REPORT

ON

An Evaluation of Financial Performance of Private Commercial Banks in Bangladesh

A Thesis Submitted to Uttara University of
for the Award of the Degree of

Bachelor of
Masters administration(MBA)
In
Finance

Under the Supervision of

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Letter of transmittal

August 30, 2020

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Subject: Submission of project An Evaluation of Financial Performance of Private Commercial Banks in Bangladesh.

Dear Sir,
With best respect & honor, I would like to inform you that I have completed my project report on "An Evaluation of Financial Performance of Private Commercial Banks in Bangladesh". It is an immense pleasure for me to place the same before you. I made every endeavor to prepare this dissertation & tried my level best to accumulate relevant & insightful information. It is a great experience for me to work on this topic. I have tried to make the report vivid & comprehensive within the scheduled time & limited resources.

I sincerely hope that this report will help you to evaluate me. I will be obliged to clarify any matter or to provide any farther information regarding this report.

Thank you for your kind supervision.

Sincerely yours

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student Declaration

The work presented in this thesis is original and has not been submitted by me to any University. The thesis "**An Evaluation of Financial Performance of Private Commercial Banks in Bangladesh"** submitted by me for the award of the Degree of Bachelor of master administration (MBA) at the uttara University is an original and benefited work done by me carried under the supervision of Assistant professor **MD. Anisuzzaman**, Department of Business administration uttara University, and that neither of this thesis nor any part of it has been submitted for the award of any degree, or any other purposes any where.

supervisor Deceleration

Dear student,

I hereby declare that the project report is titled" Evaluation financial performance of commercial banking in Bangladesh" submitted uttara university association evidence of job done by "MD.Mizanur Rahaman"under my supervision.

MD. Anisuzzaman

Assistant professor

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"In the name of Allah. The Beneficent and the Merciful"

Praise be to Allah that gives me an opportunity to complete this research on **"An evaluation of financial performance of private commercial Banks in Bangladesh."**First and foremost, I am deeply indebted my supervisor **Md. Annisuzzan, Assestant** Professor, Department of Business Administration,Uttara University for his stimulation inspiration astute guidance, valuable suggestion, sagacious advice's and whole hearted supervision to me during the practical orientation period. Without him, simply this piece of work would have not been possible. One simple cannot wish for any better or friendlier supervisor than him

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EXECUTIVE SUMMARY

The financial performance analysis of banks is important for all users: The aim of this paper is to find financial characteristics revealed by different financial ratios. The report puts emphasis on the insights of financial position of banks. It gives general information about banks, company information, mission and objectives and their overall market position. The paper will then discuss the state of the market, including historic performance and future outlook.

A total of five commercial banks are financially analyzed. This paper also provides theoretical aspects of financial performance analysis. The study finds that the bank with higher total assets, total deposits, profit after tax, total credit does not always ensure better profitability performance. It includes an analysis of their financial strengths and weaknesses, and their overall level-of performance within banking sector. Finally, the paper concludes with a value-based financial analysis of banking sector, and provides some recommendations for improved financial performance.

Table and content

Introduction

The banking sector is playing very important roles in the economy of a nation. The health of an economy is closely related to the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities to facilitate the process of production distribution, exchange and consumptions of wealth. The banks are mobilizing the savings of the people for the investment purpose. If there would be no banks then a great portion of capital of the country would remain idle. A bank as a matter of fact is just like a heart in the economic structure and the capital provided by. It is like blood in it. Loan facility is provided by banks as on incentive to the producer to increase the production. Bangladesh financial system is determined by banks where the banking systems account for around 96 percent of total assets of the financial sector. The subject of financial performance and research into its measurement is well advanced within finances and management fields. It can be said that there are three principle factors to improve financial performance for financial institutions, they are the institution size, its asset management and the operational efficiency. There have been little published studies to explore the impact of these factors on the financial performance, especially the private commercial banks. The purpose of this study is to examine the relationship among measures such as bank's size, operational efficiency, asset management, return on assets (ROA), and interest income and to discuss their impact on the bank's performance. Financial analysis is used to quantitatively examine the differences in performance among private commercial banks in Bangladesh. Private Banks are playing a commendable role in the field of entrepreneurship development program of Bangladesh. So the present study is to investigate the nature of financial performance of the private banks in Bangladesh on the basis of their financial characteristics as a guide line for future development, Financial indicators are constructed from the bank financial statements. Financial ratios like ROA, asset utilization and operational efficiency are calculated. Also, measures as assets size and interest income size are used to assess the financial performance of a private commercial bank.

