

INTERNSHIP REPORT

On



**Daffodil International University
Permanent campus
Ashulia, Savar, Dhaka**

Internship Report
On
“Financial Performance Analysis of Bank Asia Limited.”

Submitted To:

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Bachelor of Business Administration
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Letter of Transmittals

27 December, 2019

Md. Arif Hassan

Assistant Professor & Associate Head
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report.

Honorable Sir,

With a great pleasure I want to submit my internship report on “**Financial Performance Analysis of Bank Asia Limited**”. I have prepared for partial fulfillment of my BBA program. While arranging this report, I have followed your instruction and guidelines as well as those given by my Bank supervisor.

This report has been finished by my experiences I have achieved during the Internship period at Bank Asia Ltd, (Ashulia branch). I hope it will be quite helpful to enlighten my future Journey and Intelligence well. I think this report to be informative as well as comprehensive.

I elicit my cordial appreciation to you for devoting your valuable time, expert guidance and support. I have tried my best to complete the report properly as much as possible.

.....

Tahmina Akter

Student ID: 152-11-233

Program BBA (Major in Finance)
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Letter of Authorization

This is to endorse that **Tahmina Akter ID: 152-11-233** a student of the Department of Business Administration of Daffodil International University has completed her internship report titled **“Financial Performance Analysis of Bank Asia Limited”** under my supervision and direction.

Her internship appointment was at the Bank Asia Limited in (Ashulia Branch). I am glad to state that she has gone through all the necessary and required steps to accomplish the report and the report contains all the data, information, analysis and findings from authentic Source of Data's. As a result, the report seems to have completed on a successful note.

I wish her success at every sphere of life.

.....

(Signature of the Supervisor)

Md. Arif Hassan

Assistant Professor & Associate Head
Department of Business Administration
Faculty of Business & Entrepreneurship

Acknowledgement

In the context of the Bachelor of Business Administration program, our department earmarked me to prepare an internship report. My report is on the entitle“ **Financial Performance Analysis of Bank Asia Limited**” Which is based on my three-month apprenticeship experience in **Bank Asia Ltd Ashulia Branch**.

I am very much grateful to my Supervisor **Md. Arif Hassan** for giving me the valuable instructions, suggestions and information for the report which helped me to prepare my report exclusively.

For enormous supporting me to prepare my report I want to express my cordial thanks to all the officers of Bank Asia Limited, (Ashulia branch). I am also very much grateful to the co-operation and support that I received from **Mohammad Nasir Uddin (Branch Manager)**. I would also like to thank **Kallal Das (Executive Officer)**, of Ashulia Branch for standing beside me to help me throughout the period of internship.

In writing the report, I have taken help from my beloved Faculties, different books, journals and other scholastic articles. I thank all those authors I am also indebted to my loving friends and senior brothers for their assistance in my report preparation.

Finally, I want express my cordial gratitude to all those really help me complete this vital task.

Executive Summary

The ABC purpose of this internship program is to complete the condition of the BBA program recommended by Daffodil International University. However, the main goal of this program is to acquire the practical understanding of the real life organization. This internship was concluded with the objective of getting hands-on information in the General Banking and Loans & Advance deposits department of Bank Aisa Limited, Ashulia, Dhaka. My initial obligation was assigned to work and understand how General Banking is works. I also learned the corporate culture of banking industry during my internship and attended to so many training sessions inside the bank. Here I found Md Arif Hassan who was my campus dean and he assisted me to learn several work related tasks every day containing day-today bank transaction reports within the organization protocols.

This internship report was prepared on the basis of financial performance from 2014 to 2018 of Bank Asia Limited. Bank Asia started its journey on 27 November of 1999 Recognized as the first private sector bank entirely owned by native entrepreneurs, Bank Asia has been booming as the prime private sector bank after encountering much pressure. The study which is based on 2014-2018 year by using the updated data about their business area.

At the beginning part of this report, some introductory words are discussed about banking activities. It also includes the main objectives of the report along with the methodology of the study. After that background and profile of the bank are discussed. Chapter-3 includes theoretical aspects of financial performance analysis tools. The most important part of this report is chapter 4 that evaluates the financial performance of Bank Asia Ltd. It includes horizontal and ratio analysis. Finally chapter 5 ends with some findings relating to financial performance and provide possible recommendations.

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Chapter One

Introduction

1.1 Introduction

The progression of economic expansion needs capital establishment besides other structural changes like improvement in skill and efficiency of manpower, better association, medical and schooling system, etc. An efficient and effective financial system bestow to the much-anticipated economic improvement through capital establishment which can be categorized into three stages, savings, financing and investment. Banks create the most important functionary in the whole network of the financial system for enrollment of savings, intermediation between savers and investors and allocation of credit to industrious sectors and thus play a dynamic role in the economic development of a nation. The prosperous of Bangladesh Economy is strictly connected to the banking systems.

Banking is one of the highly liquid in tuitions. Financial statements for banks present a different analytical problem. As a result, analysis of bank's financial performance requires a distinct approach that recognizes a bank's unique risks.

The arrival of Bank Asia Limited in the private sector was a significant role in the Banking arena of Bangladesh. When the nation was in the grip of severe collapse, the government took the visionary resolution to allow the private sector to recover the economy of the country. Numerous active entrepreneurs came forward for founding a bank with a slogan to renew the economy of the country.

