



**INTERNSHIP REPORT**

**On**

**Financial Performance Analysis of Bank Asia Limited**

**SUBMITTED TO:**

**Muhammad Enamul Haque**

**Assistant Professor**

**United International University**

**SUBMITTED BY:**

**Faria Zannat**

**ID: 111 171 264**

**MAJOR: FINANCE**

**Date: 24.07.2022**

## LETTER OF TRANSMITTAL

24.07.2022

Muhammad Enamul Haque  
Assistant Professor  
United International University  
United City, Madani Ave, Dhaka 1212

**Subject: Submission of Internship Report.**

Dear Sir,

I, Faria Zannat (111 171 264), with due respect, would like to express my gratitude for your assistance and support throughout the writing of this report. It has been a privilege to conduct this research paper named “**Financial Performance Analysis of Bank Asia Limited**” which is a prerequisite of BBA program under your supervision. I would like to convey my gratefulness Mr. Bijoy Chandra Das manager of Bank Asia Limited, for providing me the best possible supervision during my internship at the company.

The goal of this study is to analyze also it define the monetary patterns of Bank Asia Limited in the corporate world, as well as the function of grow n excel as an effective recruitment partner in a variety of industries. Making this report allowed me to obtain knowledge and competence in the practical recruitment function, solve client problems, and conduct a comparison study between the academic lesson and the practical recruitment function.

As a result, I ask for your highest praise for this report, as well as any helpful suggestions for future changes. I appreciate your guidance and effort during the completion of my report, and it was an honor for me to work under your direction. I tried best to achieve the appropriate level of writing and willing to make modifications if necessary.

Thank you very much for all your assistance and help.

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Sincerely yours,  
Faria Zannat  
ID: 111 171 264

## ACKNOWLEDGMENT

The trip of an intern can be simplified, fascinating, pleasant and complete by a skilled supervisor. Though I have completed my report, it cannot be denied the underlying support and advice I have received. I want to begin by thanking the Almighty to give me the opportunity to finish my report without any major issues. Also, I would like to thank my father and mother for the wonderful they encourage provided me during my completion of this report.

I want to express my gratitude to my instructor Muhammad Enamul Haque, Assistant Professor at United International University, who was assigned as my academic supervisor. He is an understanding person who has given me sufficient freedom to complete the report. He provided me his valuable time to write the paper, real support, smart guidance.

I have been worthy of my internship due to the good work atmosphere, cooperation, a learning setting, flexibility and everything else in this pandemic. I want to express my heartfelt thanks to our honorable manager Bijoy Chandra Das for giving me the opportunity to complete the Internship.

## **EXECUTIVE SUMMARY**

Well, Bank Asia which is one of Bangladesh's largest and oldest banks. Private commercial bank Asia does business all throughout Bangladesh. The analysis of the "Financial Performance of Bank Asia Limited" from the fiscal years 2017 to 2020 which is the main goal of the study. I applied conventional methods of financial performance analysis, such as ratio analysis.

Analysis indicates that they were able to cover all of their liabilities and manage their present assets. The significant decline in profitability ratios from 2018 to 2019 indicates that Bank Asia Limited was not operating efficiently during those years, and they were unable to sustain major profitability ratio components like net profit margin, return on asset, return on equity, etc.

But High leverage ratios show that Bank Asia Limited is taking on more risk when performing banking activities. We can conclude from the analysis that the bank's overall results are poor, and the management should focus on improving its performance.

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# **Chapter: 1**

## **Introduction**

### **1.1 Background of the Report**

Bank Asia Limited was where I completed my internship program. General Banking was my department. The internship was three months long. I began on December 26th, 2021 and finished on March 25th, 2022. After obtaining a lot of experience and information, I finished my internship under the supervision of my Bank Asia Limited's supervisor, Mr. Alomgir Hossain. I have decided to do performance analysis on Bank Asia Limited.

### **1.2 Origin of the report**

The BBA program's internship report serves as its last academic requirement. The necessary part that must be taken after finishing all previous courses is the internship. A supervisor keeps an eye on the intern while they are working. This internship experience will result in the development of effective skills and practical expertise, which quite as opposed to conceptual learning. To fulfill the requirement, I have been assigned my internship under the supervision of Muhamamd Enamul Haque, Assistant Professor, school of Business and Economics, United International University.

