An Internship report submitted in partial fulfillment of the requirements for the Degree of Master of Business Administration (MBA)

Report on: "Bank's Specific Factors Affecting The Performances Of Commercial Banks"

SUBMITTED TO:

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Class ID: 22317004

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Department of Finance & Banking

Comilla University, Cumilla

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Letter of Transmittal

26 May, 2025

Sutapa Chowdhury

Assistant Professor,
Dept. of Finance & Banking
Comilla University

Subject: Submission of the MBA Internship Report

Dear Mam,

It is an absolute pleasure for me to submit the internship report titled ***"Bank's Specific Factors Affecting The Performance of Commercial Banks".*** which has done as a partial fulfillment of the requirements for the degree of Master of Business Administration (MBA) under Department of Finance & Banking, Faculty of Business Studies, Comilla University. Your guideline has been followed in every aspect of preparing this report. I have really enjoyed working on this report and I have tried my level best to make an effective report.

Within the title limit, I have made this report as comprehensive as possible. But there may be some mistakes due to various limitations. So, I beg your kind consideration in this regard. I hope that my work would meet the level of your expectation. Any query on this report is appreciated.

Sincerely yours,

Minhajul Hoq Hamja

ID: 22317004
Dept. of Finance & Banking
Comilla University

Acknowledgement

I am very much grateful to the Almighty Allah for giving me the potency and capability to complete the project paper on the topic ***"Bank's Specific Factors Affecting The Performance of Commercial Banks"*** I am also thankful to my parents, to my department finance and banking and the bank manager of Janata bank who have provided important suggestions to complete this report. I honestly state that this project paper has been prepared and is being submitted very sincerely as a partial fulfilment of the requirement of MBA. The write-up in the report is in my own language and I have taken some help from some published work of other writers and researchers, and given the citation accordingly.

Actually, I am expressing heartiest thanks to all who helped me directly and indirectly to complete this paper.

Certificate of the Supervisor Experience certificate

This is to certify that this paper on ***"Bank's Specific Factors Affecting The Performance of Commercial Banks"*** is a record of a bona fide work. The paper has been prepared by Minhajul Hoq Hamja**, ID: 22317004,** as a partial fulfilment of the requirement of MBA degree from Department of Finance & Banking, Comilla University.

The paper has been prepared under my authority and is a record of a bona fide work carrying out successfully.

Sutapa Chowdhury

Assistant Professor

Dept. of Finance & Banking,

Comilla University

Declaration

I do here by solemnly declare that the work presented in this project paper titled ***"Bank's Specific Factors Affecting The Performance Of Commercial Banks."*** is an original work done by me under the supervision of **Sutapa Chowdhury, Assistant Professor,** Department of Finance & Banking, Comilla University. I also do sincerely declare that this project paper has been submitted, in partial fulfilment of the requirement of my MBA degree. This paper is written from my knowledge, but it is mentionable that I have gathered ideas from some articles,report which is mentioned in the reference part.

I, finally, express special thanks from the bottom of my heart to all who help me directly and indirectly to complete this paper.

Minhajul Hoq Hamja
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Experience certificate

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Date: 22/05/2025

TO WHOM IT MAY CONCERN

This is to certify that **MINHAJUL HOQ HAMJA**, a student of MBA Program, ID No: 22317004, Session: 2022-2023, Department of Finance & Banking, Comilla University, has successfully completed internship program for a period of (02) two months from our Shasangacha Branch, Cumilla. His title of internship paper is "Bank's Specific Factors Affecting The Performance Of Commercial Banks." to fulfill his requirement of Master of Business Administration (MBA) program.

During the period of his internship program with us, he has been found very much sincere, dedicated and dutiful in his responsibilities. We wish his every success in life.

Md. Abdul Hannan Bhuiyan
Manager
Janata Bank Limited
Shasangacha Br. Cumilla

Manager

Janata Bank Plc.

Shasangacha branch, Cumilla.