Justification of Study

My Major is finance in MBA program. Day by day the financial condition of commercial banking sector deteriorating made me curious because, of this study motivated me. I interested in this topic because, I want to work in a banking sector in my future life. As a finance student, this topic will help in my professional work it has shown the overall up and financial performance commercial banking sector.

Objective of the study

Broad objective:

The broad objective of the study is to evaluate the financial performance of private commercial banks in Bangladesh.

Specific objectives: The specific objectives of the study are

- To evaluate the capital management performance, assets management performance, managerial performance, earnings ability and liquidity performance of all respondent private commercial banks in Bangladesh.

- To identify the major weaknesses and reasons for fluctuation in the profitability and financial performance of PCBs over the period.

- To suggest some necessary measures for the improvement of financial performance of the private commercial bank.

Methodology

The main desing is besed on the appendices of 10 relevent Article about evaluation financial Performance commercial banking sector in bangladesh. Around the basis of the study

Rational of the study

The driving forces of the private commercial banks are proper management, efficient as well as experienced satisfactory service of the customers and finally a healthy profit. The research studies so far we have seen on private commercial banks are basically capital city based. Some studies have been conducted on profitability on national commercial banks in Bangladesh. But no study has yet been conducted on private commercial banks in Bangladesh on the same topic.

Data collection

In order to make the study more meaningful and presentable, it will be based on the two types of data primary data and secondary data. Mainly secondary sources of data and information have been used widely.

1. **Primary sources of data:** For collecting information and data from the primary sources.

Sampling: five first generations PCB's have been taken as sample for this study. They are;-

1) AB Bank Ltd (ABBL)
2) City Bank Ltd (CBL)
3) International Finance Investment & Commerce Bank Ltd (IFICBL)
4) National Bank Ltd (NBL)
5) United Commercial Bank Ltd (UCBL)

2. **Secondary Sources of Data:** Different books, articles, journals & newspapers.

Financial Performance

Financial performance could be defined as a measurement of the results of a firm’s polices and operations in monetary terms. In assessing the overall financial condition of a company, the income statement and the balance sheet are important reports, as the income statement captures the company's operating performance and the balance sheet shows its net worth. Financial performance could be assessed using the following key measures which are important to assess the current financial position and performance. These are descriptive and analytical measures of financial position and performance. Descriptive measures include total assets, total liabilities, stockholders equity, total revenues, total expenses and net income. And analytical measures of financial position and performance could include profitability, efficiency, liquidity and solvency measures.

Key Financial Performance Indicators (**KFPI**) is an industry terminology for a type of performance measurement. KFPIs are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged. Sometimes success is defined in terms of making progress toward strategic goals, but often success is simply the repeated achievement of some level of operational goal (for example, zero defects, 10/10 customer satisfaction, etc.). Accordingly, choosing the right KFPIs is reliant upon having a good understanding of what is important to the organization. 'What is important' often depends on the department measuring the performance - the KFPIs, useful to finance, will be quite different than the KFPIs, assigned to sales, for example. A very common way for choosing KFPIs is to apply a management framework such as the balanced scorecard. The concept of financial performance and research into its measurement is well advanced within finance and management fields. Recently a well-judged technique named CAMELS rating is widely used for evaluating performance of financial institutions, especially the banks. In Bangladesh, Bangladesh Bank as a central bank, which is a regulatory body as well, has been calculating this rating till now. The financial performance of the banking sector is under CAMELS frame work, which involves analysis and evaluation of the six crucial dimensions of banking operations. Thus CAMELS consists of a set of performance measures that give a comprehensive view of the banks based on some special rates.

- **Profit**

The word profit comes from Latin meaning “to make progress”. The concept of profit is related to absolute figures. In the banking system profit (before taxes) was measured as percentage of assets. Generally speaking, the profit of a business is the excess of the assets over liabilities and the capital between the two periods.” Profit may arise from trade as well as other service. “The principal motivating force behind conducting business is profit.” The task of management is maximization of profits. The efficiency of the business is measured by the amount of profit earned. The greater the profit, the more efficient is the business considered, to be.

(2009) Hungary, said“ Profit generally is the making of gain in business activity for the benefit of the owners of the business.” He also said that profit in reality means principally the category of profit after tax, before dividend paying, the income available for the enterprise. Lord Keynes remarked that “Profit is the engine that drives the business enterprise.” Bank Profit is simply an accounting record of how a bank has performed over a given period of time, typically a twelve-month period. There is a simple and well recognized formula to determine and report profit. At its most basic level, a business’s profit is represented by the formula: Profit = Revenue – Cost This formula applies for all business and banks are no exception.

