



**Daffodil**  
*International*  
**University**

*“Landmark to Create the Future”*

[This internship report is submitted for the fulfillment of the degree of Bachelor of Business Administration with a Major in Finance]

**An Internship Report on**  
**“Evaluation of Financial Performance of Bank Asia Limited”**

**Prepared By**

**Alif Al Ashad**

**ID: 181-11-5827**

**Batch: 49<sup>th</sup> (Major in Finance)**

**Bachelor of Business Administration**

**Daffodil International University**

**Date of Submission:** 12<sup>th</sup> October 2021



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**Prepared For**

**Shah-Noor Rahman**

**Assistant Professor**  
**Department of Business Administration**  
**Faculty of Business & Entrepreneurship**  
**Daffodil International University**

**Date of Submission: 12<sup>th</sup> October 2021**

## Letter of Transmittal

October 12, 2021

**Shah-Noor Rahman**

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

**Subject: Presenting Internship Report.**

Dear Ma'am,

Here I am submitting internship report about “**Evaluation of Financial Performance of Bank Asia Limited**”. As a finance background student it's a crucial part of my BBA program. I have completed my internship from Bank Asia Limited at BSMMU branch. I have followed all the instruction, guideline and expecting this report will be informative & meaningful.

However I would like to give you a big thanks for providing me a proper guidance, instructions which make the task easier. I am expecting your appreciation for my hard work.

Your Advising Student



---

**Alif Al Ashad**

ID: 181-11-5827

Department of Business Administration (Major in Finance)

Daffodil International University

## Approval Certificate

This internship report “**Evaluation of Financial Performance of Bank Asia Limited**” prepared by Alif Al Ashad, ID: 181-11-5827, Department of Business Administration (Major in Finance), Daffodil International University for the purpose of completing BBA program. And I am the supervisor of him and I followed that he use all real information for making this report meaningful and understandable.

This report is ready to submit.



**Shah-Noor Rahman**

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University



**Alif Al Ashad**

ID: 181-11-5827

(Major in Finance)

Department of Business Administration

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## Student Declaration

This report “**Evaluation of Financial Performance of Bank Asia Limited**” is prepare for fulfillment of my Bachelor degree and myself Alif Al Ashad, my student ID: 181-11-5827. This report made on Bank Asia Limited after completing my 3 months internship. I would like to mention that this report I made only for my academic purpose. I also clarify the report is not allow to use anywhere, for any purpose.



-----  
**Alif Al Ashad**

ID: 181-11-5827

(Major in Finance)

Department of Business Administration

Daffodil International University

## Confession

Though we are suffering because of COVID-19 worldwide, I didn't expect to get this opportunity of my internship in bank Asia limited. As we know it is a leading bank in Bangladesh, I am feeling myself very lucky to avail this chance to complete my internship program here. As a finance background student it was very important for me to do intern in same category of my study. And I am satisfied with my performance.

I would like to mention some eminent person whom helped me to make my internship period successful and make my report easier. At first I would thank the manager of my BSMMU branch Mr. Zahirul Islam Khan (VP & Head of BSMMU Branch) sir. He gave me the permission to join their weekly official meeting, those meeting really helped me a lot to understand the whole official rules, regulation and internal activities. Secondly Md. Rahmatul Al Azad (AVP & Manager Operations) sir. His guideline and instruction made my journey smoother. Then my supervisor Murad Mohammad (Senior Executive Officer & GB In-charge) of the bank who monitored my activities and taught me many tricks and tips to make task easier. After that I will definitely mention two person. Firstly Razzsultana Rahman (Senior Officer) and secondly Syeda Farzana Rini (Executive Officer) ma'am. They both gave me the directions and if I made any fault they correct me. Each and every employee from messenger to officers were so co-operative and helpful.

And lastly the full credit who deserve is none other than my supervisor in my internship program Shah-Noor Rahman (Assistant Professor, Department of Business Administration, and Faculty of Business & Entrepreneurship). She gave me a to z instructions before my report writing. And pointed my mistakes and correct it to make the report informative and meaningful.

## Executive Summery

The financial performance of Bank Asia Ltd. has been describe in this study. It has long been one of Bangladesh's top private commercial banks, and it has looked impressive in recent years. No doubt Bank Asia in one of the leading bank in Bangladesh banking sector. Recently they placed top 10 position by doing excellent performance. And I would specially mentions the techniques an ethics they follow in their job it's really amazing. . Bank Asia have 128 branches in Dhaka and all over the country and BSMMU branch achieved the best performer in this season. By making this report I wanted to scrutinize the Financial Performance of Bank Asia Ltd from the period of 2016 to 2020 and evaluates this performance.

The main objective of this report is to analyze financial performance of Bank Asia Ltd over last 5 years. For doing the analysis, some ratios like Return on Equity, Return on Asset, Net Bank Operating Profit Margin, Equity Multiplier, Earning Spread and some more related ratios have been examined. I have also analyzed DuPont analysis, Trend and Common size analysis.

I found some reason and obstacle in the way of bank improvement. Like equity multiplier (EM) and Earning Spread (ES). I have found some ratio which are giving positive impact to improving the bank performance.

Net Bank Operating Profit Margin (OPM), Degree of Asset Utilization (AU) and Net Interest Margin (NIM) ratio they did not contribute their expected performance. So they should overcome their performance. Similarly Return on Equity (ROE) and Return on Assets (ROA) they should bring consistency in their performance. Equity Multiplier (EM) have to reduce. Earning Spread (ES) should be increased for the betterment of bank performance. Finally we cannot control pandemic or any unwanted situation but bank can be prepared so that they can overcome and maintain their performance.

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**CHAPTER 1**  
**INTRODUCTION**

# INTRODUCTION

## 1.1 Introduction

Bank is word which carry a huge meaning. The word bank' came from Middle English from Middle French banque, from Old Italian banca, which meaning is "table", from Old High German banc, bank "bench, counter". The banking sector dominates Bangladesh's financial sector, which activates resources for productive investments in the country, increase in financial progress. Bangladesh's banking sector, like that of other countries, is important to the country's economic success. The importance of a sound and efficient financial sector in achieving economic development cannot be ignored. As a result of rising demand from a growing economy, this sector in Bangladesh has risen to a new level in the last three decades or so. However, the financial industry has recently seen a number of uncertainty, which is concerning for the economy. Non-performing loans, also known as credit default, are one of the banking industry's most pressing concerns. The rate of nonperforming loans (NPLs) has been rising rapidly, making banks more concerned about extending loans to borrowers. Furthermore, money laundering to other foreign countries is a major concern in this industry.

Yet, the sector still has a long way to go in terms of trust and confidence. Everyone is trying to maintain the sector bank because it is the sector that contributes the most to the Bangladesh economy.

Bank Asia Limited is a banking corporation based in Bangladesh. I worked at Bank Asia Limited in the general banking, credit, and foreign exchange departments. This allows me to gain a better understanding of the banks various elements. As a result, I've developed a report on Bank Asia Limited's entire performance.

## 1.2 Origin of the Report

The reason behind making this report is to complete my bachelor degree (BBA). As I am a student of under graduate program bachelor of business administration at Daffodil International University it is a part of my study to make a report for completing my BBA program successfully. As Bank Asia Limited is leading commercial bank in our country, so I have decided to intern here because as a finance major student it is easier to relate my knowledge. Here I have intern for three months and I have fulfilled every requirement needed to make this report. Another reason to intern here is my future establishment as I want to build my career in banking sector so it will be relevant with my desire.

## 1.3 Scope of the Report

I have gathered all the information from the official web side of Bank Asia Limited and some other popular sides like Lanka Bangla Financial Portal. I also collect information from respective manager, sub manager and other staff and employees to make my report informative, meaningful. And I did not expose their details including their names because of their privacy and policy. The activities of Group Finance and Bank Asia Limited's financial performance are the key focus of this report. This report also includes a performance evaluation for the previous five years. I attempted to cover the activities as well as the norms and regulations pertaining to Bank Asia Limited's Financial Performance Analysis.

## 1.4 Objectives of the Report

The main objective of the study is to scrutinize the Financial Performance of Bank Asia Ltd from the period of 2016 to 2020 and evaluates this performance.

The other objectives of this study are:-

- To evaluate the financial position and performance of Bank Asia Limited from the period of 2016 to 2020.
- To estimate the factors affecting performance of the Bank.
- To calculate the financial ratios and identify the areas of concern.
- To understand the implications in analyzing and interpreting the financial ratios.
- To measure the managerial efficiency of the firm as well as earning capacity of BAL in future period.
- To suggest better ways for enhancing the performance of the Bank.

## 1.5 Source of Information

For made this report I used both the primary and secondary information. Which I am presenting below-

### Primary Data

1. My personal overview & observation while doing interns at the Bank Asia Limited.
2. Face to face conversation with different category of officers.

### Secondary Data

1. Use last 5 year's Annual reports of Bank Asia Limited
2. Different web side like Bank Asia limited as well as Bangladesh Bank.
3. Internal documents and report of various Departments.

## 1.6 Constraints of the Study

Though it was a good experience for me but I faced some limitation which I am explaining in the below.

