Print ISSN: 2288-4637 / Online ISSN 2288-4645
doi:10.13106/jafeb.2021.vol8.no2.0923

Financial Performance of Converted Commercial Banks from Non-Banking Financial Institutions: Evidence from Bangladesh

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Received: November 05, 2020 Revised: January 05, 2021 Accepted: January 15, 2021

Abstract

The aim of the present study is to analyze the financial performance of converted commercial bank from non-banking financial institution through a case study of Bangladesh Commerce Bank Limited as sample organization. It is observed that the bank is able to achieve a stable growth rate in total deposits, total loans and advances, and net income after tax during the period of 2015–2019. Researchers also calculated some ratio analysis and noticed that the financial position of Bangladesh Commerce Bank Limited was not so strong because bank's ROA, ROE, NIM and other ratios were below standard. Researchers used secondary data that were examined by using descriptive statistical tools and panel data regression model. Result shows that Bangladesh Commerce Bank has satisfactory operating efficiency, assets management efficiency, and gives loans to customers. In addition, the present study has tested some hypotheses regarding net income after tax, ROA and ROE with total assets, total loans, total deposits and interest income. These hypotheses have been accepted, which means there is no significant influence of the independent variable on the dependent variable. The study suggests that Bangladesh Commerce Bank Limited had the opportunities to make their financial position stronger by utilizing their good financial position and management efficiencies

Keywords: Commercial Bank, Financial Performance, Financial Institution, Net Income, Deposit

JEL Classification Code: B26, D53, E44, F65, G21

1. Introduction

In a developing country like Bangladesh, the banking sector plays an important role in real economic development and progress (Babu,2018). Banks act as a major financial institution in the economic growth and development of any country (Gazi & Talukder, 2017). Mengesha (2016) stated that a rigorous fiscal scheme is indispensable for a healthy and vibrant economy. The progress and strength of the financial condition of a country depend on the soundness of its banking sector (Alemu, 2015). Banks have become essential for the local communities and the overall welfare economy, are formulating customer satisfaction oriented strategies (Kheng et al., 2010; Chowdhury & Islam, 2007). Healthy banking system is recognized as the economic strength of a country. (Hossain & Bhuiyan, 1990). The banking sector also provides various services towards the development of national economy (Kenourgios & Samitas, 2007). In Bangladesh, there are more than 50 banks that are operating very successfully. Their current performance and financial position are quite satisfactory (Bangladesh Bank, 2018). A competitive banking system promotes the efficiency and therefore is essential for growth (Rahaman et al., 2020), but market power is necessary for stability in the banking system (Avkiran, 2004). Commercial banks hold a large share of economic activities of a country.

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Bangladesh Commerce Bank Ltd (BCBL) is a converted commercial bank from the non-banking financial institution incorporated in Bangladesh on 1 June 1998 as a banking institution. This bank started its operations on September 16, 1999, with an authorized capital of Tk920 million, and paid up capital was Tk200 million. The government of Bangladesh established the Bangladesh Commerce Bank on the ashes of the collapsed Bangladesh Commerce and Investment Limited (BCIL) that was set up on January 27, 1986, as a non-bank financial institution (BCBL Annual report, 2017) Now commercial bank is capable to attain a steady growing of branches, employees, deposits, loans and advances, net income, and earnings per share (Chowdhury, 2002) The growing amount of writing off bad debts is a great concern for NCBs, DFIs and PCBs, which indicates the weakness of corporate governance and risk management procedures by Bangladesh Commerce Bank (Bhatt & Ghosh, 1992; Jahangir et al., 2007). As banks in Bangladesh are now in a strong position, so we can analyze the financial consistency and nature of the banking system in terms of the growing economy of Bangladesh (Siddique and Islam, 2001). For this purpose, we have endeavored to analyze the performance of converted commercial bank from non-banking financial institution through various statistical as well as accounting techniques.

The present studies have multiple points of views, but among them have not presented an integral and explicit study in the field of performance evaluation of converting commercial banks in Bangladesh. Hence a requisite is textured to pledge research in this trend so as to appraise the financial performance by establishing require methods and systems. Nevertheless, the current study is a bold initiative in trying to assess financial position, financial performance, and factors affecting performance and trend of profitability of Bangladesh Commerce Bank Limited (BCBL).

