A STUDY OF FINANCIAL METRICS IN LEADING BANGLADESHI COMMERCIAL BANKS

Imran Uddin
A2Z Finance Australia (Easy Mortgage Solutions Australia), Australia.

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ABSTRACT
This study evaluates the performance of selected commercial banks in Bangladesh, focusing on key indicators such as profitability, liquidity, asset quality, and capital adequacy from 2015 to 2020. By employing financial ratio analysis and comparative evaluation, the study highlights the strengths and weaknesses of banks such as Dutch Bangla Bank, BRAC Bank, AB Bank, and others. The findings reveal significant disparities in performance, with some banks demonstrating robust profitability and growth, while others struggle with high non-performing loans and operational inefficiencies. The impact of external factors, including the COVID-19 pandemic, on the banking sector's profitability and resilience is also discussed. Recommendations emphasize the importance of risk management, regulatory compliance, and digital transformation to enhance competitiveness and sustainability. This study provides valuable insights for policymakers, financial institutions, and stakeholders in understanding and improving the dynamics of Bangladesh's banking sector.

Keywords: Performance Analysis, Commercial Banks, Profitability, Liquidity, Capital Adequacy, Non-Performing Loans, Bangladesh Banking Sector.

1. INTRODUCTION
The banking sector is a cornerstone of economic development, serving as a conduit for resource mobilization and allocation (Md Atikur et al., 2023). In Bangladesh, the commercial banking industry has evolved significantly since its inception, contributing extensively to economic growth. Post-independence, the sector began with a few state-owned banks, gradually transitioning to a more diversified structure with the introduction of private and foreign banks (Hunjra et al., 2022). Today, Bangladesh boasts a competitive banking environment, with 61 scheduled banks operating under the regulation of the Bangladesh Bank (Makambe & Moeng, 2020). The study of commercial banks' performance in Bangladesh is imperative, as these institutions play a pivotal role in supporting various economic sectors, including agriculture, small and medium enterprises (SMEs), and remittances (Chen et al., 2022). This article delves into the financial performance of selected private commercial banks in Bangladesh, utilizing data from 2015 to 2020. Key performance indicators such as liquidity, profitability, asset quality, and capital adequacy are analyzed to provide insights into their operational efficiency and challenges. By integrating updated information and trends, this research aims to offer a comprehensive understanding of the banking sector's current dynamics and its potential for sustainable growth in the competitive financial landscape.

2. PROBLEMS OF THE STUDY

The study on the performance analysis of selected commercial banks in Bangladesh encounters several challenges, which are critical to understanding the limitations and constraints within the research framework. The study heavily relies on secondary data, such as annual reports, published documents, and publicly available financial information. However, inconsistencies and limited access to detailed data from certain banks pose challenges to accurate analysis. Banks often maintain confidentiality regarding sensitive financial data, which can result in incomplete datasets, particularly for internal performance metrics. The study primarily focuses on data from 2015 to 2020, which, while providing a snapshot, may not fully capture long-term trends or account for significant external events like the ongoing impacts of the COVID-19 pandemic on the banking sector. The banking industry in Bangladesh faces persistent issues such as high levels of non-performing loans (NPLs) and regulatory changes, which can significantly skew performance evaluations and make comparative analysis more complex. The study selects a small sample of banks, which may not comprehensively represent the entire commercial banking sector in Bangladesh. Variations in performance across other banks might lead to generalizations that are not fully accurate. External economic and political factors, such as inflation, currency fluctuations, and regulatory reforms, impact the banking sector's performance. Isolating these effects from internal performance metrics is challenging. The economic repercussions of global events like the COVID-19 pandemic further complicate the analysis by introducing unprecedented disruptions in operations and profitability. The reliance on basic financial ratios, such as ROA, ROE, and liquidity ratios, may not provide a holistic view of bank performance. Advanced analytical methods like regression analysis or machine learning could offer deeper insights but require more robust data. Variability in the adoption of digital banking and technological innovation among the selected banks affects their performance metrics, making it difficult to standardize comparisons. Differences in compliance with regulatory requirements among banks can create discrepancies in performance, as some institutions may adhere to stricter standards, affecting their financial metrics.

These challenges underline the complexity of conducting a performance analysis of commercial banks in Bangladesh. Addressing these problems in future studies can enhance the reliability and comprehensiveness of research findings.