Executive Summary

This paper is intend to briefly analyze the Bank's related specific factors Affecting The Bank Performance indicates which is a however a well functioned a state owned Commercial Banks in Bangladesh. To conduct for this study on, Secondary data of the 10 years data (from 2015 to 2024) of 03 state owned commercial banks e.g. Sonali, Janata, Agrani banks have been collected from the published annual report from as per its websites participation. All of the data has been collected in at the basis of a non biased and actual representation of its value from the financial statements of three reputed commercial bank's published in their annual reports. The total number of observations for this paper is 30. This study is conducted based on secondary data as well.

This paper has been started with a gist introduction to Commercial Banks and their banking works and importance in country's all over economy. The report has been done as for which that is the integral part of MBA program, and it has been mentioned under of the basis origin of the report. The rationale of this study is to assess the internal influential factors Conventionally bank specific factors (Micro factor or bank specific factors) of the Commercials Banks' performance from the perspective of Bangladesh. Under the problem statement, the report is needed to be done has been mentioned. The main objectives of this paper to identify the fundamental determinants and to assess their contribution to the performance criterion of the commercial bank.

A brief snapshot of the similar type works that have been done by scholars in the past has been given in the second chapter of the paper known as the literature review. From this chapter, it has been concluded that the bank performance represented by the return on assets (ROA) is related to the total assets of each year, capitalization, leverage & asset quality. Financial Institution size have the positive impact and the others variables have negative impact on the profitability.

A number of statistics methods (Descriptive, correlations and regression analysis) have been used in preparing this paper. To mentioned statistics with a view to figuring out the statistical analysis factors. The techniques used in analyzing the data can be classified broadly in two types: Descriptive statistics to describe the characteristics of the used data for research purpose and the correlation and regression analysis techniques to analyze the relationship between the dependent and independent variables to find whether there is significant relationship or not. The descriptive statistics include commonly used mean and standard deviations also skewness and kurtosis to measure the asymmetrical data set distribution.

The overall bank performance parameters a well known parameters to examine whether the Bank is functioning in a well through manner that is the (ROA) have been considered as the dependent variables in this paper.They are ROA Commercial Banks. The considered independent variables are logsize, cap, assq & lev. A list of these variables and how they are expected to have an impact on the profitability measures in this study has been provided under the methodology section.

The data testing and analysis part of the study has been provided in the 5th chapter of the paper. This chapter has been started with showing the descriptive statistics of the independent variable used in the study is shown as the value of the mean and standard deviation of all selected independent variables. Moreover, skewness and kurtosis measurements are done to find out whether the data distribution is asymmetrical or lack of symmetry. Based on the basic equation of linear regression, ROA model has been used to measure the impact of factors on profitability.

In the 6thchapter, Findings, Recommendations and Conclusion have been described. The findings for the models, ROA model has been compared with the expected outcome as the selected variables on the profitability of the commercial banks and find out the significance level. Recommendations have been given based on the findings, and finally conclusion has been drawn out based on the report. A comparison between the result of this ROA model has been done to conclude the report.

Finally, a list of the references of the previous works from where different ideas have been taken to conduct this study has been given. The supportive calculations and the results from running the STATA software have also been given in the appendices of the paper to authenticate the analysis of the paper.

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Chapter: 01

Introduction

1.1 Introduction:

Commercial Banks, simple way known as banks, are the most important and specialized body of financial segment of any economy or usually a sector on which an economic development of a country or community depends on thereof. They work on the specialist sector of fund transfer as an intermediary between the surplus units like (households, employees)and the deficit units like (Industry, business and govt.) by collecting funds from the surplus units through the bank account and channelizing those collected funds to the deficit units as loans and advances. As a result, commercial banks play a very key role in the efficient flow of funds among several units in an economy. This sector is the figurehead and most authoritative of national monetary segment, money market and financial activities of a country's overall economic development.

