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Research

**Performance Evaluation and Present trend analysis of State Owned Commercial Banks: An Empirical Study of Bangladesh**

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**Abstract:** The purpose of this study is to present a scientific and logical analysis which will help to evaluate and compare the financial performance of six state-owned commercial banks in Bangladesh named Sonali Bank Limited, Rupali Bank Limited, Agrani Bank Limited, Janata Bank Limited, BASIC Bank Limited and Bangladesh Development Bank Limited (BDBL). In this regard, this research work is divided into two parts- first one is; Evaluation of the financial performance of six state-owned commercial banks in Bangladesh, and the second one is Compare the financial performance of the six state-owned commercial banks in Bangladesh and identifying the factors liable for their better or poor performance. Literally, the banking industry plays an important role in the development of the Bangladesh economy. But the present performance of the banking sector is not satisfactory. They are crushed with lots of crises which are pushing them into destruction. So, it is very important to appraise their use of assets, treatment of liabilities, income, revenue and contribution, and distribution of owner's equity. By analyzing the financial performance, the banks are ranked according to their performance, and the factors are determined, which are influenced by their performance and are responsible for their better or poor performance. To make an evaluation of the financial performance, Growth rate, average, and different statistical methods. These are the two steps of this study. In this report, secondary data is used, and the sources of information will be acquired from the Annual Reports of the banks from the year 2013-2017 and their websites. I hope this research paper will help the investors, creditors, governance body, managers, and all other stakeholders for rational decision making about these banks.

**Keywords:** Evaluation and Comparison, Financial performance, State-owned Commercial Banks

**1. Introduction**

Bank can be considered as Oxygen factory in the field of economic growth of a country. Industrialization is largely depended on the supply of funds provided by banks. In

Bangladesh, the rural economy, agricultural growth, international trade is the main sectors which depend on bank loans.

The financial condition in Bangladesh is dominated by the banking sector through the dominance of the banking sector makes the economic condition vulnerable and impacts on economic growth. In Bangladesh, the banking sector has traveled lots of ups and downs. From the year 1990 to 2000, the banking sector was doing well. But the irony of the fact is that the present condition of the maximum well-performing banks is frustrating. They reflect poor health of banks and liquidity crisis. Consequently, banks are frequently revealed with the headlines of poor performance, increasing the non-performing loan, and wrong financial disclosure. This is alarming news for Bangladesh. Weak financial performance and wrong disclosure can never ever be helped a nation to drive its economy effectively and efficiently.

Since large financial irregularities in some renowned banks, the Bangladesh Bank has increased its monitoring and inspections. It also appoints 14 banks and financial institutions, both state-owned and private banks to monitor further digression of those fallen banks and supervise closely to improve their performance and guidelines.

Not only has that, to improve the bank's financial condition and solve liquidity crisis, two decisions taken by the government. First one is 50% of the government organizations funds will be kept in private banks, and the second one is the cash reserve ratio (CRR) in commercial banks will be decreased by 1% even though there is a lot of debate about these two decisions.

Among different types of commercial banks, since the presences of state-owned commercial banks plays a vital role in the economic development, this study is intended to evaluate the financial performance and make comparison among the six state-owned commercial banks-named Sonali Bank Limited, Rupali Bank Limited, Agrani Bank Limited, Janata Bank Limited, BASIC Bank Limited and Bangladesh Development Bank Limited (BDBL).

### **Objectives**

- To evaluate the financial performance of state-owned commercial banks in Bangladesh from the year 2012 to 2016.
- To assess the present trend analysis of state-owned commercial banks in Bangladesh from the year 2012 to 2016.
- To provide some valuable suggestions based on the major findings.

### **Literature Review**

**Rayhan et al.** (2011) stated to evaluate and make comparison among SBL, RBL, ABL, and JBL. This paper used a square of correlation coefficient ( $r^2$ ) to test the equations. But they do not make any relationship to compare.

**Md. Islam et al.** (2014) prepared to research the banking sector current trend. They tested with hypothesis, CAMEL ratio, DFI valuation, non-performing loan position, expenditure income ratio, return on assets (ROA), return on equity (ROE), net interest income (NII), and writing off debt, liquid assets and excess liquidity and so on. But they did not provide comparative status.

**B. P. Banik & P. C. Das** (2013) made a comparison of the financial performance of state-owned commercial banks in Bangladesh where the report was used ratio analysis to get the effect of classified loans, assets, non-performing loans, credit deposit and equity within the year 2000-2010. But they did not evaluate their variables performance.

**Sarkar&Sarkar**(2018) studied on the objective of Bank Ownership, Board Characteristics, and Performance of Commercial Banks in India. They stated that the effect of CEO duality in negative, and it provides a negative impact on the performance of state-owned commercial banks. They used to mean, median, regression analysis, and ratio to assess the amount and profitability of the assets. But they show the Indian banks performance.

**Pandey** (2006) worked on to analysis the financial statements and analyzed the ratios and compare the present ratios with the past ratios. With the help of the ratios, evaluation is prepared to determine their conditions, whether it is improving or not. He stated that some tools to make a comparison. But it did not analysis the evaluation of financial performance.

**Chowdhury and Ahmed** (2009) studied on the objective of analysis the selected five private commercial banks named Dutch Bangla Bank Ltd, Dhaka Bank Ltd, National Bank Ltd, Prime Bank Ltd, and Islami Bank Bangladesh Limited to achieve a stable development of branches, employees, deposits, loans, and advances, net income, earnings per share during the period of 2002-2006. They used the Square of correlation coefficient ( $r^2$ ) to test the equations. They did not focus on state banks.

**Marcia Millon Cornett, Lin Guo, ShahriarKhaksari, Hassan Tehranian**(2009) have discussed on the objective of impact on state-owned bank ownership and made an interesting pattern of changing performance in an easy way to show the differences between state-owned and privately-owned banks around the Asian financial crisis from 1989 to 2004. They used some formulas to get the proportional positions of the banks.

### Research Methodology

#### Data Collection

The researcher used the secondary data to evaluate and make a comparison of the financial performance of the state-owned commercial banks (Hasna& Mahmud, 2017; Hasan et al., 2018; Nekmahmud&Rahman, 2018). The annual reports of the banks are the main sources of collecting the data along with the bank’s websites, related journals, articles, bank’s official records, publications of Bangladesh Bank, BIBM, University journals of the Business Faculty of different departments, newspaper, books Journal of Institute of Bankers, Reports of Dhaka Stock Exchange, Reports of Chittagong Stock Exchange and different survey reports. Due to the unavailability of current information here, the information from 2012-2016 has been used.

#### The population of the study

The population of this study is six state-owned commercial banks in Bangladesh which are named-

State Owned Commercial Banks					
Sonali Bank Limited (SBL)	Rupali Bank Limited (RBL)	Agrani Bank Limited (ABL)	Janata Bank Limited (JBL)	BASIC Bank Limited (BBL)	Bangladesh Development Bank Limited(BDBL)

#### Presentation of the Data

In this study, data collected from different sources are presented in tabular forms, charts, graphs, percentage, ratios, etc.

### Data Analysis

Growth rate, average, and statistical methods which are used to calculate the financial performance and made the comparison of the six state-owned commercial banks with recommendations. Not only that, Excel and the SPSS statistical software are also used to get the most appropriate result.

### Variables Determinations

Here eight variables have taken to find out the **growth rate average and total average**. They are-

1. Total assets
2. Total deposits
3. Total shareholders' equity
4. Total loans and advances
5. Total nonperforming loan
6. Total net profit after tax
7. Earnings per share and
8. Operating profit.