### **1.3 Objectives of this report**

Basically, the internship report is the last academic step in finishing the BBA program. The examination of Bank Asia Limited's financial performance is the major goal of the study. The other objectives are as follows:

- a) To comprehend the theoretical aspect of financial performance
- b) To analyze Bank Asia Limited's financial statements using financial tools
- c) Be familiar with the various ratios used to assess a bank's financial performance.
- d) To identify issues and make recommendations for future improvements.

#### **1.4 Mythology of the report**

This report reflects on a 90-day internship program at Bank Asia Limited's North South Road Branch. Bangladesh's banking sector is rapidly expanding. All banks face fierce competition from one another. As a result, the officers are kept very busy in order to better serve the client's needs. To do my report more meaningful I basically used secondary data source. Basically two types of data exists. One is primary data and the one is secondary data.

Primary information's essential sources are:

- Gathered information from the head office of Bank Asia.
- Have a friendly discussion and conversation with the Bank Asia Agent Banking Division employees.
- More data has been gathered thanks to daily office hours.

Secondary information's essential sources are:

- Magazines, newspaper and articles
- Annual report also published and unpublished reports
- The websites of Bank Asia and other pertinent websites.

#### **1.5 Limitation of this report**

Although I made every attempt to create this report, the study had certain limitations. Such as the following:

- Lacking's of same updated information.
- Time is a big factor here. The lack of time is a challenge since it takes longer to do any kind of study.
- Bank hiding private information due to security concerns.
- As time was limited, a large-scale analysis cannot be completed quickly.

**Chapter: 2 Organization Part**  
**(Bank Asia LTD)**

## 2.1 History of the Company

A new era of economic activity was ushered in by the growth of the industrial and agricultural sectors, international trade, remittances from Bangladeshi expatriates, and building of investments both domestically and abroad, communications, electricity, food production, and services businesses. Urbanization and lifestyle changes created a demand for banking products and services to support new initiatives at the same time as economic development. In order to meet this need, a number of prominent business figures in the country came together and established Bank Asia Limited in 1999. (2022, Bank Asia)It made history.

Under the Companies Act of 1994, The Bank Asia Limited was established as a public limited company. The bank started operations on November 27, 1999, with a paid-up capital of TK 218 million and an authorized capital of TK 800 million. As of December 31, 2012, the bank has Tk. 6,305 million in paid-up capital. A group of prosperous businesspeople with a high reputation in the community created Bank Asia with the intention of providing only customer-focused, technologically advanced innovative products and services. On September 28, 1999, the Bank received its Certificate of Incorporation and Certificate of Beginning of Business, and on October 6, 1999, it received its Banking License. The asset and liability growth rates have been astounding. Bank Asia has been actively participating in both the domestic and foreign currency markets, without putting the bank in jeopardy. The Bank's investment in Treasury Bills and other securities increased noticeably, opening up opportunities for income enhancement in the context of a gradual interest rate decline regime. A record in the history of our capital market, the Bank made headlines in 2003 when its first public offering of shares was 55 times oversubscribed. As a result, its shares trade at a reasonable premium. On January 6, 2004, the company was admitted to trading on the Chittagong Stock Exchange (CSE) and the Dhaka Stock Exchange (DSE). (9 August 2021, Star Business Report)

It became the first bank in Bangladeshi history to take over the Bank of Nova Scotia's Dhaka commercial operations. By acquiring Muslim Commercial Bank Ltd., it accomplished the feat once again (MCB). Since its founding, Bank Asia has carried out its operations successfully and built a strong reputation in the banking sector. By rapidly growing its business while ensuring long-term growth, Bank Asia has doubled its power by this point. 2008 saw the introduction of Bank Asia's most coveted Islamic banking division with the goal of providing Shariah-compliant goods. It established its first subsidiary company, "Bank Asia Securities Limited," as well as a second subsidiary company, "BA Exchange Company (UK) Limited," in the UK on March 16, 2011.

### Objectives:

- High levels of customer satisfaction.

- Keeping in touch with both customers and business clients.
- Highlighting the simplest of the client's questions.
- Improving customer service and product quality.
- Serving the entire country by establishing branches spread around the nation.
- Improving banking operations to the benefit of stakeholders.
- Keep the volume up ethical standards and honesty in business dealings.