This study aims to empirically investigate on the impact of some factors on the performance of the commercial banks: an empirical study based on Janata Bank PLC and its profitability. It is usually assumed that the success and survival of this industry depends on its profitability. So, the factors that are having impact on the profitability must to be critically analyzed and examined to identify whether the expected significant relationship of each factors having both poaitive and negative impact with the profitability of Janata Bank Plc. & conducting a scientific study for furthermore betterment and improving the commercial bank's performance parameters.

1.1.1 Origin of the Report:

The MBA program under department of Finance & Banking, Comilla University requires for submitting a project paper on a the supervision of an honorable faculty. This paper on “Bank's specific factors affecting and the performance of commercial Banks: A study on 03 selective commercial banks” has been prepared by following the directions of honorable Supervisor to accomplish that integral part of the MBA program under department of Finance & Banking, Comilla University.

1.2 Background of the Study:

This report aims to identify the factors specifically related to the bank commonly known banking related crucial factors that have significant impact and also crucially determine the performance of the commercial banks and level of impact on the outcomes of the commercial banks of our country Bangladesh. Commercial banks are the key players in the financial systems of Bangladesh and the success of this industry depends on its performance how its performs as well actively to economic progress at a consistent rate. So, developing this sector must require to identity the some specific bank factors which have significant influence on the performance overall bank' success and increase the bank performance by improving those factors economically and scientific way possible. Commercial Banks work as an intermediary simple independendent middleman between the surplus unit and the deficit unit by collecting funds from the surplus units and channelizing those collected funds to the deficit units and do business at a bank spread basis (Difference between deposit rate and interest rate) which gives returns to the bank. As a result, commercial banks also play a very key role in the effective flow of funds among several units in an economy.

It needs not to say that the well performed of any bank is crucially important to the owners, lenders, borrowers, stockholders, employees, management, government, stakeholders and to the entire economy. The performance of any financial institution largely depends on both the Bank specific factors (micro factors) and also relevant economic factors. Some mentionable micro factors which are really a bank specific factors such as: Institution size, operating efficiency, management quality, asset management, asset quality, capitalization, leverage, liquidity, capital adequacy and so on. Several researchers have used these factors to assess their impact on the overall impact on and performance parameters at various distinct criterion by which of the commercial banks can assess its well performance ability. This study also tries to assess the impact of some specific factors specifically related to commercial banks on the performance of the commercial banking Industry and how its play roles by achieving utmost performance of its banking activities.

1.3 Problem Statement:

Commercial banks are the key players in the financial system as well as money market of Bangladesh. The major participates in money market are state owned commercial bank who perform various banking activities on profits. The whole economy of a country might get affected whenever if the commercial banks segment under performs, as however, it is an important player in the financial sectors. It is usually assumed that if performance of a commercial bank increases, other functions and activities of that financial institution will also improve. And if performance of a commercial bank decreases or simply get worse than international standards, other functions and activities of that financial institution will also decrease. So, the success and survival of this industry depends on its overall banking performance. And so, the factors that are having direct and positive impact on the of Bank performance sectors needs to be analyzed and examined so that policy makers can easily take effective decision based on study result and perform scientific activists for fulfilling vision and mission and public welfare as well as to get maximum collected economic benefits from commercial bank. It is also required to be examined to identify whether the expected relationship of each variable with the performance complies with the actual relationship or not. Finding the degree of effective significance of bank factors on bank performance.

1.4 Significance of the study:

This study actually tries to focus on essential bank performance parameter, bank well functional ability and identifying its impacting factors to maintain those to get bank's overall vision and mission. Some specific institutional factors(Bank specific) which are different from other industries have a significant impact on bank performance. If a bank policy makers want to get supreme success he must have knowledge on such factors and driving those factors effectively to attain desirable result which ultimately give success to bank industry. Any commercial bank must try to perform the minimum level of performance to meet the depositors expectation as well as operating expenses along with giving returns to the shareholders and others stakeholders.