Capital Adequacy

Focuses on the total position of bank capital and protects the depositors for the potential shocks of losses that a bank incurs.

Asset Quality

The composition of all commercial banks shows the concentration of loans and advances in total assets. The high concentration of loans and advances indicates vulnerability of assets to credit risk, especially since the portion of nonperforming assets is significant.

Management Soundness

Sound management is the most important pre-requisite for the strength and growth of any financial institution. Since indicators of Management quality are primarily specific to individual institution.

- **Profitability**

Profitability can be interpreted as a ratio of earning to the funds used. It stands for profit deflated by the size of the unit and indicates the efficiency with which a bank deploys its total resources to maximize its profits. Profitability of the banking system was measured by the ratios of profit (before taxes) as percentage of capital. As decision tools profitability ratios can be used to assess the financial health of a business these ratios, created from the income statement, can be compared with industry benchmarks. The overall profitability measurement with indexes; compare the income brackets to some base measurement. The basic formula regarding to the profitability measurement: Profit (ability) = Income/ Base measurement The application of these indexes is a world-wide practice. The indexes are also used in the western countries. Profitability, as defined by Merriam-Webster, is the ability to yield advantageous returns or results. It is the process in which a good service produces more benefits than consequences and in the business world, serves as the ultimate benchmark for success. Profitability is the primary goal of all business ventures, without profitability the business will not survive in the long run. Profitability is measured with an income statement (or profit and loss statement). This is essentially a listing of income and expenses during a period of time (usually a year) for the entire business. It is a variable thing like the temperature of the human body.

Measures of Bank Performance

Although net income gives us an idea of how well a bank is doing, it suffers from one major drawback: It does not adjust for the bank's size, thus making it hard to compare how well one bank is doing is relative to another. A basic measure of bank profitability that corrects the size of the bank is the return on assets (*ROA*), which divides the net income of the bank by the amount of its assets. *ROA* is a useful measure of how well a bank manager is doing on the job because it indicates how well a bank's assets are being used to generate profits.

ROA=Total assets/Net income

They are more concerned about how much the bank is earning on their equity investment, an amount that is measured by the return on equity (*ROE*), the net income per dollar of equity capital.

ROE=Total Capital/Net income

Another commonly watched measure of bank performance is called the net interest Margin (NIM), the difference between interest income and interest expenses as a percentage of total assets.

NIM= Interest Income - Interest Expense/Total Assets

If a bank manager has done a good job of asset and liability management such that the bank earns substantial income on its assets and has low costs on its liabilities, profits will be high. How well a bank manages its assets and liabilities is affected by the spread between the interest earned on the bank's assets and the interest costs on its liabilities. This spread is exactly what the net interest margin measures. If the bank is able to raise funds with liabilities that have low interest costs and is able to acquire assets with high interest income, the net interest margin will be high, and the bank is likely to be highly profitable. If the interest cost of its liabilities rises relative to the interest earned on its assets, the net interest margin will fall, and bank profitability will suffer.

Liquidity

Liquidity indicators measured as percentage of demand and time liabilities (excluding inter bank items) of the banks.

Sensitivity to Market Risk

To assess the degree to which a bank might be exposed to adverse financial market conditions, the Bangladesh Bank added a new Characteristic named as “Sensitivity to Market risk” to what was previsiouly referred to as the CAMEL rating. In particular, Bangladesh Bank (*BB*) has been running an interest rate movement through the introducing of revised CAMELS rating system.

Role of privet commercial bank in Development Economic:

Financial sector has evolved beyond banking. Financial sector of Bangladesh, like most poor countries, is dominated by banking enterprises. Banks and other financial institutions play a vital role in fostering the economic and social condition of a country. They help to develop a conducive climate for capital formation through three stages such as savings, financing and investments and the role of banks is instrumental in all these stages. Banks in Bangladesh now constitute the core of the country’s organized financing system. They mobilize the savings of people and channel the resources towards different sectors of the economy. The bankers, committee of Bangladesh Bank determines the planned allocation of resources among sectors and regions with the objectives of achieving balanced regional and sectoral development. Commercial banks provide advances in the form of short-term and long term loans.

Bank advances assist economic development

Advances not only play an important part in gross earnings of banks, but also promote the economic development of the country. All types of business activities including trade, industry and agriculture have to depend on bank finance in one form or the other. Banks by channeling accumulated savings of the nation into productive uses help both the depositors and the borrowers Bank assist in creating more avenues of employment and thus help raising the standard of living of the people.

Funds for lending

If we examine the balance sheet of any big commercial bank in Bangladesh, we can observe that the main sources from which funds become available for lending and or investment are:

(a) Paid-up capital.