### **Corporate Slogan:**

**‘For a Better Tomorrow’**

### **2.2 Services provided by Bank Asia Limited:**

All of the key banking facilities and services are provided to consumers by Bank Asia Ltd. With its extensive branch network and knowledgeable staff, Bank Asia Ltd. offers timely and individualized services including issuing:

- 1) Demand Draft
- 2) Telegraphic Transfer
- 3) Mail Transfer
- 4) Pay Order
- 5) Security Deposit Receipt
- 6) Transfer of fund by special arrangement.
- 7) Electronic transfer through Ready Cash Card.
- 8) Foreign Remittance Payment.

### **Interest Facilities:**

1. Current/Savings/STD account status
2. FDR account status
3. Advance account status
4. Loan account status

### **2.3 SWOT Analysis**

<b>S</b>	<ul style="list-style-type: none"> <li>✓ Profitability is stable, and internal capital generation is increasing.</li> <li>✓ Increased corporate client base.</li> <li>✓ Human resource and management team that is knowledgeable and efficient.</li> <li>✓ Products and services of high quality.</li> <li>✓ Greater infrastructural conveniences. A well-known company with a good reputation.</li> </ul>
<b>W</b>	<ul style="list-style-type: none"> <li>✓ Market share is on a very small scale.</li> <li>✓ Limited branch network.</li> <li>✓ Priority is given to large-scale debt and fixed deposits.</li> <li>✓ Inadequacy in large-scale automation.</li> </ul>
<b>O</b>	<ul style="list-style-type: none"> <li>✓ Possibility of market penetration via various products and services.</li> <li>✓ Online branch banking and a transaction automation program</li> <li>✓ The government's continued encouragement of heavy foreign investment.</li> <li>✓ providing a favorable environment for the welfare of the private sector</li> <li>✓ Increasing the value of existing products and services.</li> <li>✓ It is a wonderful phenomenon that Bank Asia Limited is moving forward and fulfilling its corporate social responsibility.</li> </ul>
<b>T</b>	<ul style="list-style-type: none"> <li>✓ In the industry, there is fierce competition for existing market share.</li> <li>✓ The Central Bank is making rapid changes to banking regulation.</li> <li>✓ Increased market pressure to reduce lending rates.</li> <li>✓ Political insecurity in national and international affairs.</li> <li>✓ Credit culture is a problem.</li> </ul>

## **Chapter: 3 Performance Analysis**

### 3.1 Financial Performance Appraisal

The sole purpose of a financial company is to maintain a tolerable level of risk while maximizing the value of the capital invested in the firm by its shareholders.

Financials, in specific reports of conditions and income, are produced to evaluate the efficiency of commercial banks. The performance of the bank must be directed toward certain goals. A fair evaluation of a bank's performance should begin by determining if it has been effective in accomplishing the goals set out by its manager and investors.

Metrics used to judge the performance of Bank Asia Limited include ratio analysis, comparable income highlight, balanced data declaration, and market value-added segments.

**Performance:** The quantity and quality of the task completed are both considered to constitute performance. If a task was accomplished in line with the norms for accuracy, thoroughness, cost, and timeliness set out by the sector. In a contract, performance is defined as the fulfillment of a task in a way that frees the performer from any liabilities arising from the contract. Success is measured as the total return on investment over a specific period of time. It might be positive, denoting a rise in value, or it could be negative, denoting a fall in value.

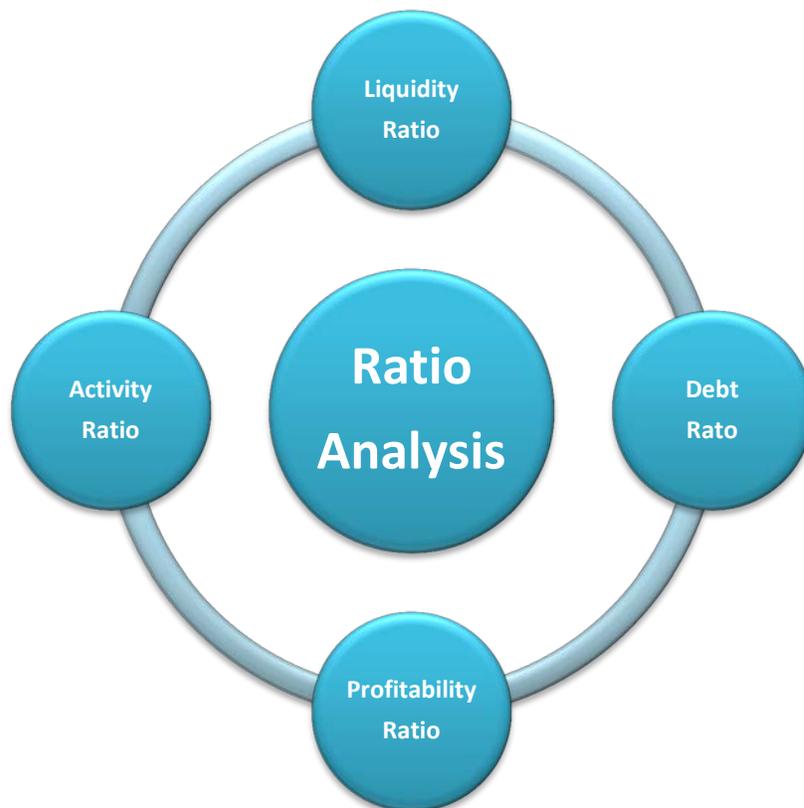
**Financial Performance:** The subjective indicator of a company's capacity to utilize resources from its main line of business to create income is called financial performance. This phrase is often used to compare similar businesses in the same industry or to compare whole industries or sectors. It may also be used as a broad indicator a measure of a business's overall financial health during a specific time period.

