Financial Performance Comparison of Top Rated Banking Financial Institutions (BFIs) of Bangladesh

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Financial Performance Comparison of Top Rated Banking Institutions (BFIs) of Bangladesh

Asst. Prof. K. M. Anwarul Islam

Department of Business Administration, The Millennium University, Dhaka, Bangladesh
E-mail: ai419bankingdu@gmail.com

Correspondence: C/O K. M. Kamal Uddin, Deputy Registrar, Registrar’s office, Room No-201(K), Dhaka University, Dhaka-1000, Tel: +8801768343171.

Abstract

The main purpose of this research is to show comparison of the financial performance of Top Rated 5 BFIs (Banking Financial Institutions) of Bangladesh by covering the period of five years from 2007 to 2011. Ratio analysis is the most popular trend to evaluate a bank’s performance over years or with other companies in an industry. For this analysis I have used some most commonly used different financial ratio to check the financial performance of 5 Top Rated Commercial banks such like Return on assets (ROA), Return on Equity (ROE), Return on Capital (ROC) and by using some other operating and efficiency ratios. But in this research, I have also calculated all basic financial determinants to measure a bank’s financial performance in the last five years. They are- Liquidity condition, Capital adequacy, Earning performances and also other determinants. By analyzing & interpretation the ratios I have found which bank financial performance is better than other selected banks. I have also found some problems. Based on those particular problems I recommend some points which I think will be helpful for 5 Top Rated BFIs (Banking Financial Institutions) of Bangladesh to overcome the financial shortcoming. At the end, some outlines have mentioned to make necessary improvements.

Keywords: Financial Performance Comparison, Top Rated, BFIs, Bangladesh.

1. Introduction

Banking system plays a very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. In a developing country like Bangladesh the banking system as a whole play a vital role in the progress of economic development. 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. As long as blood is in circulation the organs will remain sound and healthy. If the blood is not supplied to any organ then that part would become useless. So if the finance is not provided to agriculture sector or industrial sector, it will be destroyed. Loan facility provided by banks works as an incentive to the producer to increase the production. Bangladesh is a small country with great hope in banking sector. Banking is now an essential part of our economic system. Modern trade and commerce would almost be impossible without the availability of suitable banking services. First of all, banking promotes savings. All manner
of people, from the ordinary labors and workers to the rich land owners and businessmen, can keep their money safely in banks and saving centers.

Bangladesh’s banking sector consists of central bank (named as Bangladesh Bank), Commercial banks, Development Banks and Specialized Financial Institutions. The Commercial banks comprise of Nationalized Commercial Bank (NCB), Local Private Bank, Foreign Private Bank, and Islamic Bank. After the independence, banking industry in Bangladesh started its journey with 6 nationalized commercialized banks, 2 State owned specialized banks and 3 Foreign Banks. In the 1980’s banking industry achieved significant expansion with the entrance of private 8 banks. We have now 56 scheduled banks operating in Bangladesh. Out of the 56 banks, 6 are state-owned commercial banks (SCBs), 2 specialized banks, There are 8 Islami Shariah based PCBs in Bangladesh out of 39 private commercial banks (PCBs), 9 foreign commercial banks (FCBs). There are now 4 non-scheduled banks and 31 FIs are operating in Bangladesh.

Banks play essential role within economy due to their depositing and lending operations. Having a role of an intermediary between borrowers and lenders, banks (especially commercial banks) can positively contribute to the health and stability of our economy. Therefore; most world economies, including Bangladesh economy, attempt to focus their efforts on growing and stabilizing their banking sectors.

Banking system plays a vital role for a nation’s economic development. Over the last few years the banking world has been undergoing a lot of changes due to deregulation, technological innovations, globalization etc. These changes in the banking system also brought revolutionary changes in a country’s economy. Bangladesh is no exceptions of this trend. Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future.

Banks are involved in the function of mobilization of deposit and deployment of credit. Through this intermediation function, banks contribute a lot toward the development of the economy. Banks are engaged in the banking system with a motive to earn profit and it is the most important element in the competition among the banks. Profit is the absolute term, which creates ambiguity for comparison. For the purpose of comparing operational efficiency of the banks, profitability is the most important indicator.

The banking industry of Bangladesh is a mixed one comprising nationalized, private and foreign commercial banks. Many efforts have been made to explain the performance of these banks. Understanding the performance of banks requires knowledge about the profitability and the relationships between variables like market size, bank’s risk and bank’s market size with profitability. Indeed, the performance evaluation of BFIs & NBFIs of Bangladesh is important today because of the severe competition. The banking industry is experiencing major transition for the last two decades. It is becoming an imperative for banks to endure the pressure coming from both domestic and external factors and prove to be profitable.

2. Literature Review

In 2007, (Sabi, Saleh, Zeitun, Samad and Hassan) have found in their study that –“The progress of commercial banking in Bangladesh is changing rapidly. Competition is getting harder and, therefore, banks need to enhance their competitiveness and efficiency by improving performance. Bank performance in general can be evaluated using financial ratios such as liquidity ratios, profitability ratios and others”.
In 1995, Avkiran has also found in his study that the financial performance of banks and other financial institutions has been measured using a combination of financial ratios analysis, benchmarking, measuring performance against budget or a mix of these methodologies. Simply stated much of the current bank performance literature describes the objective of financial organizations as that of earning acceptable returns and minimizing the risks taken to earn this return showed in their study that most previous studies concerning company performance evaluation focus merely on operational efficiency and operational effectiveness, which might directly influence the survival of a company. By using an innovative two-stage data envelopment analysis model in their study, the empirical result of this study is that a company with better efficiency does not always mean that it has better effectiveness.

In 2004, Elizabeth and Ellot have showed that all financial performance measure as interest margin, return on assets, and capital adequacy are positively correlated with customer service quality. Moreover, he added that banks in these economies are well capitalized and the banking sector is well developed with intense competition among the banks. Generally, the concept of efficiency can be regarded as the relationship between outputs of a system and the corresponding inputs used in their production. Within the financial efficiency literature, efficiency is treated as a relative measure, which reflects the deviations from maximum attainable output for a given level of input. However, there have been numerous studies analyzed the efficiency of financial intuitions.

In 1988 (Rangan and Grabowski) in their study they use data envelopment analysis to analyze technical efficiency in banking into pure technical and scale efficiency. Competition in the private banking sector has increased, mainly due to various internal factors such as the banks’ management policy, firm ownership structure, investment and expenditure policies and external factors such as political environment, technological advancement and deregulation policies). Such competition influences the growth and performance of these banks. A diligent measurement or monitoring of the financial performance of private banks can help to determine the banks’ potential capacity and prospects. This is vital for managerial and regulatory purposes as well. Bank regulators, depositors and managers have different needs and objectives. For example, shareholders are concerned about the financial stability of a bank since a financially unsound bank does not guarantee good returns. Return on Assets (ROA) is considered one of the most popular ratios used to measure financial performance in the banking industry, it shows the ability of management to acquire deposits at a reasonable cost and invest them in profitable investments.

Jahangir, Shill and Haque (2007) stated that the traditional measure of profitability through stockholder’s equity is quite different in banking industry from any other sector of business, where loan-to-deposit ratio works as a very good indicator of banks’ profitability as it depicts the status of asset-liability management of banks. But banks' risk is not only associated with this asset liability management but also related to growth opportunity. Smooth growth ensures higher future returns to holders and there lies the profitability which means not only current profits but future returns as well. So, market size and market concentration index along with return to equity and loan-to-deposit ratio grab the attention of analyzing the banks’ profitability.

Chowdhury (2002) have observed that the banking industry of Bangladesh is a mixed one comprising nationalized, private and foreign commercial banks. Many efforts have been made to explain the performance of these banks. Understanding the performance of banks requires knowledge about the profitability and the relationships between variables like market size, bank's
risk and bank’s market size with profitability. Indeed, the performance evaluation of commercial banks is especially important today because of the fierce competition. The banking industry is experiencing major transition for the last two decades. It is becoming imperative for banks to endure the pressure arising from both internal and external factors and prove to be profitable.

Al-Shamnari and Salirni (1998) find in their study that profitability ratio especially return on equity (ROE) signals the earning capability of the organization. They also suggest that higher return on equity (ROE) ratio is appreciable as it is the primary indicator of bank’s profitability and functional efficiency.

Bhatt & Ghosh (1992), perceived that the profitability of commercial banks depend on several factors some of them are endogenous and some exogenous. The endogenous factors represent control of expenditure, expansion of banking business, timely recovery of loans and productivity. The exogenous factors consist of direct investments such as SLR (Statutory Liquidity Ratio), CRR (Cash Reserve Ratio) and directed credit programs such as region wise, population wise guidelines on lending to priority sectors. The regulated and restricted regime in the operation of banking system in terms of investment, credit allocation, branch expansion, interest rate determination and internal management eroded the productivity and profitability of commercial banks.

