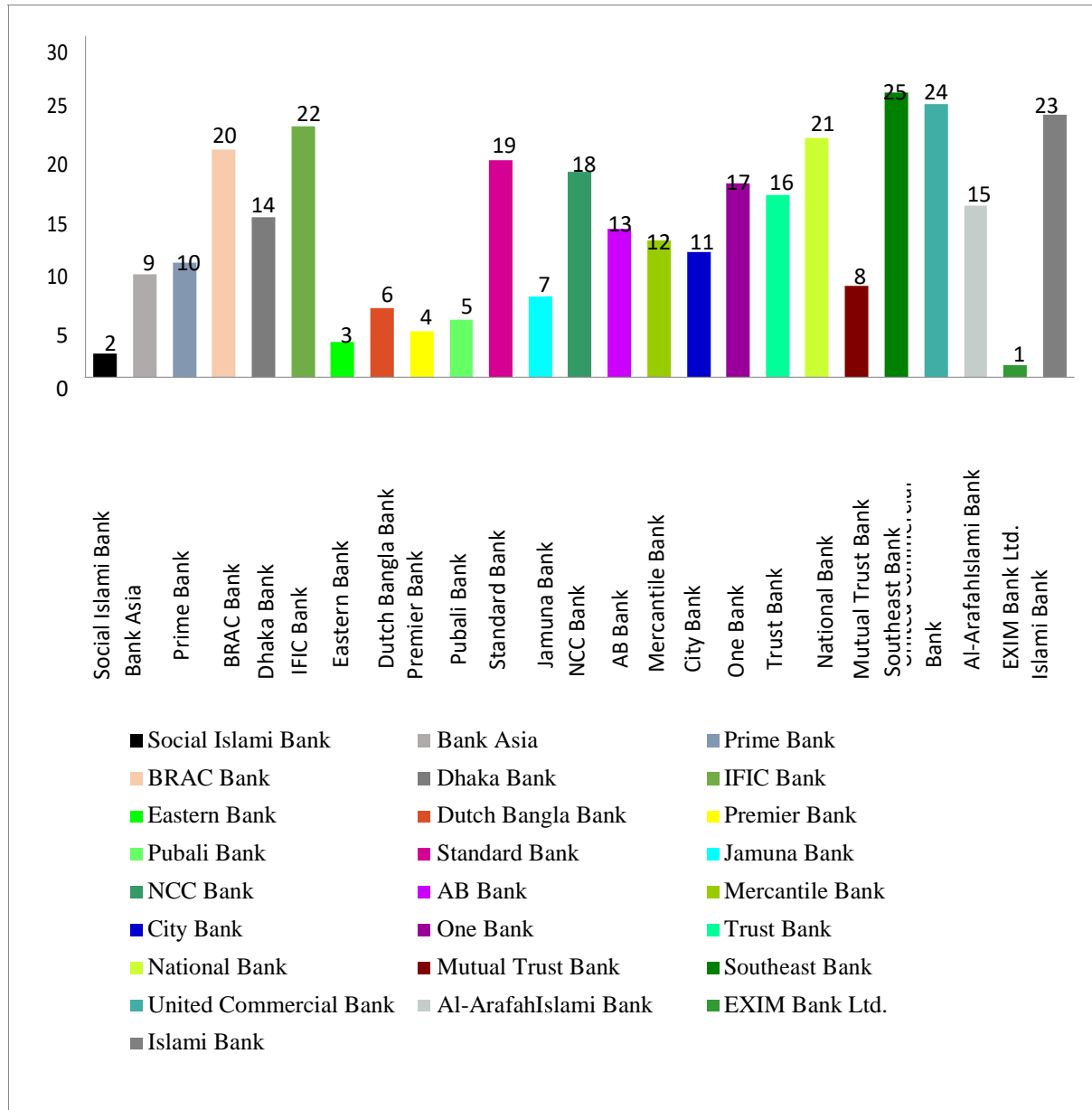
Fig: Liquidity Management Sub-parameter

Table 5 and graph show that group average of Liquidity Management Sub-parameter of 25 Banks, during the Period 2010-2016. EXIM Bank Bank Ltd. stood 1st position with the groupaverage 1.67. Followed by One Bank Ltd. with group average 5.67. According to Liquid Assets/ Total Assets(LA/TA) ratio, Social Islami Bank Ltd. Became 1st position by 41.92. And followed by EXIM Bank Ltd.with 36.54.Return on Liquid Assets/ Short-term Liabilities(LA/Sht-L), indicate that EXIM Bank ltd. hold 1st position with 2.15.and Followed by One Bank

Ltd.with1.53. Liquid Assets/ Total Deposit(LA/TD),proves that Social Islami Bank Ltd. hold 1 st position with 51.38. Followed by EXIM Bank Ltd with 42.04. According to all ratio of Liquidity Management Sub-parameter EXIM Bank Ltd. become 1st position. And Social Islami Bank ltd.Become 2 no position of 25 Banks with group average 5.67. This Banks Liquid Assets/ Total Assets(LA/TA) ratio, position is 1st with 41.92. Return on Liquid Assets/ Short-term Liabilities(LA/Sht-L) ratio show that Social Islami Bank ltd. became 15th with 1.05. Liquid Assets/ Total Deposit(LA/TD), indicate that it hold 1st with 51.38. Performance of Liquidity Management of Social Islami Bank ltd. Is very good.