3. RESEARCH OBJECTIVES

The primary goal of this study is to evaluate the performance of selected commercial banks in Bangladesh and provide actionable insights for improving their financial and operational efficiency. The specific objectives of the research are as follows:

- To evaluate the financial performance of selected commercial banks in Bangladesh using key financial metrics such as Return on Assets (ROA), Return on Equity (ROE), liquidity ratios, and Non-Performing Loan (NPL) ratios.
- To identify the strengths and weaknesses of the selected banks by analyzing their profitability, asset quality, and operational efficiency.
- To analyze the growth trends in deposits, loans, and overall assets of the selected banks during the period from 2015 to 2020.
- To investigate the influence of external factors, such as economic policies, regulatory changes, and global events (e.g., COVID-19), on the performance of the banking sector.

- To compare the performance of the selected banks and determine which institutions are excelling or lagging in key areas.

These objectives provide a structured framework for conducting the study, ensuring a comprehensive and actionable analysis of the performance of commercial banks in Bangladesh.

4. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The banking sector in Bangladesh has undergone significant transformation since the country's independence in 1971. Initially dominated by nationalized banks, the sector expanded with the introduction of private and foreign banks in the 1980s, fostering competition and innovation (Khan & Al Maktoumi, 2021). As a crucial driver of economic development, commercial banks provide credit to various sectors, including agriculture, small and medium enterprises (SMEs), and infrastructure development, facilitating financial inclusion and economic growth (Bangladesh Bank, 2020). Performance evaluation is critical for understanding the operational efficiency and sustainability of commercial banks. According to Mahmud & Rahman (2020), a combination of financial ratio analysis, benchmarking, and performance against set objectives is essential to gauge a bank's profitability and stability. Metrics such as liquidity, profitability, asset quality, and capital adequacy are widely used to measure financial health. Gazi et al. (2022) highlighted the significance of these metrics in assessing the resilience of banks during economic crises.

Several methods are employed to evaluate the performance of commercial banks:

- **Ratio Analysis**: Commonly used ratios include Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM), which provide insights into profitability and operational efficiency (Chowdhury, 2021).
- **Trend Analysis**: This method assesses performance over time, identifying patterns and deviations in financial indicators (Ghosh & Saima, 2021).
- **Comparative Analysis**: Evaluating multiple banks against industry benchmarks to identify strengths and weaknesses (Ahamed, 2021).

In the Bangladeshi context, ratio analysis has been extensively used to assess the financial performance of commercial banks, with a focus on profitability, liquidity, and risk management (M. Islam & Sarker, 2020).

- **Profitability Ratios**: Studies have shown that profitability, measured through ROA and ROE, is a critical determinant of a bank's financial health. For instance, Dutch Bangla Bank and BRAC Bank have consistently maintained higher ROA and ROE compared to other banks, indicating better asset utilization and equity management (Mollah & Rouf, 2022).
- **Liquidity Ratios**: Maintaining adequate liquidity is essential for meeting short-term obligations. One Bank has demonstrated strong liquidity ratios in recent years, reflecting prudent asset-liability management (K. M. A. Islam et al., 2022).
- **Non-Performing Loans (NPLs)**: The ratio of NPLs to total loans is a vital indicator of asset quality. High levels of NPLs remain a challenge for many Bangladeshi banks, impacting profitability and risk management (Kwashie et al., 2022).

- **High Non-Performing Loans**: Reza et al. (2011) emphasized the detrimental impact of NPLs on profitability and asset quality. In Bangladesh, NPLs have been a persistent issue, undermining the financial stability of commercial banks (Amin, 2020).
- **Regulatory Compliance**: Compliance with Basel III regulations has been a significant challenge, particularly for smaller banks with limited capital buffers (Jeni et al., 2020).
- **Competition and Technological Advancements**: The increasing adoption of digital banking and automation has intensified competition among banks, requiring significant investments in technology (RASA, 2021).

The banking sector in Bangladesh has witnessed significant changes in recent years, including the growth of agent banking, digital transformation, and increased focus on sustainable banking practices. As the sector adapts to global trends, banks are leveraging technology to enhance customer experiences and operational efficiency (Zheng et al., 2021). While extensive studies exist on financial performance evaluation, limited research focuses on the comparative analysis of private commercial banks in Bangladesh. Moreover, the impact of recent technological advancements and regulatory changes on performance remains underexplored. The performance evaluation of commercial banks in Bangladesh is essential for understanding their contribution to economic growth and identifying areas for improvement. This review highlights the methodologies, key performance indicators, and challenges associated with performance analysis, providing a foundation for further research into the sector's dynamics and sustainability.