Hossain and Bhuiyan (1990) found that there is no universally accepted operational definition of performance measures. In broad sense performance level of an enterprise can be measured by the extent of its organizational effectiveness. In the context of services rendered towards public the performance of an organization can be viewed as ‘the extent to which its work is carried out within established specifications for goods and services produced, to the general satisfaction of the clientele served, within given cost and time constraints, and in such a manner as to support or contribute to the achievement of the organization objectives. In measuring performance level of a bank used per employee, deposits, advances, profits, etc.

In 1999, (Seiford and Zhu) identified in their articles that “The measurement of bank performance particularly commercial banks is well researched and has received increased attention over the past years. It analysis is typically done to make sense of the massive amount of numbers presented in company financial statements. It helps evaluate the performance of a company, so that investors can decide whether to invest in that company. Here we are looking at the different ratio categories in separate articles on different aspects of performance such as profitability ratios, liquidity ratios, debt ratios, performance ratios, investment evaluation ratios.

James Clausen (2009), He have found in his study that the Profitability Ratio Analysis of Income Statement and Balance Sheet Ratio analysis of the income statement and balance sheet are used to measure company profit performance. He said the earn ratio analyses of the income statement and balance sheet. The income statement and balance sheet are two important reports that show the profit and net worth of the company. It analyses shows how the well the company is doing in terms of profits compared to sales. He also shows how well the assets are performing in terms of generating revenue. He defines the income statement shows the net profit of the company by subtracting expenses from gross profit (sales – cost of goods sold). Furthermore, the balance sheet lists the value of the assets, as well as liabilities. In simple terms, the main function of the balance sheet is to show the company’s net worth by subtracting liabilities from assets. He said that the balance sheet does not report profits, there’s an important relationship between assets and profit. The business owner normally has a lot of investment in the company’s assets.

Gopinathan Thachappilly (2009), in this articles him express about debt management. He mention that the Ratio of Debt to Equity has Implications for return on equity debt ratios check
the financial structure of the business by comparing debt against total capital, against total assets and against owners' funds. The ratios help check how "leveraged" a company is, and also the financial maneuverability of the company in difficult times. The concepts of leverage and other issues are examined below. One the one hand, use of debt funds can enhance returns to owners. On the other hand, high debt can mean that the company will find it difficult to raise funds during lean periods of business. He also realizes that about the long term debt to equity ratio of a Business. The ratio of these numbers tells a lot about the business. It is calculated by taking the debt owed by the company and divided by the owner’s equity, also known as capital. The debt number may include all liabilities, or just long term debt.

Jo Nelgadde (2010), debt collection and debt recovery tools a company guide to using debt solution tools for effective debt collection: credit insurance, a solicitor or debt attorney or a debt collection agency. Moreover, collection of accounts receivable, debt collection or debt recovery is an important source of a bank cash flow and business finance. As such, learning about credit management and debt recovery can prove vital for entrepreneurs.

Gopinathan Thachappilly (2009), he shows that the EPS is computed by dividing the company’s earnings for the period by the average number of shares outstanding during the period. He discuss that Stock analysts regularly estimate future EPS for listed companies and this estimate is one major factor that determines the share's price. Price/Earnings (PE) Ratio = Stock Price per Share / Earnings per Share (EPS). Hence, many investors prefer the Price/Sales ratio because the sales value is less prone to manipulation. This literature review help me to conduct my research report efficiently & effectively. Hence the present research is made on’ Financial Performance Comparison of Top Rated Banking Financial Institutions (BFIs) of Bangladesh. ’

3. Statement of the Problem

Competition between BFIs (Banking Financial Institution) is increased day by day. So now a day it is very hard to decide as an investor where to invest money. Banking Financial Institutions are very neck to neck competitors of each other and as an investor it is questionable that which banking institution should choose to get higher return. So this problem statement arise query for future banking investors that, is between BFIs of Bangladesh, which one is performing better.

4. Objectives of the Research

- To identify the major financial features affecting the profitability of 5 Top rated BFI’s of Bangladesh.
- To find out the key fundamental of Profitability of 5 BFI’s company
- To determine the most significant influencer variable on Profitability
- To know about the BFIs financial activities in Bangladesh

5. Research Design and Methodology

To gather information about financial performance of 5 Top Rated BFIs of Bangladesh and the comparative research, several steps and procedures have been followed in order to make my research more informative. The research covers a period of 5 (Five) financial and operational years from 2007 to 2011. Net profit, total deposit, total advances, total investment, reserve fund, etc. were selected to measure the performance. In this research the main analytical area is
financial performance and analytical tools are the various statistical techniques, profitability ratios and productivity ratios. To analyze the comparative research, various financial ratios have been calculated in order to show a comparison between 5(Five) Top Rated BFIs of Bangladesh. The computed results are represented graphically in the form of bar charts, pie charts, etc. This helps to give a clear visual of the comparisons between 5 BFIs. For each Banking Institution, I have given a comment for each ratio calculated. And finally the overall performances of 5(Five) banks have been evaluated. The main sources of data used in the research are annual reports, annual accounts and official records of 5 Top Rated Banks of Bangladesh. Certain measures have also been drawn, to improvise further the performances of these 5 Top Rated BFIs of Bangladesh.

5.1 Data Collection

Data has been collected from secondary sources based on empirical as well as theoretical analysis. So for this research I use all data and information from secondary sources. Main data for my research are the annual financial reports of 5 (Five) BFIs from 2007 to 2011. I have also used four main financial statements for ratio analysis of 5(Five) Top Rated BFIs such as; balance sheets, an income statement, cash flow statement; statement of shareholder’s equity.

5.2 Secondary Sources of Data Are Collected Through

- Websites
- Articles, News Papers etc.
- Annual Report of BFIs (Banking Financial Institution)
- Many Research Report on ratio analysis
- Annual Reports of NBFIs (Non-banking Financial Institution)
- Research books and journals.
- Bangladesh Banks Booklets, web-sites of different BFIs & NBFIs books are used

5.3 Sample Size

To compare the financial performance of Top Rated BFIs (Banking Financial Institution) of Bangladesh. I have chosen 5(Five) BFIs, such as Bank Asia, Eastern Bank, Southeast Bank, Dutch-Bangla Bank & Prime Bank as a sample for my research.

5.4 Statistical Application

I have used the Mathematical calculation for 5 (Five) BFIs of Bangladesh. I have got some figure from the income statement and balance sheet of 2007 to 2011 for 5 BFIs of Bangladesh. I have used scientific calculators for determine the result.

I have also used the graphical analysis for performance evaluation of both Institutions. The graphical analysis is an inexpensive, easy-to-learn program for producing, analyzing, and printing graphs. Here I used Microsoft excel for graph of 5(Five) Banking Financial Institution. I make different kinds of graph such as column graph, line graph, area graph, and bar graph. Then I compares the result of 5 (Five) BFI of Bangladesh about the liquidity position, asset management condition, debt coverage facilities and profitability, share equity position under the
ratio analysis. I also command which Banking Financial Institutions Performance is better than other Banking Financial Institutions and also discuss which Bank are in good position in the market. Finally, I can easily measurement the best one because I use different kinds of ratio and know the result, graphical analysis, so it will help me to compare financial performance of 5(five) BFIs of Bangladesh.

6. Data Analysis and Interpretation

6.1 Current Ratio

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>0.73</td>
<td>0.82</td>
<td>0.92</td>
<td>1.09</td>
<td>0.56</td>
</tr>
<tr>
<td>EBL</td>
<td>0.89</td>
<td>0.95</td>
<td>1.06</td>
<td>1.15</td>
<td>0.6</td>
</tr>
<tr>
<td>DBBL</td>
<td>0.62</td>
<td>0.45</td>
<td>0.58</td>
<td>0.87</td>
<td>0.54</td>
</tr>
<tr>
<td>Southeast</td>
<td>0.55</td>
<td>0.63</td>
<td>0.85</td>
<td>0.99</td>
<td>0.53</td>
</tr>
<tr>
<td>Prime</td>
<td>0.97</td>
<td>0.88</td>
<td>0.96</td>
<td>1.09</td>
<td>0.51</td>
</tr>
</tbody>
</table>

The Current Ratio of the selected 5(five) banks in the last 5 years are given in the following graph:

![Figure #1: Current Ratio](image)

Interpretation

From above, Current Ratios are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh. In the current ratio of Eastern Bank Limited (EBL) it is noticed that the current ratios from 2007-2011 are 0.89, 0.95, 1.06, 1.15 & 1.19 respectively. There was a normal trend of changes from 2007-2008 but there was an outstanding change in their current ratio in 2009, 2010, & 2011.