2. Literature Review

Banks' performance is a main concern for any country's business, trade and its development. Investor, stakeholders, and policy-makers in banking need to know about the financial viability of the bank in order to make the right decision at the time of financial matter and investments (Nataraja, 2018). Without the effective banking system the current trade and commerce cannot be carried out perfectly as it is considering as the modern service of the modern world (Ahmed, 2009; CPD, 2002). Prakash et al. (2017) noted that the banking system is one of the keys to building a strong economy in any country. Their study indicated that the profitability has an impact on capital adequacy and financial leverage (Rahaman et al., 2020). This study also exposed that enforcing a high capital sufficiency ratio will affect adversely the bank's profits. Hawaldar et al. (2016) found no significant variance among the commercial banks. He found that operating efficiency is better for the commercial banks. Hawaldar et al. (2017) revealed that there is no notable difference in the performance of the bank during the pre-crisis and crisis period (Rahaman et al., 2020). Their research proved that there is no significant difference between the performance of conventional and Islamic retail and wholesale banks in respect to staff, cost to income ratio, cost to income ratio, asset utilization ratio, and operating efficiency ratio during the study period.

Nabi (2019) found that state-owned banks are significantly less efficient than their counterparts, and local and foreign commercial banks are equally efficient. Further, the regression results reveal that ROA was significantly influenced by the Non-performing Loan Ratio, Capital Adequacy Ratio, and Credit to Deposit Ratio R, whereas the Non-performing Loan Ratio and Capital Adequacy Ratio had a significant effect on ROE (Le et al., 2019). Assfaw (2018) found that the size of bank's financial capacity, capital adequacy, and management skills have a positive and statistical significant on the bank's performance of private commercial banks of Ethiopia measured by ROA, ROE and NIM. The study also showed that asset quality was not a statistically-significant determinants of sound financial performance of private commercial banks in Ethiopia. Magesh (2010) sought to analyze the overall performance of six sampled private commercial banks in Ethiopia using CAMEL rating approach with panel regression model to measure the effect of CAMEL rudiments. He found that among the banks there is no significant differences in financial performances.

Mulualem (2015) and Tabash et al., (2019) clearly showed that asset quality and management quality have a positive impact and correlation on return on asset and have a positive return on equity. Tadios (2016) stated that the key aim of gauging the assets quality is to determine the constituent of Non-performing Assets (NPAs) by way of percentage of the total assets, that matches with the result of Iheanyi (2017) and Yiregalem (2015), which means assets quality has a negative impact on profit of the bank. Nataraja et al. (2018) indicated that the designated ratios have impact on financial performance of private commercial banks. Jilkova and Stranska (2017) focused on assessing the performance and profitability of the banking sector. They found a positive impact on financial performance by using a multiple linear regression model in the banking sector. Sharifi and Akhter (2016) conducted a study on the performance of public sector banks. They found that public sector banks' performance impacted positively and significant.

Alemu and Aweke (2017) noted that different instructive variables were significant in the profitability indicators – ROE and ROA. No asset quality indicators were significant in determining the profitability ratios. The banking sector is the backbone of the national economy of a country (Jain & Jaiswal, 2016). The sustainable economic development of a country requires continuous evaluation of the financial health and performance of the banking sector.

3. Methodology

This study is the evaluation of performance of converted commercial banks from non-banking financial institutions in Bangladesh. In Bangladesh, there are 54 commercial banks including nine foreign banks, but very few commercial banks are converted commercial from non-banking financial institutions. The present study analyzed the financial performance of Bangladesh Commerce Bank Limited as sample of the study. The present study is mainly base on secondary source through annual reports of last five years (2015–2019) of Bangladesh Commerce Bank Limited (BCBL) as sample organization. The gathered data have been tabulated, analyzed and interpreted with the help of financial ratios. Financial ratios are used for the statistical analysis on bank performance like ROE (return on equity), ROA (return on asset), ROI (return on investment), EPS (earning per share) and PER (price earnings ratio), etc. The data were also examined by using a descriptive statistical tools and panel data regression model. Different statistical tools like mean, standard deviation, coefficient of variation and *t*-test are used. The data are taken from the year 2015–2019. To evaluate the financial performance of Bangladesh Commercial Bank Limited by examining the relationship between dependent and independent variables, the researchers have used different application software in order to analyze data, like, Microsoft Excel and SSPS.