Bank Asia Limited is a first generation private bank in Bangladesh. It is playing significant role in raising the business sector of the country. It has applied well-structured online banking systems that make it easier to provide swift banking services to the customer.

1.2 Origin of the Report

Academic and practical intelligence both are essential parts of knowledge. Ideal combination of both practical and theoretical methods is necessary for holistic learning. Academic information has its own significance in the education. It is the base of doing anything virtually. Practical learning helps us to achieve the careful procedures that become the gears of our occupation. Knowing through apprenticeship is the greatest way of obtaining information by via both applied and hypothetical aspects of a thing or circumstances.

Academic learning with the training Bachelor of Business Administration (BBA) course involves 3 months' supplement with an organization monitored by a report gave by the supervisor in the organization and authorized by the faculty. Students are placed in enterprises, organizations, research institutions as well as development projects.

Since practical orientation is an integral part of the BBA degree requirement, I was deputed by the Department of Business Administration, Major: Finance, Daffodil International University to Bank Asia Limited Ashulia Branch, Ashulia , Dhaka to take real life experience of the events of the institution as a financial institution. After completion of the internship program report submission is essential. My supervisor has given a topic "Financial Performance Analysis Bank Asia Limited." The topic was selected with able guidance of the respective supervisor. The Bank Asia Ltd. authority gave me the opportunity to work at the three months on the topic.

My faculty supervisor Md Arif Hassan, Assistant Professor & Associate Head, Department of Business Administration, Daffodil International University, imposed the topic and approved me to make this report as a part of the contentment of apprentice obligation.

1.3 Objectives of the report

The following report has two types of objectives which are described as follows:

1.3.1 Broad Objectives

- To analyze the financial performance of Bank Asia Limited.

1.3.2 Specific Objectives

- To understand the theoretical aspects of financial analysis tools;
- To analyze financial performance of Bank Asia Limited by using different financial tools;
- To find out some problems regarding financial performance of Bank Asia Ltd.;
- To make some recommendations based on findings.

1.4 Methodology of the Report

This report is the mirror of three months' internship program in Bank Asia Limited (Ashulia Branch). Banking segment is a rapid going part in Bangladesh. Majority of banks are facing tremendous race from each other. So, the employees remain so much busy to provide an enhanced consumer facility. As an intern, I had to collect data and information from that busy corporate environment. Information collected to furnish this report is both from primary and secondary Source of Data's.

1.4.1 Research type

It is a "Descriptive Research", which for a moment reveals the broad activities of the bank. This apprentice report has been arranged based on the evidence collected from different Source of Data and using a particular AR procedure.

1.4.2 Choice of the Year

I have chosen the previous five years (2014-2018) data and information for my financial analysis. I have collected data and financial papers of these five years to get ready this report.

1.4.3 Method of data collection

To prepare this report efficient and effective, the essential evidence has been collected from the two Sources of Data:

1.4.3.1 The primary Source of Data is:

- Taking initial lectures from Branch Manager and Senior Officers.
- Consulting with the supervisor.
- Practical work experience at different desk.
- Close observation of the several tasks by the different department's officers.

1.4.3.2 The secondary Source of Data is:

- The Annual Report of Bank Asia Limited (2015-2018).
- From Financial Statement
- Price sensitive information of Bank Asia Limited
- Credit Report of Bank Asia Limited
- Prospectus of Bank Asia Limited.
- Relevant file study as provided by the officers concerned.
- Working Papers.
- Unpublished data received from the (Ashulia Branch).
- Various Financial and Accounting related text books.

1.4.4 Data Analysis & Reporting:

To analyze the gathered data, I have used Ratio analysis, Vertical/Common size analysis, Horizontal/Trend analysis, Economic value added analysis (EVA), Market value analysis. Some necessary number of table, chart, and graph are also used to present the report. MS Word, Excel or any required computer programs used to process the data.

1.9 Scope of the report

There is a specific boundary to complete this report. To complete the objective of the report, i.e. to acquire an overall idea about the financial performance of Bank Asia Limited, it is not easy to finish each and every activity ensured in the organization. The report has enclosed only the data

which are circulated in the annual reports of Bank Asia Limited. Furthermore, the Bank itself has got some confidential information which is not possible to reveal widely, so those data and information had to be refused to this report. The report is divided into six parts. Chapter one contains “Introduction” which includes origin, objectives, scope, methodology, justifications and limitations of the report. Chapter two contains “An Overview of the Organization”, which includes history of Bank Asia, its management and function, vision, mission. Chapter three describes “literature Review”. Chapter four contains the “Analysis tools and Methods”. Chapter five of my report is about “Financial performance of Bank Asia” and Chapter six includes “Findings, Recommendation and Conclusion”.

1.10 Limitations of the Report

For making a report a number of features and capabilities are needed to do it. But I have coped with some obstacles for making a comprehensive and perfect report. These obstacles or boundaries, which encumber my work, are as follows:

- **Confidentiality:** For the bank’s privacy is not unveiling some data and information for clear reasons, which would have been very much useful for the report.
- **Random changing system:** As the bank is constantly improving its system is also changing time to time, it will be hard to discover the true performance of the bank each time.
- **Extreme workload:** Few officers sometime felt disturbed, as they were busy with their job. Sometime they didn’t want to oversee me out of their official work. Sometimes it was difficult to collect data important files are kept in vault for safety.