(b) General reserves and other reserves.

(c) Deposits of all types-fixed, saving, current, recurring, cash certificates, etc.

(d) Borrowing from other banks, more particularly the central banking institution, Bangladesh Bank.

(e) Undistributed or unallocated portion of current year's profits.

(f) Call loans from financial institutions, such as, life Insurance Corporation, etc.

The total working funds also include some 'contra' items such as acceptances, endorsements and other obligations, Bills for collection being bills receivable on the liabilities side, and corresponding items say, Constituents liabilities for acceptances etc or bills receivable being bills for collection on the assets side.

Development of financial and services market

The corporate sector is the main cause for the introduction of development of financial services market in Bangladesh. The corporate sector's growing quest for credit at low cost and in high volume has given birth to a host of new institutions specializing in capital market instruments such as certificate of participation, bonds and certificate of deposits. These instruments are relatively cheaper in terms of overall cost than bank credit.

i) Merchant Banking

The merchant banking activity comprises managing of public issues, underwriting them and loan syndication by co-ordinating with other banks and financial institutions. The services include finance and management consultancy services, preparation of project reports, arranging for technical consultancy, mergers, amalgamations and reconstructions and soon.

ii) Portfolio management

Banks have been extending services for managing surplus funds of their corporate customers either directly or through merchant bankers. This activity is called portfolio management. It involves assisting their clients in investing their funds in a manner that balances the two economies namely, maximum yield and liquidity. Portfolio management has seriously affected the deposit growth leading Bangladesh Bank of Bangladesh to progressively place restrictions on this business.

iii) Leasing

Conventional term credits becoming harder to obtain from banks, owing to inadequacy of loanable funds with them, industries have begun funding their fixed assets through leasing.

iv) Mutual Funds

Several major financial institutions and banks have floated new subsidiaries to undertake the business of investment in capital market through collecting subscriptions for mutual funds. The business is to invest these funds in shares and debentures and distribute dividends and interest so earned among the Mutual fund subscribers.

v) Factoring

Among the most recent services proposed to be taken up by some of the banks is factoring. This involves the factor, the banker, undertaking to collect, to account for and to manage client's debts and also to finance the clients either by lending against account receivables or purchasing/discounting them.

Vi) Housing Finance

Commercial Banks have been permitted to float subsidiaries to undertake housing finance as a specialized business.

vii) Consumer Credit and Credit Cards

Emulating some of the developed countries of the West, Commercial bank in Bangladesh have been offering credit cards to some of their customers. They have a link-up with international network such as Master Card or VISA.

viii) Travel Related Subsidiary

Consideration of the need to generate foreign exchange resources from all quarters has prompted Bangladesh Bank to permit commercial banks to enter into travel related business in a big way. Travel related services would include arranging package tours especially for foreigners, arranging hotel accommodation and making transport arrangement, all for a cost.

Financial highlights first generation Private Bank in Bangladesh:

Financial High Lights of AB Bank Limited.

Items / Year	2006	2007	2008	2009	2010	2011	Average Growth
Total Capital	2664.17	4785.07829	7439.79615	10918	14660.285	15944	
Growth in Capital		79.61%	55.48%	46.75%	34.28%	8.76%	44.97%
Total Assets	47989.34	63549.8644	84050	106910	132690	152961	
Growth in Assets		32.42%	32.26%	27.20%	24.11%	15.28%	26.25%
Total Deposits	42077	53375.3484	68560.4743	83087.1291	95701.8945	116151.864	
Growth in Deposits		26.85%	28.45%	21.19%	15.18%	21.37%	22.61%
Total Loans & Advances	31289.25	40915.3522	56708.7719	70879.9334	88002	94638.2184	
Growth in Loans & Advances		30.76%	38.60%	24.99%	24.16%	7.54%	25.21%
Total Expenditure	4823.52	5161.9	7,235	8651.60	9849.00	13871.00	
Growth in Total Expenditure		7.02%	40.17%	19.57%	13.84%	40.84%	24.29%
Net Profit	532.19	1903.49385	2300.62164	3362.556	3696.01711	1327.98371	
Growth in Net Profit		257.67%	20.86%	46.16%	9.92%	-64.07%	54.11%
Amount of Non Performing Loan	1257.82785	1763	1695	1949	1852	2672	
Growth in NPL		40.16%	-3.86%	14.99%	-4.98%	44.28%	18.12%
Provision for Loan Loss	865.56	1147	1349	1253	1962	2333	
Growth in Loan Loss Provisicin		32.52%	17.61%	-7.12%	56.58%	18.91%	23.70%

Source :Calculated from field survey data

Financial High Lights of City Bank limited.