3.1. Hypotheses

On the basis of objectives and past literature review, the researchers formulate following hypothesis;

H1: *Null hypothesis is that there is no significant impact of Return on Asset on Total Assets, Total Loan, and Total deposit.*

H2: *Null hypothesis is that there is no significant impact of the Return on Equity on Total Assets, Total Loan, and Total deposit.*

		Variables	Formulas
Independent Variables	Firms' specific variables	Equity to Asset Ratio (EAR)	$\frac{\text{Total equity}}{\text{Total asset}}$
		Price earnings ratio (P/E)	$\frac{\text{Market Price Per Share}}{\text{Earning Per Share}}$
		Earnings per share (EPS)	$\frac{\text{Net Income after tax}}{\text{Common Equity Shares Outstanding}}$
		Net interest margin (NIM)	$\frac{\text{Net Interest Income}}{\text{Total Assets}}$
		Nonperformance Loan to Total Loan	$\frac{\text{Nonperforming Loans}}{\text{Total Loans}}$
		Deposit to Asset ratio (DTAR)	$\frac{\text{Total deposit}}{\text{Total asset}}$
		Debt to Equity Ratio (DER)	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
		Loan to Deposit Ratio (LDR)	$\frac{\text{Total Loans}}{\text{Total Deposits}}$
		Asset Management Efficiency	$\frac{\text{Total Operating Revenue}}{\text{Total Assets}}$
		Operating Efficiency	$\frac{\text{Total Operating Expenses}}{\text{Total Operating Revenues}}$
Dependent Variables		Return on Asset (ROA)	$\frac{\text{Net Profit after tax}}{\text{Total assets}}$
		Return on Equity (ROE)	$\frac{\text{Net profit after tax}}{\text{Total equity Capital}}$
		Net Income after Tax	

Figure 1: Conceptual framework of the study

4. Data Analysis and Results

4.1. Growth Analysis of Various Elements of Financial Statements

The asset position of Bangladesh Commerce Bank Ltd. from 2015 to 2019 represents that the bank has creating a strong position in the banking sector of Bangladesh. The deposit collective position of Bangladesh Commerce Bank Ltd. from 2015 to 2019 represented that bank's deposit collection record was not satisfactory and was not in a stable position both upward and downward trend. The loans and advances of the bank had an impressive growth by the year 2015 to 2019. The total loans and advances as on 31 December 2019 were Tk826.60 crores.

Table 1 indicates that the last five years assets growth rate of BCBL was mixed trend. In the year of 2019 assets have increased at the highest rate (65%), but in the year 2018 the growth rate was 11% only. Again, Table 1 illustrates that the growth rate of deposits in the year 2016 was satisfactory, but the trend had been downward in the year 2017 and 2018. The rate touched the uppermost position in the year 20019–60%.

Table 1: Total Assets, Total Deposits, Total Loans and Advances, and Net Income after Tax

Year	Total Assets		Total Deposits		Total Loans and Advances		Net Income after Tax	
	Assets (Tk. crore)	Growth Rate	Total deposits (Tk. Crore)	Growth Rate	Loan and Advance (Tk. crore)	Growth Rate	Net Income after Tax (Tk. Crore)	Growth Rate
2015	6,271,079,609	–	465.92	–	466.98	–	–	–
2016	7,318,391,395	17%	568.29	22%	501.04	7%	–2.93	–
2017	8,520,801,228	16%	678.69	19%	578.60	15%	2.65	190%
2018	9,427,819,490	11%	760.5	12%	625.62	8%	4.13	56%
2019	15578360165	65%	1,218.76	60%	826.60	32%	6.33	53%

Table 2: Return on Assets (ROA) and Return on Equity Capital (ROE)