### Findings and Analysis

This research evaluates and makes a comparison of financial performance among the six state-owned commercial banks in Bangladesh. Here, some key indicators or variables have taken to find out the growth rate and average. Then trend equations and the value of R-Square have formulated to analysis the goodness of fit.

### Key Financial Indicators of SBL, RBL, ABL, JBL, BBL, BDBL

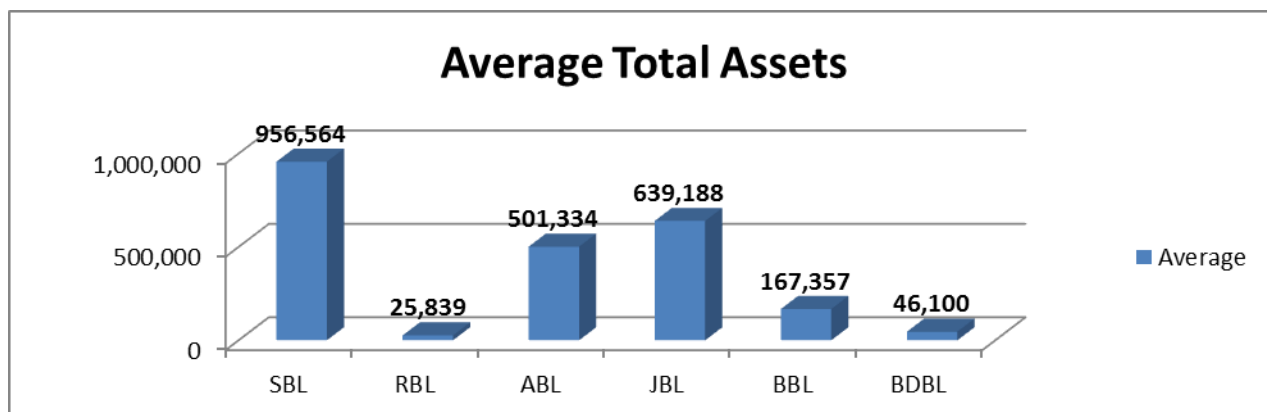
**Table 1.** Shows the total assets of six states owned commercial banks of Bangladesh for the year 2012-2016 and provide the growth rate and average of assets, taken 2012 as the base year. From the following table in RBL and BBL has the highest acceleration in asset base, whereas BDBL encountered the lowest growth during these years. From the perspective of asset growth, it can be said that the entire bank's growth rate is almost close to each other except BDBL during the years under consideration.

**Table 1.** Total Assets of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

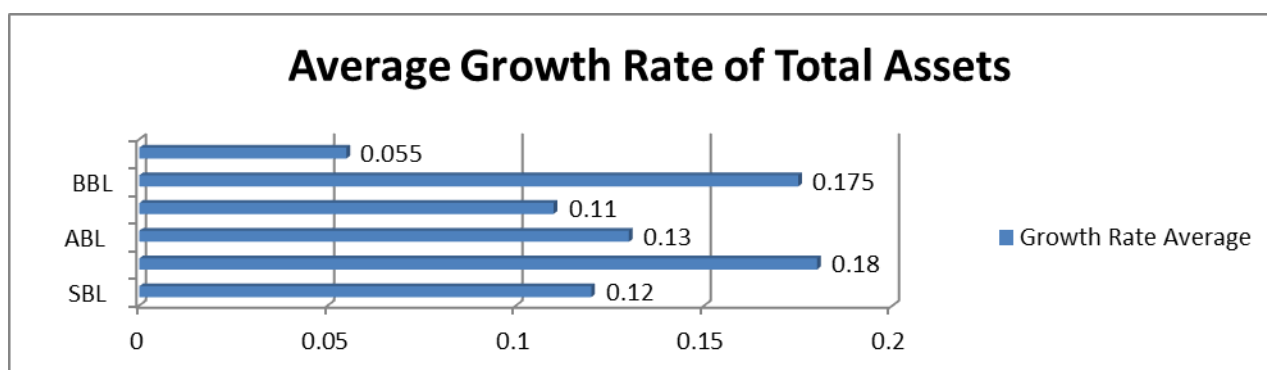
Total Assets (Amount in million Taka)	2012	2013	2014	2015	2016	Average Growth Rate	Average
<b>SBL</b>	754,616	852,852	935,286	1,039,478	1,200,589	-	956,564
<b>Growth</b>		0.13	0.10	0.11	0.15	0.12	-
<b>RBL</b>	17,300	21,619	26,808	30,055	33,411	-	25,839
<b>Growth</b>		0.25	0.24	0.12	0.11	0.18	-
<b>ABL</b>	378,720	444,160	494,870	565,350	623,570	-	501,334
<b>Growth</b>		0.17	0.11	0.14	0.10	0.13	-
<b>JBL</b>	511,129	586,083	629,454	690,668	778,604	-	639,188
<b>Growth</b>		0.15	0.07	0.10	0.13	0.11	-

<b>BBL</b>	109,682	157,072	171,119	194,174	204,740	-	167,357
<b>Growth</b>		0.43	0.09	0.13	0.05	0.175	-
<b>BDBL</b>	32,711	46,858	50,290	51,456	54,541	-	46,100
<b>Growth</b>		0.07	0.02	0.06	0.07	0.055	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 1



Source: Calculated from Table 1

From the above table, we can see that the total average asset of SBL is in the highest position with the amount BDT 956,564 million and the lowest asset is positioned by RBL with the amount of BDT 25,839 million but the highest growth rate average is 0.18% in RBL and BBL jointly, and the lowest growth rate is shown in the BDBL with the rate of 0.055% from the year 2012-2016.

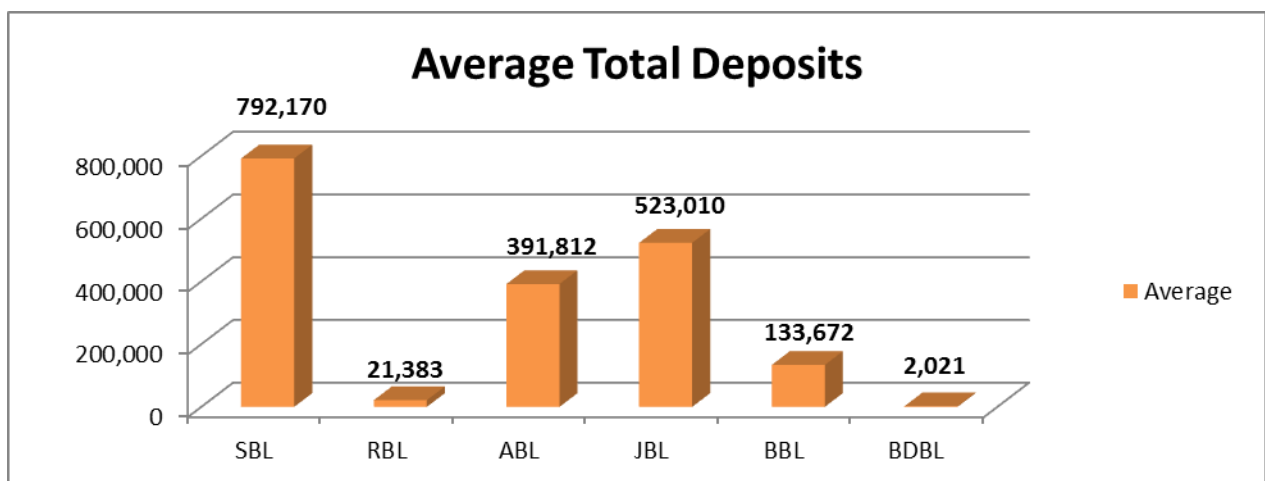
**Table 2.** shows the total deposit of six state-owned commercial banks in Bangladesh with its growth rate and average. 2012 is considered as the base year. The table reveals that BDBL was able to achieve the highest growth in a total deposit. Overall consideration, the performance of the total deposit growth rate is comparatively close with their figures of SBL, RBL, ABL, JBL, and BBL.