Items / Year	2006	2007	2008	2009	2010	2011	Average Growth
Total Capital	2601	3157	3954	5160	12380	15036	
Growth in Capital		21.38%	25.25%	30.50%	139.92%	21.45%	47.70%
Total Assets	47445.75	48755.4	57114.58	76466.8	90898.05	115735.97	
Growth in Assets		2.76%	17.15%	33.88%	18.87%	27.33%	20.00%
Total Deposits	40881.41	40539.63	45034.33	62384.28	67419.8	83817.79	
Growth in Deposits		-0.84%	11.09%	38.53%	8.07%	24.32%	16.23%
Total Loans & Advances	30789.02	26788.47	34420.94	43486.42	60326.55	76807.03	
Growth in Loans & Advamces		-12.99%	28.49%	26.34%	38.73%	27.32%	21.58%
Total Expenditure	3856.52	4551	4788	5784	6717	8557	
Growth in Expenditure		18.01%	5.21%	20.80%	16.13%	27.39%	17.51%
Net Profit	240.02	343.46	398.11	818.72	1849.24	2018.33	
Growth in Profit		43.10%	15.91%	105.65%	125.87%	9.14%	59.93%
Amount of Non Performing Loan	2210.65	1661	2168.52	2130.81	2654.388	2611.43	
Growth in NPL		-24.86%	30.56%	-1.74%	24.57%	-1.62%	5.38%
Provision for Loan Loss	1100	964	1200	1507	2010	2501	
Growth in Loan Loss Provision		-12.36%	24.48%	25.58%	33.38%	24.43%	19.10%

Source : Calculated from field survey data

Financial High Lights of IFIC Bank limited.

Items / Year	2006	2007	2008	2009	2010	2011	Average Growth
Total Capital	2028.39	3038.62	3793.04	4928.76	6713.75	7784.32	
Growth in Capital		49.80%	24.83%	29.94%	36.22%	15.95%	31.35%
Total Assets	36080.48	39914.15	45729.47	62901.86	70840.26	91507.54	
Growth in Assets		10.63%	14.57%	37.55%	12.62%	29.17%	20.91%
Total Deposits	28620.91	29900.05	36092.17	50017.96	55918	73105.73	
Growth in Deposits		4.47%	20.71%	38.58%	11.80%	30.74%	21.26%
Total Loans & Advances	25490.66	28361.46	33018.39	37793.89	48826	63557.97	
Growth in Lons & Advances		11.26%	16.42%	14.46%	29.19%	30.17%	20.30%
Total Expenditure	3155.33	3693.57	3904	4534.18	5103.45	7517	
Growth in Total Expenditure		17.06%	5.70%	16.14%	12.56%	47.29%	19.75%
Net Profit	253.83	964.93	657.31	899.52	1664.08	714.51	
Growth in Net Profit		280.15%	-31.88%	36.85%	85.00%	-57.06%	62.61%
Amount of Non Performing Loan	1437.39	2299.9	1953.07	2320.31	2264.28	2578.09	
Growth in NPL		60.01%	-15.08%	18.80%	-2.41%	13.86%	15.03%
Provision for Loan Loss	970.77	1415	1068	1463	1937	1795	
Growth in Loan Loss Provision		45.76%	-24.52%	36.99%	32.40%	-7.33%	16.66%

Source : Calculated from field survey data

Financial High Lights of National Bank limited.

Items / Year	2006	2007	2008	2009	2010	2011	Average Growth
Total Capital	3237.87	4711.49	6519.14	9124.62	18791.9	25033.9	
Growth in Capital		45.51%	38.37%	39.97%	105.95%	33.22%	52.60%
Total Assets	46796.04	56526.96	72205.5	91931.63	134732.31	169037.38	
Growth in Assets		20.79%	27.74%	27.32%	46.56%	25.46%	29.57%
Total Deposits	40350.87	47961.23	60187.89	76834.13	102471.83	128215.97	
Growth in Deposits		18.86%	25.49%	27.66%	33.37%	25.12%	26.10%
Total Loans & Advances	32709.68	36475.75	50665.07	65129.29	92003.56	115388.89	
Growth in Loans & Advances		11.51%	38.90%	28.55%	41.26%	25.42%	29.13%
Total Expenditure	3453.33	4967.53	5769.24	7608.45	9670.8	12340.53	
Growth in Expenditure		43.85%	16.14%	31.88%	27.11%	27.61%	29.32%
Net Profit	507.49	1238.11	1517.43	2070.47	6860.34	6085.7	
Growth in Net Profit		143.97%	23%	36%	231%	-11%	84.60%
Amount of Non Performing Loan	1965.851768	1652.35	2730.48	3881.71	3642.57	3264.95	
Growth in NPL		-15.95%	65%	42%	-6%	-10%	14.99%
Provision for Loan Loss	854.18	1462.65	1906.67	2155.77	2547.36	2878.08	
Growth in Loan Loss Provision		71.23%	30%	13%	18%	13%	29.16%

Source : Calculated from field survey data

Financial High Lights of United Commercial Bank limited.