Overall Performance Ranking

In order to assess the overall performance of traditional/commercial banks and Islamic banks. In this report contain 25 banks **CAMEL** rating (including Social Islami Bank Ltd.).Overall CAMEL ranking of 25 banks are conferred in table no. 6.

Table No. 6. Overall Performance Ranking of Banks during the Period 2010-2016

| Name Of Banks	C	A	M	E	L	Avg	Rank
Social Islami Bank	12	7	11	10	2	8.4	3
Bank Asia	16	16	3	15	9	11.8	11
Prime Bank	7	10	7	18	10	10.4	8
BRAC Bank	5	15	23	3	20	13.2	14
Dhaka Bank	23	8	6	13	14	12.8	13
IFIC Bank	25	17	18	20	22	20.4	24
Eastern Bank	2	9	1	5	3	4	1
Dutch Bangla Bank	15	24	25	4	6	14.8	17
Premier Bank	18	23	19	16	4	16	19
Pubali Bank	9	25	21	11	5	14.2	15
Standard Bank	14	2	9	12	19	11.2	9
Jamuna Bank	11	21	22	22	7	16.6	21
NCC Bank	6	3	17	14	18	11.6	10
AB Bank	19	5	4	21	13	12.4	12
Mercantile Bank	21	11	14	19	12	15.4	8
City Bank	1	22	8	7	11	9.8	5
One Bank	13	6	12	2	17	10	6
Trust Bank	22	4	20	24	16	17.2	22
National Bank	3	19	13	8	8	10.2	7
Mutual Trust Bank	24	20	24	25	23	23.2	25
Southeast Bank	10	18	2	17	25	14.4	16
United Commercial Bank	20	12	16	9	24	16.2	20
Al-ArafahIslami Bank	4	13	10	1	15	8.6	4
EXIM Bank	8	1	5	6	1	4.2	2
Islami Bank	17	14	15	23	21	18	23
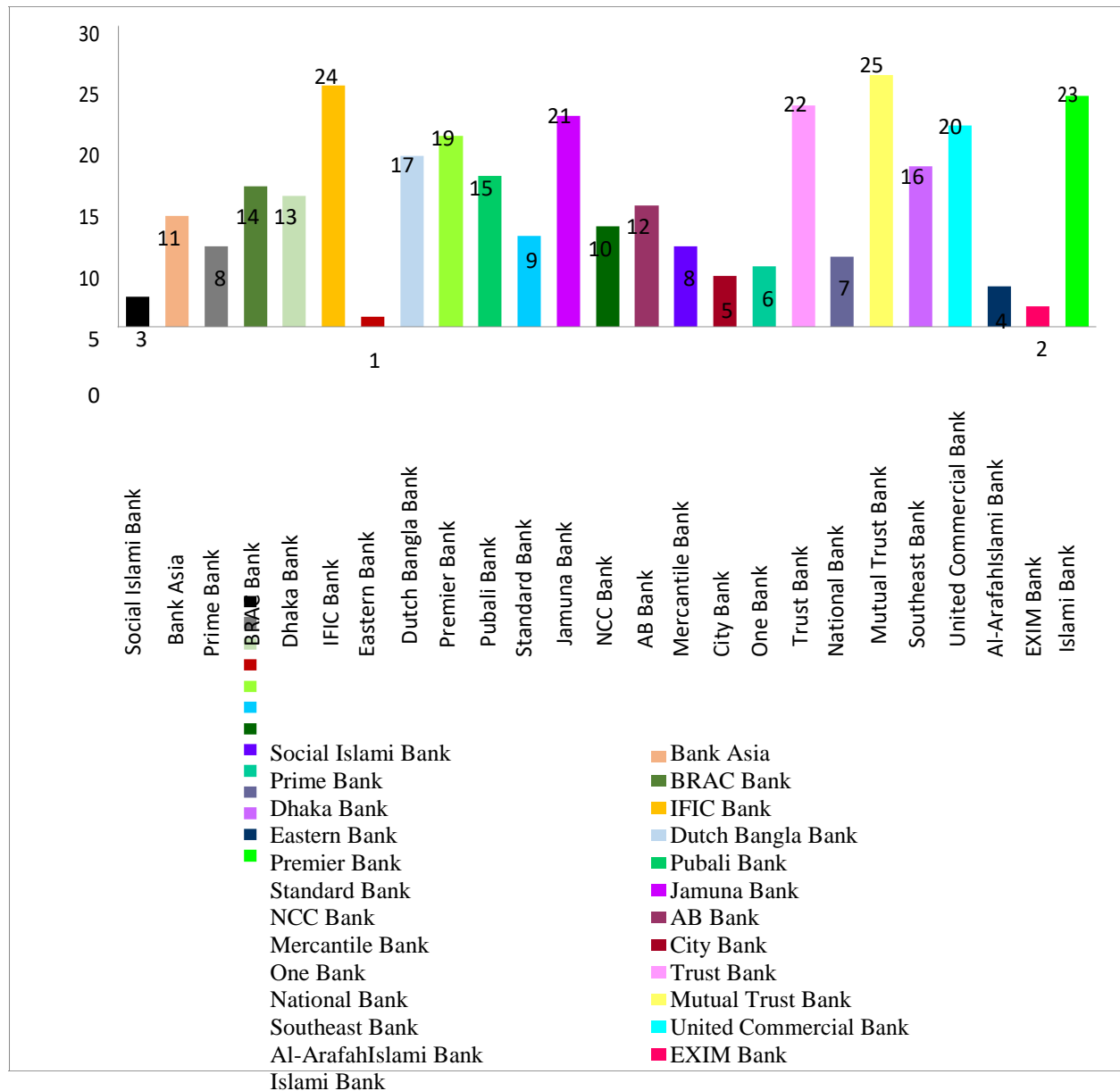
Fig: Overall Performance Ranking of Banks