**Table 2.** Total Deposits of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

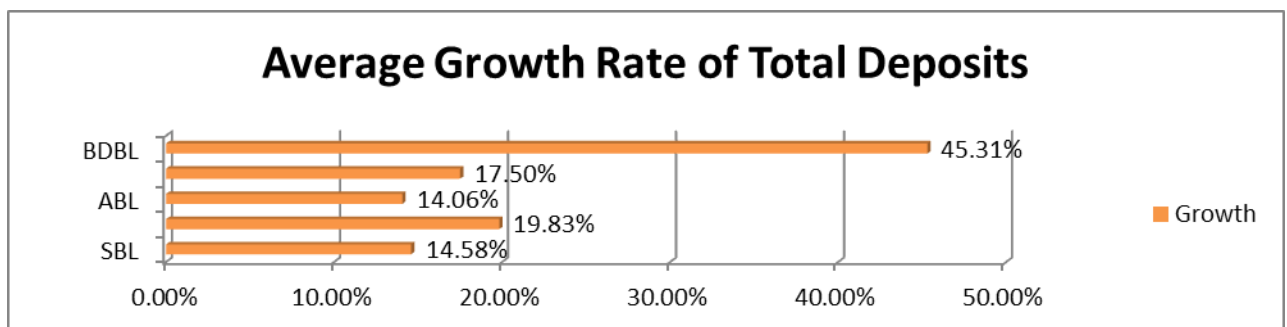
Total Deposits (Amount in million Taka)	Year					Average Growth Rate	Average
	2012	2013	2014	2015	2016		

<b>SBL</b>	599,294	685,895	778,043	866,012	1,031,608	-	792,170
<b>Growth</b>		0.14	0.13	0.11	0.19	14.58%	-
<b>RBL</b>	13,660	17,796	22,166	25,383	27,912	-	21,383
<b>Growth</b>		0.30	0.25	0.15	0.10	19.83%	-
<b>ABL</b>	292,430	348,680	383,920	439,980	494,050	-	391,812
<b>Growth</b>		0.19	0.10	0.15	0.12	14.06%	-
<b>JBL</b>	409,770	478,540	516,010	568,910	641,819	-	523,010
<b>Growth</b>		0.17	0.08	0.10	0.13	11.92%	-
<b>BBL</b>	87,693	134,494	139,935	148,167	158,071	-	133,672
<b>Growth</b>		0.53	0.04	0.06	0.07	17.50%	-
<b>BDBL</b>	795	1,999	2,335	2,337	2,638	-	2,021
<b>Growth</b>		1.51	0.17	0.00	0.13	45.31%	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 2



Source: Calculated from Table 2

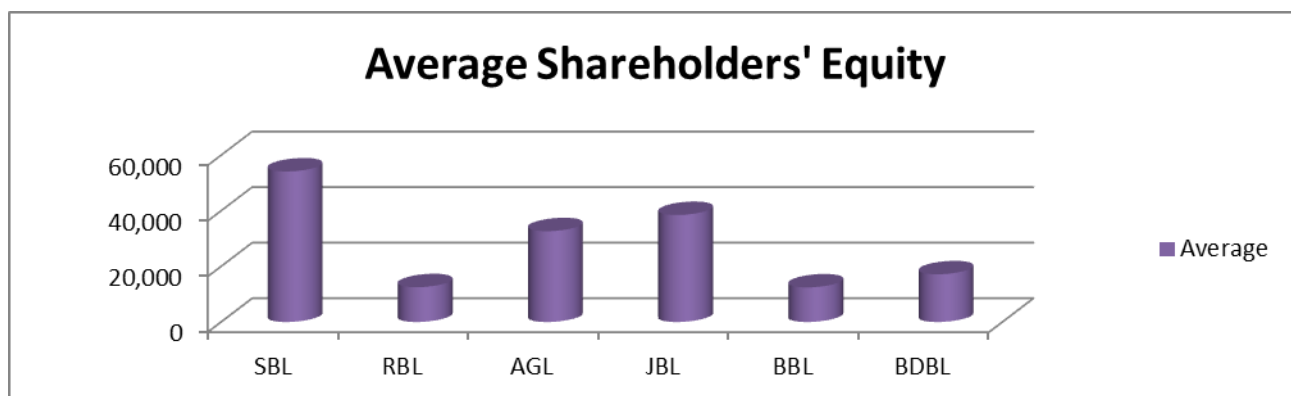
From the above table, we can see that the total average deposit of SBL is in the highest position with the amount BDT 792,170 million and the lowest asset is positioned by BDBL with the amount of BDT 2,021 million but the highest growth rate average is 45.31% in BDBL, and the lowest growth rate is shown in the ABL with the rate of 14.06% from the year 2012-2016.

According to Table 2, the base year is 2012, and ABL gained the highest growth rate of 1.00% and under RBL gained the lowest growth rate of 0.01% in total shareholder's equity during 2012-2016. From the overall analysis, SBL, JBL, and BBL are almost same in rate.

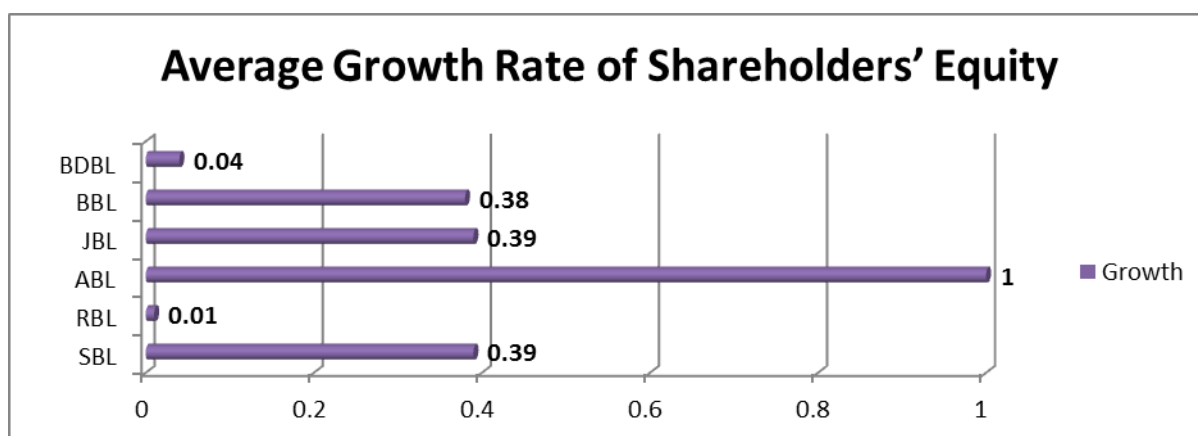
**Table 3.** Total Shareholders' Equity of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