**Financial Performance Appraisal:** A company's financial strengths and weaknesses are determined by accurately establishing the link between the items on the balance sheet and the profit and loss account. This process is known as financial performance evaluation. Additionally, it helps with both short- and long-term forecasting, and growth may be found by analyzing financial performance.

### 3.2 Ratio Analysis

A correlation is a statistical study of data from financial accounts of a corporation. Ratio analysis is a tool used to assess a variety of operational and financial performance metrics for a business, including its effectiveness, liquidity, revenue, and health

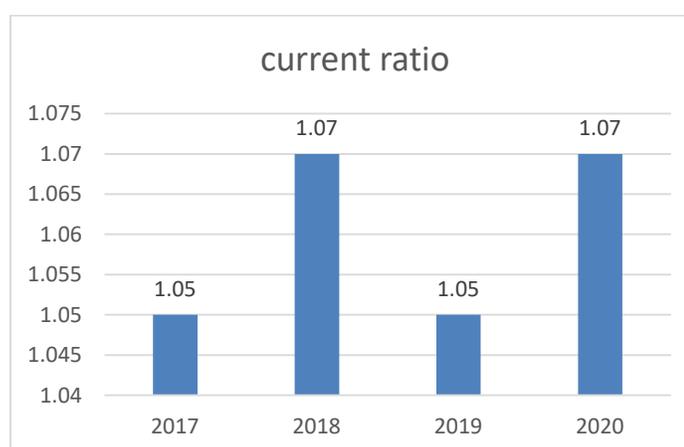
Among numerous segments of Ratio Analysis, the following segments are chosen to evaluate the performance of the bank:



### **3.2.1 Liquidity Analysis:**

This ratio displays an organization's liquidity situation. It aids investors in comprehending or providing an understanding of how much capacity a firm has to pay down its present liabilities. To pay off existing debt and accounts payable, the business raises its current assets on its balance sheet.

Year	2020	2019	2018	2017
Current Ratio	1.07 times	1.05 times	1.07 times	1.05times

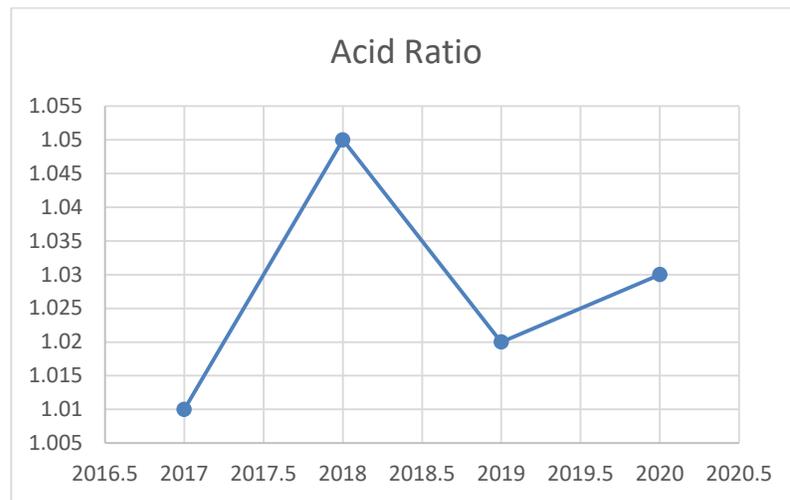


According to the graph above, Bank Asia's current ratio in 2017 and 2019 was somewhat lower than in years past. The ratio in 2019 was 1.05, meaning that Bank Asia's has 1.05 current resources compared to 1 taka of short-term liabilities. It suggests that Bank Asia's was successful in using its current assets to pay down current creditors. The ratio in 2018 and 2022 was 1.07, higher than in 2017 and 2020, indicating that Bank Asia's invested more in short-term current assets. However, the ratio in 2017 was 1.05, indicating that Bank Asia's investment in current assets was smaller than it was in 2018 and 2020. As a result of the greater ratio's ability to prevent default and pay, the bank will benefit from having a higher current ratio helps to pay their short-term liabilities and prevent default.