- **Lack of time:** Time restriction was one of the main down sides in the report. The duration of the Report was only three months which was very short. So, I could not go in depth analysis.
- **Other limitation:** There was non-availability of some preceding and latest data. As I am a newcomer, there is a lack of previous experience in this concern. And many practical matters have been written from my own observation that may vary from person to person.

Chapter Two

Organizational Overview

2.1 History & Heritage of Bank Asia Limited

Bank Asia has been launched by a group of successful entrepreneurs with recognized standing in the society. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market.

It set milestone by acquiring the business operations of the Bank of Nova Scotia in Dhaka, first in the banking history of Bangladesh. It again repeated the performance by acquiring the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB), a Pakistani bank.

In the year 2003 the Bank again came to the limelight with oversubscription of the Initial Public Offering of the shares of the Bank, which was a record (55 times) in our capital market's history and its shares commands respectable premium.

The asset and liability growth has been remarkable. Bank Asia has been actively participating in the local money market as well as foreign currency market without exposing the Bank to vulnerable positions. The Bank's investment in Treasury Bills and other securities went up noticeably opening up opportunities for enhancing income in the context of a regime of gradual interest rate decline.

Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at affordable charge. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS and Net Banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world. Bank Asia Limited established as the first private sector bank fully owned by Bangladeshi entrepreneurs, Bank Asia has been leading private sector Bank with the way of time after facing many problems and difficulties. The members of the board of directors are innovative capitalists and leading businesspersons of the country. The prospect of all class businessmen, industrialists, and the general public is much more to Bank Asia Limited. At present, we have 128 branches. The President of the People's Republic of Bangladesh Justice Mr. Arfan Ali (Chairmen of Bank Asia) inaugurated the bank formally on March 13, 1999, but the first branch at 48, Dilkusha Commercial Area, Dhaka started commercial operation on March 23, 1983. The 2nd Branch was opened on 11th May 1983 at Khatungonj, Chittagong.

At present, Bank Asia has been carrying on business through its 128 branches & Agra Branches spread all over the country. Since the very launch, the bank has exerted much highlighting on abroad operations and handled a huge amount of foreign remittance. It has drawing arrangements with 415 correspondents in 75 countries of the world, as well as with 37 overseas Exchange Companies located in 13 countries. Bank Asia was the first domestic bank to establish agency arrangements with the world famous Western Union.

Bank Asia was also the first Bank among domestic banks to introduce international Master Card in Bangladesh. In the meantime, Bank Asia has also introduced the Visa Card and Power Card. The Bank has in its use the latest information technology services of SWIFT and REUTERS.

2.2 Structure of Bank Asia Limited

2.3 Slogan of Bank Asia Limited

- FOR A BETTER TOMORROW

2.4 Vision of Bank Asia Limited

Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream. Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.

2.5 Mission of Bank Asia Limited

- To assist in bringing high quality service to our customers and to participate in the growth and expansion of our national economy
- To set high standards of integrity and bring total satisfaction to our clients, shareholders and employees
- To become the most sought after bank in the country, rendering technology driven innovative services by our dedicated team of professionals

2.6 Core values of Bank Asia:

- Place customer interest and satisfaction as first priority and provide customized banking products and services
- Value addition to the stakeholders through attaining excellence in banking operations
- Maintain high ethical standard and transparency in dealings
- Be a compliant institution through adhering to all regulatory requirements
- Contribute significantly for the betterment of the society
- Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work-life balance
- Committed to protect the environment and go green

2.6.1 Integrity

- Bank Asia protects and safeguards all customer information.
- Bank Asia treats everyone in an equitable and consistent manner.
- Bank Asia creates an environment, which earns and customer trust.

2.6.2 Open Communication

- Bank Asia builds customer relationships based on integrity and respect.

- Bank Asia offers a full line of products and excellent service.
- Bank Asia is committed to the prosperity of the customers and shareholders

2.6.3 Performance Driven

- In Bank Asia, customers and employees are judged in terms of their performance.

2.6.4 Continuous Self Improvement

- Continuous learning, self-challenge and strive make ways for self-improvement of workforce at Bank Asia.

2.6.5 Quality

- Bank Asia offers hassle free better service timely.
- Bank Asia builds-up quality assets in the portfolio.

2.6.6 Teamwork

Interaction, open communication, and maintaining a positive attitude reflect Bank Asia's commitment to a supportive environment based on teamwork.

2.7 Objectives of Bank Asia Limited

The objectives for which the bank is established are as follows:

- To carry on, handle, carry out and behavior the professional of banking in all branches of Bank Asia.
- To raise money on deposit amount, and invest loan and advance sector.
- To increase the foreign remittance and technological upgrades of Bank Asia.
- To ensure the best technological client service.
- To utilize the vast human resource of our country.
- To Increase the Rating point.

- To ensure for safe-deposit vaults and the safe custody for every client information.
- To carry on business as investors, sponsors, industrialists, financial and monetary agents, and brokers.
- Make sure the bank for our country.

2.8 Strategic focus

2.8.1 Bank Asia Business focus

- Low cost
- Low risk
- Customer focused
- Corporate Low cost
- SME
- Retail & Commercial Banking Service

2.8.2 Bank Asia Aim

- Best bank for customer
- Strong and sustainable shareholder return
- Comfortable working place for employee

2.8.3 Bank Asia Strategic Priorities

- Creating the best customer experience
- Becoming more simpler and more efficient
- Delivering sustainable growth

Chapter Three

Theoretical Backgrounds

3.1 Financial Performance

Financial performance is a particular measure of how a business can use resources and earn revenue from its primary business mode. The term is also used as a general measure of a firm's overall financial health over a period of time and can be used to compare similar companies across the same industry or to consolidate industry or sector.