Particulars	2015	2016	2017	2018	2019
Return on Assets (ROA)	Not found	(29,300,343)/ 7,318,391,395	26,508,455/ 8,520,801,228	41,306,097/ 9,427,819,490	63,308,582/ 15,578,360,165
	Not found	(0.40%)	0.31%	0.44%	0.41%
Return on Equity (ROE)	Not found	(29,300,343)/ 1,004,849,263	26,508,455/ 1,019,995,868	41,306,097/ 1,018,744,699	63,308,582/ 2,146,401,020
	Not found	(2.92%)	2.60%	4.06%	2.95%

Further, Table 1 demonstrates that the loans and advances of the BCBL had a stable growth rate except the year 2016, and the last one-year growth was the highest (32%) of BCBL. Loan and advance growth has been found satisfactory over the last five years.

The growth rate in net income after tax was not available in the years 2015 and 2016 because of insufficient information. The growth in net income after tax was very high in the year 2017; BCBL in the year 2016 had net loss figure, but that turn into profit in 2017. The growth rate of net income after tax was satisfactory in the year 2018 and 2019 (Table 1).

4.2. Ratio Analysis of Bangladesh Commerce Bank Limited

4.2.1. Return on Assets (ROA) and Return on Equity (ROE)

Return on Assets (ROA) is a financial ratio that shows a company's percentage of profit relative to its total assets.

Return on Assets (ROA) = Net Income after Tax/ Total Assets

The amount of net returned as a percentage of the shareholders' equity is ROE (Return on Equity). It shows how much profit a company has made compared to the total shareholders equity found on its balance sheet. ROE between 15% and 20% are generally considered good.

Return on Equity Capital (ROE) = Net Income after Tax/Total Equity Capital

Table 2 shows that Return on Asset of Bangladesh Commerce Bank Ltd. in the year 2016 was (0.40%) because this year the bank incurred a net loss, but in the year 2017 ROA turned into positive figure and that was 0.31%. Moreover, in the year 2018, ROA increased to 0.44%, thus increases approximately 42% by the year 2017. But in the year 2019, it decreases to 0.41%.

From Table 2, we see that the Bangladesh Commerce Bank in the year 2016 using its total equity capital made a negative ROE that was 2.92% because this year the bank incurred a net loss, but in the year 2017 ROE of BCBL rapidly turned into a positive figure, which was 2.60% and retained it in 2018. Besides, in the year 2018, ROE increased 56% by the year 2017. But in year 2019, ROE decreases to 2.95%, which was 27% less from year 2018. However, ROE of BCBL reached 3.15% in the year by increasing 6.78% by the year 2019. So, we found that both up and down trend had been passed throughout the last five years.

4.2.2. Earning per share (EPS), Price earnings ratio (P/E ratio), Net interest margin (NIM), Non-interest margin ratio (NIR), Net operating margin (NOM)

Table 3 shows that bank's net loss in year 2015 EPS of BCBL was negative, but in the years 2016, 2017, 2018 and 2019, Bangladesh Commerce Bank made a positive EPS that was 2.88, 4.49, 3.18 and 3.51, respectively. In 2017, EPS of Bangladesh Commerce Bank was maximum. In 2016, the market was willing to pay 35 time against EPS. That indicated that the bank had high share value against its EPS. It was not for the highest possible growth rate. But in 2017, P/E ratio fell to 22 times against its EPS and in the year 2018 and 2019 the P/E ratio of BCBL was 31 times and 28 times respectively.

From the above calculation, we notice that NIM of Bangladesh Commerce Bank in the year 2015 was 2.67%, but in the year 2016, NIM of BCBL declined to 0.99% that was 62.92% less by the year 2015. Finally, the NIM of BCBL was 1.96% in the year 2019. Table 3 further shows that the Net Noninterest Margin of Bangladesh Commerce Bank in the year 2015 was 0.87%, but in the year 2016 Net Noninterest Margin (NIRM) of BCBL increased to 1.21%. However, Net Noninterest Margin of BCBL gradually increased in the years 2017, 2018 and 2019 that was 1.46%, 2.01% and 1.74% respectively. The NOM of BCBL increased rapidly in the year 2017 and that was 3.06%, but again NOM had fallen to 2.09% in the year 2018. However, NOM of BCBL in the year 2019 had risen to 2.87%. Calculation shows that the trend of operating margin has increased every year.