### Acid Ratio:

A formal criterion for figuring out that a business has adequate short-term assets to pay down its current creditors without selling goods. Due to the working capital ratio's inclusion of inventory assets, the acid-test ratio is far more challenging than the working capital ratio.

Year	2020	2019	2018	2017
Acid Ratio	1.03 times	1.02 times	1.05 times	1.01times



Companies with ratios below one are unreliable and should be avoided at all costs since they cannot cover their present obligations. Furthermore, it shows that current assets are strongly depending on the stock if it is much lower than the working capital ratio.

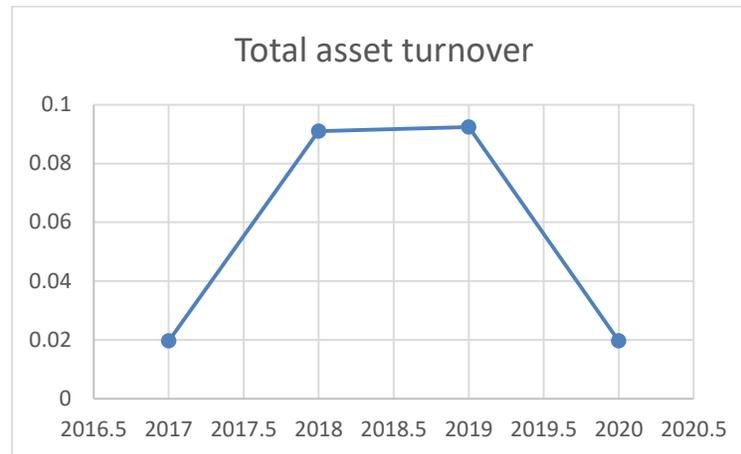
Ratio is considered standard. However, Bank Asia Limited acid test ratio is lower than the industry norm. Bank Asia Limited must raise cash, short-term investments, and receivables while reducing current obligation in order to enhance this ratio.

### **3.2.2 Efficiency Analysis:**

Efficiency ratios are frequently used to assess how well a firm uses its resources and how effectively it runs its operations. Asset turnover ratio, fixed asset turnover, etc. are included in this ratio.

**Asset Turnover Ratio:** This metric displays the proportion between an asset's value and the company's revenue. It shows how well a firm is using its asset to produce money. A higher ratio denotes a corporation performing well.

Year	2020	2019	2018	2017
Total asset turnover	0.019 times	0.092 times	0.091 times	0.096times

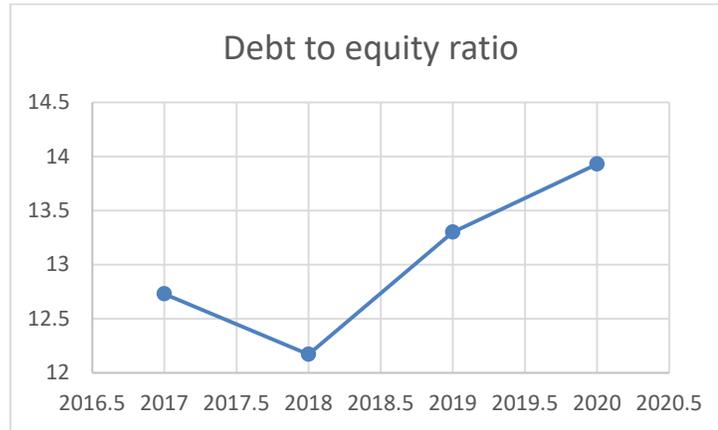


Asset turnover is seen in the graph above for the years 2017 through 2020. Utilizing its resources effectively, the business increased sales from 2018 to 2019. In 2017, there was a small drop in the curve, but from 2020 onward, it has climbed, showing that the firm is doing rather well.

