

ANALYSIS OF FINANCIAL PERFORMANCE OF SELECTED COMMERCIAL BANKS

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Abstract : Now days the functioning area of bank not limited within same geographical limit of any country. To analyse financial performance ratio analysis is the most logical way to show the bank financial position. So this study has conduct to expose restriction of the function area and process of Financial performance through ratio analysis of National bank limited by comparing banks past year balance sheet, Income statement and cash flow by generating ratio that conduct how much financial stability can be achieve.

1.INTRODUCTION:

Financial analysis is structural and logical way to present overall financial performance of a financial institution. It's also help to evaluate and decision making for business operation. In financial analysis process ratio analysis is the most dominant and logical structure to help business related stakeholder. Under the financial ratio analysis process there are few categories to identical area of financial institution. So business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis. These ratios not only help to decision making process also emphasized on risk avoiding and profit raising related factors. To calculate this ratio need to take quantitative data from bank trading activity and other sources.

This study evaluates bank performance for the period 2008-2013 using financial ratio analysis (hereafter FRA). Financial ratio analysis has wide range advantage to show the bank financial position compare to past year performance. To analyse the ratio I am take data from National Bank Limited annual report. That's help me to understand the financial position of this bank and purpose of the study.

Data of this study collected from secondary source in annual report of National bank ltd. This data research helps to evaluate the overall bank financial position. To evaluate data make descriptive statistical analysis these contain Mean, Standard deviation, Minimum, Maximum.

2.OBJECTIVES:

The objectives of the study are outlined below:

- To Discussed the Financial ratio measurement and analysis.
- To analyze National Bank trading recent years.
- To measure profitability, liquidity and credit management of National Bank

3.STATEMENT OF THE PROBLEM:

The era of globalization modern free market economy introduce a window of banking acidity that has huge impact on any countries trade and overall development. To complete the process of banking or trading financial intermediaries and institution act like as safe gateway between two sides. As an institution, bank has been contributing towards the development of any economy for a long time and at the moment it is treated as an important banking industry in modern world. Now days the functioning area of bank not limited within same geographical limit of any country. To analyse financial performance ratio analysis is the most logical way to show the bank financial position. So this study has conduct to expose restriction of the

function area and process of Financial performance through ratio analysis of National bank limited by comparing banks past year balance sheet, Income statement and cash flow by generating ratio that conduct how much financial stability can be achieve.

The problem statement is “to Analysis the financial performance of NBL Using Financial ratio.”

4.PERFORMANCE ANALYSIS:

4.1 Profitability Performance:

The most common measure of bank performance is profitability. Generally, accounting profits are the difference between revenues and costs. Profitability is considered to be the most difficult attributes of a firm to conceptualize and to measure. These ratios are used to assess the ability of the business to generate earnings in comparison with its all expenses and other relevant costs during a specific time period. More specifically, these ratios indicate firm’s profitability after taking account of all expenses and income taxes, the efficiency of operations, firm pricing policies, profitability on assets and to shareholders of the firm. Profitability ratios are generally considered to be the basic bank financial ratio in order to evaluate how well bank is performing in terms of profit. For the most part, if a profitability ratio is relatively higher as compared to the competitor(s), industry averages, guidelines, or previous years’ same ratios, then it is taken as indicator of better performance of the bank. Study applies these criteria to judge the profitability of the National banks Limited.

7.RESEARCH METHODOLOGY:

7.1. Research Design:

The degrees to which the methodology of this research can be structured two categories are Qualitative and quantitative method. Quantitative methods emphasis on objective measurement and numerical analysis of data collected through polls, questionnaires or surveys. Quantitative research focuses on gathering numerical data and generalizing it across groups of people. I use quantitative method for my research project. The research has been carried out once and it represents a snapshot of one point in time. So it is a Descriptive study under the category of time dimension.

7.2. Data Collection & Sampling:

For achieving the specific objective of the study, data will be gathered entirely from secondary sources.

Secondary Sources

- Website of National Bank Limited.
- Annual Reports, Brochures, Manuals and Publication of the National Bank Ltd.
- Website of Bangladesh Bank
- Manual published by National Bank Ltd.

Using collected data as raw sample to make of this research project. National bank Ltd last six years financial history are used as per require of this study. Most of this data are used in financial ratio analysis of this bank. The data was obtained from Bank scope and the bank’s financial statements and websites.

8.DATA ANALYSIS:

This section of the research work present and discusses the results

8.1. Profitability Performance

In banking the risk-reward trade off is constantly present. Risk taking generates higher expected earnings through various mechanisms. For example granting high margin loans to risky customers may increase earnings in the short term but it also increases the credit risk profile and the probability of future losses (KPMG, 1998). NBL is giving continued emphasis on quality assets, which resulted in providing a

sound asset base for the bank. So now we are show NBL Return on asset ratio with a descriptive analysis last six financial years from their balance sheet result.

8.2. Liquidity performance

Liquidity performance measures the ability to meet financial obligations as they become due and is crucial to the sustained viability of banking institutions. What began as credit concerns for the US sub-prime market developed into concerns in global credit markets with unknown financial exposures and potential losses (ABSA, 2009). The resultant uncertainty made financial market participants exceedingly risk averse, such that they were unwilling to invest in any markets or financial instruments other than 'safe havens'. This severely reduced the levels of liquidity in the global financial markets (SARB, 2009). NBL was not immune to such developments and this is reflected in the liquidity ratios. Bangladeshi banks rely on customer's deposits and their current balances with the Bangladesh bank for their liquidity.

9.SUMMARY & CONCLUSION:

Bank is a very important and vital for economic development in mobilizing capital and other resources. NBL is also contributing to the advancement of the socioeconomic condition of the country. To keep pace with the current market and demand, NBL is following several strategies and taking new initiatives, offering new products and services to the customers. The bank should maintain well-structured communication from upper level to lower level. NBL have a strong position in the competitive market. It is among one of the fastest growing Bank

REFERENCE:

1. Website of National Bank Limited.
- 2• Annual Reports, Brochures, Manuals and Publication of the National Bank Ltd. •