Well performing banks tend to build up buffers against negative shocks (such as significant amount of Non performing loan) has major portion of bank profits comes from loan so this industry seem to be more risky. The prospect thereto an expected future profits restrains banks' risk-taking behavior as they have more. While as the level of bank's well performance such as good Net margin, liquidity management, assets allocation etc are important for financial stability it matters greatly where a bank's performance depends on and success come from. This study report will help any bank policy makers for Improving bank's related specific factors, by managing factors will result good performance parameters. Thus, Good level of bank's performance can help to reduce costs, increase turnover and productivity & plan for change and long term growth of industry which result positive output in the overall economic development.

1.5 Scope of the study:

This study would highlight the measuring factors of bank's performance which affect the and assess the bank outcomes significantly of commercial banking sectors. The reader of the study would get a comparative advantage at competitive banking sectors by learning determining factors. This research would emulate the financial health and risk exposure of commercial bank in term of overall productivity as it is important parameters of bank's success. So, this study highly recommended in the banking fields. The policymakers of banking industry will get a good view for developing banking performance.

As the scope in research refers to the boundaries and extent of a study, defining its specific objectives, target population, variables, methods, and limitations, which helps researchers focus and provide a clear understanding of what will be investigated. Therefore, every topics of scope of research included clearly on this research paper consecutively. The scope of the study explains the extent to which banking industry, area will be explored more, and the parameters the study will operate properly and more scientifically.

1.6 Research Question:

The study deals with a number of questions. Completion of the study satisfies the following research questions –

• Do the selected bank's specific factors have any impact on the bank's performance?

• Does the impact of each bank's specific variables found significant to the bank's performance?

1.7 Objectives of the Study:

It is usually assumed that if performance of a commercial bank increases, other functions and activities of that financial institution will also improve. So, the success and survival of this industry depends on its overall bank's performance compared to banking industry standards.

1.7.1 Broard objective of the study:

The bank's specific factors affecting the performance of the commercial bank. An study on 03 state owned commercial banks on 30 observations.

1.7.2 Specific objectives of the study:

:➢ To identify the specific factors (micro factors of bank sectors) that have impact on the performance of the commercial banks (e.g.i. Assets size, Capitalization, Leverage, Asset Quality) are the selected bank factors for this study.

➢ To derive the impact of the bank specific factors on the commercial bank's performance.

➢ To compare the actual results with the expected results.

➢ To give recommendations based on the findings and calculation and to draw conclusion from statistics outcomes.

Software used in the study:

• STATA

➢ Descriptive Statistics (Mean, Standard Deviation, etc.)

➢ Data analysis (Correlation & Regression)

• MS Excel

➢ Data Input, Conversion into panel data, Creation of tables.

• MS Word

Chapter: 02

Literature Review

According to Peter S. Rose, a variety of financial ratios can be used for measuring a financial institution's profitability. In today's world, several ratios like return on assets (ROA), return on equity (ROE), net interest margin (NIM), net non-interest margin (NNIM), net operating margin (NOM) etc. are used as a proxy for measuring profitability. (Writer, Commercial Bank Management)

Gup and Kolari, in Commercial Banking: The Management of Risk, expressed profitability through the analysis of various financial ratios. Return on assets (ROA), Return on equity (ROE), Profit margin (PM), Net interest margin (NIM) etc. are some of the key profitability indicators which have been found in the book.

It has been found that several factors, including company specific as well as macroeconomic, have impact on the profitability of a financial institution. Several researchers have used asset management, asset quality, capitalization, capital adequacy, institution size, operating efficiency, management quality, leverage, liquidity, etc. as the proxies for company specific variables which have impact on profitability. Again, they have used GDP growth, government budget deficit or surplus, annual inflation rate, real interest rate, unemployment rate etc. as the proxies for macroeconomic variables impacting the profitability of a company.