In the current ratio of Bank Asia Limited it is noticed that the current ratio from 2007-2011 are 0.73, 0.82, 0.92, 1.09 & 1.12 respectively. There was a normal trend of changes from 2007-2009 but there was an excellent change in the current ratio in 2010 & 2011.

In the current ratio of Southeast Bank Limited it is noticed that the current ratio from 2007-2011 are 0.55, 0.63, 0.85, 0.99 & 1.05 respectively. There was a normal trend of changes from 2007-2010 but there was an outstanding change in the current ratio in 2011.

In the current ratio of Prime Bank Limited it is noticed that the current ratio from 2007-2011 are 0.97, 0.88, 0.96, 1.09 & 1.02 respectively. There was a normal trend of change from 2007-2009 but there was an outstanding change in the current ratio in 2010 & 2011.
In the current ratio of Dutch-Bangla Bank Limited it is noticed that the current ratio from 2007-2011 are 0.62, 0.45, 0.58, 0.87 & 1.08 respectively. There was a normal movement of change from 2007-2010 but there was an outstanding change in the current ratio in 2011.

From the above graph, EBL current ratio was highest in 2007-11 than others bank. But in case of Prime Bank current ratio was highest in 2007-11 and lowest in 2008. In case of other three banks, Bank Asia current ratio was highest in 2008-2011 but very poor in 2007, then DBBL current ratio was highest in 2007,2010&2011 but lowest in 2008&2009. After that Southeast Bank current ratio was highest in 2008-2010 and lowest in 2007 &2011.

### 6.2 Credit Deposit Ratio (CDR)

#### Table #2: Credit Deposit Ratio (CDR)

<table>
<thead>
<tr>
<th>BANK NAME</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>94.84%</td>
<td>94.20%</td>
<td>91.67%</td>
<td>95.10%</td>
<td>43.53%</td>
</tr>
<tr>
<td>EBL</td>
<td>102.89%</td>
<td>95.40%</td>
<td>96.91%</td>
<td>103.87%</td>
<td>54.13%</td>
</tr>
<tr>
<td>DBBL</td>
<td>69.82%</td>
<td>80.85%</td>
<td>71.41%</td>
<td>81.28%</td>
<td>39.55%</td>
</tr>
<tr>
<td>Southeast</td>
<td>86.82%</td>
<td>87.73%</td>
<td>80.17%</td>
<td>85.82%</td>
<td>42.27%</td>
</tr>
<tr>
<td>Prime</td>
<td>82%</td>
<td>85.38%</td>
<td>83.45%</td>
<td>89.28%</td>
<td>43.61%</td>
</tr>
</tbody>
</table>

The CDR of the selected 5(five) banks in the last 5 years are given in the following graph

![Figure #2: Credit Deposit Ratio](image)

#### Interpretation

As above, Credit Deposit Ratios are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the credit deposit ratio of Eastern Bank Limited (EBL) it is noticed that the credit deposit ratios from 2007-2011 are 102.89%, 95.4%, 96.91, 103.87%, &108.26% respectively. There was a normal trend of change from 2008-2009 but there was an outstanding change in their credit deposit ratio in 2007, 2010, &2011.

In the credit deposit ratio of Bank Asia Limited it is noticed that the credit deposit ratios from 2007-2011 are 94.84%, 94.2%, 91.67%, 95.1% &87.06%respectively. There was a normal trend of change from 2007-2011 but there was an exceptional change in the credit deposit ratio in 2010.

In the credit deposit ratio of Southeast Bank Limited it is noticed that the credit deposit ratios from 2007-2011 are 86.82%, 87.73%, 80.17%, 85.82% &84.54% respectively. There was
a normal trend of change from 2009-2011 but there was an outstanding change in the credit deposit ratio in 2008 &2007.

In the credit deposit ratio of Prime Bank Limited it is noticed that the credit deposit ratios from 2007-2011 are 82%, 85.38%, 83.45%, 89.28%, & 87.23% respectively. There was a normal trend of change between 2007-2008 and 2009-2011 but there was an outstanding change in the credit deposit ratio in 2010.

In the credit deposit ratio of Dutch-Bangla Bank Limited it is noticed that the credit deposit ratios from 2007-2011 are 69.82%, 80.85%, 71.41%, 81.28% & 79.1% respectively. There was a normal movement of change from 2007-2011 but there was an outstanding change in the credit deposit ratio in 2010.

From the above graph, EBL credit deposit ratio was highest in 2007-11 than others bank. But in case of Bank Asia credit deposit ratio was highest in 2007-10 and lowest in 2011. In case of other three banks, Southeast bank credit deposit ratio was highest in 2008-2011 but very poor in 2007, then Prime Bank credit deposit ratio was highest in 2008,2010 & 2011 but lowest in 2007 & 2009. After that DBBL credit deposit ratio was highest in 2008 & 2010 compare with 2007, 2009 & 2011.

6.3 Cost of Fund (COF)

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>8.47%</td>
<td>9.84%</td>
<td>8.15%</td>
<td>8.01%</td>
<td>5.11%</td>
</tr>
<tr>
<td>EBL</td>
<td>7.64%</td>
<td>9.21%</td>
<td>7.09%</td>
<td>6.85%</td>
<td>4.32%</td>
</tr>
<tr>
<td>DBBL</td>
<td>8.44%</td>
<td>7.66%</td>
<td>6.53%</td>
<td>4.41%</td>
<td>4.94%</td>
</tr>
<tr>
<td>Southeast</td>
<td>9.40%</td>
<td>9.65%</td>
<td>9.16%</td>
<td>7.63%</td>
<td>5.79%</td>
</tr>
<tr>
<td>Prime</td>
<td>8.41%</td>
<td>8.55%</td>
<td>8.45%</td>
<td>6.39%</td>
<td>4.07%</td>
</tr>
</tbody>
</table>

The cost of collection of money of the selected 5 banks for the last 5 years are presented in the following chart –

![Figure #3: Cost of Fund (COF)](image)

Interpretation

As above, Cost of Fund (COF) is given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the cost of fund of Eastern Bank Limited (EBL) it is noticed that the Cost of Fund (COF) from 2007-2011 are 7.64%, 9.21%, 7.09%, 6.85% & 8.64% respectively. There was a normal trend of change from 2007-2011 but there was an outstanding change in their cost of fund in 2008.

In the Cost of Fund (COF) of Bank Asia Limited it is noticed that the cost of fund from 2007-2011 are 8.47%, 9.84%, 8.15%, 8.01% & 11.97% respectively. There was a normal trend of change from 2007-2010 but there was an exceptional change in the cost of fund in 2011.
In the Cost of Fund (COF) of Southeast Bank Limited it is noticed that the cost of fund from 2007-2011 are 9.4%, 9.65%, 9.16%, 7.63% & 9.58% respectively. There was a normal trend of change from 2007-2011.

In the Cost of Fund (COF) of Prime Bank Limited it is noticed that the cost of fund from 2007-2011 are 8.41%, 8.55%, 8.45%, 6.39% & 8.15% respectively. There was a normal trend of change between 2007-2009 and 2011 but there was a terrible change in the cost of fund in 2010.

In the Cost of Fund (COF) of Ditch-Bangla Bank Limited it is noticed that the cost of fund from 2007-2011 are 8.44%, 7.66%, 6.53%, 4.41% & 9.89% respectively. There was a normal movement of change between 2007-2009 but there was an outstanding change in the cost of fund in 2011.


6.4 Debt-Equity Ratio

<table>
<thead>
<tr>
<th>BANK NAME</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>10.79%</td>
<td>11.99%</td>
<td>10.15%</td>
<td>11.26%</td>
<td>3.32%</td>
</tr>
<tr>
<td>EBL</td>
<td>9.38%</td>
<td>12.43%</td>
<td>11.69%</td>
<td>15.95%</td>
<td>5.13%</td>
</tr>
<tr>
<td>DBBL</td>
<td>12.15%</td>
<td>12.75%</td>
<td>11.12%</td>
<td>9.60%</td>
<td>4.43%</td>
</tr>
<tr>
<td>Southeast</td>
<td>7.84%</td>
<td>8.19%</td>
<td>6.84%</td>
<td>5.48%</td>
<td>5.41%</td>
</tr>
<tr>
<td>Prime</td>
<td>7.00%</td>
<td>6.45%</td>
<td>10.39%</td>
<td>12.33%</td>
<td>5.29%</td>
</tr>
</tbody>
</table>

The Debt-Equity ratio of the selected 5 banks for the last 5 years are presented in the chart

**Figure #4: Debt – Equity Ratio**

**Interpretation**

As above, Debt-Equity Ratio is given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the Debt-Equity ratio of Eastern Bank Limited (EBL) it is noticed that the Debt-Equity ratio from 2007-2011 are 9.38%, 12.43%, 11.69%, 15.95% & 10.25% respectively. There was a normal trend of change from 2007, 2008, 2009 & 2011 but there was an outstanding change in their debt-equity ratio in 2010.
In the Debt-Equity ratio of Bank Asia Limited it is noticed that the debt-equity ratio from 2007-2011 are 10.79%, 11.99%, 10.15%, 11.26% & 6.64% respectively. There was a normal trend of change from 2007-2010 but there was a terrible change in the debt-equity ratio in 2011.