Table 6 and graph show that Overall Performance of 25 Banks, during the Period 2010-2016. Eastern Bank Ltd. stood 1st position with the group average 4. This bank's Capital Adequacy Sub-parameter rank is 2, Asset Quality Sub-parameter rank is 9,Management Efficiency Sub-parameter rank is 1, Earnings Quality Sub-parameter rank is 5, Liquidity Management Sub-parameter rank is 3. Followed by EXIM Bank Ltd. with group average 4.2.

This bank's Capital Adequacy Sub-parameter rank is 8, Asset Quality Sub-parameter rank is 1, Management Efficiency Sub-parameter rank is 5, Earnings Quality Sub-parameter rank is 6, Liquidity Management Sub-parameter rank is 1. And Social Islami Bank ltd. Become 3 no position of 25 Banks with group average 8.4. This bank's Capital Adequacy Sub-parameter rank is12, Asset Quality Sub-parameter rank is7,Management Efficiency Sub-parameter rank is 11, Earnings Quality Sub-parameter rank is10, Liquidity Management Sub-parameter rank is 2. Overall performance of Social Islami Bank is good

Findings, Recommendations and Conclusions

Findings:
After analyzing performing of Social Islami Bank using CAMEL , I have found some important things concerning the overall performance of Social Islami Bank Ltd. these are given below:

➢ Capital adequacy of Social Islami Bank Ltd is at average level. It is much better than others banks. It means this bank has enough capacity to meet any financial unexpected condition due to credit risk, market risk, interest risk.
➢ Performance of Asset Quality of Social Islami Bank ltd. is in good position than others bank. It seems that percentage of fixed asset in total assets is in good level. It is also found that Non-performing Loan to total loan ratio is also in satisfactory level. This bank had given 70% loan to the customer of that's total assets. That means Social Islami Bank ltd. make proper utilization of its assets.
➢ Management Efficiency performance of Social Islami Bank Ltd. is in average position among other banks in Bangladesh. Business per employee and Profit per employee are increasing day by day by the reducing expenses which help in increasing the reputation of the bank.
➢ Earnings Quality of Social Islami Bank ltd. is not good enough but average. But return on assets is in bad level.
➢ Liquidity Management of Social Islami Bank Ltd. is very good. The bank has to maintain sustainable liquidity.

Recommendation:
This is the age of competition in banking sector in Bangladesh. So Social Islami Bank Ltd. has to make itself more advances from others.

➢ The bank has to increase its capital so that it become more capable to meet any financial unexpected condition then before due to credit risk, market risk and interest risk.
➢ To increasing assets quality Social Islami Bank has to increase its financial assets. It also has to improve its loan recovery so that amount of NPL decrease. Also has to provide more loans to the customer.
➢ Performance of Management Efficiency of the bank has to improve. For that more skillful management has to be implemented. This will increase bank's productivity as well as profitability.
➢ Social Islami Bank has to pay more attention to taken loan from the customer and has to try to reduce the amount of non-performing loans for improving its earning quality. ROA and ROE also has to improve.
➢ This bank's liquidity position is good, but it has to be more careful to maintain sufficient liquid assets.

Conclusion:
Social Islami Bank Ltd. is the largest Islamic bank in Bangladesh. The bank is playing an important role in the socioeconomic and commercials development of Bangladesh. The overall financial performance of this bank is good enough comparing to others banks in Bangladesh. Day by day its active role and performance are increasing on the economics of Bangladesh. More necessary steps should be taken to hold and improving present position of this bank to play more successfully competition in the dynamic banking market situation. Manager and others top level management should play more attention to the aspects where the bank is lagging behind which may result in improving both their financial performance and ranking. Otherwise the bank will lose its present good rank in the future.

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