Haffernan & Fu (2020) took the data of Chinese banks from 2009 to 2015 to examine the determinants of Chinese banks performance. They incorporated four measures of performance namely ROA, ROE, NIM, & EVA and used some internal and external measures to assess the impact of these variables on these measures. The study found that Bank size had negative and insignificant impact on ROA, Positive and insignificant impact on ROE, and negative and significant impact on NIM. Capitalization had positive insignificant, negative insignificant, and positive significant impact on ROA, ROE, & NIM respectively. Operational efficiency had negative and significant impact on ROE and NIM and had negative and insignificant impact on ROA. Liquidity had positive and insignificant impact on ROA & NIM and had positive significant impact on ROE. GDP had positive and significant impact on ROA and NIM but had positive and insignificant impact on ROE.

Alkhatib (2017) used panel data including 30 observations from 2008 to 2014 of five Palestinian commercial banks as a sample to perform an empirical study on the financial performance of Palestinian commercial banks. In his study ROA, Tobin's Q ratio and EVA were used as the dependent variables and Asset management, Bank size, Credit risk, and Operational efficiency were used as the independent variables. The investigation revealed that asset management and bank size had positive impact on ROA, TQ, and EVA whereas operating efficiency had negative impact on all the three dependent variables. Credit risk had negative impact on ROA and TQ but had positive impact on EVA.

Alshatti (2016) studied the determinants of profitability of commercial banks of Jordan using the data of 13 commercial banks of Jordan for 10 years as the sample. He incorporated ROA and ROE as the dependent variables and liquidity, capitalization, assets size, capital adequacy, leverage, asset structure, asset quality, and financial structure as the independent variables. Conducting simple regression model, the researcher found that, Asset structure, capital adequacy, capitalization, and liquidity had positive impact on both ROA and ROE. Asset size, asset quality, and leverage had negative impact on both ROA and ROE. Finally, financial structure had negative impact on ROA but had positive impact on ROE.

Petria et al. (2015) published a paper, using evidence from 27 EU banking systems as the sample for the study, on the determinants of banks profitability using both the company specific variables and the macroeconomic variables. The study found that bank size and inflation had negative and insignificant impact on ROA whereas operating efficiency and liquidity had negative and insignificant impact on ROA and ROA respectively.Mustafa (2014), using a financial ratio approach with a period of 5 years (2009-2013), evaluated the financial performance of Erbil bank. He performed three least squares multiple regressions using ROA, ROE, and ROD as the dependent variables and incorporated three bank specific variables (bank size, capital ratio, and liquidity) as the independent variables for each model. The study found that Bank size had positive impact whereas capital ratio and liquidity had negative impact on both ROA and ROE. And all the three variables had insignificant impact.

Kosmidou et al. (2014) developed a project paper, using an unbalanced panel data set of 224 observations from 1995 to 2002, on the determinants of profitability of domestic UK commercial banks. They incorporated ROA and NIM as the proxies of the profitability measures of domestic UK commercial banks. They used five bank specific measurements namely operating efficiency as measured by the cost to income ratio, liquidity as measured by the liquid assets to customer deposit, asset quality as measured by loan loss ratio to gross loan, capital strength as measured by total equity to total assets, and bank size as measured by the total assets as the proxies for the determinants. Using the fixed effect regression model, they found that asset quality had a positive and significant impact on NIM but had a positive and insignificant impact on ROA, liquidity had a positive effect on ROA and a negative impact on NIM, and Operating efficiency had a negative and significant impact on both ROA and NIM. Capital strength had positive and significant influence on both ROA and NIM. Finally, Bank size had a negative impact on both the measures ROA and NIM.