4.2.3. Nonperformance Loan to Total Loan (NL), Provision for Loan Losses to NPL, Interest Income to Operating Income(II), Non-Interest Income to Operating Income (NII) and Interest Expense to Interest Income (IE)

Table 4 shows that the percentage of Non-performing Loan gradually declined from the years 2015, 2016, 2017, 2018 and 2019 that were 34.10%, 30.43%, 27.30%, 23.74% and 13.18%, respectively. That indicated the efficiency of credit control and collection department of BCBL. It similarly express that the provision percentage against Non-performing loan in the year 2015 to 2019 was 15.49%, 15.53%, 14.72% and 18.78%. However, in the year 2019, the ratio rapidly increased to 34.37% and that was the highest position in the history of Bangladesh Commerce Bank. That indicates high provision in relation to its Non-performing loan. Table 8 further shows that Interest Income to Operating Income of BCBL in the year 2015 was 66.03% of total operating income. Moreover, interest income to operating income was of BCBL was 53.11%, 51.97%, 71.99%, 49.44% and 66.39%, respectively. In the year 2018 Non-interest Income to operating income of BCBL was 50.56% and a minimum in the year 2017 that was 28.01%. From the above calculation, we understand that the interest expense to interest income of BCBL from year 2015 to 2019 was 86%, 82%, 61%, 67%, and 60%, respectively. In 2015, interest expense was 86% (highest) and in 2019 it was 60% (lowest).

Table 3: EPS, PER, NIM, NIR and NOM

Items	2015	2016	2017	2018	2019
Earnings per Share (EPS)	(3.18)	2.88	4.49	3.18	3.51
Price Earnings Ratio (P/E ratio)	–	35 Times	22 Times	31 Times	28 Times
Net Interest Margin (NIM)	2.67%	0.99%	1.31%	3.74%	1.96%
Noninterest Margin Ratio (NIMR)	0.87%	1.21%	1.46%	2.01%	1.74%
Net Operating Margin (NOM)	(0.40%)	0.35%	3.06%	2.09%	2.87%

Table 4: NL, NPL, II, NII and IE

Items	2015	2016	2017	2018	2019
Nonperformance Loan to Total Loan (NI)	34.10%	30.43%	27.30%	23.74%	13.18%
Provision for Loan Losses to NPL (NPL)	15.49%	15.53%	14.72%	18.78%	34.37%
Interest Income to Operating Income (II)	53.11%	51.97%	71.99%	49.44%	66.39%
Non-Interest Income to Operating Income(NII)	46.89%	48.03%	28.01%	50.56%	33.61%
Interest Expense to Interest Income (IE)	86%	82%	61%	67%	60%

4.2.4. NPL Loans to Total Assets (NPLL), Provision for Loan Losses to Total Loans ((PLLTL), Provision for loan Losses to Equity Capital (PLLEC), Loan to Deposits (LD)and Net Loans to Total Assets (NLTA)

From 2015 to 2019, NPL percentage against Total Assets gradually declined to 25%, 21%, 19%, 16%, and 7%, respectively. The percentage of PLL against Total Loan gradual declined from the years 2015 to 2019, which were 5.28%, 4.73%, 4.46% and 4.44%, respectively. Furthermore, Table 5 indicates the percentage of PLL against Total Equity Capital of BCBL were 25%, 24%, 23%, 27% and 17% in the years 2015, 2016, 2017, 2018 and 2019, respectively. This trend continues in the year 2017 that was 23%, but the provision percentage against aggregate equity capital suddenly increased in the year 2018 to 27%. In 2019, provision for loan Losses to Equity Capital (PLLEC) return in the tendency was 17% (Table 5).

Table 5 shows that, in the year 2015, BCBL gave loan amounting to 88% of their total deposit. In addition, this percentage declined continuously in the years 2016, 2017 and 2018, which were 85%, 82%, and 68%, respectively. However, in the year 2019 the percentage of giving loan among its total deposit that was 82%. That means in the year 2019 the Bank gave a loan 82% of their total deposit. That indicates better position of the bank coming year. BCBL had stable Net Loans to Total Assets ratio. In the year 2016 Net Loans to Total Assets was higher (NLTA), which was 70% and 53% in the year 2018 that was lowest.