Total Shareholders' equity (Amount in million Taka)	2012	2013	2014	2015	2016	Average Growth Rate	Average
<b>SBL</b>	22,400	49,886	59,380	71,753	67,375	-	54,159
<b>Growth</b>		1.23	0.19	0.21	-0.06	0.39	-
<b>RBL</b>	11,656	11,820	14,775	12,707	11,656	-	12,523
<b>Growth</b>		0.01	0.25	-0.14	-0.08	0.01	-
<b>ABL</b>	7,160	35,472	39,468	44,671	36,571	-	32,668
<b>Growth</b>		3.95	0.11	0.13	-0.18	1.00	-
<b>JBL</b>	16,560	37,016	39,466	49,548	49,890	-	38,496
<b>Growth</b>		1.24	0.07	0.26	0.01	0.39	-
<b>BBL</b>	6,441	6,039	13,014	25,947	10,808	-	12,450
<b>Growth</b>		-0.06	1.15	0.99	-0.58	0.38	-
<b>BDBL</b>	15,699	16,470	17,538	17,984	18,190	-	17,176
<b>Growth</b>		0.05	0.06	0.03	0.01	0.04	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 3



Source: Calculated from Table 3

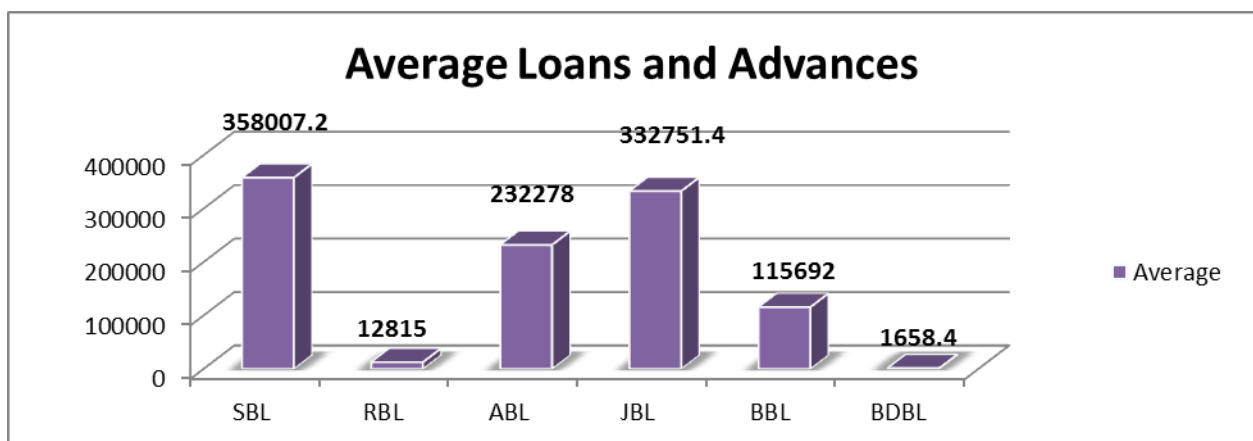
From the above table, we can see that the total average shareholders' equity of SBL is in the highest position with the amount BDT 54,159 million and the lowest asset is positioned by BBL with the amount of BDT 12,450 million but the highest growth rate average is 1.00% in ABL, and the lowest growth rate is shown in the RBL with the rate of 0.01% from the year 2012-2016.

In Table 4.it is found that the loan and advances of all the six banks are not satisfactory under the study period. RBL and BBL provided the highest loan and advances and SBL, ABLBDBL and JBL are provided the low loans and advances under this study period.

**Table 4.** Total Loans and Advances of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

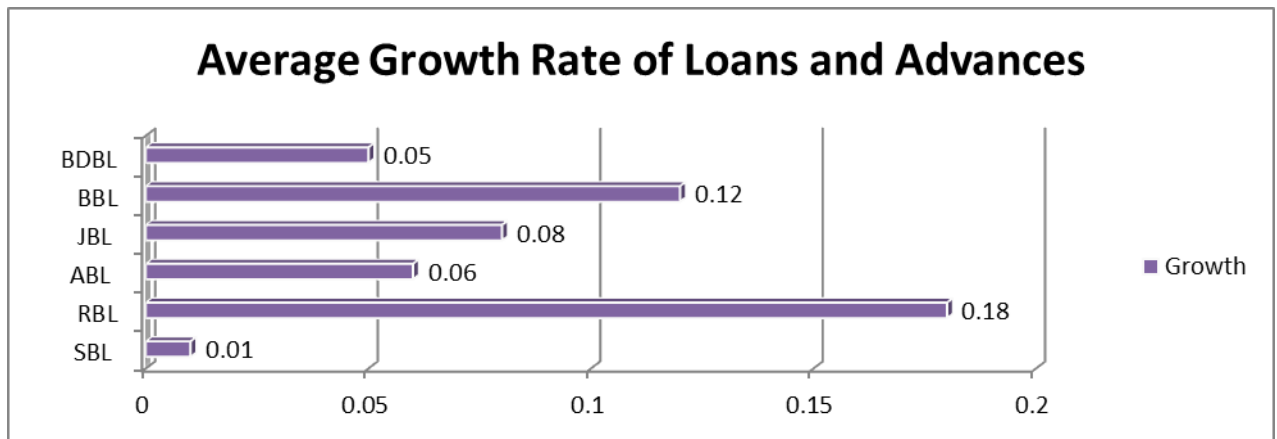
Total Loans and Advances (Amount in million Taka)	2012	2013	2014	2015	2016	Average Growth Rate	Average
<b>SBL</b>	378147	343451	337554	346346	384538	-	358007
<b>Growth</b>		-0.09	-0.02	0.03	0.11	0.01	-
<b>RBL</b>	9,064	10,743	12,501	14,252	17,515	-	12815
<b>Growth</b>		0.19	0.16	0.14	0.23	0.18	-
<b>ABL</b>	212660	202970	235090	244800	265870	-	232278
<b>Growth</b>		-0.05	0.16	0.04	0.09	0.06	-
<b>JBL</b>	305340	285750	319770	349860	403037	-	332751
<b>Growth</b>		-0.06	0.12	0.09	0.15	0.08	-
<b>BBL</b>	85,956	109,429	119,385	128,807	134,883	-	115692
<b>Growth</b>		0.27	0.09	0.08	0.05	0.12	-
<b>BDBL</b>	1,474	1,546	1,650	1,814	1,808	-	1658.4
<b>Growth</b>		0.05	0.07	0.10	0.00	0.05	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 4





Source: Calculated from Table 4.