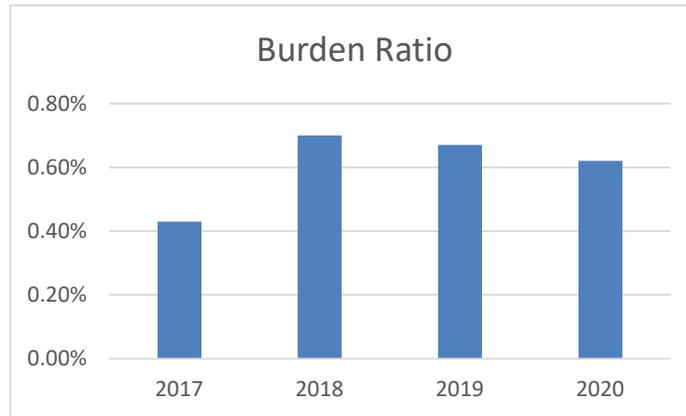
### **3.2.3 Debt Ratio:**

The debt ratio shows how the company's assets and debt are related to one another. It also indicates what proportion of a business's assets is financed by debt. The percentage of the company's assets that are financed by debt is shown by total debt divided by total asset. If a company's debt ratio is less than 1, it shows that its finances are sound. A higher ratio denotes a higher operating risk for the company. High ratios also result in poor borrowing capacity.

Year	2020	2019	2018	2017
Debt to equity Ratio	12.73%	12.17%	13.3%	19.93%



The graph up top demonstrates how the Bank Asia's debt ratio has risen over time



e. It was 12.37 percent in 2020, however as of 2017, it is 19.93 percent, somewhat higher than in 2020, 2019. It has somewhat increased as the year has gone on. Therefore, it should place a greater emphasis on debt reduction in order to maintain sound financial standing.

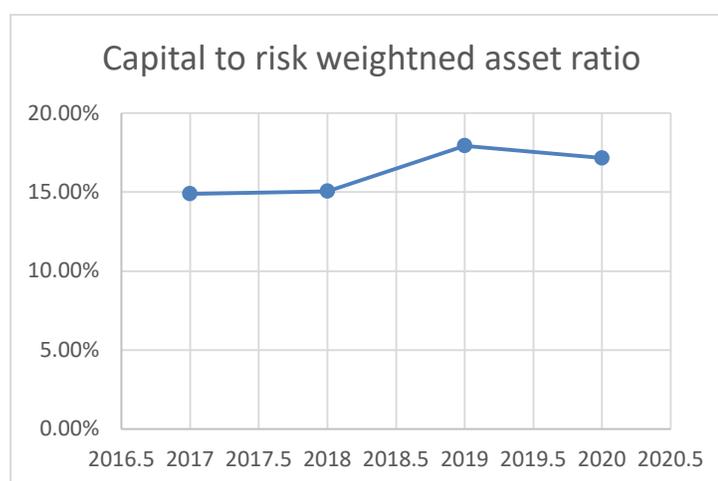
**Burden Ratio:**

Year	2020	2019	2018	2017
Burden Ratio	0.62%	0.67%	0.70%	0.43%

The gap between non-interest income and non-interest expenses stated as a ratio to average assets is known as the burden ratio. Since interest rate deregulation, increasing fees and keeping a tight rein on unit operating costs have significantly increased Bank Asia's burden.

#### Capital to risk weighted asset ratio:

Year	2020	2019	2018	2017
Capital to risk weighted asset ratio	17.16%	17.93%	15.05%	14.89%



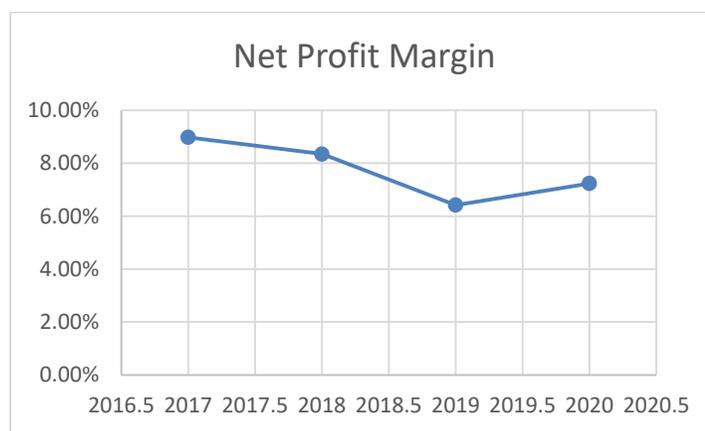
The capital-to-risk weighted assets ratio, sometimes referred to as the capital adequacy ratio, is one of the most significant financial indicators used by analysts and investors. To assess a bank's financial health, the ratio compares its available capital to its risk-weighted credit exposure.