3.2 Financial Performance Analysis

Financial performance analysis is the process of identifying the firm's financial strengths and weaknesses by properly linking the balance sheet and profit-loss account items. It can identify short-term and long-term forecasts and growth with financial performance analysis. The dictionary of 'analysis' means to solve or separate a subject into its components or components in order to relate it fully and to each other. Financial statement analysis is the process of evaluating the relationship between parts of a financial statement in order to get a better idea of the firm's position and effectiveness. This analysis may be conducted by the firm's management or by owners, parties, lenders, external investors. Standards also require auditors to understand and measure the financial performance of the entity, including both internal and external measures. Such steps may includes

- Key ratios and operating statistics.
- Key performance indicators.
- Employee performance measures and incentive compensations plan.
- Industry trends.
- The use of forecast, budgets, and variance analysis.
- Analyst reports and credit rating reports.

3.3 Major Steps of Financial Performance Analysis

Financial performance analysis is something of an art. Experienced managers, investors and analysts develop a data bank of information over time, and after doing many such analyses, that they bring to bear every time they review a company.

Step 1: Acquire the company's financial statements for several years. As a minimum, get the following statements, for at least 5 years.

- Statement of Financial Position.
- Statement of Comprehensive Income.
- Statement of Changes in Owners' Equity.
- Statement of Cash Flows.

Step 2: Quickly scan all of the statements to look for large movements in specific items from one year to the next. For example, did revenues have a big jump, or a big fall, from one particular year to the next? Did total or fixed assets grow or fall? If there is anything that looks very suspicious, research the information about the company to find out why.

Step 3: Review the notes accompanying the financial statements for additional information that may be significant to analysis.

Step 4: Examine the Statement of Financial Position. Look for large changes in the overall components of the company's assets, liabilities or equity.

Step 5: Examine the Statement of Comprehensive Income. Look for trends over time. Calculate and graph the growth of the following entries over the past several years.

- Revenues (sales)
- Net income (profit, earnings)

Step 6: Examine the Statement of Changes in Owners' Equity. Has the company issued new shares, or bought some back? Has the retained earnings account been growing or shrinking? Why? Are there signals about the company's long-term strategy here?

Step 7: Examine the Statement of Cash Flows, which gives information about the cash inflows and outflows from operations, financing, and investing.

Step 8: Calculate financial ratios in several categories, for each year.

Step 9: Obtain data for the company's key competitors, and data about the industry.

Step 10: Finally, the result obtained by means of application of financial tools is evaluated.

3.4 Financial Analysis Tools

Financial analysis tools are one of the most effective ways that can be used to ensure good return on investment. These financial analysis tools are very useful for evaluating the market and investing in a way that maximizes profits from the investments made. These financial analysis tools are useful for understanding both internal and external information related to a particular business organization. Financial statement analysis and interpretation are used to determine the financial position and results of the operation. The following tools are used to analyze the financial position of the company:

- ❖ Horizontal Analysis
- ❖ Common size statement
- ❖ Ratio Analysis

3.4.1 Horizontal Analysis

Horizontal analysis includes the percentage change in the categories of financial statements over time. For case in point, a person might be absorbed in the trend of operating expenses of a company. By examining the proportion change in operating expenses from one to the second year, he can determine whether costs are shrinking or increasing. However, there are shortcomings of horizontal analysis. This strategy does not take into account the changing size of the V business. Going back to the example of spending, a manager may be concerned that the cost of organization is increasing every year, but if the business is growing, then there is no cause for concern.

4.4.2: Common Size Analysis: vertical analysis is a method of analyzing financial statements that are listed as percentage of a base figure in each line item statement. Thus in the income statements, the line items can be said as the parent of the total assets or liabilities and as the vertical analysis of the cash flow statement each cash flow or outflow shows the total cash flow percentage.

4.4.3: Ratio Analysis: Ratio Analysis compares the information contained in its financial statement, quantitative methods of acquiring insights into a company's liquidity, operational efficiency and profitability. A fundamental analysis of the basic analysis of the ratio. Outside analysts use variety of ratios to evaluate companies, when corporate insights depend on them, because it is less about a company due to access to more detailed activity data.

4.3.1 Categories of Ratio Analysis:

In the report I analyzed the performance of Bank Asia Ltd. These are:

- ❖ Liquidity Ratio
- ❖ Leverage Position
- ❖ Profitability
- ❖ Activity (Efficiency)

4.3.2 Definitions of all Ratios:

4.3.3: Liquidity Ratios:The liquidity ratio is used to determine the ability to pay current debt obligations to an important class of financial metrics that exacerbates the external capital. The

liquidity ratio measures the company's power for the debt liabilities and the margins of security through matrices accounting, with current ratio, fast ratio and operating cash flow ratio.