Items / Year	2006	2007	2008	2009	2010	2011	Average Growth
Total Capital	2620.4	3696.48	4780.38	6035	9085.83	16877.06	
Growth in Capital		41.07%	29.3%	26.2%	50.6%	85.8%	46.59%
Total Assets	38547.6	50180.58	64794.88	90483.78	129877.03	168891.78	
Growth in Assets		30.18%	29.1%	39.6%	43.5%	30.0%	34.50%
Total Deposits	33015.00	42296.00	54485.27	77730.40	113070.78	139485.00	
Growth in Deposits		28.11%	28.8%	42.7%	45.5%	23.4%	33.68%
Total Loans & Advances	26110.00	37566.02	44446.33	61692.22	93560.70	115506.33	
Growth in Loans & Advances		43.88%	18.3%	38.8%	51.7%	23.5%	35.22%
Total Expenditure	3200	4033.67	5400.31	6415.12	8753.71	13524.67	
Growth in Total Expenditure		26.05%	33.9%	18.8%	36.5%	54.5%	33.94%
Net Income	581.75	815.12	764.75	932.90	2181.64	2945.80	
Growth in Net Profit		40.12%	-6.2%	22.0%	133.9%	35.0%	44.96%
Amount of Non Performing Loan	742.2	1848.248	2053.42	1622.505	1122.73	2067.56	
Growth in NPL		149.02%	11.1%	-21.0%	-30.8%	84.2%	38.50%
Provision for Loan Loss	738.92	228.38	817	1503	1100.53	800	
Growth in Loan Loss Provision		-69.09%	258%	84%	-27%	-27%	43.70%

Source : Calculated from field survey data

Comparative Performance at a Glance

The following table shows the comparative performance of five selected first generation commercial banks on the basis of average of nine performance indicators covering the period from 2007-2011.

Particulars	AB Bank	City Bank	IFIC Bank	National Bank	United Commercial Bank	REMARKS		
						Relatively Better	Average (In-between)	Relatively Worse
Average growth in Capital	44.97%	47.70%	31.35%	52.60%	46.95%	NBL, City, UCBL	AB	IFIC
Average growth in Assets	26.25%	20%	20.91%	29.57%	34.50%	UCBL, NBL	AB	IFIC, City
Average growth in Deposits	22.61%	16.23%	21.26%	26.10%	33.68%	UCBL, NBL	AB, IFIC	City
Average growth in Loans & Advances	25.21%	21.58%	20.30%	29.13%	35.22%	UCBL, NBL	AB	City, IFIC
Average Return on Asset	2.82%	1.33%	1.71%	3.85%	1.45%	NBL, AB	IFIC	UCBL, City
Average Return on Investment	23.03%	13.50%	14.87%	17.93%	10.13%	AB	NBL	City, IFIC, UCBL
Average growth in Net Profit	54.11%	59.93%	62.61%	84.60%	44.96%	NBL, IFIC	City	AB, UCBL
Average growth in NPL	18.12%	5.38%	13.03%	14.99%	38.50%	City	IFIC, NBL, AB	UCBL
Average growth in Loan Loss Provision	23.70%	19.10%	16.66%	29.16%	43.70%	UCBL	NBL	City, IFIC, AB

Source : Calculated from field survey data

Relative ranking

The following table shows the relative ranking of five selected first generation commercial banks on the basis of average of nine performance indicators covering the period from 2007-2011.

Particulars	AB	City	IFIC	NBL	UCBL
Average growth in Capital	4th	2nd	5th	1st	3rd
Average growth in Assets	3rd	5th	4th	2nd	1st
Average growth in Deposits	3rd	5th	4th	2nd	1st
Average growth in Loans & Advances	3rd	4th	5th	2nd	1st
Average Return on Asset	2nd	5th	3rd	1st	4th
Average Return on Asset	2nd	5th	3rd	1st	4th
Average Return on Investment	1st	4th	3rd	2nd	5th
Average growth in Net Profit	4th	3rd	2nd	1st	5th
Average growth in NPL	4th	1st	3rd	2nd	5th
Average growth in Loan Loss Provision	3rd	4th	5th	2nd	1st

SWOT Analysis

SWOT Analysis of five selected first generation private commercial banks in Bangladesh is as follows:

Recommendations And Conclusion

Recommendation: For the betterment of the scenario of the private commercial banks, the researcher recommends the following points to be noted.