### **3.2.3 Profitability Ratio:**

Profitability ratios indicate how well a company produces value and profit for its investors. This ratio shows the company's overall success as well as how well the owner's finances have been used. Included in this ratio are the net profit margin, return on equity, return on asset, and net operating profit margin, among others.

#### **Net Profit Margin:**

Year	2017	2018	2019	2020
Net profit margin	8.98%	8.35%	6.42%	7.24%



From the graph we can see comparatively Bank Asia Ltd. had better position than in these recent years. In 2017-2018, it was high in profit margin.

#### **Operating profit margin:**

Year	2017	2018	2019	2020
Operating profit margin	27.92%	27.87%	29.32%	29.71%



The preceding graph demonstrates a declining trend over time. The ratio will fall from 2017 to 2018. This implies that the bank's entire assets cannot be used to earn any further operational profit. However, the ratio has gone up in 2019 and 2020 compared to the year before, which shows that Bank Asia Limited's is making more operational profit off of its assets.

#### Return on asset:

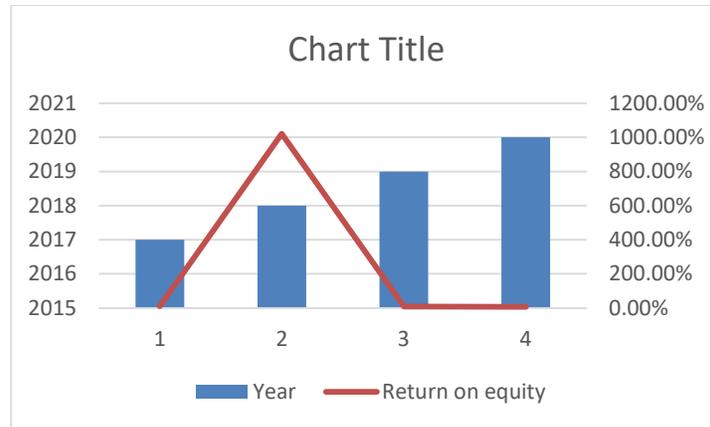
Year	2017	2018	2019	2020
Return on asset	0.76%	0.76%	0.59%	0.53%



From the chart we can see their value of ROA was fluctuating in middle but it was better in last years. In 2017-2018, it was better in performance.

#### Return on equity:

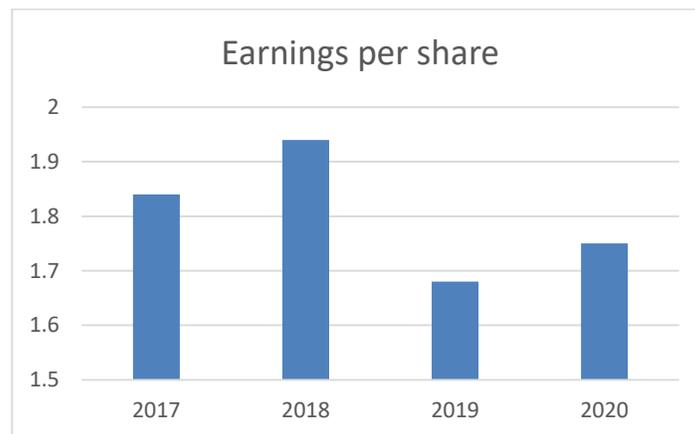
Year	2017	2018	2019	2020
Return on equity	10.21%	121%	8.16%	7.81%



From the chart we can see their value of ROA was fluctuating in middle, but it was better in last years. In 2017-2018, it was better in performance.