- a. Current Ratio:** The current ratio is a liquidity ratio that measures the company's ability to provide short-term obligations. Ratio analyzer compute the current assets from current liabilities. Standard current ratio .It is expressed as follows:

$$\text{Current Ratio: } \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- b. Quick Ratio:** The quick ratio measures the ability to fulfill a short-term obligation with a company's most liquid assets and hence eliminates innovations form its current assets. It is also known as acid-test ratio. The ideal quick ratio is 1:1. It can be calculated as follows:

$$\text{Quick Ratio: } \frac{\text{Current Asstes} - \text{Inventory}}{\text{Current Lisibilities}}$$

4.3.4. Leverage Position: An investment strategy to use the money taken from leverage loans- especially borrowing capital to increase the financial return or potential return of investment. Leverage can also refer to the amount of debt using a firm to finance the assets.

- a. Debt to equity Capital Ratio:** Debt to capital ratio is company's financial leverage measurement. Debt to capital ratio is calculated by dividing the company's interest-bearing debt both short-term and long term obligations and by total capitalization. Total capital is the sum of all non-interest based debt plus shareholders, which can include items like common stock, preferred stock and minority interest. The formula for debt to equity capital ratio is:

$$\text{Debt to equity Capital Ratio: } \frac{\text{Total Debt}}{\text{Total Equity}}$$

- b. Debt to Total Assets Ratio:** A leveraged ratio of total debt to total assets, which defines the total amount of relative debt related to assets. Higher proportion, higher leverage and consequently financial risk. The formula for debt to total assets ratio is:

$$\text{Debt to Total Assets Ratio: } \frac{\text{Total Debt}}{\text{Total Assets}}$$

4.3.5. Profitability: Profitability is the ability of an organization to use its resources to make extra money on its expense. In other words, it is the power to produce profit from an organization's operation. These are given below:

- a. **Net Profit Margin:** Net profit margin is the percentage of remaining revenue (but not the common stock dividend) after all operating expense, interest, taxes and preferred stock dividends, cut from the total revenue of a company. The net profit margin is calculated as follows:

$$\text{Net profit Margin: } \frac{\text{Net Income after tax}}{\text{Total operating Income}}$$

- b. **Net Operating Margin:** Net profit margin is the percentage of remaining revenue (but not the common stock dividend) after all operating expense, interest, taxes and preferred stock dividends, cut from the total revenue of a company. The net operating margin is calculated as follows:

$$\text{Net Operating Margin: } \frac{\text{Operating Revenue} - \text{Operating Expense}}{\text{Total Assets}}$$

- c. **Return on Equity (ROE):** Return on Equity (ROE) is a measure of profits that calculates how many dollars a company earns each dollar with the shareholder's equity. The formula for ROE is:

$$\text{Return on Equity: } \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

4.3.5. Efficiency: What is actually produced or executed with the same use of production (money, time, labor etc.) that can be achieved is an important factor in the consistency of productivity comparatively.

- a. **Tax management Ratio:** A fund's tax management ratio measures the percentage of funds income tax losses. Since the purpose of a mutual fund is to make a deposit in your pocket, funds are an effective way of measuring the optimization of fund. The formula for tax management ratio is:

$$\text{Tax management Ratio: } \frac{\text{Net Income after tax}}{\text{Net income before tax}}$$

- b. Expense Control Efficiency:** The efficiency ratio of the bank is calculated as the expense (not including interest) in the revenue department. An efficiency ratio of 50% or below is considered favorable. If the efficiency ratio increases, it means the cost of a bank is increasing or its income decreasing. The formula for expense control Efficiency is:

$$\text{Expense Control Efficiency: } \frac{\text{Net income after tax and gain}}{\text{total operating Revenue}}$$

- c. Degree of Asset Utilization:** The ratio of assets utilization is calculated the total revenue earned for each dollar owned by a company. For example, with 52% of the proportion of the property usage, a company earned \$.52 for every dollar company that came in:

$$\text{Degree of Asset Utilization: } \frac{\text{Total Operating revenue}}{\text{Total Assets}}$$

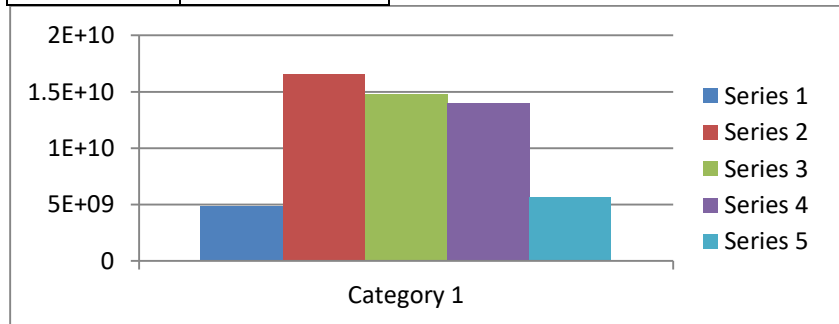
Chapter Four

Financial Performance Analysis

4.1 Horizontal Analysis

4.1.1 Interest Income

Year	Interest Income
2014	5683745995
2015	14008232845
2016	14795577265
2017	16537474861
2018	4813105056



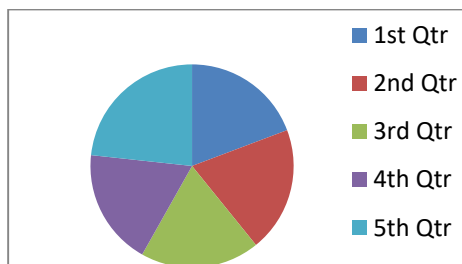
Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation: From the graph we can see the last five years data about interest expenses. It is clearly shown that Bank Asia gradually increases their interest income. The graph shows that in 2014 the interest income was 16,864 million taka. After four years later this income increases 26.75% which the amount of 2018 is 18690.08 million. So it is the positive sign for Bank. Bank Asia interest incomes are increasing day by day. So it clearly shows that Bank Asia loans and Advance sector are very strong. They invest and recover their money very effectively. It is good news for shareholder.