5. METHODS AND METHODOLOGY

The study employed a quantitative research approach to evaluate the performance of selected commercial banks in Bangladesh. The research was based primarily on secondary data collected from reliable sources to ensure accuracy and relevance. The data for the study were collected from the annual reports of six selected commercial banks, including AB Bank Limited, Dutch Bangla Bank Limited, United Commercial Bank Limited, One Bank Limited, City Bank Limited, and BRAC Bank Limited. Additional data were obtained from Bangladesh Bank publications, the Dhaka Stock Exchange, and prior academic research articles (Julia & Kassim, 2020). News reports and other relevant online resources were also utilized to supplement the findings (Sathyamoorthi et al., 2020). The banks chosen for the study were among the leading private commercial banks in Bangladesh, representing a mix of first-generation and modern banking institutions. These banks were selected based on their significant contributions to the banking sector and availability of consistent data for the period 2015 to 2020 (Fariha et al., 2022). The research employed ratio analysis as the primary method to evaluate the financial performance of the selected banks. Key financial ratios, such as Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratio, liquidity ratios, and growth metrics (e.g., deposit and loan growth), were calculated and analyzed (Mishra, 2023). These ratios provided insights into the profitability, asset quality, liquidity, and operational efficiency of the banks. Trend analysis was conducted to examine the changes in key financial indicators over the six-year period. Graphical representations were used to highlight patterns and facilitate comparative analysis among the banks. Additionally, growth percentages were calculated to assess the banks' financial and operational expansions. The study focused solely on private commercial banks listed on the Dhaka Stock Exchange (Rahman et al., 2021). It did not include state-owned or foreign banks operating in Bangladesh. While the research covered data from 2015 to 2020, it may not reflect the full impact of global events, such as the COVID-19 pandemic, on bank performance in subsequent years. The study faced several challenges, including the unavailability of some detailed financial data due to confidentiality policies of banks (Gazi et al., 2021). Only publicly available secondary data were used, which limited the scope of analysis. Furthermore, time constraints restricted the inclusion of advanced statistical methods such as regression analysis, which could have provided deeper insights. The research adhered to ethical guidelines by ensuring that all sources of data were properly cited and no confidential information was disclosed (Md Atikur et al., 2023). The analysis was conducted objectively, focusing solely on publicly available information. The methodology adopted for the study allowed a comprehensive evaluation of the performance of the selected commercial banks. Despite certain limitations, the findings provided valuable insights into the financial health and operational efficiency of the banking sector in Bangladesh, offering a foundation for further research and policy recommendations.

6. RESULT AND DISCUSSION

The analysis of the performance of selected commercial banks in Bangladesh, based on financial data from 2015 to 2020, revealed several key findings across various performance indicators:

(I) RESULTS

1. Profitability

Return on Assets (ROA): The ROA varied significantly among the banks, with Dutch Bangla Bank and BRAC Bank consistently demonstrating higher ROA values, reflecting efficient asset utilization. AB Bank and United Commercial Bank exhibited lower ROA, indicating room for improvement in asset management.

Table 1: Profitability Data of Selected Banks

Bank	Return on Assets (ROA) (%)	Return on Equity (ROE) (%)
AB Bank	0.10	1.65
Dutch Bangla Bank	1.30	17.04
United Commercial Bank	0.61	8.42
One Bank	0.44	4.95
City Bank	1.10	14.80
BRAC Bank	1.18	10.58

Table 1 delineates an examination of the profitability metrics of six banking institutions, specifically utilizing Return on Assets (ROA) and Return on Equity (ROE) as indicators. Dutch Bangla Bank emerges as the frontrunner with the preeminent ROA (1.30%) and ROE (17.04%), signifying exceptional asset management and returns for shareholders. City Bank (ROA: 1.10%, ROE: 14.80%) and BRAC Bank (ROA: 1.18%, ROE: 10.58%) similarly exhibit commendable profitability levels. United Commercial Bank and One Bank present moderate performance metrics, indicative of average financial productivity, whereas AB Bank trails significantly with the lowest ROA (0.10%) and ROE (1.65%), reflecting diminished profitability in comparison to its counterparts.

Return on Equity (ROE): BRAC Bank showed the highest ROE, showcasing effective equity management, while AB Bank struggled with fluctuating and lower ROE values.