Ayanda et al. (2013) conducted a study to investigate the determinants of banks profitability in adeveloping economy where Nigerian economy had been chosen as the developing economy. They used time series secondary data which were collected from the annual reports of banks for a period of 31 years (1980-2010). They used ROA, ROE, and NIM as the dependent variables and bank size, capital adequacy, credit risk, and liquidity risk as the bank specific independent variables of the study. Conducting the simple OLS regression technique to make a decision about the outcome, they concluded that capital adequacy had a negative impact on profitability. Liquidity risk had also a negative impact on profitability. Bank size had a positive impact on profitability. Finally, credit risk had a negative impact on profitability

Sufian and Kamaruddin (2012) published an article on bank specific factors and macroeconomic determinants of profitability of commercial banks of Bangladesh. For the study they used ROAA, ROAE, and NIM as the dependent variables. Again, asset quality, capitalization, non-traditional activities, management quality, liquidity, and size (measured by total assets were selected as the independent variables by them. Performing multiple regression analysis in order to assess the impact of the bank specific factors on each model, the researchers found that except the asset quality all the other bank specific factors had influence on profitability. The study concluded that capitalization, management quality, and the bank size had positive and significant impact on profitability while non-traditional activities and liquidity had negative impact on profitability.

Akhtar et al. (2011) incorporated ROA & ROE as the proxies of the profitability measures of Islamic banks of Pakistan to investigate the impact of some bank specific factors on these measures of profitability. As the proxy measure of bank specific factors, they had taken bank size, gearing ratio, NPL ratio, asset management, operating efficiency, and capital adequacy.The study found bank size had negative and insignificant, gearing ratio had positive and significant, asset management had positive and insignificant, capital adequacy had positive and significant, operating efficiency had negative and significant impact on both ROA & ROE. NPL ratio had negative & insignificant impact on ROA and negative and significant impact on ROE

Chapter: 03

Organization's Profile

3.1 Overview and history of Janata Bank Plc.

Janata Bank Plc. is a prominent state owned banking entity in Bangladesh's banking sector, carries a proud legacy that can be traced back to the country's independence in 1971. The transformative period following independence saw the nationalization and restructuring of all banks by The Bangladesh Bank Nationalization Order, 1972. It was during that time United Bank Limited and Union BankLimited were merged and renamed as Janata Bank. We can mention here with legitimate pride that Father of the Nation Bangabandhu Sheikh Mujibur Rahman fondly named this new bank as 'Janata Bank'. We are indeed proud of this glorious historical legacy. Later on, the Bank was corporatized and renamed as Janata Bank Limited on 15 May 2007 with a vision to emerge as the largest commercial bank in the country. JBL has a large branch network covering both urban and rural areas, provides quality services and offers lucrative and innovative products.

The Board of Directors of the Bank is composed of 08 (eight) Members including the Chairman. The Board of Directors, comprising individuals of exceptional expertise and diverse backgrounds, including independent Directors from both public and private sectors, with a wealth of professional and academic qualifications, ensuring strong governance and strategic oversight.

With a focus on innovation, the Bank continuously introduces new and attractive products that cater to the evolving needs of its clientele. Moreover, JBL adheres to rigorous social, ethical, and environmental standards, aligning its business activities with responsible practices and promoting sustainable development. The Bank's steadfast adherence to corporate governance norms further strengthens its position as a trusted and reliable financial institution. In summary, JBL stands as a symbol of the transformative journey in the banking sector of Bangladesh, commencing with the nationalization of banks and culminating in its present-day status as the second leading commercial bank. With a large branch network, a focus on customer satisfaction, commitment to responsible practices, and good governance.

3.2 Corporate Profile

Name of Company	**Janata Bank Plc.**
Chairman	Mr. M. Fazlur Rahman
Managing Director & CEO	Md. Abdul Jabber
Head of Internal Control and Compliance	Md. Ramjan Bahar (DMD)
Chief Financial Officer (CFO)	Md. Nurul Alam FCMA, FCA (DMD)
Chief Risk Officer	Mr. Abdul Majid Sheik
Company Secretary	Mr. Abdul Alim Khan
Total Number of Branch	922
Legal Status	Public Limited Company
Date of Incorporation	21 May 2007
Date of Commencement of Business	21 May 2007
Authorized Capital	Tk. 30,000 Million
Paid up Capital	Tk. 23,140 Million
Face value per share	Tk. 100 per share Shareholding Pattern 100% Share owned by the Government of the Peoples Republic of Bangladesh
Phone PABX	+8802-223380029, +8802-223380042, +8802-223385042,
E-mail	md@janatabank-bd.com
Website	www.jb.com.bd