- 1. Time Limitation:** The time period was too short to understand all the internal system and activities of a bank. Here I attached with the bank Asia only for 3 months. And I think this is not enough.
- 2. Lack of Experience in Different Sectors:** I only worked in general banking sector. But in a bank there are more sector like credit division, cash and foreign exchange etc. So I think it is one of the biggest limitations.
- 3. Co-operation of Employee:** As they do hard work every day it is quit pressure to them to help me. When I asked them they have to break their concentration.
- 4. Lack of Information:** I used some secondary date which are not accurate some times. Because in secondary data they are manipulated for this reason I cannot explain the current status of the bank.
- 5. Privacy Issue:** Because of privacy issue of the employee and officers I didn't disclosed many information.
- 6. Activities:** Banking activities are mainly manual. All work are done by physically and didn't use their software because of their privacy.

**CHAPTER 2**  
**ORGANIZATION'S**  
**BACKGROUND**

## 2.1 Overview of Bank Asia Limited

Bank Asia believe in a philosophy, "**For A Better Tomorrow**" has been a vital part of the bank's success story. Bank Asia Limited began its journey for excellence in banking as a schedule commercial bank on November 27, 1999, when it was founded as a public limited company in Bangladesh under the Companies Act 1994. It was a time when the country's rapid economic development, along with urbanization and a transformation in lifestyle, created a demand for new banking goods and services. Bank Asia was founded by a group of successful entrepreneurs with a solid reputation in the community. The Bank's executive team is managed by experienced bankers with decades of expertise in both domestic and foreign markets. The top management team is well-supported by a group of specialists, many of whom have worldwide market experience. It achieves a first in Bangladeshi banking history by acquiring the business operations of the Bank of Nova Scotia in Dhaka. It duplicated the trick by acquiring Muslim Commercial Bank Ltd. (MCB), a Pakistani bank. In 2003, the Bank re-entered the spotlight with a record-breaking oversubscription of its initial public offering (55 times) in our capital market's history, and its shares command a fair premium. The increase in assets and liabilities has been extraordinary. Bank Asia has been engaged in the local money market as well as the foreign currency market without putting the bank in any risky situations. The Bank's investment in Treasury Bills and other securities increased significantly, presenting potential for revenue growth in the context of the bank's eventual interest price fall. Bank Asia Limited began operations with the goal of providing customers with modern and innovative banking products and services at a reasonable cost. The Bank, in keeping with cutting-edge technology, offers online banking with additional delivery channels such as ATM, Tele-banking, SMS, and Net Banking. As part of the bank's commitment to deliver all current and value-added financial services in order to maintain the highest quality in an increasingly globalized world.

**Right now bank Asia have 2376 employees, 128 branches and 3168 agent outlet in Dhaka and across the country.**



## 2.2 Vision of Bank Asia Ltd.

Bank Asia's objective is for Bangladesh to be poverty-free in a generation in the new millennium, representing the national ambition. Our objective is to create a society where human dignity and human rights, as well as poverty reduction, are prioritized.

## 2.3 Mission of Bank Asia Ltd.

- ✚ To help us provide high-quality service to our consumers while also contributing to the growth and expansion of our country's economy.
- ✚ To maintain high ethical standards as well as provide fulfillment to our clients, shareholders, and staff.
- ✚ To become the most sought-after bank in the country, with a devoted team of experts providing technology-driven creative services.

## 2.4 Objective of Bank Asia Ltd.

- ✚ Customer satisfaction.
- ✚ Maintaining healthy customer and corporate client relationships.
- ✚ Giving priority to the customer's smallest query.
- ✚ Providing customers with better service and products.
- ✚ Providing service to the entire country through developing branches throughout the country.
- ✚ Adding value to stakeholders by excellence in banking operations.
- ✚ Maintain a high level of ethics and transparency in your interactions.

## 2.5 Core Values of Bank Asia Ltd.

- ✚ Keep Banking products and services with a focus on the customer's interest and satisfaction.
- ✚ By excellence in banking activities, companies may add value to its stakeholders.
- ✚ Maintain a high level of ethical conduct and honesty in all business relationships.
- ✚ Fulfill all regulations to be a compliant institution.
- ✚ Make a big commitment to society's development.
- ✚ Ensure a high level of motivation and a dignified working environment for our employees, as well as a healthy work-life balance.
- ✚ Focused to environmental preservation.

## 2.6 Features of Bank Asia Ltd.

- ✚ Only one Bangladeshi bank has acquired (purchased) the operations of two foreign banks:  
(a) Bank of Nova Scotia of Canada and (b) Bank of New York Mellon of the United States.  
b) Pakistan's Muslim Commercial Bank.
- ✚ ERA INFOTECH's majority shareholder (A joint Venture IT Company).
- ✚ Centralized trade services operation (assists non-AD branches with export/import and inward/outward payment.)
- ✚ Fully Automated Central Clearing
- ✚ Charges for using the internet are completely free.
- ✚ ATM Charge (Own) – Free.
- ✚ E-Cash Booth is a type of electronic cash machine.
- ✚ a call center that is open 24 hours a day, seven days a week
- ✚ Dhaka Stock Exchange is a member (DSE)
- ✚ Capital Market Operations have begun (Share Trading).
- ✚ Internet Banking, Mobile Banking, SME Banking, and Consumer Banking are all options.

## 2.7 Product and Service Providing

In a short period of time, Bank Asia has become one of Bangladesh's most well-known private commercial banks. Bank Asia has beat the other 2nd generation banks in terms of performance. Although the performance circumstance may not be good to them at any given time, they try to maintain consistency. Here I am presenting the service sheet of Bank Asia limited.



### BSMMU Branch Product Wise Deposit Rate (Effective from 01 August, 2021)

Particulars of FDR	1-2 months	3 Months		6 months		1 Year		2 & 3 years
	Any amount	Below Tk. 10.00 Lac	10.00 Lac & above	Below Tk. 10.00 Lac	10.00 Lac & above	Below Tk. 10.00 Lac	10.00 Lac & above	Any amount
Interest Rate	2.50% p.a.	3.50% p.a.	3.00% p.a.	3.50% p.a.	3.00% p.a.	3.50% p.a.	3.00% p.a.	4.00% p.a.

#### Deposit Pension Scheme (DPS+)

Monthly Installments	BDT 1000	BDT 2000	BDT 3000	BDT 4000	BDT 5000	BDT 8000	BDT 10000
3 Years	38,000	76,000	1,14,000	1,52,000	1,90,000	3,04,000	3,80,000
5 Years	67,000	1,34,000	2,01,000	2,68,000	3,55,000	5,36,000	6,70,000
7 Years	1,00,000	2,00,000	3,00,000	4,00,000	5,00,000	8,00,000	10,00,000
10 Years	1,64,000	3,28,000	4,92,000	6,56,000	8,20,000	13,12,000	16,40,000
12 Years	2,20,000	4,40,000	6,60,000	8,80,000	11,00,000	17,60,000	22,00,000

#### Shonchey E KotiPoti – Monthly Installment Schedule

Mature Amount	10 Lac	50 Lac	1 Crore	2 Crore	3 Crore	4 Crore
5 Years	15,000	75,000	1,50,000	-	-	-
7 Years	10,000	50,000	1,00,000	-	-	-
10 Years	6,300	31,500	63,000	1,26,000	-	-
12 Years	4,900	24,500	49,000	98,000	1,47,000	-
15 Years	3,500	17,500	35,000	70,000	1,05,000	1,40,000

To be opened between 1<sup>st</sup> to 7<sup>th</sup>

Benefit Scheme	Time Limit	Benefit Scheme	Monthly Earning (Before tax) Per lac
Double Benefit	16 Years	Monthly Benefit	3 & 5 years- Tk. 450/-
Triple Benefit	18 Years		

Savings Any amount	Star Savings	Star Savings	Star Savings	Short Notice Deposit	Short Notice Deposit	Short Notice Deposit
	Avg. balance below TK. 50 thousand	Avg. balance TK. 50 thousand but below 1.00 lac	Avg. balance TK. 1.00 lac & above	Avg. balance below TK. 25 cr.	Avg. balance TK. 25 cr. & above	For IPO fund
2.25% p.a.	0%	2%	2.50% pa.	1.00%	2.00%	1.00%

Note: Interest calculation on savings account on average balance and interest will be paid if weekly withdrawals maximum 02 times and minimum balance to be maintained Tk 15,000/-

#### Special Savings for Women

Monthly Savings	After 03 years	After 05 years	After 07 years	After 10 years	After 12 years
1,000	39,000	69,000	102,500	1,69,000	2,29,000
2,000	78,000	1,38,000	2,05,000	3,38,000	4,58,000
3,000	1,17,000	2,07,000	3,07,500	5,07,000	6,87,000
4,000	1,56,000	2,76,000	4,10,000	6,76,000	9,16,000
5,000	1,95,000	3,45,000	5,12,500	8,45,500	11,45,000
8,000	3,12,000	5,52,000	8,20,000	13,52,000	18,32,000
10,000	3,90,000	6,90,000	10,25,000	16,90,000	22,90,000