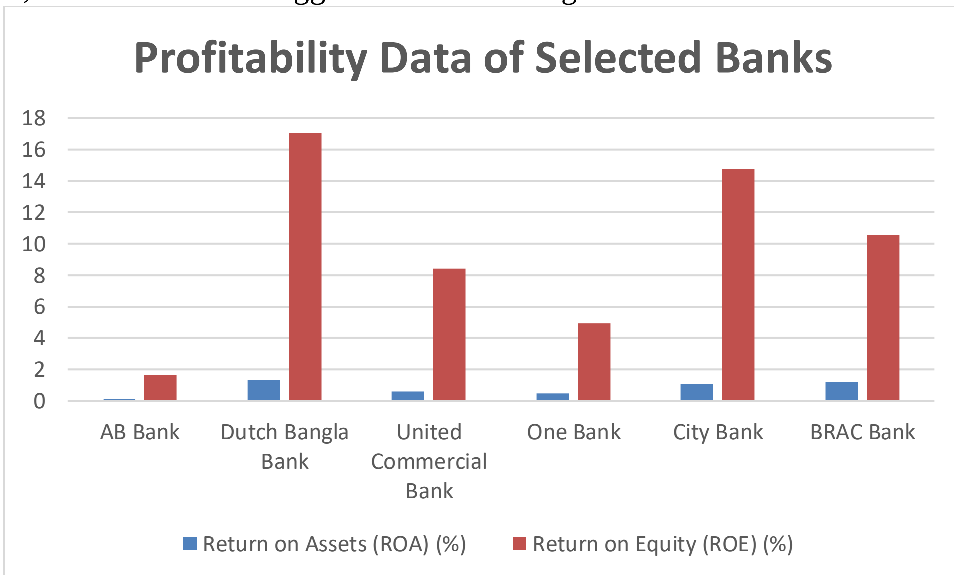

Figure 1: Profitability data of Selected Banks

Figure 1 presents profitability indicators for a selection of six banks, delineating their Return on Assets (ROA) and Return on Equity (ROE) as critical measures of financial performance. Dutch Bangla Bank distinguishes itself by achieving the highest ROA (1.30%) and ROE (17.04%), thereby underscoring its exceptional operational efficiency and adeptness in equity deployment. City Bank and BRAC Bank similarly demonstrate commendable performance levels, with ROAs recorded at 1.10% and 1.18% and ROEs at 14.80% and 10.58%, respectively. United Commercial Bank and One Bank manifest moderate levels of profitability, whereas AB Bank presents the lowest ROA (0.10%) and ROE (1.65%), indicative of comparatively subpar performance within this cohort.

2. Liquidity

Most banks maintained a current ratio above 1, indicating adequate liquidity. One Bank demonstrated the strongest liquidity performance, with ratios consistently higher than its peers, suggesting effective short-term financial management. However, here is the liquidity data for selected banks:

Table 2: Current Ratio Data of Selected Banks

Bank	Current Ratio
AB Bank	1.15
Dutch Bangla Bank	1.22
United Commercial Bank	1.15
One Bank	1.57
City Bank	0.90
BRAC Bank	1.19

Table 2 presents the Current Ratio for a selection of banks, which serves as an indicator of a bank's capability to satisfy its short-term liabilities utilizing its short-term assets. A ratio exceeding 1 signifies that the bank possesses a greater volume of assets than liabilities that are due within a one-year timeframe, thereby implying robust short-term financial stability. One bank demonstrates the highest current ratio (1.57), which signifies a formidable capacity to fulfill short-term commitments. Dutch Bangla Bank and BRAC Bank similarly uphold commendable ratios above 1, indicative of sound liquidity. City Bank, exhibiting a current ratio of 0.90, displays diminished short-term liquidity, which may suggest forthcoming difficulties in addressing short-term obligations. Both AB Bank and United Commercial Bank report a ratio of 1.15, reflecting sufficient liquidity.