4.2.5. Tax Management Efficiency, Expense Control Efficiency, Asset Management Efficiency, Operating Efficiency and Asset Management Efficiency

Table 6 indicates that in 2016 BCBL had 89% tax Management Efficiency, which indicated a better position to bail out taxes. However, in 2009 tax management efficiency decline to 27% and Tax Management Efficiency increased 39% in 2018 and 31% in 2019. Tax Management Efficiency was not in a good position in last three years. It is also found from Table 6 that in the year 2015 BCBL had huge expenses, greater than its total operating revenue. That is why in that year the Bank made a net loss. Expense Control efficiency of BCBL was 14% percent in the year 2016, which was lowest and in 2017 it was only 31%, meaning that expense control efficiency of BCBL was skimpy over the years. Table 6 further indicates that Asset Management Efficiency of BCBL in the year 2017 was 5.20%, which means the bank is using its aggregate assets, which earned 5.20% of Total Operating Revenue. BCBL had not stable Asset Management Efficiency in the last five years. In 2015, operating efficiency was 122% because that year BCBL incurred more Total Operating Expenses than Total Operating Revenues. In addition to the year 2016, the BCBL had incurred high Total Operating Expenses, but less than Total Operating Revenues. However, the last three years operating efficiency of BCBL was satisfactory.

Table 5: NPLL, PLLTL, PLLEC, LD and NLTA

Items	2015	2016	2017	2018	2019
NPL Loans to Total Assets (NPLL)	25%	21%	19%	16%	7%
Provision for Loan Losses (PLL) to Total Loans (PLLTL)	5.28%	4.73%	4.02%	4.46%	4.44%
Provision for loan Losses to Equity Capital (PLLEC)	25%	24%	23%	27%	17%
Loan to Deposits (LD)	88%	85%	82%	68%	82%
Net Loans to Total Assets (NLTA)	69%	70%	66%	53%	65%

Table 6: Different Efficiencies

Items	2015	2016	2017	2018	2019
Tax Management Efficiency	68%	89%	27%	39%	31%
Expense Control Efficiency	(22%)	14%	31%	26%	25%
Asset Management Efficiency	1.86%	2.52%	5.20%	3.97%	5.18%
Operating Efficiency	122%	86%	41%	47%	45%

5. Discussion

R square and adjusted *R* square show the significance relationship with dependent variable and individual independent variables. Here, independent variables are total loan, total deposits and interest income, where independent variable is net profit after tax.

Table 7a indicates that, as the *R* Square value of dependent variable Net Income after Tax and Independent variable Total loan, Total deposits and Interest Income is 0.846, which means that the dependent variable is affected by 85% of the independent variable. In addition, adjusted *R* square collectively affected dependent variable considering all variables by 39%. Moreover, significance expresses the *P* value of the total loan with net income after tax as the *P* value of the total loan with net income after tax is higher than 0.05. Therefore, the hypothesis is accepted. Besides, the relationship between independent variables totals deposits with dependent variable net income after tax is higher than 0.05. So, the null hypotheses are accepted. In addition, *P* value between independent variable interest incomes with dependent variable net income after tax is also higher than 0.05. So, this hypothesis is also accepted.

Table 7b indicates *R* square value is 0.930, which means the dependent variable is affected by independent variable (93%). Moreover, adjusted *R* square collectively affected dependent variable considering all variables by 72%.

Besides, the relationship between independent variable Total Assets with dependent variables Return on Assets is $0.215 > 0.05$. So, the hypothesis is accepted. We see that the relationship between independent variable total loans with dependent variable Return on Assets is higher than 0.05. So, the null hypothesis is accepted. Again, *P* value between independent variable Total deposits with dependent variable Return on Assets is also higher than 0.05. So, this hypothesis is accepted.