4.1.2 Interest expenses

An interest expense is the cost of borrowing money such as how much should we provide for our Depositor against their deposited money. Borrowing from another financial institutions and commercial banks or Bangladesh Bank. Here are the following five years interests expenses are given below.

Year	Interest Expense
2014	10759
2015	11119
2016	10610
2017	10355
2018	13011



Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation: In 2018 Bank Asia deposited money was 10759 million taka against this money Bank Asia provide 13011 million taka interest expense. Bank Asia lounge the lucrative product such as double benefit scheme and Shadinota scheme so against this scheme Bank Asia pays higher interest rate that's why interest expenses are increasing day by day. It is the great news for depositor and the depositor easily attract of this bank.

4.1.3 Non-interest income

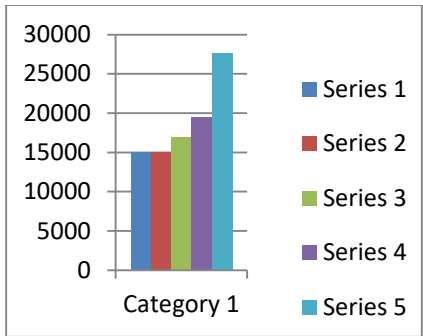
Non-interest income is primarily the income of banks and creditors from deposits and transaction fees, insufficient funds (NSF) fees, annual fees, monthly account service charges, inactivity fees, check and deposit slip fees. Credit card providers also charge a penalty fee, including late fees and extra fees. Organizations accept fees that generate non-interest income as a way to increase liquidity and ensure liquidity while increasing default rates.

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation: Non-Interest income is the income that comes from except the interest income. In this graph clearly shows that in 2016 the interest income was high after that it has gradually reduced. It is shows that Bank Asia didn't want to other business they focused on their main business. They give their whole concentration on their banking business.

Authorized Capital.

Year	Authorized Capital
2014	15000
2015	15000
2016	17000
2017	19494
2018	27566

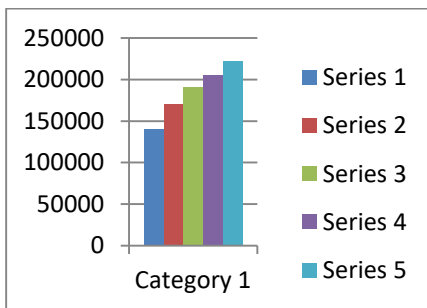


Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation: In 2014 and 2015 the authorized capital was 15000 and then 2016 the authorized capital was 17000, then 2018 the authorized capital are 27566 million taka. Bank Asia spread their business area day after day. So their authorized capital increases. Now Bank Asia can collect money from Share market up to 27566 million taka. So it is the great opportunity for equity holder.

4.1.4 Deposits amount

Year	Total Deposits
2014	140666
2015	170177
2016	190551
2017	205481
2018	222733



Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation: Deposits are increasing day by day. It is the positive sign for Bank Asia. In 2018 the total amount is 222733 million taka.

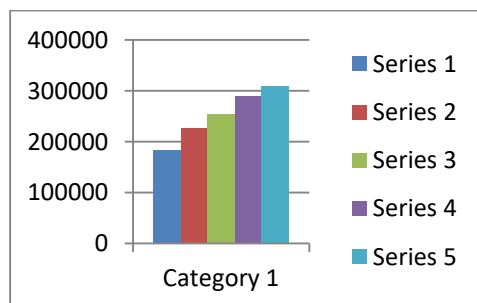
Source of Data: Bank Asia Annual Report (2014-2018)

4.1.5 Total assets

Bank Asia total assets includes

- Cash in hand
- Balance with other banks and financial institution
- Money at call and short notice
- Investment
- Loans and advances to customers
- Fixed assets
- Other assets
- Non- banking assets

Year	Total asset
2014	184094
2015	225666
2016	254866
2017	290946
2018	309228



Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

Bank Asia total assets are rising year after year. It is the great sign for Bank. In 2018 (cash was 309228 million, Balance with other banks and financial institution was 4525.414 million, money at call and short notice was 91.30 million, investments was 57869.853 million taka, loans and advances was 314507.26 million taka, fixed assets includes premises, fixtures, furniture was 2445.156 million taka and Non-banking assets was 6795.92 million taka) balance is 184094 million taka. It is shows that bank are on the right track.

4.1.7 Total risk weighted assets

Total risk weighted assets means how much assets under the risk of total assets. Bank Asia Risk weighted assets are loans and advance, investment, and risky project. Total risk weighted assets are used to measure the minimum amount of capital that must be held by banks and other bodies to diminish the risk of insolvency.

Year	Total Risk Weighted Assets
2014	249560.6
2015	259,355.90
2016	283628.77
2017	345751
2018	364254.8

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

In 2018 the risk weighted asset is higher than the previous year. Bank Asia paid huge amount of loans and advance. In 2018 loans and advance was 314507.26 million taka and investment was

57869.85 million taka. This amount increase this total risk weighted assts. if Bank Asia collect their investment this flow is best for them.