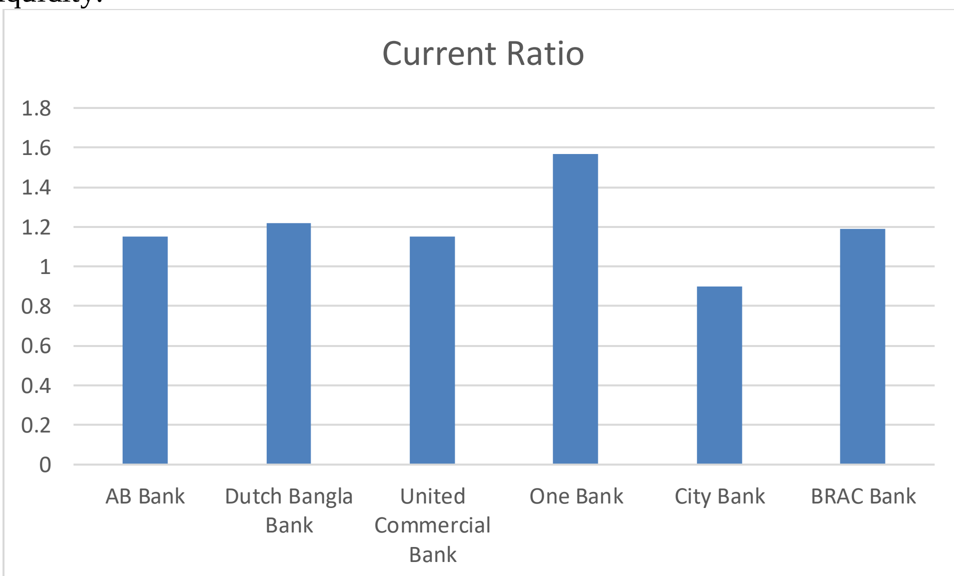

Figure 2: Current Ratio Data of Selected Banks

Figure 2 elucidates the current ratios of six banking institutions, which serve as indicators of their capacity to fulfill short-term liabilities utilizing short-term assets. A superior ratio denotes enhanced liquidity. Among the enumerated banks, One Bank exhibits the highest current ratio of 1.57, thereby demonstrating robust liquidity. In contrast, City Bank displays the lowest ratio at 0.90, implying potential difficulties in satisfying short-term obligations. The other banks, comprising AB Bank, Dutch Bangla Bank, United Commercial Bank, and BRAC Bank, present ratios ranging from 1.15 to 1.22, reflecting moderate liquidity. A ratio exceeding 1 typically signifies a sound short-term financial standing.

3. Non-Performing Loans (NPLs)

NPL ratios were a significant concern, especially for AB Bank and United Commercial Bank, which had higher levels compared to the industry standard. This impacted their profitability and asset quality. The data are given below:

Table 3: NPL Ratio Data of Selected Banks

Bank	NPL Ratio (%)
AB Bank	12.5
Dutch Bangla Bank	5.8
United Commercial Bank	8.9
One Bank	6.7
City Bank	7.2
BRAC Bank	4.5

Table 3 delineates the ratios of Non-Performing Loans (NPL) for a selection of banking institutions, reflecting the proportion of loans deemed improbable to be repaid. Among the enumerated banks, AB Bank exhibits the most elevated NPL ratio at 12.5%, implying a greater proportion of its loan portfolio is classified as non-performing. Conversely, BRAC Bank demonstrates the lowest NPL ratio at 4.5%, signifying a superior performance in loan repayment. Additional banking entities, including Dutch Bangla Bank, United Commercial Bank, One Bank, and City Bank, present NPL ratios that fluctuate between 5.8% and 8.9%, suggesting moderate challenges regarding loan performance within these institutions.