In the Debt-Equity ratio of Southeast Bank Limited it is noticed that the debt-equity ratio from 2007-2011 are 7.84% 8.19% 6.84% 5.48% 5.13% respectively. There was a normal trend of change from 2007-2011.

In the Debt-Equity ratio of Prime Bank Limited it is noticed that the debt-equity ratio from 2007-2011 are 7.00%, 6.45%, 10.39%, 12.33% & 10.58% respectively. There was a normal trend of change between 2007-2009 and 2011 but there was a remarkable change in the debt-equity ratio in 2010.

In the Debt-Equity ratio of Dutch-Bangla Bank Limited it is noticed that the debt-equity ratio from 2007-2011 are 12.15%, 12.75%, 11.12%, 9.60% & 8.86% respectively. There was a normal movement of change from 2010-2011 but there was an outstanding change in the debt-equity ratio in 2007, 2008 & 2009.

From the above graph, Prime Bank debt-equity ratio was Lowest in 2007-11 than others bank. Then SEBL Debt-Equity ratio was lowest in 5 years than other three banks. In case of other three banks, DBBL Debt-Equity ratio was lowest in 2010-2011 but very high in 2007-2009, then Bank Asia Debt-Equity ratio was lowest in 2011 but highest in 2007-2010. After That EBL Debt-Equity ratio was lowest in 2007 compare with 2008, 2009, 2010 & 2011.

6.5 Interest Coverage Ratio

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>0.58</td>
<td>0.51</td>
<td>0.59</td>
<td>0.78</td>
<td>0.25</td>
</tr>
<tr>
<td>EBL</td>
<td>0.74</td>
<td>0.65</td>
<td>0.74</td>
<td>1.09</td>
<td>0.43</td>
</tr>
<tr>
<td>DBBL</td>
<td>0.35</td>
<td>0.53</td>
<td>0.65</td>
<td>0.82</td>
<td>0.53</td>
</tr>
<tr>
<td>Southeast</td>
<td>0.61</td>
<td>0.48</td>
<td>0.58</td>
<td>0.89</td>
<td>0.52</td>
</tr>
<tr>
<td>Prime</td>
<td>1.46</td>
<td>1.37</td>
<td>1.56</td>
<td>1.74</td>
<td>0.79</td>
</tr>
</tbody>
</table>

The Debt-Equity ratio of the selected 5 banks for the last 5 years are presented in the following chart

Figure #5: Interest Coverage Ratio

Interpretation

As above, Interest Coverage Ratio is given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the Interest Coverage Ratio of Eastern Bank Limited (EBL) it is noticed that the Interest Coverage Ratio from 2007-2011 are 0.74, 0.65, 0.74, 1.09 & 0.85 respectively. There was a
normal trend of change from 2007-2011 but there was an outstanding change in their Interest Coverage Ratio in 2010.

In the Interest Coverage Ratio of Bank Asia Limited it is noticed that the Interest Coverage Ratio from 2007-2011 are 0.58, 0.51, 0.59, 0.78, 0.49 respectively. There was a normal trend of changes from 2007-2011.

In the Interest Coverage Ratio of Southeast Bank Limited it is noticed that the Interest Coverage Ratio from 2007-2011 are 0.61, 0.48, 0.58, 0.89 & 0.52 respectively. There was a normal trend of change from 2007-2011.

In the Interest Coverage Ratio of Prime Bank Limited it is noticed that the Interest Coverage Ratio from 2007-2011 are 1.46, 1.37, 1.56, 1.74 & 1.58 respectively. There was an outstanding change from 2007-2011.

In the Interest Coverage Ratio of Dutch-Bangla Bank Limited it is noticed that the Interest Coverage Ratio from 2007-2011 are 0.35, 0.53, 0.65, 0.82 & 1.05 respectively. There was a normal movement of change between 2007-2010 but there was a remarkable change in the Interest Coverage Ratio in 2011.


6.6 The Return on Assets

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>3.55%</td>
<td>1.50%</td>
<td>2.18%</td>
<td>2.30%</td>
<td>86.00%</td>
</tr>
<tr>
<td>EBL</td>
<td>1.10%</td>
<td>1.68%</td>
<td>2.34%</td>
<td>3.19%</td>
<td>1.26%</td>
</tr>
<tr>
<td>DBBL</td>
<td>1.01%</td>
<td>1.49%</td>
<td>1.60%</td>
<td>2.20%</td>
<td>0.96%</td>
</tr>
<tr>
<td>Southeast</td>
<td>1.90%</td>
<td>1.09%</td>
<td>1.66%</td>
<td>2.26%</td>
<td>0.76%</td>
</tr>
<tr>
<td>Prime</td>
<td>1.19%</td>
<td>1.30%</td>
<td>2.37%</td>
<td>2.16%</td>
<td>1.40%</td>
</tr>
</tbody>
</table>

The ROA of the selected banks are as follows –

Figure #6: Return on Assets (ROA)
Interpretation
As above, returns on assets are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the return on assets of Eastern Bank Limited (EBL) it is noticed that the return on assets (ROA) from 2007-2011 are 1.1%, 1.68%, 2.34%, 3.19% & 2.52% respectively. There was a normal trend of change from 2007-2009 but there was an outstanding change in their returns on assets in 2010 &2011.

In the return on assets of Bank Asia Limited it is noticed that the credit deposit ratios from 2007-2011 are 3.55%, 1.5%, 2.18%, 2.3% &1.72% respectively. There was a normal trend of change from 2008-2011 but there was an exceptional change in the returns on assets in 2007.

In the return on assets of Southeast Bank Limited it is noticed that the return on assets from 2007-2011 are 1.9%, 1.09%, 1.66%, 2.26% & 1.32% respectively. There was a normal trend of change between2009-2011 but there was an outstanding change in the returns on assets in 2010.

In the return on assets of Prime Bank Limited it is noticed that the return on assets from 2007-2011 are 1.19%, 1.3%, 2.37%, 2.16% & 2.07% respectively. There was a normal trend of change between 2007-2011 and 2009-2011 but there was an outstanding change in the returns on assets in 2009.

In the return on assets of Dutch-Bangla Bank Limited it is noticed that the return on assets from 2007-2011 1.01%, 1.49%, 1.6%, 2.2% & 1.92% respectively. There was a normal movement of change between2007-2011 but there was an outstanding change in the returns on assets in 2010.

From the above graph, EBL return on assets (ROA) was highest in 2007-11 than others bank. But in case of Prime Bank return on assets (ROA) was highest in 2007-10 and lowest in 2011. In case of other three banks, DBBL return on assets (ROA) was highest in 2008-2011 but very poor in 2007, then Bank Asia return on assets (ROA) was highest in 2008,2010&2011 but lowest in 2007&2009. After that Southeast return on assets (ROA) was highest in 2008 &2010 compare with 2007, 2009 &2011.

6.7Return on Equity (ROE)

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>25.60%</td>
<td>23.00%</td>
<td>32.03%</td>
<td>32.12%</td>
<td>9.81%</td>
</tr>
<tr>
<td>EBL</td>
<td>11.93%</td>
<td>18.64%</td>
<td>22.10%</td>
<td>23.64%</td>
<td>9.52%</td>
</tr>
<tr>
<td>DBBL</td>
<td>24.02%</td>
<td>29.58%</td>
<td>30.28%</td>
<td>35.30%</td>
<td>13.50%</td>
</tr>
<tr>
<td>Southeast</td>
<td>19.90%</td>
<td>12.06%</td>
<td>16.51%</td>
<td>19.41%</td>
<td>7.24%</td>
</tr>
<tr>
<td>Prime</td>
<td>30.68%</td>
<td>20.58%</td>
<td>30.19%</td>
<td>21.06%</td>
<td>10.16%</td>
</tr>
</tbody>
</table>

The ROE of the banks are presented in the following chart –
Interpretation
As above, return on equity (ROE) is given for the period of 2007-11 for 5 selected commercial bank of Bangladesh. In the return on equity (ROE) of Eastern Bank Limited (EBL) it is noticed that the return on equity from 2007-2011 are 11.93%, 18.64%, 22.10%, 23.64% & 19.03% respectively. There was a normal trend of change between 2007-2009 & 2011 but there was an outstanding change in their return on equity in 2010.

In the return on equity of Bank Asia Limited it is noticed that the return on equity from 2007-2011 are 25.60%, 23.0%, 32.03%, 32.12% & 19.61% respectively. There was a normal trend of change between 2007, 2008 & 2011 but there was an outstanding change in the return on equity in 2009 & 2010.