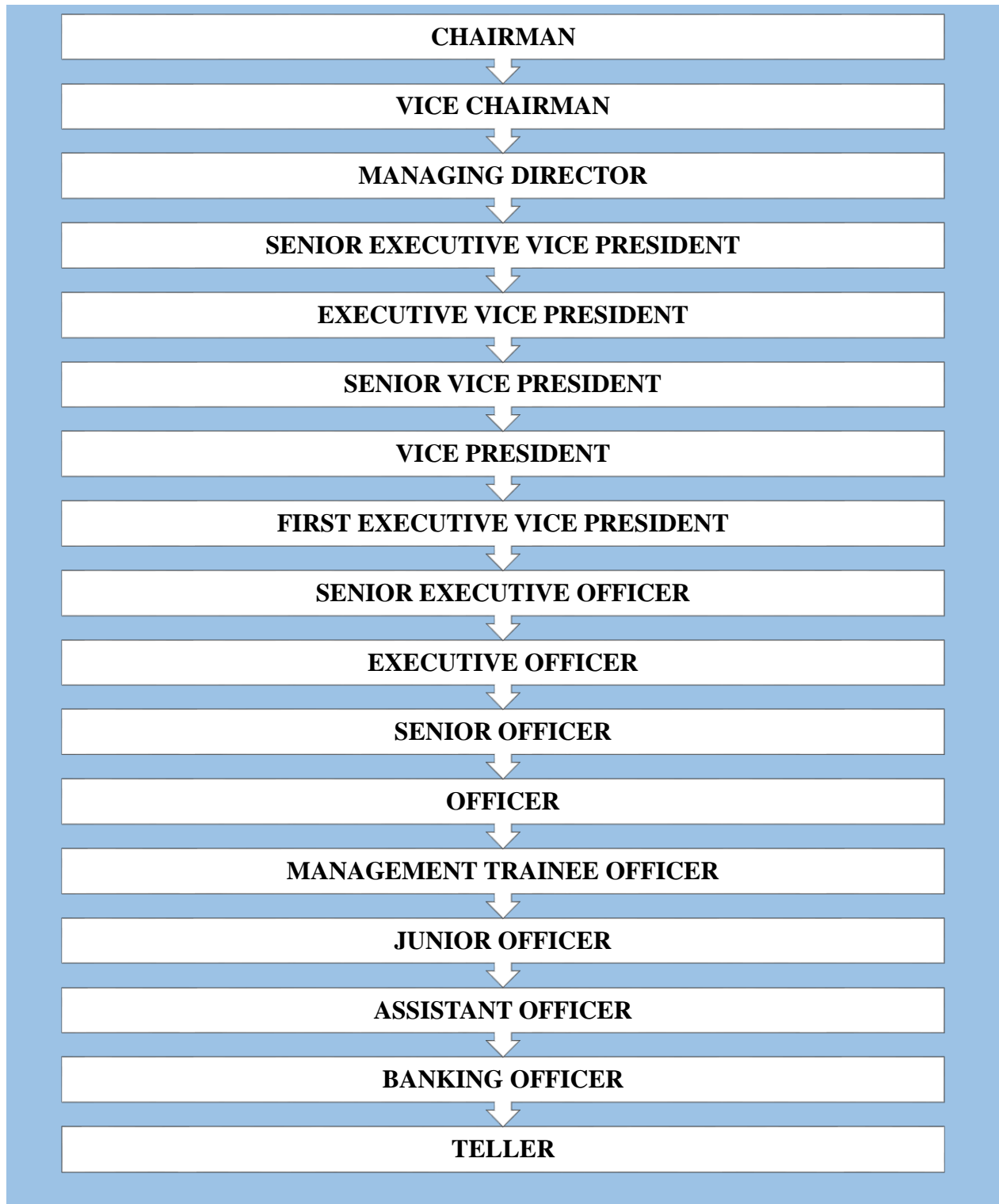
#### Special Savings for Travelers

1 Year Package		2 Years Package		3 Years Package	
Monthly Savings	Final Value	Monthly Savings	Final Value	Monthly Savings	Final Value
4,065	50,000	1,975	50,000	2,550	100,000
8,130	100,000	3,950	100,000	5,100	200,000
12,195	150,000	5,925	150,000	7,650	300,000
16,260	200,000	7,900	200,000	10,200	400,000
		9,875	250,000	12,750	500,000

#### Special Savings for Senior Citizen

Tenure	Monthly Earning (Before tax) Per lac
For 3 & 5 Years tenure	BDT- 550.00

## 2.8 Hierarchy of Bank Asia Ltd.



**CHAPTER 3**  
**THEORETICAL ANALYSIS**

## 3.1 Ratio Analysis

Ratio analysis is a type of financial statement analysis that is used to assess a company's financial health in a few key areas. It is a means of obtaining insight into the financial position by comparing information easily available in financial statements to the company itself or the industry as a whole.

Ratio analysis is necessary to assess the performance by analyzing-

- Return on Equity (ROE)
- Return on Asset (ROA)
- Net Interest Margin (NIM)
- Net Non Interest Margin (NNIM)
- Net Bank Operating Profit Margin (OPM)
- Earnings per share (EPS)
- Net Profit Margin (NPM)
- Degree of Asset Utilization (AU)
- Equity Multiplier (EM)
- Earning Spread (ES)

### 3.1.1 Return on Equity (ROE)

Return on equity (ROE) is a profit measurement that measures how much profit a company earns with each shareholder's equity. The net income-to-shareholders'-equity ratio compares net income to shareholders' equity. The level of income is compared to the level of shareholders' equity in return on equity of an investment in a company. It is better if this ratio is higher. The higher this ratio is, the more capable the company is of transferring its assets into earnings.

**Formula:  $ROE = \text{Net Income After Taxes} / \text{Total Equity Capital}$**

### 3.1.2 Return on Asset (ROA)

It's a profitability measurement that measures how much a company manages its assets to generate profit. It's calculated by dividing total assets by net profit after taxes. This ratio is better the higher it is. The higher this ratio is, the more efficient the organization is in utilizing its resources.

**Formula: ROA = Net Income After Taxes / Total Assets**

### 3.1.3 Net Interest Margin (NIM)

The amount of difference between interest revenue and interest cost management that the bank has been able to achieve through cost control over its earning assets is measured by net interest margin. Simply defined, a positive net interest margin indicates that an organization is profitable, whereas a negative figure indicates inefficiency in investment.

**Formula: NIM =  $\frac{\text{Interest Income} - \text{Interest Expense}}{\text{Total Asset}}$**

### 3.1.4 Net Non Interest Margin (NNIM)

The no interest margin is a measurement tool that measures the value of non-interest revenue such as fees and service charges. The difference between non-interest income and non-interest expenses divided by total earning assets is known as the non-interest margin. The non-interest margin generally negative for the majority of banks.

**Formula: NNIM =  $\frac{\text{Non Interest Revenue} - \text{Non Interest Expense}}{\text{Total Asset}}$**

### 3.1.5 Net Bank Operating Profit Margin (OPM)

The operating ratio is an indicator of a company's ability to make profit from its core product while utilizing all of its assets. To calculate the operating margin, divide operating income (earnings) by sales (revenues).

$$\text{Formula: OPM} = \frac{\text{Total Operating Revenue} - \text{Total Operating Expense}}{\text{Total Asset}}$$

### 3.1.6 Earnings per share (EPS)

The fraction of a company's profit given to each outstanding share of common stock is called earnings per share (EPS). Earnings per share is a calculation that indicates a company's profitability. Earnings per share, or EPS, is a key financial indicator that shows a company's profitability. It's computed by multiplying the company's net income by the total number of shares outstanding. The more company's earnings per share, the more profitable it is.

$$\text{Formula: EPS} = \frac{\text{Net Income After Taxes}}{\text{No of Common Share Outstanding}}$$

### 3.1.7 Net Profit Margin (NPM)

The net profit margin basically shows how much profit a company generates from its overall revenue. It calculates a company's net profit by transforming revenue into profit. It is the ratio of a company's segment's net profits to revenues.

$$\text{Formula: NPM} = \frac{\text{Net Income After Taxes}}{\text{Total Operating Revenue}}$$



### 3.1.8 Degree of Asset Utilization (AU)

The asset utilization ratio indicates how much income an organization earns for every dollar of assets it has. This measure is typically used to compare the efficiency of an organization over time.

$$\text{Formula: AU} = \frac{\text{Total Operating Revenue}}{\text{Total Asset}}$$

### 3.1.9 Equity Multiplier (EM)

The equity multiplier ratio is a risk indicator that indicates how much of a company's assets are come from shareholder's equity rather than debt capital. It is computed by dividing the total asset value of a firm by the entire shareholders' equity. A high equity multiplier, in general, suggests that an organization is highly dependent on debt to fund its assets. When the equity multiplier is low that indicates the corporation relies less on debt.

$$\text{Formula: EM} = \frac{\text{Total Asset}}{\text{Total Equity Capital}}$$

### 3.1.10 Earning Spread (ES)

The difference between the average rate earned on assets and the average rate paid on liabilities is known as earning Spread. The spread reflects the bank's intermediation function in borrowing and lending money, as well as the level of competition in the bank's commercial area. The bank spread is a measurement of a bank's profit margin. Because the difference between return earned and interest paid out is large, a widespread leads to a greater profit margin.

$$\text{Formula: ES} = \frac{\text{Total Interest Income}}{\text{Total Earning asset}} - \frac{\text{Total Interest Expense}}{\text{Total Interest Bearing Liabilities}}$$

## 3.2 DuPont Analysis

DuPont analysis is a method for evaluating the various sources of return on equity (ROE). This allows investors to learn which factors have the most impact on the change in ROE. The original ROE ratio in the DuPont model is split down into three components: Net Profit Margin, Total Asset Turnover, and Financial Leverage. The operating profit margin, the effect of non-operating items, and tax effects are all broken out in the second phase. DuPont Analysis also known as the DuPont identity, DuPont equation, DuPont Model or the DuPont method.