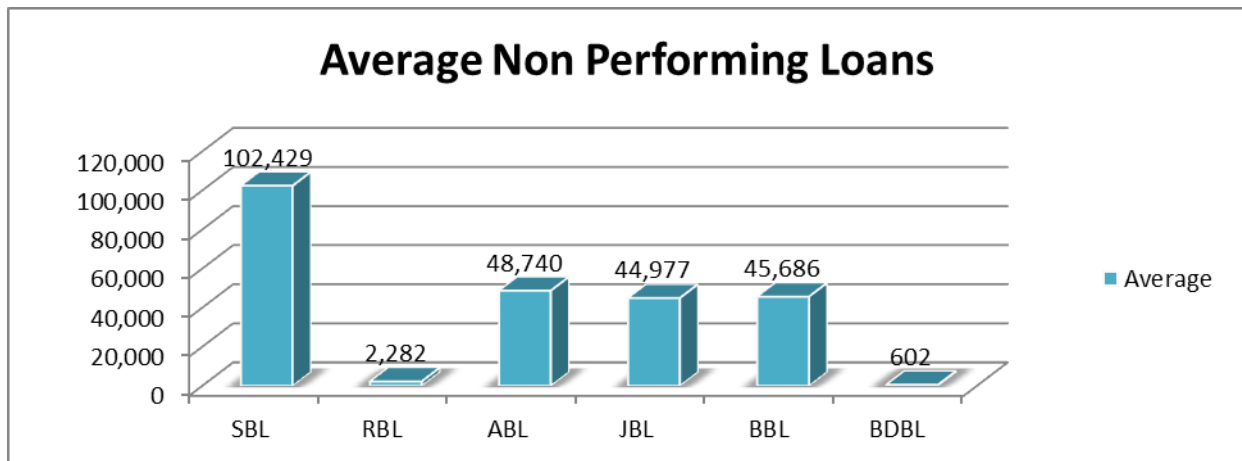
From the above table, we can see that the total loans and advances of SBL are in the highest position with the amount BDT 358007.2 million and the lowest asset is positioned by RBL with the amount of BDT 1658.4 million but the highest growth rate average is 0.18% in RBL, and the lowest growth rate is shown in the SBL with the rate of 0.01% from the year 2012-2016.

**Table 5.** This table shows the non-performing loan managed by six state-owned commercial banks during the observation period. It is found from the table that SBL is able to manage the credit more efficiently than any other bank. In the case of other banks, the recovery rate varies to a great extent from one year to another.

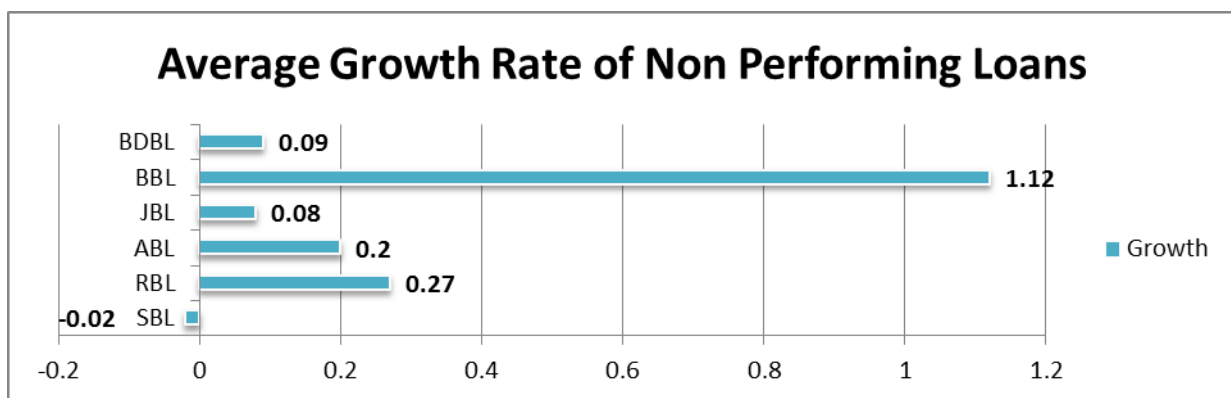
**Table 5.** Total Non-Performing Loans of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

Total Non-Performing Loans (Amount in million Taka)	2012	2013	2014	2015	2016	Average Growth Rate	Average
<b>SBL</b>	125,975	103,769	86,437	86,849	109,115	-	102,429
<b>Growth</b>		-0.18	-0.17	0.00	0.26	-0.02	-
<b>RBL</b>	2,263	1,799	1,520	2,342	3,485	-	2,282
<b>Growth</b>		-0.21	-0.16	0.54	0.49	0.17	-
<b>ABL</b>	53,800	35,800	39,660	46,400	68,040	-	48,740
<b>Growth</b>		-0.33	0.11	0.17	0.47	0.10	-
<b>JBL</b>	53,202	31,767	37,376	43,181	59,360	-	44,977
<b>Growth</b>		-0.40	0.18	0.16	0.37	0.08	-
<b>BBL</b>	7,066	31,455	51,091	65,813	73,007	-	45,686
<b>Growth</b>		3.45	0.62	0.29	0.11	1.12	-
<b>BDBL</b>	542	520	524	695	730	-	602
<b>Growth</b>		-0.04	0.01	0.33	0.05	0.09	-

Source: Calculated from the annual reports of respective banks (2012-2016)



Source: Calculated from Table 5.



Source: Calculated from Table 5.

From the above table, we can see that the total average non-performing loans of SBL are in the highest position with the amount BDT 102,429 million and the lowest asset is positioned by BDBL with the amount of BDT 602 million but the highest growth rate average is 1.12% in BBL, and the lowest growth rate is shown in the SBL with the rate -0.02% from the year 2012-2016.

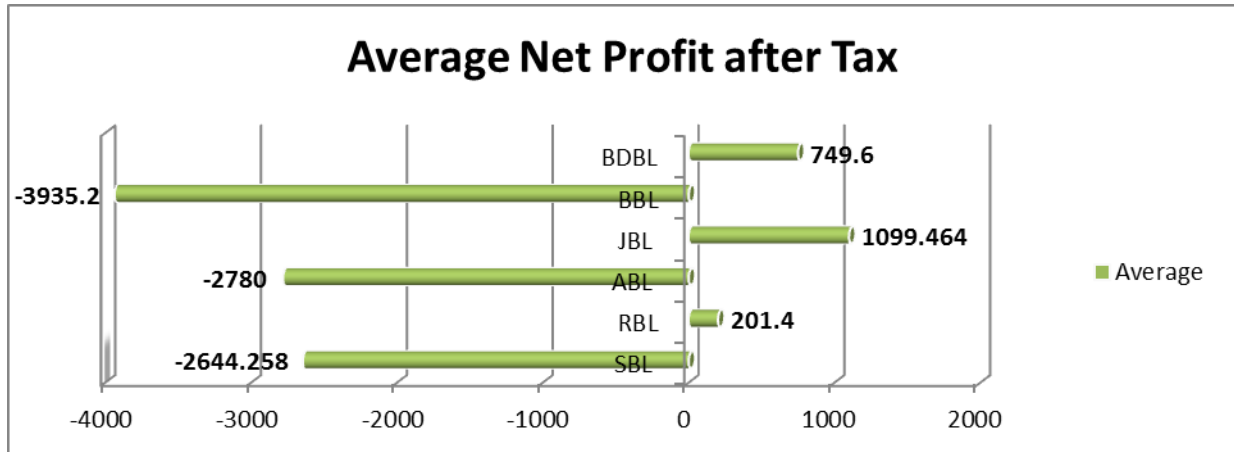
**Table 6.** Shows that SBL provided a positive result, and all the remaining are resulted negative.