**Earnings per share:**

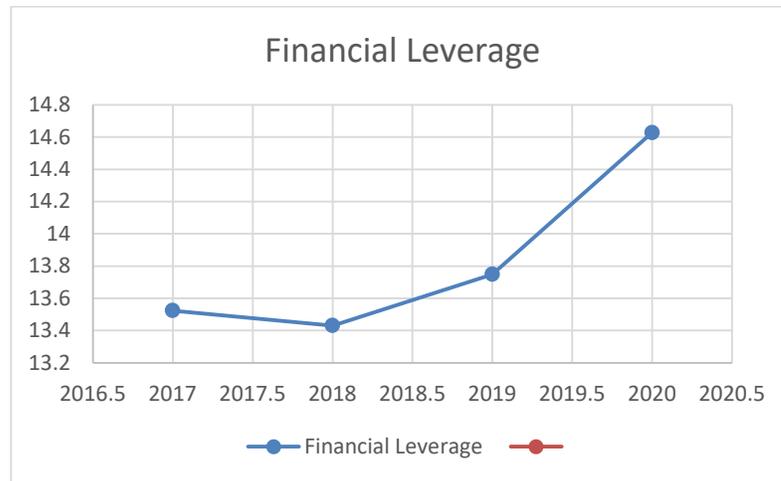
Year	2017	2018	2019	2020
Earnings per share	1.84	1.94	1.68	1.75



The figure above displays the ratio between the years 2017 and 2020. From 2017 to 2018, it has been rising each year. But compared to the previous year, there has been a sharp decline in 2019 and after decline it has been also increase. The ratio progressively increased from 2017 to 2018 and 2020 which shows that the company's stock prices are overpriced and that it is in a position to provide dividends to its owners. However, the ratio unexpectedly decreased in 2019 this indicates that Bank Asia Limited's stock prices are cheap.

**Financial Leverage:**

Year	2017	2018	2019	2020
Financial leverage	13.52	13.43	13.74	14.62



Financial leverage is the use of debt to acquire more assets. Leverage is employed to increase the return on equity. On the other side, excessive financial leverage increases the likelihood of failure by making debt repayment more challenging.

## **Chapter: 4 Findings And Conclusion**

## 4.1 Finding

- The business's liquidity status is shown by the current ratio. Although it varies over time, it has declined in 2019, which is not a good indicator. In the short term, a higher ratio prevents firm default.
- A lower debt ratio, which measures financial leverage, is advantageous. In order to improve the firm, the debt ratio needs to be reduced in the next years.
- The ratio of debt to equity shows the proportional amounts of equity and debt used to fund a company's assets. As time goes on, it rises, indicating that the majority of its assets are funded by debt, which is another way of saying via deposits.
- It shows the relation between EPS and company share prices. From 2017 to 2020, the trend has been irregular. But in 2019, it fell, indicating that the low stock price may prompt investors to buy additional shares before the market corrects the problem.
- The amount of profit an organization makes as a percentage of its total sales is known as net profit margin. A rapid decline from 2017 to 2019 suggests the organization has an inefficient cost structure and low pricing.
- Return on equity measures the amount of profit made from shareholders' investments in the business. It was at its maximum in 2018, but the proportion has dramatically decreased since then.
- The financial institution's management performance is demonstrated by the return on assets. From 2017 to 2020, there is a declining trend that denotes inefficiency.
- What proportion of sales is made up of operational income is called net operating margin. It fell from 2017 to 2018, and then it started to rise in 2019 and 2020.
- Asset turnover ratio shows how a corporation uses its assets to produce revenue. The business is performing well, and in 2018 and 2019 the curve is going up.

## 4.2 Conclusion:

Bank Asia Limited is one of the most popular commercial banks in the country. It has a distinct brand identity. It is also a bank that customers prefer. All I can say is that it is one of our country's most successful banks. I used conventional methods of financial performance such as ratio analysis. The Bank Asia Limited liquidity ratios fluctuate between 2017 to 2020 and the majority of the time they have fallen, which is not good for Bank Asia Limited. However, the Bank Asia Limited liquidity ratio is not zero or less 1. It basically indicates that they were able to cover all of their liabilities and manage their present assets. The significant decline in profitability ratios from 2018 to 2019 indicates that Bank Asia Limited was not operating efficiently during those years, and they were unable to sustain major profitability ratio components like net profit margin, return on asset, return on equity, etc. However, Bank Asia Limited focused on it in 2020 as the curve grew and it generated some revenue. Additionally, if we take a brief check Bank Asia Limited's leverage ratio from 2017 to 2020, we can see that it has grown annually. Bank Asia Limited assists in mobilizing of funds to maintain strength in the major operational areas.

But High leverage ratios show that Bank Asia Limited is taking on more risk when performing banking activities. The Bank Asia Limited Bank's liquidity situation has remained consistent throughout the research years, but its ability to generate income has significantly decreased. Also the amount of debt has also grown through time, in addition to everything else. So we may draw the conclusion that the bank's overall results are poor, and the management should focus on fixing these issues.

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