## 3.3 Trend Analysis & Common Size

Trend Analysis & Common Size analysis is a method of evaluating the overall weight of Bank Asia Ltd.'s performance based on the balance sheet and profit and loss statement.

### 3.3.1 Trend Analysis

A single year is considered to be the base year and is weighted at 100% in Trend Analysis. The line items are compared to that year's baseline. Positive growth will be considered if the values of those line items are more than 100%, and vice versa.

### 3.3.2 Common Size

Revenue, Total Assets, and Total Liabilities will be considered basis weights in Common Size analysis, and each line item will be compared to that base weight. Thus, income statement line items will be expressed as a percentage of revenue, and balance sheet line items will be expressed as a percentage of total assets and liabilities.



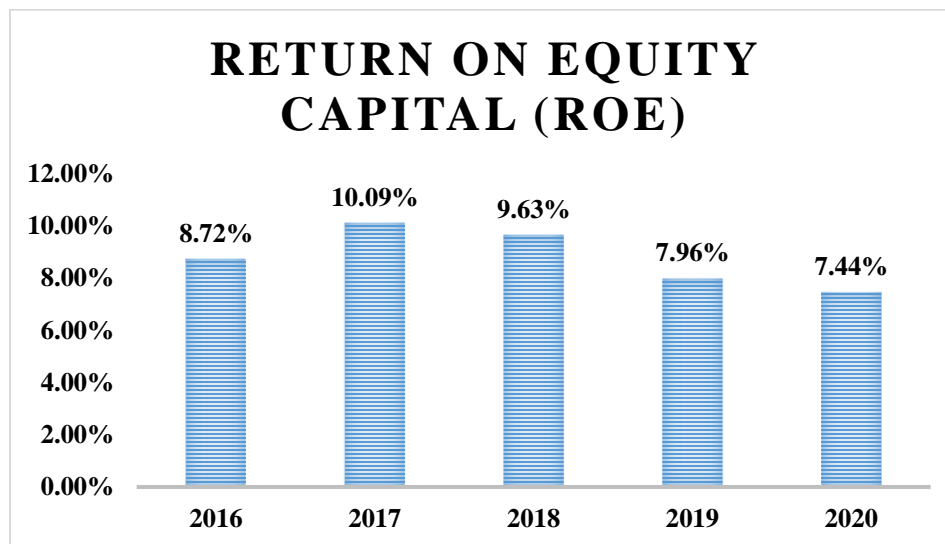
**CHAPTER 4**  
**FINANCIAL ANALYSIS**

## 4.1 Ratio Analysis

Ratio analysis is a type of financial statement analysis that is used to assess a company's financial health in a few key areas.

### 4.1.1 Return on Equity (ROE)

Return on Equity Capital (ROE)	
2016	8.72%
2017	10.09%
2018	9.63%
2019	7.96%
2020	7.44%

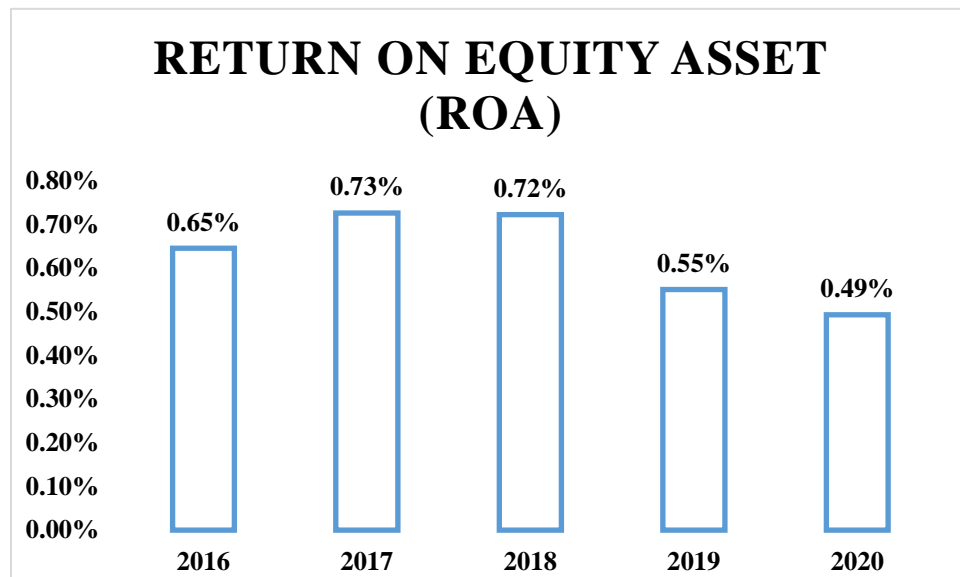


#### *Interpretation*

**ROE-** That indicate how an institution earn profit by using their shareholders equity. The higher ROE is better for institution. Above 5 year data we can see maximum ROE came from 2017 and the rate is 10.09% and next 3 year the rate decrease. Behind this decreasing statistics the reason is bank Asia could not utilize their shareholder capital properly. If they did it properly the ROE might increase every year.

#### 4.4.2 Return on Asset (ROA)

Return on Assets (ROA)	
2016	0.65%
2017	0.73%
2018	0.72%
2019	0.55%
2020	0.49%

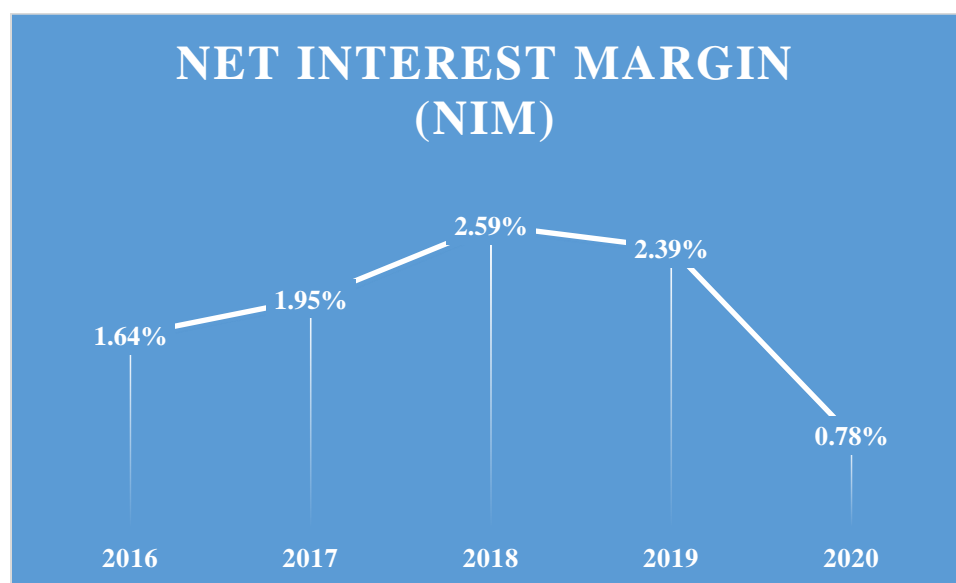


#### *Interpretation*

**ROA-** It refers that how much an institution can make their profit by using their asset. So maximum ROA is better for an institution. Above 5 years data here we can see in 2016, the ROA is .65%. In the next year that rate is increase & the rate is .73%. But next 3 year this rate were decrease because in the level of increasing asset rate is nor similar with net profit.

### 4.1.3 Net Interest Margin (NIM)

Net Interest Margin (NIM)	
2016	1.64%
2017	1.95%
2018	2.59%
2019	2.39%
2020	0.78%

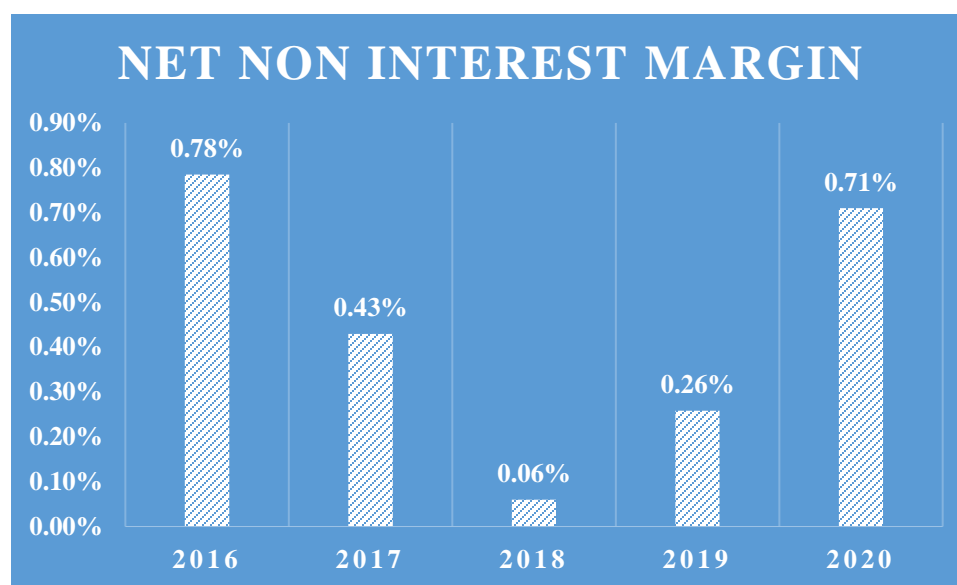


#### *Interpretation*

The amount of difference between interest revenue and interest cost management that the bank has been able to achieve through cost control over its earning assets is measured by net interest margin. In this chart here we can see that in 2016 to 2018 the NIM ratio was increase it is a positive sign for the bank because we know a positive net interest margin indicates that an organization is profitable. And highest ration comes from 2018 the rate is 2.59%, but in 2019 to 2020 this ratio was decrease because of the pandemic situation, people are unable to pay their loan interest. So bank cannot earn their interest income that's why this two year this ratio was fall.