In the return on equity of Southeast Bank Limited it is noticed that the return on equity from 2007-2011 are 19.90%, 12.06%, 16.51%, 19.41% & 10.47% respectively. There was a normal trend of change between2008, 2009 &2011 but there was an outstanding change in the return on equity in 2007 & 2010.

In the return on equity of Prime Bank Limited it is noticed that the return on equity from 2007-2011 are 30.68%, 20.58%, 30.19%, 21.06% & 20.32% respectively. There was a normal trend of change between 2008, 2009 & 2011 but there was a remarkable change in the return on equity in 2007 & 2009.

In the return on equity of Dutch-Bangla Bank Limited it is noticed that the return on equity from 2007-2011 are 24.02%, 29.58%, 30.28%, 35.30% & 27.0% respectively. There was a normal movement of change between 2007-2011 but there was an outstanding change in the return on equity in 2010.


6.8 Net Income (NI) Ratio

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>14.63%</td>
<td>10.36%</td>
<td>15.38%</td>
<td>15.96%</td>
<td>6.48%</td>
</tr>
<tr>
<td>EBL</td>
<td>14.85%</td>
<td>21.54%</td>
<td>31.43%</td>
<td>37.53%</td>
<td>16.17%</td>
</tr>
<tr>
<td>DBBL</td>
<td>7.53%</td>
<td>11.28%</td>
<td>12.76%</td>
<td>18.88%</td>
<td>7.63%</td>
</tr>
</tbody>
</table>
This ratio for the selected banks in the last 5 years is as follows

<table>
<thead>
<tr>
<th>Bank</th>
<th>2007 (%)</th>
<th>2008 (%)</th>
<th>2009 (%)</th>
<th>2010 (%)</th>
<th>2011 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast</td>
<td>14.11%</td>
<td>8.66%</td>
<td>13.94%</td>
<td>17.18%</td>
<td>9.98%</td>
</tr>
<tr>
<td>Prime</td>
<td>13.89%</td>
<td>9.55%</td>
<td>16.74%</td>
<td>20.21%</td>
<td>5.56%</td>
</tr>
</tbody>
</table>

Interpretation
As above, Net Income Ratios are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the net income ratio of Eastern Bank Limited (EBL) it is noticed that the net income ratios from 2007-2011 are 14.85%, 21.54%, 31.43%, 37.53% & 32.35% respectively. There was a normal trend of change from 2007-2008 but there was an outstanding change in their net income ratio in 2009, 2010 & 2011.

In the net income ratio of Bank Asia Limited it is noticed that the net income ratio from 2007-2011 are 14.63%, 10.36%, 15.38%, 15.96% & 12.96% respectively. There was a normal trend of change between 2007, 2008 & 2011 but there was an exceptional change in the net income ratio in 2009 & 2010.

In the net income ratio of Southeast Bank Limited it is noticed that the net income ratio from 2007-2011 are 14.11%, 8.66%, 13.94%, 17.18% & 19.97% respectively. There was a normal trend of change from 2007-2011 but there was an unpaid change in the net income ratio in 2008.

In the net income ratio of Prime Bank Limited it is noticed that the net income ratio from 2007-2011 are 13.89%, 9.55%, 16.74%, 20.21% & 11.12% respectively. There was a normal trend of change between 2007, 2009 and 2011 but there was an outstanding change in the net income ratio in 2010.

In the net income ratio of Dutch-Bangla Bank Limited it is noticed that the net income ratio from 2007-2011 are 7.53%, 11.28%, 12.76%, 18.88% & 15.27% respectively. There was a normal movement of change from 2008, 2009 & 2010 but there was an exceptional change in the net income ratio in 2010.

6.9 Earnings per Share (EPS)

Table #9: Earnings per Share (EPS)

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>47.3</td>
<td>39.38</td>
<td>61.88</td>
<td>63.26</td>
<td>18.25</td>
</tr>
<tr>
<td>EBL</td>
<td>40.5</td>
<td>34.53</td>
<td>58.53</td>
<td>53.6</td>
<td>27.85</td>
</tr>
<tr>
<td>DBBL</td>
<td>237.37</td>
<td>82.17</td>
<td>75.85</td>
<td>100.12</td>
<td>53.54</td>
</tr>
<tr>
<td>Southeast</td>
<td>42.8</td>
<td>31.1</td>
<td>32.4</td>
<td>37.7</td>
<td>37.54</td>
</tr>
<tr>
<td>Prime</td>
<td>61.57</td>
<td>43.32</td>
<td>78.33</td>
<td>56.9</td>
<td>23.5</td>
</tr>
</tbody>
</table>

The EPS of the banks in the last 5 years are as follows

![Earning per share (EPS) Ratio](chart.png)

**Figure #9: Earning per share (EPS) Ratio**

**Interpretation**

As above, Earning per Share (EPS) are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the earning per Share (EPS) of Eastern Bank Limited (EBL) it is noticed that the earning per Share ratios from 2007-2011 are 40.5, 3, 34.53, 58.53, 53.6 & 55.7 respectively. There was a normal trend of change from 2007-2008 but there was an outstanding change in their earning per Share ratio in 2009, 2010, & 2011.

In the earning per Share of Bank Asia Limited it is noticed that the earning per Share from 2007-2011 are 47.3, 39.38, 61.88, 63.26 & 36.5 respectively. There was a normal trend of change between 2007-2008 but there was a brilliant change in the earning per Share in 2009, 2010 & 2011.

In the earning per Share of Bank Asia Limited it is noticed that the earning per Share from 2007-2011 are 42.8, 31.1, 32.4, 37.7 &23.3 respectively. There was a normal trend of change between2008-2011 but there was an outstanding change in the earning per Share in 2007.

In the earning per Share of Dutch-Bangla Bank Limited it is noticed that the earning per Share from 2007-2011 are 237.37, 82.17, 75.85, 100.12 & 107.07 respectively. There was a
normal movement of change between 2008-2011 but there was an outstanding change in the earning per Share in 2007.

From the above graph, DBBL earning per Share was highest in 2007-11 than others bank. But in case of EBL earning per Share was highest in 2007-10 and lowest in 2011. In case of other three banks, Prime Bank earnings per Share was highest in 2008-2011 but very poor in 2007, then Bank Asia earning per Share was highest in 2008, 2010 & 2011 but lowest in 2007 & 2009. After that Southeast Bank earnings per Share was highest in 2008 & 2010 compare with 2007, 2009 & 2011.

6.10 Price-Earning (P/E) Ratio

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>11.03</td>
<td>9.73</td>
<td>6.9</td>
<td>13.34</td>
<td>5.24</td>
</tr>
<tr>
<td>EBL</td>
<td>26.44</td>
<td>10.24</td>
<td>12.89</td>
<td>24.16</td>
<td>5.91</td>
</tr>
<tr>
<td>DBBL</td>
<td>28.5</td>
<td>52.47</td>
<td>25.81</td>
<td>22.9</td>
<td>7.48</td>
</tr>
<tr>
<td>Southeast</td>
<td>10.7</td>
<td>10.22</td>
<td>6.09</td>
<td>13.28</td>
<td>8</td>
</tr>
<tr>
<td>Prime</td>
<td>15</td>
<td>12.46</td>
<td>8.34</td>
<td>16.6</td>
<td>4.73</td>
</tr>
</tbody>
</table>

This ratio for the selected banks in the last 5 years is as follows

![Figure #10: Price-Earning (P/E) Ratio](image)

**Interpretation**

As above, Price-Earning (P/E) Ratio is given for the period of 2007-11 for 5 selected commercial bank of Bangladesh. In the price-earning (P/E) Ratio of Eastern Bank Limited (EBL) it is noticed that the price-earning (P/E) Ratio from 2007-2011 are 26.44%, 10.24%, 12.89%, 24.16% & 11.82% respectively. There was a normal trend of change between 2008, 2009 & 2011 but there was an outstanding change in their price-earning (P/E) Ratio in 2007 & 2010.

In the price-earning (P/E) Ratio of Bank Asia Limited it is noticed that the price-earning (P/E) Ratio from 2007-2011 are 11.03%, 9.73%, 6.90%, 13.34% & 10.48% respectively. There was a normal trend of changes between years 2008-2009 but there was an exceptional change in the price-earning (P/E) Ratio in 2007, 2010 & 2011.
In the price-earning (P/E) Ratio of Southeast Bank Limited it is noticed that the price-earning (P/E) Ratio from 2007-2011 are 10.70%, 10.22%, 6.09%, 13.28% & 16.00% respectively. There was a normal trend of change between 2007-2010 but there was an outstanding change in the price-earning (P/E) Ratio in 2011.