Swift	JANBBDD
Phone PABX	+8802-223380029, +8802-223380042, +8802-223385042

3.3 Janata Bank Plc. in the Banking Sector of Bangladesh

Vision

The objective of Janata Bank Plc. is to become an effective and the largest commercial bank in Bangladesh supporting socio-economic development of the country and to be a leading bank in South Asia.

Mission

Janata Bank Plc. will be an effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every unit/component of banking network.

Strategic Priority

The strategic priorities of Janata Bank Plc. are as follows:

• Enhance automation by implementing online banking in all branches to offer superior customer service.

• Fortify the capital base to enhance resilience capacity.

• Reinforce internal controls and compliance through well-defined policies, procedures, and processes.

• Achieve asset growth with high-quality assets.

• Undertake strong measures to recover classified and write-off loans.

• Optimize the funding mix to reduce the cost of funds.

• Incorporate green banking practices into banking activities.

• Ensure sustainability in the business strategy.

• Operate with improved risk management.

• Maximize efficiency by reducing operating expenses.

These strategic priorities demonstrate JBL's commitment to technological advancement, financial stability, risk management, compliance, and sustainable business practices, all while focusing on delivering superior customer service and optimizing operational efficiency.

Internal Control

Janata Bank recognizes the critical role of internal control in effective governance and risk management. To reinforce the Bank's internal control and compliance framework, a dedicated Monitoring and Compliance Division, led by a General Manager, has been established. This Divisionfocuses on enhancing overall internal control measures. The Audit Committee of the Board of Directors ensures the oversight of internal audit and compliance functions. Regular internal audits and inspections are conducted across all branches, with additional measures such as surprise audits, monitoring audits, item audits, investigations, ICT audits, checks on cash management, surprise checks on physical cash, and scrutiny of loan documentation. These efforts are undertaken to effectively manage and mitigate the ICC risk within the Bank.

Directors' responsibility for internal control is spelled out at page 113 under the title "Directors' Responsibility for Financial Reporting, Internal Control and Corporate Governance"

3.4 Products and Services of Janata Bank Plc.

There are many state-owned and private commercial Bank in Bangladesh. Among all JBP is the second largest state-owned commercial Bank. JBL provide both corporate and retail banking services with a strong focus on socio economic evelopment of the country. The bank typically provides short term working capital loan and limited long-term credit exposure. Moreover, This bank offers micro enterprise and special credit as well as rural banking. Under corporate banking services, it provides trade finance, consumer finance, project finance and syndicate finance. On the other hand, various deposit scheme and remittance facilities are delivered through retail banking.

A. Deposits:

JB PLC. provides different types of deposits products with versatile facilities to its depositors at a convenient way of possible. Here are deposits acc. of JB Plc. with various unique banking features. Here are basic banking products of JB Plc. Products with distincts varieties. Such as:

(i) Current & Call Deposits: Current Deposit, Call Deposit, Deposit in Foreign Currency, Resident Foreign Currency Deposit, Deposits in FC (WES), Convertible Taka A/C (D), Q-Q- Cash Deposit

(ii) Savings Bank Deposits: Savings Bank Deposit, Savings Deposit from foreign remittance, Q-Cash Deposit, NRB FC Deposit, School Banking Deposit

(iii) Monthly Scheme Deposits: Deposit Pension Scheme, JB Savings Pension Scheme, Medical Deposit Scheme, Education Deposit Scheme, Ghore Ghore Sanchay, JB Monthly Savings Scheme, JB Special Deposit Scheme, JB Monthly Amanat Prokalpa, Janata Hajj Deposit Scheme, Janata Deposit Scheme, Nari Kallyan Shanchay Prokalpo, Onibashi Shanchaye Prokalpo