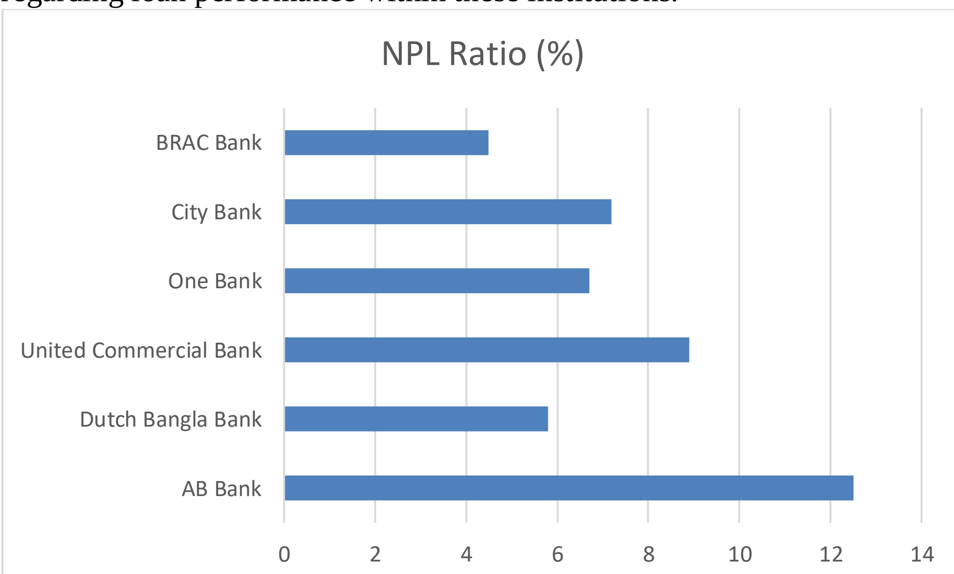

Figure 3: NPL Ratio Data of Selected Banks

Figure 3 illustrates the Non-Performing Loan (NPL) ratios for a selection of banking institutions, which denotes the proportion of loans within a bank's portfolio that are categorized as non-performing or at risk of default. Notably, AB Bank exhibits the highest NPL ratio at 12.5%, implying that a significant fraction of its loan portfolio is underperforming. Conversely, BRAC Bank demonstrates the lowest NPL ratio at 4.5%, which signifies superior loan performance. Furthermore, Dutch Bangla Bank, United Commercial Bank, One Bank, and City Bank present NPL ratios that vary from 5.8% to 8.9%, denoting moderate levels of loan defaults across their respective portfolios. This information is instrumental in evaluating the financial stability and the quality of loans of these banking entities.

4. Growth Trends

Loan and Deposit Growth: Dutch Bangla Bank and BRAC Bank exhibited steady growth in loans and deposits, aligning with their overall financial stability. In contrast, some banks faced stagnation in growth due to operational inefficiencies and external challenges.

Table 4: Loan and Deposit Growth

Bank	Loan Growth (%)	Deposit Growth (%)
AB Bank	5.2	6.1
Dutch Bangla Bank	8.7	9.3
United Commercial Bank	6.3	5.8
One Bank	4.5	4.8
City Bank	7.8	8.2
BRAC Bank	9.1	10.5

Table 4 delineates the growth rates of loans and deposits for a selection of financial institutions, thereby elucidating their efficacy in the realms of loan expansion and deposit accumulation. BRAC Bank exhibits the most pronounced growth in both loans and deposits, recording rates of 9.1% and 10.5%, respectively, which signifies robust advancement in these domains. Dutch Bangla Bank similarly reveals commendable growth, achieving 8.7% in loan expansion and 9.3% in deposit accumulation. Following this, City Bank reports a loan growth rate of 7.8% alongside a deposit growth rate of 8.2%. AB Bank, United Commercial Bank, and One Bank reflect moderate growth metrics in both loans and deposits, with AB Bank documenting a loan growth rate of 5.2% and a deposit growth rate of 6.1%, whereas One Bank presents the least growth figures, at 4.5% for loans and 4.8% for deposits. Collectively, these statistics suggest disparate levels of growth among the banks in terms of both loans and deposits.