**Table 6.** Total Net Profit after Tax of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

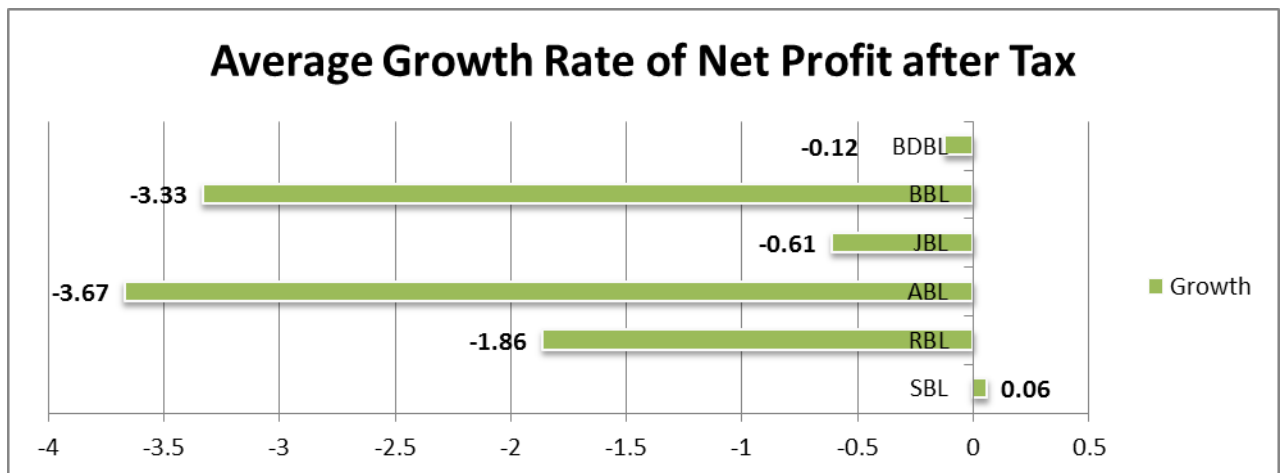
Total Net Profit after Tax (Amount in million Taka)	2012	2013	2014	2015	2016	Average Growth Rate	Average
<b>SBL</b>	-24959	3580	6055	586.5	1516.21	-	-2644.26
<b>Growth</b>		-1.14	0.69	-0.90	1.59	0.06	-
<b>RBL</b>	1206	404	421	235	-1259	-	201.4
<b>Growth</b>		-0.67	0.04	-0.44	-6.36	-1.86	-
<b>ABL</b>	-18620	9050	1990	650	-6970	-	-2780

<b>Growth</b>		-1.49	-0.78	-0.67	-11.72	-3.67	-
<b>JBL</b>	-	9551.31	3813.15	4807.8	2605.4	-	1099.464
	15280.34						
<b>Growth</b>		-1.63	-0.60	0.26	-0.46	-0.61	-
<b>BBL</b>	28	-532	-1100	-3141	-14,931	-	-3935.2
<b>Growth</b>		-20	1.07	1.86	3.75	-3.33	-
<b>BDBL</b>	837	883	1129	517	382	-	749.6
<b>Growth</b>		0.05	0.28	-0.54	-0.26	-0.12	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 6.



Source: Calculated from Table 6.

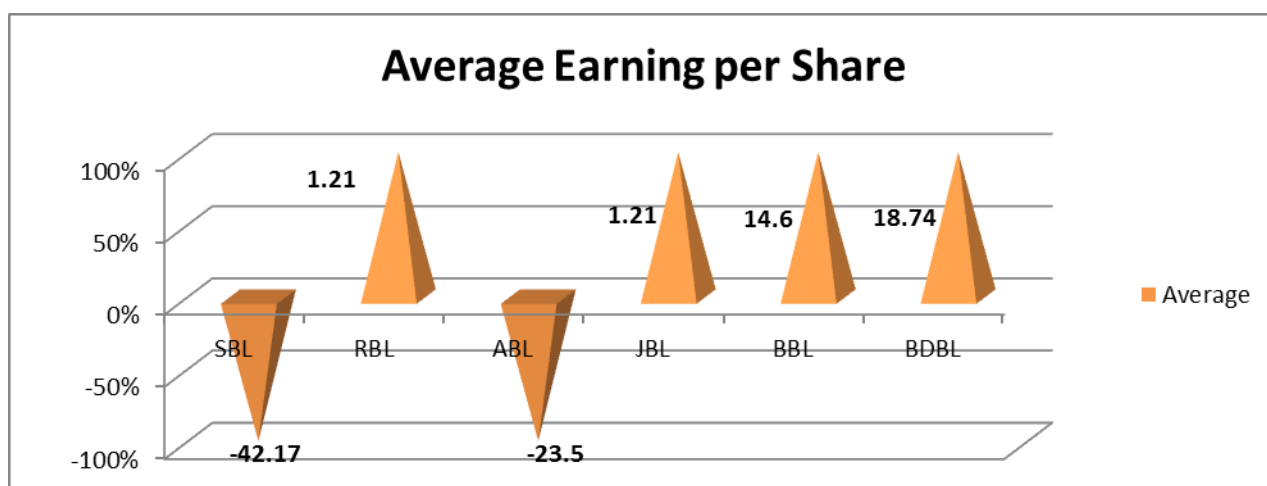
From the above table, we can see that the total average net profit after tax of JBL is in the highest position with the amount BDT **1099.464 million** and the lowest asset is positioned by BBL with the amount of BDT **-3,935.2 million** but the highest growth rate average is **0.06%** in SBL, and the lowest growth rate is shown in the ABL with the rate **-3.67%** from the year 2012-2016.

**Table 7.** Shows the result of earning per share of six state-owned commercial banks of Bangladesh. Though earning per share for BBL is not satisfactory, but this bank is showing a positive trend, and it indicated that every year, net income had increased more than the previous year.

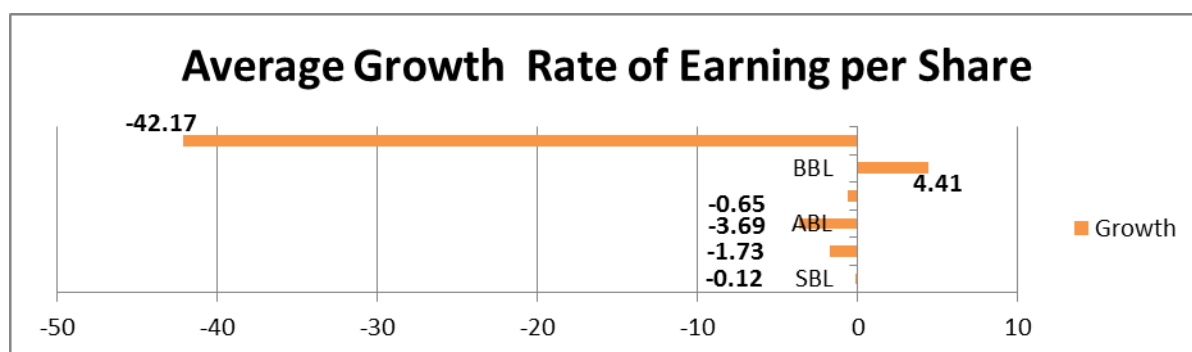
**Table 7.**Earning per Share(EPS) of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

Total earnings per share (Amount in a million Taka)	2012	2013	2014	2015	2016	Average Growth Rate	Average
<b>SBL</b>	-280.3	31.82	32.12	1.53	3.96	-	-42.17
<b>Growth</b>		-1.11	0.01	-0.95	1.59	-0.12	-
<b>RBL</b>	5.64	2.22	1.75	0.98	-4.56	-	1.21
<b>Growth</b>		-0.61	-0.21	-0.44	-5.65	-1.73	-
<b>ABL</b>	-187.84	91.28	9.58	3.15	-33.69	-	-23.5
<b>Growth</b>		-1.49	-0.9	-0.67	-11.7	-3.69	-
<b>JBL</b>	-138.91	86.31	19.92	25.12	13.61	-	1.21
<b>Growth</b>		-1.62	-0.77	0.26	-0.46	-0.65	-
<b>BBL</b>	0.95	18.04	37.33	13.76	2.9	-	14.6
<b>Growth</b>		17.99	1.07	-0.63	-0.79	4.41	-
<b>BDBL</b>	20.92	22.07	28.23	12.93	9.56	-	18.74
<b>Growth</b>		0.05	0.28	-0.54	-0.26	-42.17	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 7.