#### 4.1.4 Net Non Interest Margin (NNIM)

Net Non Interest Margin (NNIM)	
2016	0.78%
2017	0.43%
2018	0.06%
2019	0.26%
2020	0.71%

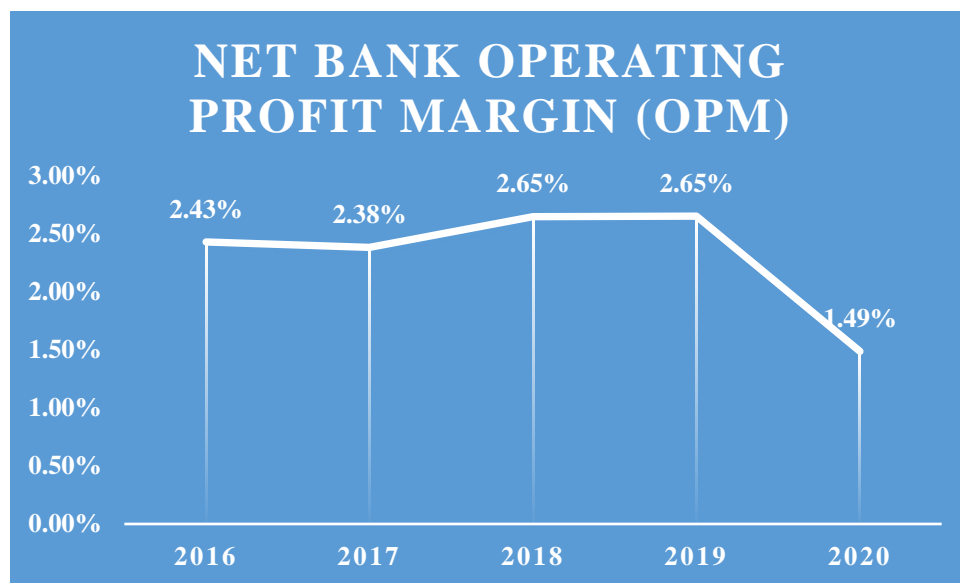


#### *Interpretation*

The non interest margin is a measurement tool that measures the value of non-interest revenue such as fees and service charges. The difference between non-interest income and non-interest expenses divided by total earning assets is known as the non-interest margin. Here we can see in the year 2016, the NNIM ratio is the highest. After next 4 year ratio cannot beat the year 2016. The reason is the non-interest expenses and asset are gradually increase but non-interest income cannot increase at the same time. But in 2020 the non-interest income again increase as a result the NNIM ratio was increase in this year.

#### 4.1.5 Net Bank Operating Profit Margin (OPM)

Net Bank Operating Profit Margin (OPM)	
2016	2.43%
2017	2.38%
2018	2.65%
2019	2.65%
2020	1.49%



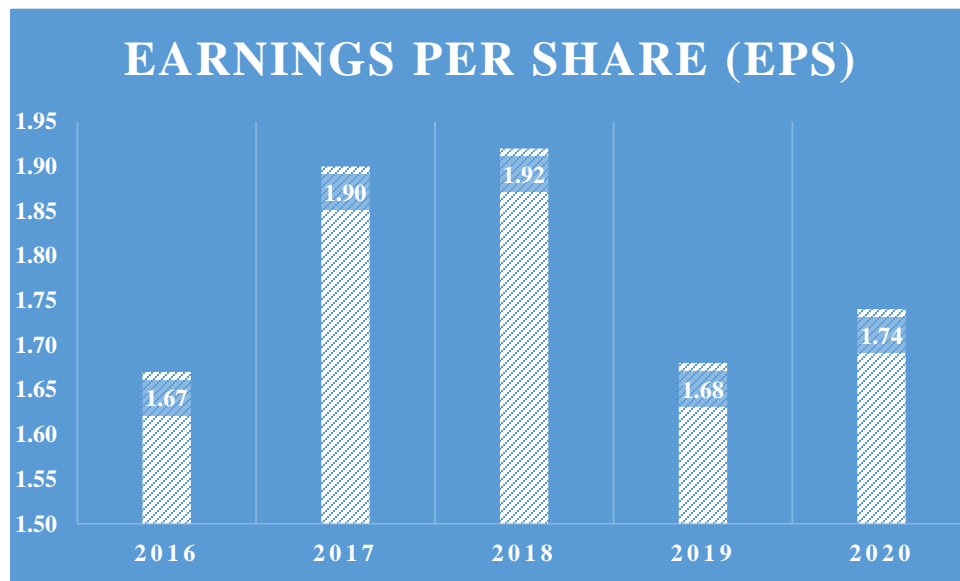
#### *Interpretation*

The operating ratio is an indicator of a company's ability to make profit from its core product while utilizing all of its assets. To calculate the operating margin, divide operating income (earnings) by sales (revenues). Above 5 year data we can see in 2016 the value is 2.43% after next year this rate was fall down. But in 2018 to 2019 this ratio increase and it is the highest rate in this graph. In 2020 bank cannot utilize their asset to generate sales as a result the rate was fall down.



#### 4.1.6 Earnings per share (EPS)

Earnings per share (EPS)	
2016	1.67
2017	1.90
2018	1.92
2019	1.68
2020	1.74

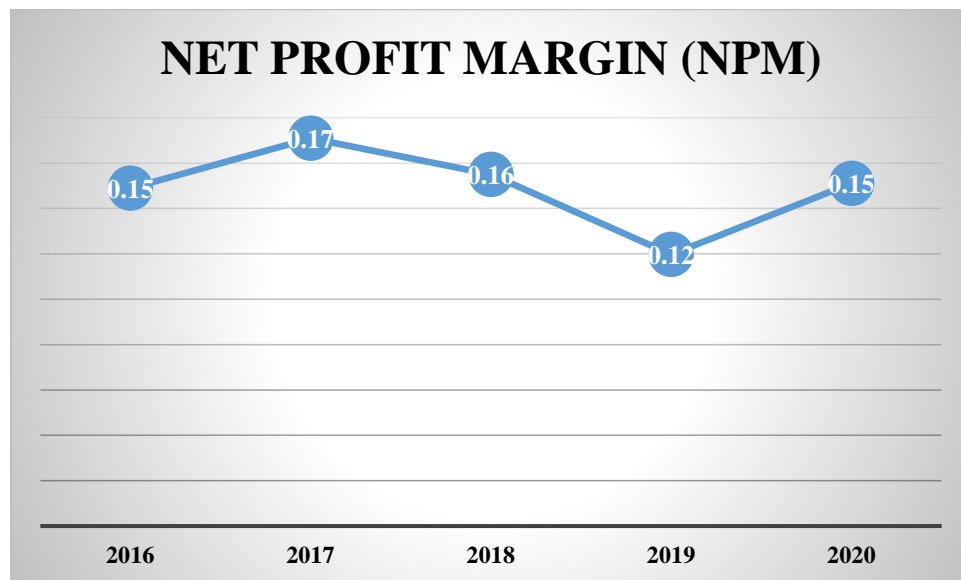


#### *Interpretation*

The fraction of a company's profit given to each outstanding share of common stock is called earnings per share (EPS). The more company's earnings per share, the more profitable it is. In this graph here we can see in 2016 to 2018 EPS was gradually increase but in 2019 per share price was huge fall but in 2020 the share piece again increase. So we can say in the year 2018 is the best for the shareholder and the bank as well.

### 4.1.7 Net Profit Margin (NPM)

Net Profit Margin (NPM)	
2016	0.15
2017	0.17
2018	0.16
2019	0.12
2020	0.15

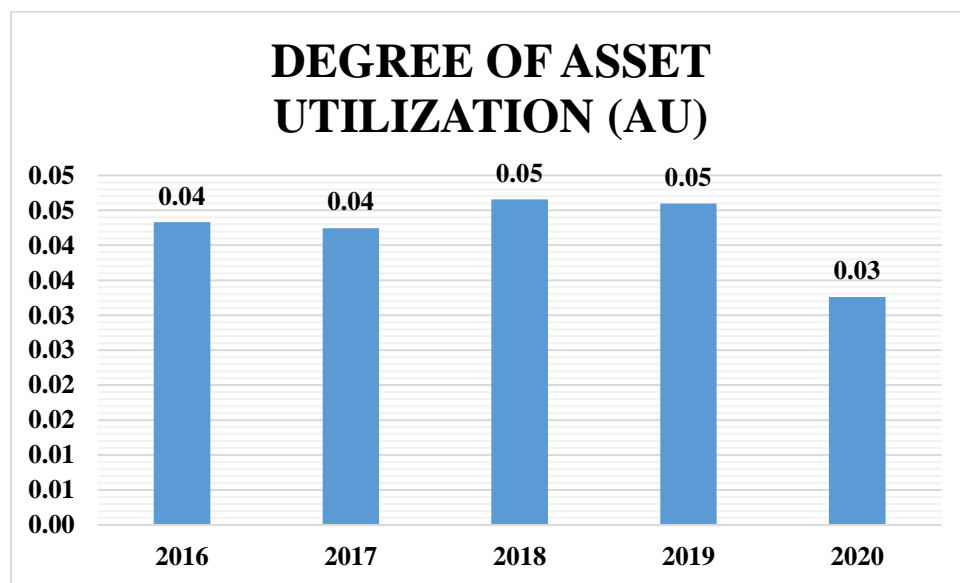


#### *Interpretation*

The net profit margin basically shows how much profit a company generates from its overall revenue. It calculates a company's net profit by transforming revenue into profit. It is the ratio of a company's segment's net profits to revenues. Above 5 year data we can see 2017 was the best year to generate more profit from their net income. And the ratio is 0.17. After 3 year the ratio ups and down. Bank cannot reduce their cost so that their NPM cannot increase.