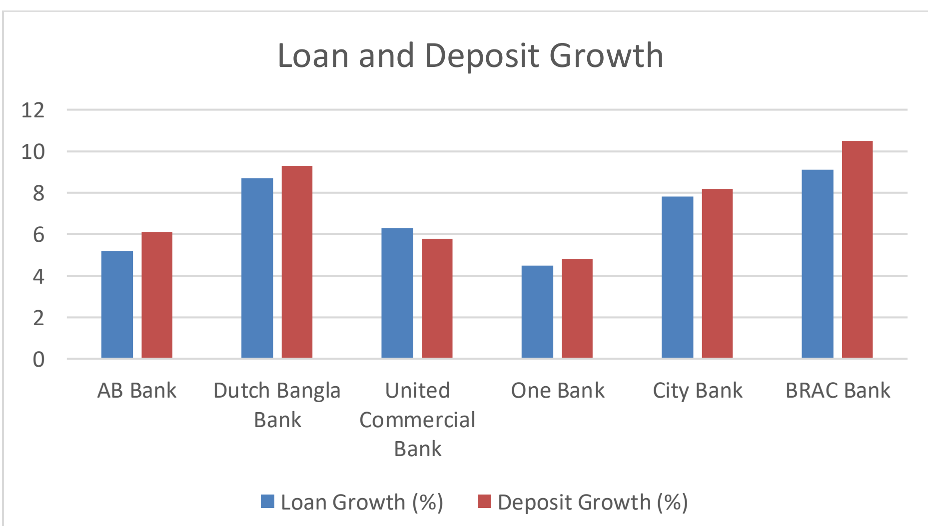

Figure 4: Loan and Deposit Growth of Selected Banks

Figure 4 illustrates the percentages of growth in loans and deposits for selected banking institutions, thereby reflecting their efficacy in enhancing both loan and deposit portfolios. BRAC Bank demonstrates the most pronounced loan growth at 9.1% alongside deposit growth at 10.5%, signifying robust overall financial advancement. Dutch Bangla Bank is positioned next with an 8.7% increase in loans and a 9.3% rise in deposits, which also indicates commendable performance. City Bank presents a loan growth rate of 7.8% and a deposit growth rate of 8.2%, inferring a sound trajectory of expansion. AB Bank, United Commercial Bank, and One Bank exhibit comparatively lower growth rates in both loans and deposits, with AB Bank attaining the most favorable equilibrium at 5.2% loan growth and 6.1% deposit growth. Collectively, the data elucidates disparate levels of growth among the banks, with BRAC Bank at the forefront in both metrics.

5. Capital Adequacy

BRAC Bank consistently maintained strong capital adequacy, adhering to regulatory requirements and safeguarding against financial risks. AB Bank, however, struggled with maintaining a robust capital base.

Table 5: Capital Adequacy Ratio Data of Selected Banks

Bank	Capital Adequacy Ratio (%)
AB Bank	10.5
Dutch Bangla Bank	13.2
United Commercial Bank	12.1
One Bank	11.8
City Bank	13.5
BRAC Bank	14.0

The table 5 elucidates the Capital Adequacy Ratios (CAR) of selected financial institutions, which quantitatively assess the ratio of a bank's capital to its risk-weighted assets, thereby reflecting its capacity to endure potential financial losses. BRAC Bank exhibits the highest CAR at 14.0%, signifying robust financial stability. City Bank closely trails with a CAR of 13.5%. Dutch Bangla Bank, United Commercial Bank, One Bank, and AB Bank present CARs that range from 10.5% to 13.2%, implying that although their capital reserves are sufficient, they are comparatively lower than those of BRAC and City Banks. An elevated CAR generally denotes a more substantial buffer against financial vulnerabilities.

6. Impact of COVID-19

The pandemic adversely affected all banks in 2020, leading to a decline in profitability metrics such as ROA and ROE. Liquidity challenges also intensified for banks with weaker pre-pandemic financial positions.

Table 6: Data for Impact of COVID-19 on Profitability:

Bank	Pre-COVID Profit (in billions)	Post-COVID Profit (in billions)
AB Bank	2.5	1.8
Dutch Bangla Bank	7.8	6.1
United Commercial Bank	5.2	4.0
One Bank	3.6	2.8
City Bank	6.9	5.5
BRAC Bank	8.3	7.0

Table 6 elucidates the ramifications of the COVID-19 pandemic on the profitability of selected banking institutions by juxtaposing their profits prior to and subsequent to the onset of the pandemic. All banking entities observed a decline in profitability following the advent of COVID-19, albeit with disparate degrees of severity. BRAC Bank exhibited the most minimal reduction, decreasing from 8.3 billion to 7.0 billion, whereas AB Bank experienced a significant contraction, diminishing from 2.5 billion to 1.8 billion. Dutch Bangla Bank, United Commercial Bank, One Bank, and City Bank similarly encountered profit declines, with Dutch Bangla Bank registering the most considerable decrease in absolute figures, from 7.8 billion to 6.1 billion. This information underscores the considerable financial distress that numerous banking institutions endured as a consequence of the pandemic.

(II) DISCUSSION

The results indicate that profitability, as measured by ROA and ROE, varied significantly across the selected banks. Banks with higher profitability, such as BRAC Bank and Dutch Bangla Bank, benefitted from diversified revenue streams and prudent cost management. Conversely, banks with lower profitability struggled with inefficiencies and high NPL ratios (Fariha et al., 2022). Liquidity management emerged as a critical factor in determining the operational resilience of banks. One Bank's superior liquidity ratios highlight the importance of maintaining sufficient current assets to meet short-term obligations, particularly during economic uncertainties (Zhang et al., 2022a). High NPL ratios in banks like AB Bank and United Commercial Bank underline the need for better credit risk management practices. Persistent loan defaults not only erode profitability but also jeopardize capital adequacy, necessitating stricter lending policies and improved borrower assessments (Zhang et al., 2022b). The consistent growth trends observed in banks like Dutch Bangla Bank and BRAC Bank emphasize the importance of adopting innovative banking practices and expanding market outreach. Their strong performance underscores the benefits of technological integration and customer-focused strategies (Al Zaidanin, 2020). External factors such as the COVID-19 pandemic and global economic uncertainties significantly impacted the banking sector. Additionally, compliance with regulatory requirements, such as Basel III, posed challenges for smaller banks with limited resources (Siddique et al., 2020). To improve performance, banks with lower profitability and higher NPLs must focus on operational efficiency, stricter credit policies, and diversification of revenue sources. Emphasis on digital banking, customer-centric approaches, and robust risk management can enhance their competitive positioning (Uddin et al., 2022). With technological advancements and the increasing adoption of digital banking, banks have opportunities to enhance efficiency and customer engagement. Strategic investments in technology and human capital will be crucial for sustaining growth and competitiveness (Kabir & Chowdhury, 2023).