Table 7c reveals that R square value is 0.949, which means independent variables affect the dependent variables by 95%. In addition, adjusted R square collectively affected dependent variable considering all variables by 80%. Then again, Table 7c shows the relationship between independent variable Total Assets and dependent variable Return on Equity is statistically significant at the 0.05 level. So, constituent hypotheses are accepted. *P* value between independent variable Total Loan and dependent variable Return on Equity is 0.224, which

Table 7a: Regression Analysis for Total loan, Total Deposits and Interest income on the basis of Dependent Variable Net Income after Taxes

Dependent Variable	*R* Square	Adjusted *R* Square	Index. Variable	*T* Test	Significance	Accepted/ Rejected
Net Income After Taxes	0.846	0.384	Total loan	−0.835	0.557	Accepted
			Total Deposits	1.099	0.470	Accepted
			Interest Income	0.855	0.550	Accepted

Table 7b: Regression Analysis for Total loan, Total Deposits and Interest income on the basis of Dependent Variable Return on Assets

Dependent Variable	*R* Square	Adjusted *R* Square	Independent Variable	*T* Test	Significance	Accepted/ Rejected
Return on Assets (ROA)	0.930	0.719	Total Assets	−2.851	0.215	Accepted
			Total Loan	−2.256	0.266	Accepted
			Total Deposit	2.924	0.210	Accepted

Table 7c: Regression Analysis for Total loan, Total Deposits and Interest Income on the basis of Dependent Variable Return on Equity

Dependent Variable	*R* Square	Adjusted *R* Square	Independent Variable	*T* Test	Significance	Accepted/ Rejected
Return on Equity (ROE)	0.949	0.798	Total Assets	−3.658	0.170	Accepted
			Total Loan	−2.718	0.224	Accepted
			Total Deposit	3.718	0.167	Accepted

is greater than 0.05. So, the null hypotheses are accepted. Several studies on financial performance evaluation of commercial banks (Tadios, 2016; Nataraja et al., 2018; Sharifi & Akhter, 2016; Alemu & Aweke, 2017) found more or less similar findings as the present studies. Also, the significance value between independent variable Total Deposits and dependent variable Return on equity is $0.167 > 0.05$. So, this hypothesis is also accepted.

Although these independent variables have influence on the dependent variables, in case of BCBL, researchers see that these independent variables had not a significant influence on dependent variables. A few researchers (Nabi, 2019; Assfaw, 2018; Melaku, 2017) found same findings. ROA of BCBL in the different year had a mixed trend because total assets of BCBL rapidly increased from year by year. On the other hand, profit of BCBL gradually increased from 2015 to 2019, but not in response to the rate of total assets. From Financial Performance Assessment of Bangladesh Commerce Bank, it can be said that, in the recent year BCBL did well in their operation. Although, they have some problem in Net Income after Tax. Expense control and have high Non-performing Loans, BCBL has the opportunities to do well because BCBL had an efficient Management and Credit Control Department and huge assets.

6. Conclusion

In this modern age, bank is playing a splendid role to keep the economic development wheel moving. First, the growing banking sector in Bangladesh is contributing to develop its national economy and GDP. As a converted commercial bank from non-banking financial institute Bangladesh Commercial Bank Limited (BCBL) has a strong financial base and huge assets to meet up its liabilities, which make this organization financially sound and solvent. BCBL is a great financial companion of independent Bangladesh continuing its role in socio-economic progress by leading role. Besides, its traditional function such as deposit mobilization, deployment of fund in trade, commerce, industry, agriculture, remittance collection, and export and import business BCBL are true accelerators of Bangladesh national economy already having established a pioneer position of playing key role in the country's development. In spite of some problems, BCBL is continuing business operation successfully in Bangladesh through developing an image and goodwill among its clientele by offering its excellent services. Within a short time of its operation, BCBL has successfully grabbed a position as a highly progressive and dynamic financial institution in the country. After all the performance of the converted commercial bank from non-banking financial institution, BCBL's position is not fully satisfactory and needs to update as having underneath the position in some of the financial performance indicator. So, the Bank's authority and policy-makers of related financial sector of Bangladesh should be aware to develop gradually others performance indicators.

Finally, researchers recommend that further study should take the whole banking sector as sample that are converted from non-banking financial institutions in Bangladesh. Researchers believe that there is scope to conduct a broader study in the related field.

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