4.1.8 Total capital

Total capital is the combination of core capital and supplementary capital. It shows the total owners' equity.

Year	Tier i	Tier ii	Total Capital
2014	24320.29	4897.27	11843
2015	27,223.26	4,041.27	13881
2016	32240.56	5181.77	19016
2017	39127.19	8567.57	19425
2018	41982.08	9162.29	18690

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

Bank Asia total equity is rising day by day. in 2014 the total capital was 11843 million taka. But in 2018 it has increased 18690 million taka. It is the positive sign for the company.

4.1.9 Earnings per share (Re-stated)

EPS represents that it is earned on behalf of each outstanding shares of common stock equity. EPS closely calculate by an investor. EPS increase when earning is increase number of shareholder decrease on the other hand EPS is decrease when net earnings is decrease. So company can increase their EPS by increasing its net profit. Another way is repurchasing their own stock.

Year	Earning per share(Re-stated)
2014	1.55
2015	1.95
2016	2.35
2017	1.77
2018	1.54

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

EPS is sensibly observed by investors because it is vital indicator of corporate achievement. The graph indicates that, in 2016 earnings per share of Bank Asia are higher than 2017 and 2018. EPS is decreasing that means bank's operating result is also decreasing. But it also continuously decreases in 2017 and 2018. It is the regret sign for the company. Bank Asia should take some proper steps to improve this result. If it is continue the bank will fall the capital crisis.

4.1.10 Dividend per Share

A dividend is the distribution of the reward for shareholder. Generally boards of director are decided to distribute the dividend among the shareholder.

Year	Dividend per Share(Stock)
2014	10%
2015	15%
2016	20%
2017	12%
2018	10%

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

This graph represents that in 2016 the dividend was 20%. Then after one year this rate has reduce 8% which is 12%. But in 2018 it has again reduced 2% which the value is 10%. Gradually it has reduced. This reduction directly effect on the shareholders capital and the number of shareholder. In 2017 to 2018 financial year 5281 number of shareholder are dwindling. Dividend per share decreases because Bank Asia reinvesting their profit from various sector and pay the high amount among their debt holder. And this year earnings performance was poorer than previous year.

Market Capitalization

4.1.11 Market price per share

Market price per share means that present market value of the share.

Year	Market price per share (in taka)
2014	11.4
2015	9.4
2016	10.2
2017	13
2018	9.5

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

Bank Asia face value per share is 10 tk. In this graph we can see in 2017 financial year the market value per share is 13 tk. But after one year it has decreased 3.5 tk. Now it is below the face value. It shows that performance lacings of the company. It is continuing then shareholder will withdraw their portion of the ownership then company fall into the big treble. So Bank Asia should take some early steps. Market price per share is decrease because demand is less than the supply and another reason is pay higher rate for the debt holder.

4.1.12 Price Earnings Ratio (Times)

Year	Price Earning Ratio (Times)
2014	7.35
2015	4.82
2016	3.62
2017	7.34
2018	6.17

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

The graph shows that, the price earnings ratio of Bank Asia was good in year 2014 and 2017 which represents the 7.35% and 7.34%. In the last year 2018 price earnings ratio was decreased to only 6.17 which is not satisfactory. To improve the ratio, the Bank Asia has to increase market price per share and reduce earnings per share. This graph shows price earnings ratio that is decreasing F.Y 2015 to 2016 is 4.82% and 3.62%.

4.2 Ratio Analysis

4.2.1 Advance Deposit Ratio

Year	Advance Deposit Ratio
2014	85.08%
2015	83.82%
2016	84.66%
2017	89.03%
2018	97.49%

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

In this graph shows that in 2018 the height ADR ratio it is 97.49%. This high percentage indicates that bank has invested 97.49% deposit amount to the loans and advance section. They have 2.51% liquidity amount from deposit money. Now Bank Asia has liquidity crisis. That's why they offer lots of lucrative products to depositor. As per Bangladesh Bank rules ADR ratio should maintain 83%. Rest of the money should hold cash in hand for liquidity purpose. The FY 2014, 2015, 2016 had maintained as per Bangladesh Bank rule.

4.2.2 Cost of Fund

Cost of Fund means how much pay among the debt holder. Debt holders are depositor and loans from other banks and financial institutions. It is most crucial factor for the bank. If cost of fund is low then profit will be high otherwise vice versa.

Year	Cost Of Fund
2014	7.84%
2015	6.92%
2016	5.58%
2017	5.64%
2018	6.53%

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

FY 2016 and 2017 the cost of fund was 5.58% & 5.64%. This is the lowest rate of last five years. But after one year this rate will 6.53%. If the cost of fund is maximize then the profit will be minimize. Now Bank Asia is liquidity crisis that's why they collect the deposit amount with higher cost. It is very vital factor for evaluating the profitability.

4.2.3 Return on Assets

Year	Return on Assets
2014	1.08%
2015	1.43%
2016	1.90%
2017	1.43%
2018	1.08%

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

Return on Asset (ROA) as an indicator of managerial efficiency, indicates the capability of management in converting the institution's assets into net earnings. The banks return on asset decreasing from 0.35% in the preceding last years. So the Bank Asia earn less profit from the assets. This is not good for the bank. But in 2016 ROA is goes up than in 2014, it's a good condition for the bank. To improve the ratio, the JBL has to increase the net income and control average total asset.