Source: Calculated from Table 7

From the above table, we can see that the total average earning per share of BDBL is in the highest position with the amount BDT 18.74 million and the lowest asset is positioned by

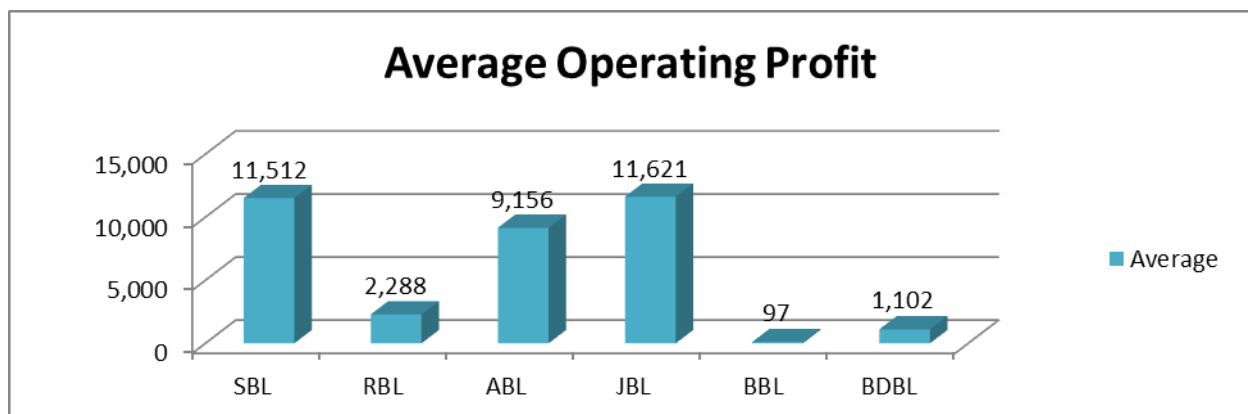
SBL with the amount of BDT -42.17 million but the highest growth rate average is 4.41% in BBL, and the lowest growth rate is shown in the BDBL with the rate -42.17% from the year 2012-2016.

Table 8. This table shows the operating income of six state-owned commercial banks where SBL showed the highest operating profit during the period of observation and other banks operating income is negative in the figure.

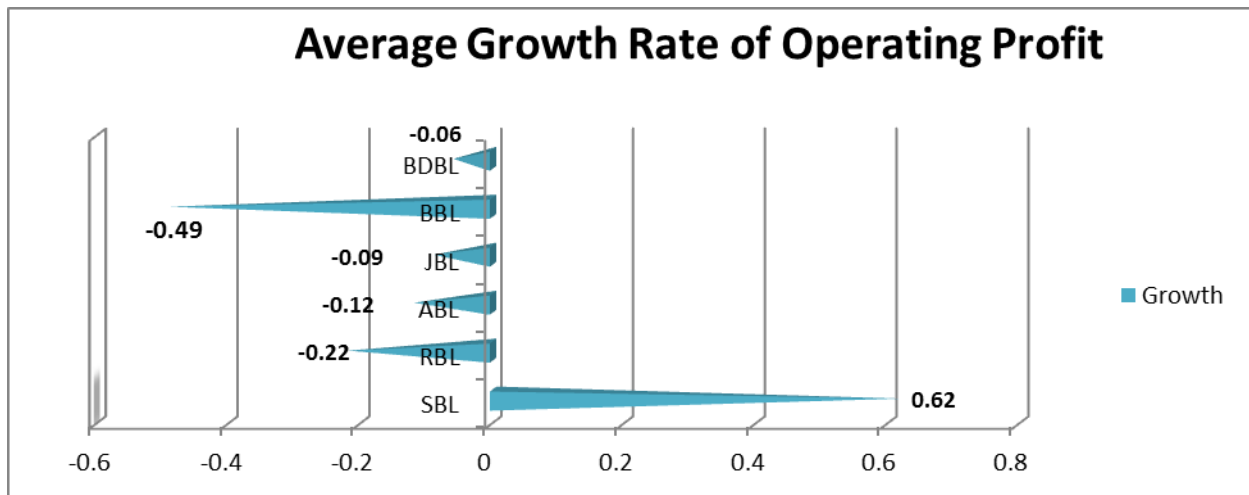
**Table 8.** Operating Profit of the Six State Owned Commercial Banks in Bangladesh (2012-2016)

<b>Total Operating Profit (Amount in a million Taka)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Average Growth Rate</b>	<b>Average</b>
<b>SBL</b>	6,355	29,757	8,547	8,651	4,251	-	11,512
<b>Growth</b>		3.68	-0.71	0.01	-0.51	0.62	-
<b>RBL</b>	3,675	2,050	2,327	2,502	888	-	2,288
<b>Growth</b>		-0.44	0.14	0.08	-0.65	-0.22	-
<b>ABL</b>	10,070	10640	10740	8780	5550	-	9,156
<b>Growth</b>		0.06	0.01	-0.18	-0.37	-0.12	-
<b>JBL</b>	14,534	12127	10683	10721	10039	-	11,621
<b>Growth</b>		-0.17	-0.12	0.00	-0.06	-0.09	-
<b>BBL</b>	2,610	1470	-1124	-2564	91	-	97
<b>Growth</b>		-0.44	-1.76	1.28	-1.04	-0.49	-
<b>BDBL</b>	1,028	1171	1449	1210	651	-	1,102
<b>Growth</b>		0.14	0.24	-0.16	-0.46	-0.06	-

Source: Calculated from the annual reports of respective banks (2012-216)



Source: Calculated from Table 8



Source: Calculated from Table 8

From the above table, we can see that the total average operating profit of JBL is in the highest position with the amount BDT **11,621 million** and the lowest asset is positioned by BBL with the amount of BDT **97 million** but the highest growth rate average is **0.62%** in SBL, and the lowest growth rate is shown in the BBL with the rate **-0.49%** from the year 2012-2016.

### Summary of Findings

#### Total Assets of the six state-owned commercial banks:

Growth Rate Average and Total Average: From the analysis, it is observed that RBL and BBL have the highest acceleration in asset base, whereas BDBL encountered the lowest growth during these years. From the perspective of asset growth, it can be said that the entire bank's growth rate is almost close with each other except BDBL during the years under consideration. The highest growth rate average is 0.18% in RBL and BBL jointly, and the lowest growth rate is shown in the BDBL with the rate of 0.055% from the year 2012-2016. The total average asset of SBL is in the highest position with the amount BDT 956,564 million, and the lowest asset is positioned by RBL with the amount of BDT 25,839 million.

#### Total Deposits of the six state-owned commercial banks

Growth Rate Average and Total Average: In case of the total deposits, BDBL was able to achieve the highest growth in a total deposit. Overall consideration, the performance of the total deposit growth rate is comparatively close with their figures of SBL, RBL, ABL, JBL, and BBL. The highest growth rate average is 45.31% in BDBL, and the lowest growth rate is shown in the ABL, with a rate of 14.06% from the year 2012-2016. The total average deposit of SBL is in the highest position with the amount BDT 792,170 million, and the lowest asset is positioned by BDBL with the amount of BDT 2,021 million.