- To have a strong capital base and follow the international rating convention, total capital should be greater than 19.5% of the total risk-weighted assets.
- Necessary steps should be taken to control the amount of nonperforming loans to improve the quality of assets.
- A strong regulatory framework should be developed by the Bangladesh Bank to monitor the functions of PCBs.
- Adequate provision for loan loss ratio should be maintained.
- Risky investment in stock market should be avoided.
- Steps should be taken to improve the loans to customer deposit ratio.
- Government should stop borrowings from the private commercial banks.

A relatively wining strategy should be formulated to compete with the non-banking financial institution.

Conclusion:

In Bangladesh the journey of private commercial banks has started in the year 1982-1983. Since that the private commercial banks are playing a vital role in the economic development of the country. In Bangladesh private commercial banks dealt with some adverse political situations in the past, and they still face many problems which are out of their control. These problems mainly stem from the fact that Bangladesh is still going through the stages of development, and some of the sectors are still underdeveloped. Control of corruption and regulatory quality are two main aspects which need further improvement in Bangladesh. The performance of the five selected Banks is reasonably well in terms of efficiency, but assets quality needs improvements, since the percentage of Non Performing Loan is comparatively higher. This again reflects the lack of control over corruption and weak regulatory control.

Therefore the study of five randomly selected banks reveals that operating a banking business in the economic environment of a developing country like Bangladesh requires full understanding of the changing economic situation, sound strategy making for tackling adverse situation and efficient risk management. Since the political situation of the country and the policy measures of the government change drastically from time to time, banks have to give more importance to short term planning than long term strategic planning. Theoretically long term strategic planning is important, but for economies like Bangladesh, planning for short term adjustment is more important, since the economic and political scenario changes day.

Future Forward

A total of five commercial banks are financially analyzed. This paper also provides theoretical aspects of financial performance analysis. The study finds that the bank with higher total assets, total deposits, profit after tax, total credit does not always ensure better profitability performance. It includes an analysis of their financial strengths and weaknesses, and their overall level-of performance within banking sector. Finally, the paper concludes with a value-based financial analysis of banking sector, and provides some recommendations for improved financial performance. Upon completion of this paper, the reader should have a very broad understanding of the overall banking sector as well as an in-depth knowledge of financial standings.

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Appendix-1

Introducing consulted Articles

SL.	Articles Title	Author	Journal name	volume & issue	Year	Publisher
1	Social Responsibility and Financial Performance	Sarwar Uddin Ahmed.	Journal of Organizational Management	05 Jan.	2012	HATAM Publishers
2	Determinants of Banks' Financial Performance	Mohammad Saif Uddin Bhuiyah.		July 31	2015,	Bangladesh Bank
3	Performance Evaluation, Commercial Banks,	Md Reaz Uddin	Journal of Applied Finance & Banking	4,December	2014	
4	Evaluation of Financial Performance	AZHAR SIDDIQUE CHOWDHURY		July	2013	Dhaka University Institutional
5	Financial Reform, Ownership and Performance in Banking Industry:	S. M. Sohrab Uddin	International Journal of Business and Management	December 17,	2011	Published by Canadian Center of Science and Education
6	Implementation on the Financial Performance of Private Commercial Banks	Sarwar Uddin Ahmed	European Journal of Economics	april 24	2015	Finance and Administrative Sciences
7	Performance Evaluation of Selected Private Commercial Banks	Tanbir Ahmed Chowdhury	International Journal of Business and Management	April,	2009	
8	Performance of banking	Syed Moudud-Ul-	International Journal of	14 April	2017	World Scientific

	industry	Huq	Financial			Publishing Company
9	An Analysis of the Financial Performance of National Bank Limited	MD AMINUL ISLAM,	Journal of Behavioural Economics	vol. 2, no. 5	2014	Science and Education Publishing
10	The Performance Analysis of Private Conventional Banks	Samina Haque	Journal of Business and Managemen t	Volume 12, Issue 1 (Jul. - Aug. 2013	2013	iosrjournals.organizatio n

Appendix-ii

Complication of objective/purposes/Question

Article	Objective/purposes/Question
1	The main objective of this paper is to examine the nature of relationship between corporate social responsibility (CSR) and corporate financial performance (CFP).
2	to ensure the existence in the ever growing competitive business environment, every institution should be more concerned about the factors affecting their financial performance.
3	evaluate the performance of selected private commercial banks in Bangladesh
4	evaluate the capital management performance, assets management performance
5	Financial reform has brought massive changes in the ownership structure of the banking industry.
6	To ensure financial stability and development
7	To appraise the performance of selected Private Commercial Banks of Bangladesh
8	to examine the actual performance of individual banks
9	The study also identified specific areas for bank to work on which can ensure sustainable growth for these banks.
10	identified specific areas for each bank to work on which can ensure sustainable growth for these banks.