In the price-earning (P/E) Ratio of Prime Bank Limited it is noticed that the price-earning (P/E) Ratio from 2007-2011 are 15.00%, 12.46%, 8.34%, 16.60% & 9.47% respectively. There was a normal trend of change between 2008, 2009 & 2011 but there was an outstanding change in the price-earning (P/E) Ratio in 2007 & 2010.

In the price-earning (P/E) Ratio of Dutch-Bangla Bank Limited it is noticed that the price-earning (P/E) Ratio from 2007-2011 are 28.50%, 52.47%, 25.81%, 22.90% & 14.97% respectively. There was a normal movement of change between 2007-2011 but there was an outstanding change in the price-earning (P/E) Ratio in 2008. From the above graph, DBBL price-earning (P/E) Ratio was highest in 2007-11 than others bank. But in case of EDL price-earning (P/E) Ratio was highest in 2007-10 and lowest in 2011. In case of other three banks, Southeast bank price-earning (P/E) was highest in 2008-2011 but very poor in 2007, then Bank Asia price-earning (P/E) was highest in 2008,2010 & 2011 but lowest in 2007 & 2009. After that Prime Bank price-earning (P/E) Ratio was highest in 2008 & 2010 compare with 2007, 2009 & 2011.

### 6.11 Ratio of Non – Performing Loan (Classified Loan) against Total Loan

**Table #11: Non-Performing Loan against Total Loan**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>2.44%</td>
<td>2.68%</td>
<td>1.56%</td>
<td>1.62%</td>
<td>1.36%</td>
</tr>
<tr>
<td>EBL</td>
<td>4.31%</td>
<td>3.30%</td>
<td>2.46%</td>
<td>1.99%</td>
<td>0.96%</td>
</tr>
<tr>
<td>DBBL</td>
<td>3.26%</td>
<td>3.22%</td>
<td>2.46%</td>
<td>2.46%</td>
<td>1.37%</td>
</tr>
<tr>
<td>Southeast</td>
<td>3.77%</td>
<td>4.12%</td>
<td>3.73%</td>
<td>4.26%</td>
<td>1.75%</td>
</tr>
<tr>
<td>Prime</td>
<td>1.35%</td>
<td>1.76%</td>
<td>1.29%</td>
<td>1.23%</td>
<td>0.68%</td>
</tr>
</tbody>
</table>

This ratio for the selected banks in the last 5 years is as follows
Interpretation
As above, Classified loan against Total loan are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the classified loan against total loan of Eastern Bank Limited (EBL) it is noticed that the classified loan against total loan ratios from 2007-2011 are 4.31%, 3.30%, 2.46%, 1.99% & 1.91% respectively. There was a normal trend of change from 2008-2011 but there was an outstanding change in their classified loan against total loan ratio in 2007.

In the classified loan against total loan ratio of Bank Asia Limited it is noticed that the classified loan against total loan ratios from 2007-2011 are 2.44%, 2.68%, 1.56%, 1.62% & 2.72% respectively. There was a normal trend of change between years 2008-2011 but there was an exceptional change in the classified loan against total loan ratio in 2007 & 2009.

In the classified loan against total loan ratio of Southeast Bank Limited it is noticed that the classified loan against total loan ratios from 2007-2011 are 3.77%, 4.12%, 3.73%, 4.26% & 3.51% respectively. There was a normal trend of change in 2007, 2009 & 2011 but there was an outstanding change in the classified loan against total loan ratio in 2007 &2010.

In the classified loan against total loan ratio of Prime Bank Limited it is noticed that the classified loan against total loan ratios from 2007-2011 are 1.35%, 1.76%, 1.29%, 1.23% & 1.37% respectively. There was a normal trend of change between years 2007-2011 but there was an outstanding change in the classified loan against total loan ratio in 2008.

In the classified loan against total loan ratio of Dutch-Bangla Bank Limited it is noticed that the classified loan against total loan ratios from 2007-2011 are 3.26%, 3.22%, 2.46%, 2.46% & 2.75% respectively. There was a normal movement of change between years 2009-2011 but there was an outstanding change in the classified loan against total loan ratio in 2007 & 2008.

From the above graph, Southeast Bank classified loan against total loan was highest in 2007-11 than others bank. But in case of DBBL classified loan against total loan ratio was highest in 2007-10 and lowest in 2011. In case of other three banks, EBL classified loan against total loan ratio was highest in 2008-2011 but very poor in 2007, then Bank Asia classified loan against total loan ratio was highest in 2008,2010 &2011 but lowest in 2007&2009. After that Prime Bank classified loan against total loan ratio was highest in 2008 &2010 compare with 2007, 2009 & 2011.

### 6.12 Capital Adequacy Ratio

**Table #12: Capital Adequacy Ratio**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on 30-06-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>11.07%</td>
<td>11.24%</td>
<td>12.27%</td>
<td>8.11%</td>
<td>7.44%</td>
</tr>
<tr>
<td>EBL</td>
<td>13.53%</td>
<td>12.71%</td>
<td>16.84%</td>
<td>10.81%</td>
<td>5.38%</td>
</tr>
<tr>
<td>DBBL</td>
<td>11.76%</td>
<td>10.96%</td>
<td>11.59%</td>
<td>9.60%</td>
<td>5.06%</td>
</tr>
<tr>
<td>Southeast</td>
<td>13.00%</td>
<td>11.12%</td>
<td>11.72%</td>
<td>11.25%</td>
<td>5.73%</td>
</tr>
<tr>
<td>Prime</td>
<td>11.50%</td>
<td>10.88%</td>
<td>14.71%</td>
<td>11.69%</td>
<td>6.24%</td>
</tr>
</tbody>
</table>

This ratio for the selected banks in the last 5 years is as follows –
Interpretation
As above Capital Adequacy Ratio are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the capital adequacy ratio of Eastern Bank Limited (EBL) it is noticed that the capital adequacy ratio from 2007-2011 are 13.53%, 12.71%, 16.84%, 10.81% & 10.77% respectively. There was a normal trend of change between 2007-2011 but there was an outstanding change in their the capital adequacy ratio in 2009.

In the capital adequacy ratio of Bank Asia Limited it is noticed that the capital adequacy ratio from 2007-2011 are 11.07%, 11.24%, 12.27%, 8.11% & 14.88% respectively. There was a normal trend of change between years 2007-2010 but there was an exceptional change in the capital adequacy ratio in 2011.

In the capital adequacy ratio of Southeast Bank Limited it is noticed that the capital adequacy ratio from 2007-2011 are 13.00%, 11.12% , 11.72%, 11.25% & 11.46% respectively. There was a normal trend of change between2009-2011 but there was an outstanding change in the capital adequacy ratio in 2007.

In the capital adequacy ratio of Prime Bank Limited it is noticed that the capital adequacy ratio from 2007-2011 are 11.50%, 10.88% , 14.71%, 11.69% & 12.49% respectively. There was a normal trend of change between 2007-2008 and 2010-2011 but there was a outstanding change in the capital adequacy ratio in 2009.

In the capital adequacy ratio of Dutch-Bangla Bank Limited it is noticed that the capital adequacy ratio from 2007-2011 are 11.76%, 10.96%, 11.59%, 9.60% & 11.20% respectively. There was a normal movement of change between2007-2011 but there was an outstanding change in the capital adequacy ratio in 2007.

From the above graph, Prime Bank capital adequacy ratio was highest in 2007-11than others bank. But in case of Bank Asia capital adequacy ratio was highest in 2007-10 and lowest in 2011. In case of other three banks, EBL credit deposit ratio was highest in 2008-2011 but very poor in 2007, then Southeast Bank capital adequacy ratio was highest in 2008,2010&2011 but lowest in 2007&2009. After that DBBL capital adequacy ratio was highest in 2008 &2010 compare with 2007, 2009 &2011.

6.13 Total Assets Turnover

Table #13: Total Assets Turnover

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 as on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southeast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DBBL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prime</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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This ratio for the selected banks in the last 5 years is as follows –

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Asia</td>
<td>0.13</td>
<td>0.12</td>
<td>0.15</td>
<td>0.11</td>
<td>0.08</td>
</tr>
<tr>
<td>EBL</td>
<td>0.071</td>
<td>0.068</td>
<td>0.095</td>
<td>0.087</td>
<td>0.125</td>
</tr>
<tr>
<td>DBBL</td>
<td>0.12</td>
<td>0.15</td>
<td>0.1</td>
<td>0.14</td>
<td>0.1</td>
</tr>
<tr>
<td>Southeast</td>
<td>0.14</td>
<td>0.13</td>
<td>0.24</td>
<td>0.18</td>
<td>0.09</td>
</tr>
<tr>
<td>Prime</td>
<td>0.15</td>
<td>0.17</td>
<td>0.19</td>
<td>0.21</td>
<td>0.125</td>
</tr>
</tbody>
</table>

Table: Total Assets Turnover Ratio

**Figure #13: Total Assets Turnover Ratio**

**Interpretation**

As above Total Assets Turnover Ratio are given for the period of 2007-11 for 5 selected commercial bank of Bangladesh.