#### Total shareholder's Equity of the six state-owned commercial banks

Growth Rate Average and Total Average: ABL gained the highest growth rate of 1.00% and under RBL gained the lowest growth rate of 0.01% in total shareholder's equity during 2012-2016. From the overall analysis, SBL, JBL, and BBL are almost same in rate. The highest growth rate average is 1.00% in ABL, and the lowest growth rate is shown in the RBL, with a rate of 0.01% from the year 2012-2016. The total average shareholders' equity of SBL is in

the highest position with the amount BDT 54,159million, and the lowest asset is positioned by BBL with the amount of BDT 12,450 million.

#### **Total Loan and Advances of the six state-owned commercial banks**

Growth Rate Average and Total Average: In case of total loan and advances of the six state-owned commercial banks, the loan and advances of all the six banks are not satisfactory under the study period. RBL and BBL provided the highest loan and advances and SBL, ABLBDBL and JBL are provided the low loans and advances under this study period. The highest growth rate average is 0.18% in RBL, and the lowest growth rate is shown in the SBL, with a rate of 0.01% from the year 2012-2016. The total loans and advances of SBL are in the highest position with the amount BDT 358007.2 million, and the lowest asset is positioned by RBL with the amount of BDT 1658.4 million.

#### **Total Non-Performing Loan of the six state-owned commercial banks**

Growth Rate Average and Total Average: In case of the non-performing loan managed by six state-owned commercial banks during the observation period, it is found from the table that SBL is able to manage the credit more efficiently than any other bank. In the case of other banks, the recovery rate varies to a great extent from one year to another. The highest growth rate average is 1.12% in BBL, and the lowest growth rate is shown in the SBL with the rate -0.02% from the year 2012-2016. The total average non-performing loans of SBL are in the highest position with the amount BDT 102,429 million, and the lowest asset is positioned by BDBL with the amount of BDT 602 million.

#### **Net Profit after Tax of the six state-owned commercial banks**

Growth Rate Average and Total Average: In the case of net profit after tax, it is found that SBL provided a positive result, and all the remaining are resulted negative. The highest growth rate average is 0.06% in SBL, and the lowest growth rate is shown in the ABL with the rate -3.67% from the year 2012-2016. The total average net profit after tax of JBL is in the highest position with the amount BDT 1099.464 million, and the lowest asset is positioned by BBL with the amount of BDT -3,935.2 million.

#### **Earnings per Share of the six state-owned commercial banks**

Growth Rate Average and Total Average: In case of earning per share, the result of earning per share of six state-owned commercial banks of Bangladesh is analyzed. Though earning per share for BBL is not satisfactory, but this bank is showing a positive trend, and it indicated that every year, net income had increased more than the previous year. The highest growth rate average is 4.41% in BBL, and the lowest growth rate is shown in the BDBL with the rate -42.17% from the year 2012-2016. The total average earning per share of BDBL is in the highest position with the amount BDT 18.74 million, and the lowest asset is positioned by SBL with the amount of BDT -42.17 million.

#### **Operating profit of six state-owned commercial banks**

Growth Rate Average and Total Average: The operating income of six state-owned commercial banks where SBL showed the highest operating profit during the period of observation and other banks operating income is negative in the figure. The highest growth rate average is 0.62% in SBL, and the lowest growth rate is shown in the BBL with the rate -0.49% from the year 2012-2016.

The total average operating profit of JBL is in the highest position with the amount BDT 11,621 million, and the lowest asset is positioned by BBL with the amount of BDT 97 million.

### **Recommendations**

- i. Banks should keep adequate asset to run the wheel of banking activities and maintain financial solvency. Due to the poor condition of a total asset in SBL, ABL, JBL, and BDBL, they are suffering from solvency crisis. So, they should give emphasis on increasing their cash, government securities, and interest-earning loans to standardize the total asset.
- ii. Since a deposit is one of the important functions to survive in the banking industry, the banks- SBL, RBL, ABL, JBL and BBL should be careful to increase their deposit amount according to the findings and analysis, as their deposit growth rate is not up to the mark.
- iii. The shareholders' equity is one of the most important matrices to assess the financial health of the bank, and in this viewpoint, BBL, RBL, and BDBL should be cautious about their shareholders' equity due to their low growth rate.
- iv. Total interest income ensures the good performance of the loan. But the poorest performance is observed in the total interest income for all six state-owned commercial banks. Especially ABL, JBL, and BBL should be tried to maximize their loan disbursement to enhance their interest income.
- v. Banks should try to make more loans as there is perhaps nothing more important to a bank than the loans made. Hence SBL must be increased their loan and advances as their growth rate average is lowest among the six banks. On the same hand, ABL, JBL, and BDBL should also be tried to enhance their loan and advances to recover poor loan condition.
- vi. Nonperforming loans are a fact of banks life as people sometimes make difficulties in recovering the loans. To resolve the problem, banks should try to avoid providing risky loans without proper assessment of borrowers' creditworthiness. Proper monitoring of Bangladesh Bank is also important. Hence, BBL, along with RBL and ABL, should try to give focus on its loan disbursement.
- vii. Maintaining a good net profit after tax is a sign of sound banking management as it works as a decision-making tool of shareholders' which indicates the financial performance of a bank in a specific year. In this study, the recommendation for all banks except SBL is- NPAT should be increased, and operating expenses should be managed adequately.
- viii. Banking business needs to expand its activities to get a competitive advantage. As per this study, SBL, RBL, ABL, JBL, and BBL should launch some new branches to expand their banking activities and try to increase their market share using competitive advantage.
- ix. Banks should be properly empowered with competent manpower to keep the banking sector well-functioning. According to the analysis, recruitment is necessary for SBL, RBL, ABL, JBL, and BDBL. Sufficient human recourses are needed to get a better outcome for these banks. They should recruit skilled manpower to raise their banking performance.



- x. Growth of earning per share should be increased by the banks due to exhibit the money is being made by the banks for its shareholders, g. From the analysis, the researcher recommends that earning per share should increase in SBL, RBL, ABL, JBL, and BDBL to ensure the profitability of a bank and dividend payment also.
- xi. In this study, the researcher suggests that- except SBL, all the remaining five banks- RBL, ABL, JBL, BBL, and BDBL should be enhanced their operating profit. Since sufficient operating profit helps to increase the EPS and NPAT so, the banks should increase operating revenue and effectively manage the operating expense to get more operating profit.

### **Conclusion**

The financial market of any economy much more depends on the banking system of that country. The strong governance, operational efficiency, digitalization, improved and sustainable growth, and better service to clients are the most important factors in the banking industry. However, the liquidity condition of state-owned banks is not satisfactory. The number of non-performing loans is increasing day by day. The return on assets and return on equity is decreasing, which indicates weak solvency. As a result, the banks face a crucial crisis to survive in the industry, and sometimes they liquidated or bankrupted. This report will help the investors, creditors, clients, bankers, new entrepreneurs, governments, and auditors to justify the financial performance and find out the best performer banks among all the state-owned commercial banks. By using the regression analysis, fitness is measured. The ratio analysis is also used to get the rational result and make comparison along with correlation coefficient. Here the financial statements like- income statement, owner's equity statement, cash flow statement and balance sheet are appraised to make a comparison of their financial performance and based on that the banks are ranked accordingly with the different variables.

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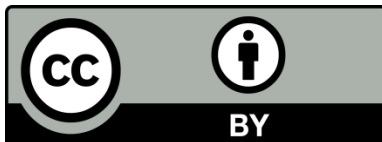
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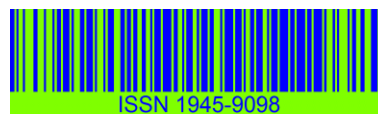
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