4.2.4 Return on Equity

The Return on Equity (ROE) measures the return earned on the owners (both preferred and common stockholders) investment. Generally, the higher this return, the better off the owners. The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Year	Return on Equity
2014	10.45%
2015	12.74%
2016	15.56%
2017	12.27%
2018	9.63%

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

Return on Equity is the evaluating of rate of return flowing to the bank's shareholders. It measures the net benefit that the stockholders have received from investing their capital in the bank. Higher ROE indicates the favorable position that the company is efficient in generating income on new investment. In the preceding 5 years and the highest value can be observed in 2016 and the lowest value can be observed during the 2018, which is not desirable. The negative side is the ratio is decreased by 2.64% from the previous year. So the management should work hard to increase the return associated with equity.

4.2.5 Debt/ Equity Ratio (Times)

Debt equity ratio means how much debt company use against the Equity. The higher amount of debt is best for the bank. Banks are doing their business to use the other money.

Year	Debt/ Equity Ratio(Times)
2014	8.51
2015	7.39
2016	7.44
2017	7.69
2018	8.08

Source of Data: Bank Asia Annual Report (2014-2018)

Interpretation

In 2018 the D/E ratio is 8.08 times. Because the Bank Asia provides lucrative product for their depositor. That's why deposit amount are increasing day by day. This amount is higher is positive sign for the bank if there are no Bank Asia.

Chapter: Five

Findings and Recommendations

Findings

A finding is the one of the major part of the report study. I have trying my best to find out the actual problem both financial and non-financial. It is the best opportunity for me to observe some unnoticed things.

1. Interest income clearly shown that bank Asia gradually increase income.
2. After 2013 every year total expense is 13011 increasing but some how any occurrence in 2016 operating profit decreasing at.
3. Non interest income was high after that it has gradually reduced . bank asia whole concentration on their Banking.

4. Bank Asia total assets are rising day by day. In 2018 cash was 309228.
5. Now Bank Asia faces the liquidity crisis because the Advance Deposit Ratio is 97.49%. It is extremely high as per banking rules.
6. Loan rate is so much higher than the other bank. Now every loan rate is 14%-16%. On the other hand others bank loans rate is 11%-13%.
7. Lower remittance collection in 2018 the total remittance collected was 40743.36 million taka it very fewer than the previous year because they don't provide the enough rural branches and enough facility for their client.
8. Total risk weighted assets are increasing day by day.
9. NPLs rate is so much high in 2018 it is 9.50%.
10. EPS is decreasing day by day.
11. Dividend per share is lower than the previous year. Now it is 10% which was 20% in 2016. Market value per share lower than the face value. Now it MV per share is 9.5 Tk. which FV per share is 10 Tk.

Recommendation

Recommendation is the helpful part for the organization. It helps to the organization solve the problem. As a student recommendation is toughest part for me. Here are some recommends as my level best.

- Bank Asia should reduce their ADR ratio. It should under 83%.
- Bank Asia should pay concern on Bank Asia rate. In 2018 this rate was 9.5% it should minimize as much as possible.
- Tier-1 capital is satisfactory Bank Asia should maintain this rate. In 2018 this rate was 11.52%. The standard rate is 12%.
- At present CAR ratio is sustainable Bank Asia should maintain this rate in future. Now CAR rate is 14.04%.
- Dividend rate should increase in 2018 this rate was 10% which is not satisfactory for the owner.

Conclusion

Bank Asia Limited has been prospering through many challenges and prospects for last 36 years. It has excellently recognized a strong position in the country's banking arena.

Financial strength and asset quality are the key signs of performance and make sure that Bank Asia stay significant to the societies we belong to. Bank Asia Ltd has recorded a profit amounting to BDT. 9,219.18 million Along with asset growth of 16.09% during 2018, sustaining its position as the most profitable conventional Bank in Bangladesh No doubt it is a credible performance in stimulating business surroundings with hard of decreasing interest rate and continued stress on margin. Bank Asia Ltd. Keeps trying to place their strong capital position to work by increasing loans and deposits along with a better consumer base. Average loan increased by 26.57% and average deposit by 15.55%. It also generates many different schemes for loans and advances to attractive areas that have led to steady developments in its profitability.

Despite of, the surge of hard business challenges Bank Asia Ltd maintained a steady and growing financial performance with significant success. The Bank's deposits, loans and advances and total assets registered a growth of 15.55%, 26.57% and 16.09% respectively. Bank Asia Ltd. has earned a pre-tax profit of Tk. 7,179.18 million and profit after Tax Tk. 4,100.31 million. Bank Asia is maintaining its constancy in respect to business profitability. Bank Asia could reach at this situation because of concentrating on consistent business development, cost legitimization, master conveyance administration, and able HR, due steadiness, demonstrable skill and hazard the executive's capacity.

Bank Asia will put emphasis noon investing to further customer friendly modern technology and communications. Bank Asia will justify their product offering in market and make available those to our client intensely. It will expand their branch network throughout the country touching 210 branches by the end of 2019 in order to solidification our market governance to every possible

place of the country. It will also go forward with launching some banking booths in some remote areas in order to incorporate those areas into banking network. Bank Asia aims to deliver financial solution, technology, products and services that exceed their clients need and demand. Bank Asia wants to be the most respected financial service provider in Bangladesh in the next year.

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