In the total assets turnover ratio of Eastern Bank Limited (EBL) it is noticed that the total assets turnover ratio from 2007-2011 are 0.071, 0.068, 0.095, 0.087 & 0.25 respectively. There was a normal trend of change in 2007-2011 but there was an exceptional change in their total assets turnover ratio in 2011.

In the total assets turnover ratio of Bank Asia Limited it is noticed that the total assets turnover ratio from 2007-2011 are 0.13, 0.12, 0.15, 0.11 & 0.16 respectively. There was a normal trend of change between years 2007-2010 but there was a terrible change in the total assets turnover ratio in 2010.

In the total assets turnover ratio of Southeast Bank Limited it is noticed that the total assets turnover ratio from 2007-2011 are 0.14, 0.13, 0.24, 0.18 & 0.16 respectively. There was a normal trend of change between2007-2011 but there was an outstanding change in the total assets turnover ratio in 2009.

In the total assets turnover ratio of Prime Bank Limited it is noticed that the total assets turnover ratio from 2007-2011 are 0.15, 0.17, 0.19, 0.21 & 0.25 respectively. There was a normal trend of change between 2007-2008 and 2009-2010 but there was an outstanding change in the total assets turnover ratio in 2011.

In the total assets turnover ratio of Dutch-Bangla Bank Limited it is noticed that the total assets turnover ratio from 2007-2011 are 0.12, 0.15, 0.10, 0.14 & 0.2 respectively. There was a normal movement of change between2007-2011 but there was an outstanding change in the total assets turnover ratio in 2011.

From the above graph, Prime Bank total assets turnover ratio was highest in 2007-11 than others bank. But in case of Southeast total assets turnover ratio was highest in 2009-11 and lowest in 2007 & 2008. In case of other three banks, DBBL total assets turnover ratio was highest in 2008, 2010 & 2011 but very poor in 2007, then Bank Asia total assets turnover ratio was highest in 2009 &2011 but lowest in 2002, 2008 & 2010. After that EBL total assets turnover ratio was highest in 2011 compare with 2007, 2008, 2009 & 2010.
7. Findings

- I have found that EBL 5 year Current Ratios Growth is highest compared to other Banks. Prime Bank trend was below that of EBL but it performed better compared to DBBL, Southeast & Bank Asia. Then Bank Asia has better current ratio compared to other two banks. From those 5 banks DBBL perform average in 5 years. But Southeast Bank performs below average in 5 years.
- After analyzing & comparing Current Ratios of 5 Selected top rated commercial banks in Bangladesh, I have rank their current ratio performance position, EBL is number one position with highest Current Ratios, Prime Bank is at number two position, Bank Asia is at number three position, DBBL is at number four position and Southeast Bank is at number five position. This end result shows that EBL has better ability to satisfy its short-term obligation than compared to Bank Asia, Southeast, and Prime & DBBL.
- I have found that EBL 5 year CDR Growth is highest compared to other Banks Bank Asia trend was below that of EBL but it performed better compared to DBBL, Southeast & Prime Bank. Then Southeast bank has better credit deposit ration compared to other two banks. From those 5 banks Prime Bank perform average in 5 years. But DBBL perform below average in 5 years.
- By analyzing & comparing Credit Deposit Ratio(CDR) of 5 Selected top rated commercial banks in Bangladesh, I have rank their CDR performance position, EBL is number one position with highest CDR, Bank Asia is at number two position, Southeast is at number three position, Prime is at number four position and DBBL is at number five position. For this segment of analysis provided the banks with higher percentage in every year, as the higher percentage dictates higher efficiency in using money. This end result shows that EBL has created more loan assets from its deposits as compared to Bank Asia, Southeast, Prime & DBBL.
- From the above mentioned figure I have found that Bank Asia 5 year (COF) Growth is highest compared to other Banks. DBBL trend was below that of DBBL but it performed better compared to EBL, Southeast & Prime Bank. Then Southeast bank has better credit deposit ration compared to other two banks. From those 5 banks EBL perform average in 5 years. But Prime Bank performs below average in 5 years.
- By analyzing & comparing Cost of Fund (COF) of 5 Selected top rated commercial banks in Bangladesh, I have rank their COF performance position, Bank Asia is number one position with highest (COF), DBBL is at number two position, Southeast is at number three position, EBL is at number four position and Prime is at number five position.
- From the above mentioned figure I have found that Prime Bank 5 year Debt-Equity ratio Growth is lowest compared to other Banks. Southeast Bank trend was below that of Prime Bank but it performed better compared to DBBL, Bank Asia & EBL. Then DBBL has better Debt-Equity ratio compared to other two banks. From those 5 banks Bank Asia perform average in 5 years. But EBL perform below average in 5 years.
- By analyzing & comparing Debt-Equity ratio of 5 Selected top rated commercial banks in Bangladesh, I have ranked their Debt-Equity ratio performance position, Prime Bank is number one position with lowest Debt-Equity ratio, Southeast Bank is at number two position, DBBL is at number three position, Bank Asia is at number four position and EBL is at number five position. For this segment of analysis provided the banks with higher percentage in every year, as the higher percentage dictates more risk in using capital. This end result shows that Prime Bank has created less risk from its capital as compared to Bank Asia, Southeast, EBL and DBBL.
From the above mentioned figure I have found that Prime Bank 5 year Interest Coverage Ratio Growth is highest compared to other Banks. EBL trend was below that of Prime Bank but it performed better compared to DBBL, Southeast & Bank Asia. Then DBBL has better Interest Coverage Ratio compared to other two banks. From those 5 banks Southeast Bank perform average in 5 years. But Bank Asia performs below average in 5 years.

By analyzing & comparing Interest Coverage Ratio of 5 Selected top rated commercial banks in Bangladesh, I have ranked their Interest Coverage Ratio performance position, Prime Bank is number one position with highest Interest Coverage Ratio, EBL is at number two position, DBBL is at number three position, Southeast Bank is at number four position and Bank Asia is at number five position. For this segment of analysis provided the banks with higher percentage in every year, as the higher percentage dictates higher efficiency to pay payback (or cover) banks annual interest expenses out of earnings before interest and taxes (EBIT). This end result shows that Prime Bank is more efficient to cover their interest expense as compared to Bank Asia, Southeast, EBL & DBBL.

I have found that DBBL 5 year Return on equity (ROE) Growth is highest compared to other Banks Prime trend was below that of DBBL but it performed better compared to Bank Asia, Southeast & EBL. Then Bank Asia has better return on equity compared to other two banks. From those 5 banks EBL perform average in 5 years. But Southeast Bank performs below average in 5 years.

By analyzing & comparing Return on equity (ROE)) of 5 Selected top rated commercial banks in Bangladesh, I have rank their ROE performance position, DBBL is number one position with highest ROE, Prime is at number two position, Bank Asia is at number three position, EBL is at number four position and Southeast Bank is at number five position. This end result shows that DBBL is less risky for investment and increase net worth, value of the share and reputation than Bank Asia, Southeast, and Prime & DBBL.

From the above mentioned figure I have found that EBL 5 year Net Income Ratio Growth is highest compared to other Banks Bank Asia trend was below that of EBL but it performed better compared to DBBL, Southeast & Prime Bank. Then Southeast bank has better net income ratio compared to other two banks. From those 5 banks Prime Bank perform average in 5 years. But DBBL perform below average in 5 years.

By analyzing & comparing net income ratio of 5 Selected top rated commercial banks in Bangladesh, I have rank their net income ratio performance position, EBL is number one position with highest net income ratio, Bank Asia is at number two position, Southeast is at number three position, Prime is at number four position and DBBL is at number five position. This end result shows that EBL has created more loan assets from its deposits as compared to Bank Asia, Southeast, and Prime & DBBL. Also For this ratio higher score will be provided to the organization with higher percentage as higher percentage means higher efficiency of the organization.

From the above mentioned figure I have found that EBL 5 year return on assets (ROA) growth is highest compared to other Banks. Prime Bank trend was below that of Prime Bank but it performed better compared to DBBL, Southeast & Bank Asia. Then DBBL has better return on assets (ROA) compared to other two banks. From those 5 banks Bank Asia perform average in 5 years. But Southeast Bank performs below average in 5 years.

By analyzing & comparing return on assets (ROA) of 5 Selected top rated commercial banks in Bangladesh, I have rank their return on assets (ROA) performance position, EBL is number one position with highest return on assets (ROA), Prime Bank is at number two position, DBBL is at
number three position, Bank Asia is at number four position and Southeast is at number five position. This end result shows that EBL is most efficiently utilize their assets performance as compared to Bank Asia, Southeast, and Prime & DBBL.