#### 4.1.8 Degree of Asset Utilization (AU)

Degree of Asset Utilization (AU)	
2016	0.04
2017	0.04
2018	0.05
2019	0.05
2020	0.03

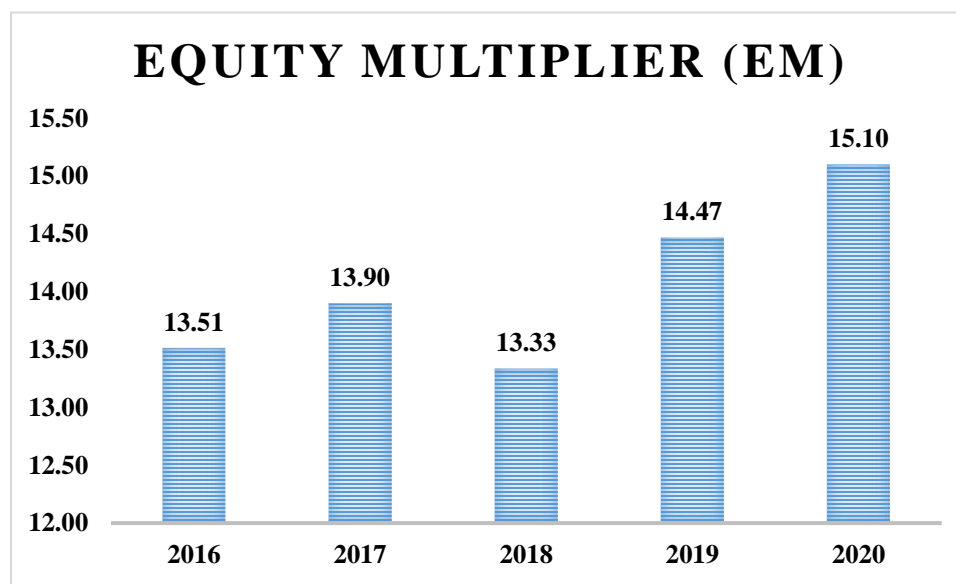


#### *Interpretation*

The asset utilization ratio indicates how much income an organization earns for every dollar of assets it has. This measure is typically used to compare the efficiency of an organization over time. Above graph we can see bank Asia asset utilization is increasing year by year. Like 2016 to 2019 but in 2020 the ratio is fall because of the pandemic bank cannot utilize their asset to generate profit.

### 4.1.9 Equity Multiplier (EM)

Equity Multiplier (EM)	
2016	13.51
2017	13.90
2018	13.33
2019	14.47
2020	15.10



#### *Interpretation*

The equity multiplier ratio is a risk indicator that indicates how much of a company's assets are come from shareholder's equity rather than debt capital. It is computed by dividing the total asset value of a firm by the entire shareholders' equity. A company with a lower equity multiplier has less financial leverage. In general, a low equity multiplier is beneficial because it indicates that a company is not taking on excessive debt to fund its operations. In above 5 years ratio we can see in year 2018 the equity multiplier ratio was the low that indicates in this year bank has less debt. But in 2020 this ratio was increase that means bank use more debt asset rather equity fund.

#### 4.1.10 Earning Spread (ES)

Earning Spread (ES)	
2016	0.134
2017	0.415
2018	0.369
2019	0.226
2020	0.005



#### *Interpretation*

The difference between the average rate earned on assets and the average rate paid on liabilities is known as earning Spread. The spread reflects the bank's intermediation function in borrowing and lending money, as well as the level of competition in the bank's commercial area. Above 5 year data we can say 2017 was the best year. Because we know the higher earning spread indicates the organization have higher profit margin. So in the year 2017 the ratio is 0.415 after next 4 year the ratio was decrease. That is a bad sing for the bank.

## 4.2 DuPont Analysis

DuPont analysis is a method for evaluating the various sources of return on equity (ROE). This allows investors to learn which factors have the most impact on the change in ROE.

<b>DuPont Analysis 3 Factor</b>					
<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>NPM</b>	0.11	0.13	0.11	0.09	0.11
<b>TAT</b>	0.06	0.06	0.07	0.06	0.04
<b>EM</b>	13.51	13.90	13.33	14.47	15.10
<b>ROE</b>	<b>8.72%</b>	<b>10.09%</b>	<b>9.63%</b>	<b>7.96%</b>	<b>7.44%</b>

### *Interpretation*

ROE ratio is very important for every investor before making any invest decision. If ROE is lower than their expectation they cannot invest those Institution. If we divide this ROE we can get three factor that's are NPM, TAT and EM. ROE is increase those time when this 3 factor give positive data. Above 5 year data we can see 3 factors did not maintaining positive impact, but among them EM more positive than NPM & TAT. Though EM giving positive impact but ROE do not increase because other 2 factor are giving negative impact. Here we can see ROE have no consistency in every year performance the main reason is 3 factor's negative contribution.

The bank should focus on their NPM because this ratio give negative contribution. If the bank decrease their cost structure the company make more profit. Also TAT should be utilize properly for increasing sale.

<b>DuPont Analysis 5 Factor</b>					
<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>EBIT Margin</b>	41.82%	41.92%	38.95%	41.04%	33.71%
<b>IB</b>	0.56	0.61	0.57	0.42	0.65
<b>TB</b>	0.48	0.50	0.48	0.49	0.51
<b>TAT</b>	0.06	0.06	0.07	0.06	0.04
<b>FL/EM</b>	13.51	13.90	13.33	14.47	15.10
<b>ROE</b>	<b>8.72%</b>	<b>10.09%</b>	<b>9.63%</b>	<b>7.96%</b>	<b>7.44%</b>

### *Interpretation*

As we know how much import is ROE for a company. If we divide this ROE we can find five factor those are EBIT Margin, Interest Burden (IB), Tax Burden (TB), Total Asset Turnover (TAT) and Financial Leverage (FL). This five factor are equally important for increasing or decreasing ROE. Here we can see only EM can giving positive impact but it also fail to give positive impact in 2018. On the other hand other 4 factor have no consistency in last 4 years. For these reason ROE is fall down.

Bank should focus on their EBIT Margin, IB, TB & TAT. Because the 4 factor could not maintain good perform. If the bank utilize properly then they must increase ROE. On the other hand rest of the one factor if they do not increase that means they remain same that time also ROE will be increased if other 4 factor increase or contribute positively then ROE automatically increase.

## 4.3 Trend Analysis

A single year is considered to be the base year and is weighted at 100% in Trend Analysis. The line items are compared to that year's baseline. Positive growth will be considered if the values of those line items are more than 100%, and vice versa.

<b>Bank Asia Limited</b>					
<b>Balance Sheet</b>					
<b>As on December 31, 2016 to 2020</b>					
<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
In hand (Including foreign currencies)	100.00%	95.92%	129.01%	155.92%	142.56%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	100.00%	114.63%	92.58%	149.19%	107.43%
<b>Cash</b>	<b>100.00%</b>	<b>112.20%</b>	<b>97.32%</b>	<b>150.07%</b>	<b>112.00%</b>
In Bangladesh	100.00%	264.82%	216.26%	180.95%	272.82%
Outside Bangladesh	100.00%	37.63%	94.63%	142.89%	81.23%
<b>Balance with other banks and financial institution</b>	<b>100.00%</b>	<b>220.92%</b>	<b>192.75%</b>	<b>173.59%</b>	<b>235.79%</b>
<b>Money at call and short notice</b>	<b>100.00%</b>	<b>0.00%</b>	<b>2.05%</b>	<b>94.46%</b>	<b>0.00%</b>
Government	100.00%	67.65%	91.75%	144.54%	249.34%
Others	100.00%	103.19%	94.77%	92.51%	135.16%
<b>Investment in shares &amp; securities</b>	<b>100.00%</b>	<b>70.87%</b>	<b>92.02%</b>	<b>139.82%</b>	<b>238.99%</b>
Loans, cash credits, overdrafts/General Investments	100.00%	116.70%	124.51%	133.49%	146.35%
Bills discounted and purchased	100.00%	186.26%	243.18%	224.12%	188.22%
<b>Total</b>	<b>100.00%</b>	<b>120.29%</b>	<b>130.63%</b>	<b>138.16%</b>	<b>148.51%</b>
<b>Total Current Asset</b>	<b>100.00%</b>	<b>114.86%</b>	<b>122.96%</b>	<b>140.35%</b>	<b>162.95%</b>
Land, building, furniture and fixtures (Including leased assets)	100.00%	101.54%	103.47%	134.25%	129.47%
Other assets	100.00%	102.64%	87.66%	121.71%	132.30%
<b>Total Fixed Asset</b>	<b>100.00%</b>	<b>102.23%</b>	<b>93.54%</b>	<b>126.37%</b>	<b>131.24%</b>
<b>Total Assets</b>	<b>100.00%</b>	<b>114.16%</b>	<b>121.33%</b>	<b>139.57%</b>	<b>161.19%</b>
Current /Al-Wadeeah current and other deposit accounts	100.00%	122.25%	137.43%	138.40%	173.13%
Bills payable	100.00%	80.95%	84.13%	76.34%	76.44%
Savings deposits/Mudaraba Savings Deposits	100.00%	124.12%	142.33%	173.76%	230.87%
Mudarabba/ Term and Fixed deposits	100.00%	101.81%	105.83%	124.05%	141.37%
<b>Total Deposits</b>	<b>100.00%</b>	<b>108.20%</b>	<b>116.27%</b>	<b>132.63%</b>	<b>158.42%</b>
Borrowings from other banks, financial institutions and agents	100.00%	160.52%	165.34%	181.16%	189.54%