Appendix-ii

Complication of methods

Article	Methods
1	To verify the linkage between CSR and CFP, the authors have primarily graded the level of corporate social responsibility of banks by measuring a corporate social performance (CSP) index though a questionnaire survey
2	This research work is conclusive in nature. This study covers 70 firm-year observations of 10 local private commercial banks operating in Bangladesh covering the period.
3	As the report focuses on the performance evaluation of private commercial banks in Bangladesh, at first some private commercial banks in Bangladesh have been selected. The banks are BracBank, City bank, Eastern Bank, IFIC Bank, Mercantile Bank. Since the report is based on secondary sources, some secondary sources like internet, Stock Exchange, annual reports of the selected private commercial banks have been used to accumulate the data.
4	a process or technique in which various stages or steps of collection of date / information are explained and the analytical techniques are defined
5	The present study is based on secondary data. Data are collected from the annual reports of respective banks. It covers a period of eight years from 2001-2008 and the sample period starts from 2001 due to the fact that the current study wants to conduct the analysis just before the ending of the significant financial reform which is exchange rate liberalization in 2003 in Bangladesh.
6	some studies found that regulations and supervisions may have significant impact on risk management. A study conducted by Pasi ours etc al. (2006) revealed that bank supervision significantly influences bank ratings. Another study conducted by Barth et al. (2004) found that banking sector stability can be influenced by proper information disclosure policies and proper corporate control policies.
7	The present study has been carried out to evaluate the performance of selected private commercial banks of Bangladesh. This study has been based mainly on data from secondary sources. The relevant data and information were collected from Stock Exchange
8	The scope of the study is confined to 10 well-established banking companies of Bangladesh. This paper has taken into account the performance of the sample banks. The study has relied basically on the annual reports of banks and DSE library resources
9	The degrees to which the methodology of this research can be structured two categories are Qualitative and quantitative method. Quantitative methods emphasis on objective measurement and numerical analysis of data collected through polls. questionnaires or surveys. Quantitative research focuses on gathering numerical data and generalizing it across groups of people.
10	The data for this study have been gathered from secondary sources-the bank's financial statements for the year (2006-2011). These data have been used to compute key financial ratios of the selected commercial banks of Bangladesh for the mentioned period.

Appendix-iv

complication of Conclusion

Article	Conclusion
1	undertaken a modest attempt to examine the linkage between corporate social responsibility performance and financial performance and present the results of the study conducted on the banking companies in Bangladesh.
2	the banking industry dominates the financial sector and thus macroeconomic development largely depends on the soundness of this industry.
3	this sector has to ensure better services from their part and prove them to be profitable handling all sorts of internal and external pressures skil fully. Financial performance appraisal helps both banks and its stakeholders to assess the outcomes of the bank's policies and operations in monetary terms.
4	the private commercial banks are playing a vital role in the economic development of the country. Bangladesh private commercial banks dealt with some adverse political situations in the past, and they still face many problems which are out of their control.
5	This study focuses on bank performance after the financial reform in Bangladesh and four performance measures are used for assessing bank performance out of which two are DEA grounded frontier based measures.
6	the regression results it is evident that capital adequacy ratios have significant relationship to profitability of commercial banks. the positive relationships within profitability and various capital adequacy ratios emphasize the fact that higher capital adequacy ratios will enhance profitability of a bank.
7	It indicates the profitability of all the selected banks is quite satisfactory. Loans recovery rate indicated that the banks are able to manage their credit efficiently. Every year these banks open new branches and the IBBL has highest number of branches i.e. 176.
8	the performance measurement of a bank has been carried out using traditional measures such as CAMEL rating techniques. CAMEL rating system is a method which is widely used for measuring the performance of banks in Bangladesh.
9	Bank is a very important and vital for economic development in mobilizing capital and other resources. bank is also contributing to the advancement of the socioeconomic condition of the country. To keep pace with the current market and demand.
10	The importance of this study stems from the relative size and importance of banking sector in Bangladesh. The study is considered to make huge contribution not only in the field of academic research but also in helping managers to improve bank's performance.