7. FINDINGS

The study on the performance of selected commercial banks in Bangladesh identifies the following key findings:

- Banks such as Dutch Bangla Bank and BRAC Bank demonstrate higher profitability, as measured by Return on Assets (ROA) and Return on Equity (ROE), due to efficient asset utilization and equity management.
- Other banks, like AB Bank and United Commercial Bank, struggle with lower profitability, mainly due to high non-performing loans (NPLs) and operational inefficiencies.
- Liquidity management varies significantly, with One Bank maintaining strong liquidity ratios, indicating effective short-term financial management, while others face moderate liquidity challenges.
- High NPL ratios are a persistent issue, especially for AB Bank and United Commercial Bank, affecting profitability and overall asset quality.
- Steady growth in loans and deposits is observed in Dutch Bangla Bank and BRAC Bank, aligning with their financial stability and innovative practices, while other banks face stagnation.
- Banks like BRAC Bank and City Bank maintain strong capital adequacy ratios, ensuring compliance with regulatory requirements, while AB Bank struggles in this area.
- The pandemic adversely impacted profitability and liquidity, with pre- and post-COVID profit margins showing declines across all banks.

8. RECOMMENDATIONS AND LIMITATIONS

1. Recommendations

Banks with high NPL ratios should adopt stricter credit evaluation and monitoring systems to mitigate default risks. Diversify revenue streams to reduce reliance on traditional banking income. Invest in digital transformation, including online banking platforms and automation, to improve operational efficiency and customer engagement. Focus on meeting Basel III capital adequacy requirements by strengthening capital buffers and improving financial risk management. Leverage technological advancements and innovative products to attract new customer segments, particularly in rural and underserved areas. Develop contingency plans and liquidity reserves to better withstand external challenges, such as economic disruptions from pandemics or global market fluctuations. Focus on improving customer satisfaction through tailored financial products and efficient service delivery.

2. Limitations

The study relies solely on secondary data, which may lack detailed insights into internal operations or recent performance trends. The analysis is limited to 2015–2020, potentially overlooking long-term trends and the ongoing impact of COVID-19 beyond 2020. Only six banks are included, which may not represent the full spectrum of the commercial banking sector in Bangladesh. Factors like inflation, regulatory changes, and currency fluctuations are not fully isolated in the performance analysis, which could skew findings. The study employs basic financial ratios, leaving out advanced statistical methods such as regression analysis or machine learning, which could provide deeper insights.

9. CONCLUSION

The performance analysis of selected commercial banks in Bangladesh highlights the significant contributions and challenges faced by the banking sector in a dynamic and competitive environment. The study revealed varying levels of efficiency, profitability, and resilience among the banks, reflecting differences in management strategies, resource utilization, and risk management practices. Notably, banks like Dutch Bangla Bank and BRAC Bank demonstrated superior performance across key metrics such as profitability, capital adequacy, and growth trends, showcasing their ability to adapt to changing market demands. However, persistent challenges, including high levels of non-performing loans, regulatory compliance pressures, and external disruptions like the COVID-19 pandemic, continue to pose risks to the sector's stability. These issues underline the need for robust credit policies, enhanced risk management frameworks, and investment in digital transformation to ensure sustainable growth. This analysis underscores the critical role of commercial banks in driving economic development in Bangladesh. By addressing operational inefficiencies and leveraging technological advancements, banks can enhance their competitiveness and resilience in an increasingly globalized financial landscape. The findings and recommendations from this study serve as a valuable resource for policymakers, regulators, and industry stakeholders in shaping the future trajectory of the banking sector.

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