Other liabilities	100.00%	108.61%	110.20%	138.74%	152.49%
Subordinated Debt/Mudaraba bond	100.00%	253.11%	231.45%	369.07%	319.03%
<b>Total liabilities</b>	<b>100.00%</b>	<b>114.41%</b>	<b>121.20%</b>	<b>140.31%</b>	<b>162.54%</b>
Capital /Shareholders' Equity:	100.00%	110.97%	122.94%	130.34%	144.24%
<b>Paid up capital</b>	<b>100.00%</b>	<b>112.00%</b>	<b>126.00%</b>	<b>132.30%</b>	<b>132.30%</b>
Statutory reserve	100.00%	112.42%	126.55%	138.55%	150.67%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	100.00%	96.19%	94.66%	92.23%	168.69%
Foreign Currency Translation Gain	100.00%	106.10%	168.37%	57.19%	58.58%
Retained earnings	100.00%	122.58%	133.04%	141.98%	151.29%
General reserves and others	100.00%	100.00%	100.00%	100.00%	100.00%
Minority Interest	100.00%	103.24%	103.91%	89.79%	89.81%
<b>Total Equity</b>	<b>100.00%</b>	<b>110.97%</b>	<b>122.94%</b>	<b>130.34%</b>	<b>144.24%</b>
<b>Total liabilities and shareholders' equity</b>	<b>100.00%</b>	<b>114.16%</b>	<b>121.33%</b>	<b>139.57%</b>	<b>161.19%</b>
<b>NAV</b>	<b>100.00%</b>	<b>99.07%</b>	<b>97.52%</b>	<b>98.51%</b>	<b>109.01%</b>

### *Interpretation*

Above table shows us the Trend Analysis on balance sheet for bank Asia limited. We already know a single year is considered to be the base year (2016) and is weighted at 100% in Trend Analysis. The value above 100% will be considered as positive and similarly the value under 100% will be considered as negative. In the table we can see in asset part total current asset and total asset had a consistency growth but in total fixed asset, Investment in shares & securities, Balance with other banks and financial institution and cash have positive value but not consistency growth. On the other hand in liabilities part Total Deposits, Total liabilities and Total Equity have consistency growth.

<b>Bank Asia Limited</b>					
<b>Income Statement</b>					
<b>For the year ended December 31, 2016 to 2020</b>					
<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Interest income	100.00%	111.77%	142.00%	155.28%	122.45%
Interest paid on deposits and borrowings	100.00%	102.32%	122.66%	136.36%	140.71%
<b>Net interest income</b>	<b>100.00%</b>	<b>135.73%</b>	<b>191.01%</b>	<b>203.20%</b>	<b>76.20%</b>
Income from investments	100.00%	71.45%	65.14%	92.81%	182.75%
Commission, exchange and brokerage Income	100.00%	126.96%	118.71%	133.41%	101.29%
Other operating income	100.00%	118.43%	144.14%	153.93%	156.43%
<b>Total operating income</b>	<b>100.00%</b>	<b>111.92%</b>	<b>130.49%</b>	<b>148.10%</b>	<b>121.37%</b>
Rent, Taxes, Insurance, Electricity etc.	100.00%	114.63%	127.96%	84.42%	83.03%
Salaries and allowances	100.00%	107.99%	123.32%	139.84%	151.42%
Legal Expenses	100.00%	143.39%	151.76%	123.12%	76.20%
Postage, Stamps, Telecommunication etc.	100.00%	109.97%	132.21%	150.87%	152.62%
Stationery, Printing, Advertisement etc.	100.00%	109.44%	149.41%	174.27%	163.92%
Directors' Fees and Expenses	100.00%	96.04%	113.56%	108.90%	101.78%
Salary and allowances paid to Managing director/Chief Executive	100.00%	88.59%	88.59%	105.62%	122.77%
Auditors' Fee	100.00%	93.04%	87.24%	103.03%	89.20%
Depreciation and Repairs to Bank's Assets	100.00%	98.08%	101.63%	178.06%	184.96%
Other Expenses	100.00%	123.57%	147.13%	159.39%	166.17%
<b>Total operating expenses</b>	<b>100.00%</b>	<b>111.76%</b>	<b>128.24%</b>	<b>142.64%</b>	<b>150.28%</b>
<b>Operating Profit</b>	<b>100.00%</b>	<b>112.04%</b>	<b>132.26%</b>	<b>152.39%</b>	<b>98.70%</b>
<b>Profit before provision</b>	<b>100.00%</b>	<b>112.04%</b>	<b>132.26%</b>	<b>152.39%</b>	<b>98.70%</b>
Specific provision (Loan and Advances)	100.00%	69.48%	140.76%	147.33%	-21.02%
General Provision	100.00%	210.83%	178.13%	512.40%	389.74%
Off balance sheet items	100.00%	160.19%	-	-	31.09%
Diminution in value of investment	100.00%	0.74%	8.22%	-54.32%	148.00%
Others Provision			100.00%	200.00%	1096.00%
<b>Total provision</b>	<b>100.00%</b>	<b>99.66%</b>	<b>129.46%</b>	<b>198.58%</b>	<b>77.26%</b>
<b>Profit for the year before taxation</b>	<b>100.00%</b>	<b>121.92%</b>	<b>134.49%</b>	<b>115.55%</b>	<b>115.79%</b>
Current Tax	100.00%	117.76%	138.09%	116.39%	113.03%
Deferred tax	100.00%	65.87%	0.00%	0.00%	0.00%
<b>Provision for tax</b>	<b>100.00%</b>	<b>115.94%</b>	<b>133.25%</b>	<b>112.31%</b>	<b>109.07%</b>
<b>Net profit after tax for the year</b>	<b>100.00%</b>	<b>128.47%</b>	<b>135.85%</b>	<b>119.08%</b>	<b>123.14%</b>
<b>EPS</b>	<b>100.00%</b>	<b>113.77%</b>	<b>114.97%</b>	<b>100.60%</b>	<b>104.19%</b>

## Interpretation

Above table shows us the Trend Analysis on income statement for bank Asia limited. We already know a single year is considered to be the base year (2016) and is weighted at 100% in Trend Analysis. The value above 100% will be considered as positive and similarly the value under 100% will be considered as negative. In above table we can see Net interest income and Total operating income, Operating Profit, Profit before provision, have consistence growth from 2016 to 2019 but in 2020 this growth is fell down. But Total operating expenses had consistence growth. Net profit after tax for the year consistence growth in 2016 to 2018, in 2019 this value is decrease but again in the next year 2019 the value increase.

## 4.4 Common Size

Revenue, Total Assets, and Total Liabilities will be considered basis weights in Common Size analysis, and each line item will be compared to that base weight. Thus, income statement line items will be expressed as a percentage of revenue, and balance sheet line items will be expressed as a percentage of total assets and liabilities.

<b>Bank Asia Limited</b>					
<b>Balance Sheet</b>					
<b>As on December 31, 2016 to 2020</b>					
<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
In hand (Including foreign currencies)	0.82%	0.69%	0.87%	0.91%	0.72%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	5.46%	5.48%	4.16%	5.83%	3.64%
<b>Cash</b>	<b>6.27%</b>	<b>6.16%</b>	<b>5.03%</b>	<b>6.74%</b>	<b>4.36%</b>
In Bangladesh	4.31%	10.00%	7.68%	5.59%	7.29%
Outside Bangladesh	1.03%	0.34%	0.81%	1.06%	0.52%
<b>Balance with other banks and financial institution</b>	<b>5.34%</b>	<b>10.34%</b>	<b>8.49%</b>	<b>6.64%</b>	<b>7.81%</b>
<b>Money at call and short notice</b>	<b>1.91%</b>	<b>0.00%</b>	<b>0.03%</b>	<b>1.29%</b>	<b>0.00%</b>