- I have found that DBBL 5 year Earnings per Share (EPS) Growth is highest compared to other Banks EBL trend was below that of DBBL but it performed better compared to Bank Asia, Southeast & Prime Bank. Then Prime Bank has better earning per Share compared to other two banks. From those 5 banks Bank Asia perform average in 5 years. But Southeast Bank performs below average in 5 years.

- By analyzing & comparing earning per Share of 5 Selected top rated commercial banks in Bangladesh, I have rank their EPS performance position, DBBL is number one position with highest EPS, EBL is at number two position, Prime Bank is at number three position, Bank Asia is at number four position and Southeast Bank is at number five position.

- I have found that DBBL 5 year Price-Earning (P/E) Ratio Growth is highest compared to other Banks EBL trend was below that of DBBL but it performed better compared to Bank Asia, Southeast & Prime Bank. Then Southeast bank has better price-earning (P/E) Ratio compared to other two banks. From those 5 banks Bank Asia perform average in 5 years. But Prime Bank performs below average in 5 years.

- By analyzing & comparing Price-Earning (P/E) Ratio of 5 Selected top rated commercial banks in Bangladesh, I have rank their price-earning (P/E) Ratio performance position, DBBL is number one position with highest price-earning (P/E) Ratio, EBL is at number two position, Southeast is at number three position, Bank Asia is at number four position and Prime is at number five position. This end result shows that DBBL has earned more share profit from its price earning as compared to Bank Asia, Southeast, and Prime & EBL.

- I have found that Bank Asia 5 year Classified loan against Total loan Growth is highest compared to other Banks Prime trend was below that of Bank Asia but it performed better compared to EBL, DBBL & Southeast Bank. Then DBBL has better classified loan against total loan ration compared to other two banks. From those 5 banks EBL perform average in 5 years. But Southeast Bank performs below average in 5 years.

- By analyzing & comparing Classified loan against Total loan of 5 Selected top rated commercial banks in Bangladesh, I have rank their classified loan against total loan performance position, Bank Asia is number one position with highest classified loan against total loan, Prime is at number two position, DBBL is at number three position, EBL is at number four position and SEBL is at number five position. This end result shows that Bank Asia has created safer loan from its total loan as compared to EBL, Prime, SEBL & DBBL.

- I have found that Bank Asia 5 year Capital adequacy ratio Growth is highest compared to other Banks. Prime trend was below that of Bank Asia but it performed better compared to DBBL, Southeast & EBL. Then EBL has better capital adequacy ratio compared to other two banks. From those 5 banks Southeast Bank perform average in 5 years. But DBBL perform below average in 5 years.

- By analyzing & comparing Capital adequacy ratio of 5 Selected top rated commercial banks in Bangladesh, I have rank their capital adequacy ratio performance position, Bank Asia is number one position with highest capital adequacy ratio, Prime is at number two position, EBL is at number three position, Southeast Bank is at number four position and DBBL is at number five position.

- I have found that Prime Bank 5 year Total Assets Turnover Ratio Growth is highest compared to other Banks Southeast bank trend was below that of Prime Bank but it performed better
compared to DBBL, Bank Asia & EBL. Then DBBL has better total assets turnover ratio compared to other two banks. From those 5 banks Bank Asia perform average in 5 years. But EBL perform below average in 5 years.

- By analyzing & comparing Total Assets Turnover Ratio of 5 Selected top rated commercial banks in Bangladesh, I have rank them on the basis of their total assets turnover ratio performance position, Prime Bank is number one position with highest total assets turnover ratio, Southeast Bank is at number two position, DBBL is at number three position, Bank Asia is at number four position and EBL is at number five position.

8. Recommendation
Evaluation of banks financial performance is important for all parties like depositors, bank manager, stockholders, creditors, regulators and educationalist. In a competitive market bank financial performance provides signals to depositor investors whether to invest or withdraw fund from the bank. Similarly, it flashes direction to bank manager whether to improve its deposit service or loan service or both to improve its finance. Stockholders and creditors use the performance to evaluate the attractiveness of the bank as an investment by examining its ability to meets its current and expected future financial obligation. In this context, certain suggestions are forwarded to the management of selected 5 commercial banks for their performance improvements and growth opportunities.

- Southeast Bank & Dutch Bangla Bank should increase their liquid assets mainly cash balance to pay the demand of short term fixed depositors and to meet short term obligations. But Prime Bank & Bank Asia current ratio requirement is satisfactory so they should take necessary measures for maintaining the adequate current ratio for future financial years.
- EBL, DBBL & Bank Asia can use the most obvious way to improve debt-equity ratio and get better position to survive any potential slowdown they need to increase equity or lower debt. They can also use their cash reserves or some means to pay down any debt (long- or short-term), Increase assets so that they can generate more cash, more accounts receivables, more fixed assets that does not have to be financed with additional debt. They can also Increase equity into the business - by either placing more cash in the business, selling off unnecessary assets like plant, property or equipment, dispose of unprofitable operations or increase profits that are retained in the business. Prime Bank debt-equity ratio requirement is acceptable so they should take necessary measures for maintaining the sufficient debt –equity ratio for future financial years.
- DBBL, Southeast Bank & Prime Bank should give emphasis to on Credit Deposit ratio.
- EBL, Southeast & Prime Bank needs to decrease their Cost of Fund to further improve their earnings.
- Bank Asia, DBBL & Southeast Bank has lower interest coverage ratio so they have more troubled by debt expense, it’s also indicate that their ability to meet interest expenses may be questionable. To increase interest coverage ratio, they need to generate more sufficient revenues to satisfy interest expenses. But EBL interest coverage ratio requirement is agreeable so they should take necessary measures for maintaining the enough interest coverage ratios for future financial years.
- Bank Asia, DBBL & Southeast Bank has lower return on assets. To increase ROA, They need to lower their expenses by utilizing all the assets in the business in the most efficient manner to generate the greatest profits.
• Bank Asia, EBL & Southeast Bank has low Return on Equity ratio; it indicates that they are not utilizing the equity in a proper way. To improve their ROE ratio, they can consist of increasing sales, reducing all expenses or reducing the amount of equity invested in the business. They have weak investment opportunities and expense management.

• DBBL, Southeast Bank & Prime Bank has low Net Income Ratio. To increase their net income ratio they need to increase their revenue and reduce their General and Administrative expenses.

• Bank Asia, Prime & Southeast Bank should formulate plans to increase the amount of Earning per Share.

• Bank Asia, Prime & Southeast Bank has lowest price earnings ratio. To improve their P/E ratio they need to increase market value of their shares & also EPS so that market is willing to pay more for their share.

• Bank Asia, EBL & Prime Bank has high Non-performing loan against Total loan ratio. To lower this ratio they need to reduce the amount of non-performing loans.

• EBL, DBBL & Southeast Bank has low capital adequacy ratio, this means that a bank's small amount of money is fixed in provisions or risk management, meaning that there will be fewer money left for investment or for the continuation of the activity. To improve this ratio they have to increase Tier-1 capital, which can absorb losses without a bank being required to cease trading, and Tier-2 capital, which can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors.

• Bank Asia, EBL & DBBL has low total assets turnover ratio, this means that they have less relative efficiency to utilizes its total assets to generate profit. To improve this ratio they need to give more emphasize on utilizing long-term assets in a proper way to generate higher revenue.

9. Conclusion
So far, I have done descriptive and ratio analyses to meet the objectives of my research. The keystone objective of my research is to compare financial performance of Top rated BFIs of Bangladesh with the help of ratio analysis. In that the liquidity ratio, turnover ratio, Investment Ratio, Credit Performance Ratio, leverage ratio and profitability ratios are used for financial performance comparison of 5 selected commercial banks in Bangladesh. By observing overall performance of 5 selected banks on the basis of liquidity Ratio, I have noticed that EBL is better condition of liquidity position compares to other four banks. By observing overall performance of 5 selected banks on the basis of Activity Ratio, I have noticed that Prime Bank is better condition of activity position compares to other four banks. By observing overall performance of 5 selected banks on the basis of Profitability Ratio, I have noticed that EBL compare are more profitable from other four banks in net income ratio, return on assets (ROA), return on equity (ROE). Overall, net profit margin is found rising for EBL and dropping for DBBL, SEBL & Prime during 2007-2011. Return on Equity is found increase during 2007-2011 in EBL. So I ensure that EBL is better condition for profitable. By observing overall performance of 5 selected banks on the basis of Leverage Ratio, I have noticed that Prime Bank is better condition of leverage position compares to other four banks.

By observing overall performance of 5 selected banks on the basis of Investment Ratio, I have noticed that DBBL has better condition of investment position compares to other four banks. By observing overall performance of 5 selected banks on the basis of Credit performance Ratio, I have noticed that Bank Asia has better condition of credit performance position compares to other four banks.
References