Government	14.17%	8.40%	10.71%	14.67%	21.92%
Others	1.41%	1.28%	1.10%	0.94%	1.18%
<b>Investment in shares &amp; securities</b>	<b>15.58%</b>	<b>9.67%</b>	<b>11.82%</b>	<b>15.61%</b>	<b>23.10%</b>
Loans, cash credits, overdrafts/General Investments	61.97%	63.35%	63.60%	59.27%	56.27%
Bills discounted and purchased	3.37%	5.50%	6.76%	5.41%	3.94%
<b>Total</b>	<b>65.34%</b>	<b>68.85%</b>	<b>70.35%</b>	<b>64.68%</b>	<b>60.21%</b>
<b>Total Current Asset</b>	<b>94.45%</b>	<b>95.03%</b>	<b>95.72%</b>	<b>94.97%</b>	<b>95.48%</b>
Land, building, furniture and fixtures (Including leased assets)	2.07%	1.84%	1.76%	1.99%	1.66%
Other assets	3.49%	3.13%	2.52%	3.04%	2.86%
<b>Total Fixed Asset</b>	<b>5.55%</b>	<b>4.97%</b>	<b>4.28%</b>	<b>5.03%</b>	<b>4.52%</b>
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Current /Al-Wadeeah current and other deposit accounts	14.64%	15.64%	16.60%	14.44%	15.60%
Bills payable	2.08%	1.47%	1.44%	1.13%	0.98%
Savings deposits/Mudaraba Savings Deposits	11.78%	12.78%	13.83%	14.58%	16.73%
Mudarabba/ Term and Fixed deposits	52.68%	46.88%	46.00%	46.57%	45.82%
<b>Total Deposits</b>	<b>81.17%</b>	<b>76.77%</b>	<b>77.87%</b>	<b>76.73%</b>	<b>79.12%</b>
Borrowings from other banks, financial institutions and agents	8.04%	11.28%	10.97%	10.38%	9.38%
Other liabilities	9.43%	8.95%	8.57%	9.32%	8.85%
Subordinated Debt/Mudaraba bond	1.35%	3.00%	2.59%	3.56%	2.66%
<b>Total liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Capital /Shareholders' Equity:	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Paid up capital</b>	<b>46.72%</b>	<b>47.15%</b>	<b>47.88%</b>	<b>47.42%</b>	<b>42.85%</b>
Statutory reserve	34.64%	35.09%	35.66%	36.82%	36.18%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	11.87%	10.29%	9.14%	8.40%	13.89%
Foreign Currency Translation Gain	0.01%	0.01%	0.01%	0.00%	0.00%
Retained earnings	6.72%	7.42%	7.27%	7.32%	7.05%
General reserves and others	0.04%	0.04%	0.04%	0.03%	0.03%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Total liabilities and shareholders' equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>NAV</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## Interpretation

Above table shows us the Common size on balance sheet for bank Asia limited. We already know Revenue, Total Assets, and Total Liabilities will be considered basis weights in Common Size analysis, and each line item will be compared to that base weight. After comparing we can see in the asset part the value of total current asset is 94.45%, 95.03%, 95.72%, 94.97% & 95.48% of total asset which is 100%. On the other hand total fixed asset is 5.55%, 4.97%, 4.28%, 5.03% & 4.52% of total asset which is 100%. In liabilities part Total Deposits 81.17%, 76.77%, 77.87%, 76.73% & 79.12% same as Borrowings from other banks, financial institutions and agents 8.04%, 11.28%, 10.97%, 10.38% & 9.38% same as Other liabilities 9.43%, 8.95%, 8.57%, 9.32% & 8.85% same as Subordinated Debt/Mudaraba bond 1.35%, 3.00%, 2.59%, 3.56% & 2.66% of the total liability which is 100%.

<b>Bank Asia Limited</b>					
<b>Income Statement</b>					
<b>For the year ended December 31, 2016 to 2020</b>					
<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Interest income	100.00%	100.00%	100.00%	100.00%	100.00%
Interest paid on deposits and borrowings	71.70%	65.63%	61.93%	62.96%	82.39%
<b>Net interest income</b>	<b>28.30%</b>	<b>34.37%</b>	<b>38.07%</b>	<b>37.04%</b>	<b>17.61%</b>
Income from investments	23.98%	15.33%	11.00%	14.33%	35.79%
Commission, exchange and brokerage Income	17.71%	20.12%	14.80%	15.22%	14.65%
Other operating income	4.62%	4.89%	4.69%	4.58%	5.90%
<b>Total operating income</b>	<b>74.61%</b>	<b>74.71%</b>	<b>68.57%</b>	<b>71.17%</b>	<b>73.95%</b>
Rent, Taxes, Insurance, Electricity etc.	3.78%	3.87%	3.40%	2.05%	2.56%
Salaries and allowances	16.24%	15.69%	14.11%	14.63%	20.08%
Legal Expenses	0.12%	0.16%	0.13%	0.10%	0.08%
Postage, Stamps, Telecommunication etc.	0.57%	0.56%	0.53%	0.55%	0.71%
Stationery, Printing, Advertisement etc.	0.62%	0.61%	0.65%	0.69%	0.83%
Directors' Fees and Expenses	0.02%	0.02%	0.02%	0.02%	0.02%

Salary and allowances paid to Managing director/Chief Executive	0.11%	0.08%	0.07%	0.07%	0.11%
Auditors' Fee	0.02%	0.02%	0.01%	0.01%	0.02%
Depreciation and Repairs to Bank's Assets	3.20%	2.81%	2.29%	3.67%	4.83%
Other Expenses	8.12%	8.97%	8.41%	8.33%	11.02%
<b>Total operating expenses</b>	<b>32.79%</b>	<b>32.79%</b>	<b>29.62%</b>	<b>30.13%</b>	<b>40.25%</b>
<b>Operating Profit</b>	<b>41.82%</b>	<b>41.92%</b>	<b>38.95%</b>	<b>41.04%</b>	<b>33.71%</b>
<b>Profit before provision</b>	<b>41.82%</b>	<b>41.92%</b>	<b>38.95%</b>	<b>41.04%</b>	<b>33.71%</b>
Specific provision (Loan and Advances)	13.03%	8.10%	12.92%	12.37%	-2.24%
General Provision	3.76%	7.09%	4.71%	12.40%	11.96%
Off balance sheet items	0.94%	1.35%	-0.82%	-0.85%	0.24%
Diminution in value of investment	0.82%	0.01%	0.05%	-0.29%	0.99%
Others Provision	0.00%	0.00%	0.06%	0.11%	0.76%
<b>Total provision</b>	<b>18.56%</b>	<b>16.54%</b>	<b>16.92%</b>	<b>23.73%</b>	<b>11.71%</b>
<b>Profit for the year before taxation</b>	<b>23.26%</b>	<b>25.38%</b>	<b>22.03%</b>	<b>17.31%</b>	<b>22.00%</b>
Current Tax	11.73%	12.35%	11.40%	8.79%	10.82%
Deferred tax	0.43%	0.25%	0.00%	0.00%	0.00%
<b>Provision for tax</b>	<b>12.15%</b>	<b>12.61%</b>	<b>11.40%</b>	<b>8.79%</b>	<b>10.82%</b>
<b>Net profit after tax for the year</b>	<b>11.11%</b>	<b>12.77%</b>	<b>10.63%</b>	<b>8.52%</b>	<b>11.17%</b>
<b>EPS</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

### *Interpretation*

Above table shows us the Common size on income statement for bank Asia limited. We already know Revenue, Total Assets, and Total Liabilities will be considered basis weights in Common Size analysis, and each line item will be compared to that base weight. After comparing we can see in Net interest income 28.30%, 4.37%, 38.07%, 37.04% & 17.61% of Interest income which is 100%. Same as Total operating income 74.61%, 74.71%, 68.57%, 71.17% & 73.95% of Interest income. Similarly Operating Profit 41.82%, 41.92%, 38.95%, 41.04% & 33.71% of Interest income. Finally net profit after tax for the year 11.11%, 12.77%, 10.63%, 8.52% & 11.17% of Interest income which is 100%.

**CHAPTER 5**  
**RECOMMENDATIONS**  
**&**  
**CONCLUSION**

## 5.1 FINDINGS

1. Earnings per share (EPS), Net Profit Margin (NPM) and Net Non Interest Margin (NNIM) are doing well every year and contribute their excellent performance.
2. Net Bank Operating Profit Margin (OPM), Degree of Asset Utilization (AU) and Net Interest Margin (NIM) ratios performance was not expected in 2020.
3. Return on Equity (ROE) and Return on Assets (ROA) have no consistency in their performance.
4. Equity Multiplier (EM) and Earning Spread (ES) This 2 ratios are giving negative impact on the bank.
5. Their customer data is not error free while they input information in their software.
6. Their marketing strategy is not innovative enough.
7. Bank Asia is not concern about their recruit in sector wise placement of employee.

## 5.2 RECOMMENDATIONS

1. Net Bank Operating Profit Margin (OPM), Degree of Asset Utilization (AU) and Net Interest Margin (NIM) ratios should overcome their performance.
2. Return on Equity (ROE) and Return on Assets (ROA) they should bring consistency in their performance.
3. Equity Multiplier (EM) should be reduced.
4. Earning Spread (ES) should be increased.
5. They should maintain error free customer data collection service.
6. They should be more concerned about their marketing strategy.
7. Bank Asia should be more concerned while recruiting and placement for the betterment of financial strategy.



## 5.3 CONCLUSION

As a 3rd generation bank, Bank Asia is committed to providing high quality financial services/products to contribute to the country's GDP growth by stimulating trade and commerce, speeding up industrialization, boosting exports, creating employment opportunities for educated youth, poverty alleviation, and raising the standard of living of the middle and lower classes.

I am feeling lucky to be a part of Bank Asia though it was a very short time. I learned huge things from them. It will help me in long run I believe. Now a days, banking sector are going through a rapid competition so maintain a position is really tough. Bank Asia is already placed them in a good position but they should work hard for their better future.

## 5.4 List of References

### Website:

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