(iv) Term Deposits: Fixed Deposit, JB Double Benefit Scheme, JB Monthly Benefit Scheme, Retirement Savings Scheme, JBL Retirement Savings Scheme, Continuous Benefit Account

(v) Special Notice Deposit: Special Notice Deposit, Convertible Taka A/C (SND)

B. Loans & Advances:

(i)Term Loan: Industrial Credit (IC), Housing Building Loan (General & Commercial), Agro based Industry/Project Loan, Shipyard loan, Loan for Overseas Employment, Consumer Credit

(ii)Small and Medium Enterprise Loan: Service Sector Loan, Trading Sector Loan, Manufacturing Sector Loan

(iii) Continuous Loan: Cash Credit (Hypo), Cash Credit (Pledge), Export Cash Credit, Secured Overdraft (SOD)

(iv) Rural & Agro Credit: Crop Loan, Fishery Loan, Animal Husbandry Loan, Agricultural Machineries Loan, Rural Transport Loan, Flower cultivation

(v)Poverty Alleviation Program: Supervised Credit Program, Small Farmers & Landless Laborers, Self-employment Scheme, Family Based Micro Credit

(vi) Specialized Loan Program: Cyber Café, Service holders Loan, Doctor's Loan Scheme, Special Credit Program for Women Entrepreneurs, Janata Care-Health Service Loan (JCHSL), Education Loan, Janata Bank Shikkha Rin.

(vii) Micro & Cottage industries loan: Dairy/Poultry/Fish Culture, Loan for Handicrafts, NGO linkage loan, Weavers' Credit, Swanirvar Loan

(viii) Import & Export Finance, Loan Against Imported Merchandise (LIM), Inland Bill Purchase (IBP), Loan Against Trust Receipt (LTR), Payment Against Document, Packing Credit (PC), Local/Foreign Bills Purchased (FBP), Loan Against Export Development Fund (EDF), Advance Against Cash Incentive

(ix) Letter of Credit: Letter of Credit - at Sight, Letter of Credit – Usance, Back to Back L/C etc.

(x) Letter of Guarantee: Advance Payment Guarantee, Bid Bond, Performance Guarantee, Shipping Guarantee

(xi) Other Credit Program: Transport, Loan to Diagnostic Centers, Loan to Travel Agencies, Loan for Salt Production

C. Services

(i) Financial Services (Inland Remittance): Demand Draft (DD), Telephonic Transfer (TT), Mail Transfer (MT), JB remittance paymensystem, em(Deposit/withdrawal from any branch), JB PIN cash System

(ii) Financial Services (Foreign Remittance): Online Speedy Remittance, Maintaining NRT Account, Foreign M, Foreign Remittance, Foreign Demand Draft, Collection of Draft, Cheque, T, Foreign Currency Endorsement

(iii) Other Financial Services: Pay Order, Pay Slip, Security Deposit Receipt

D. Services:

(i) Utility Services: Gas Bills Collection, Electricity Bills Collection, Telephone Bills Collection, Sewerage Bills Collection, Municipal Holding Tax Collection, Port Bill Collection, Land Rent Collection

(ii) ATM Service: Cash withdrawal, Balance inquiry, Mini statement of accounts, Point of

Sale (POS), Mobile recharge, Tax payment

(iii) Welfare Service: Payment of Non- Govt. Teachers' Salaries, Payment of Primary and Secondary Girl Students Stipend, Payment of Army Pension/Civil Pension, Payment of Widows, Divorcees and Destitute Women Allowances, Payment of Old-age/Disabled Allowances, Payment of Sanchayapatra

(iv) Service to the Government: Sale of Prize Bond, Sale of Wage Earner Bond, Sale of Sanchay Patra (SP), VAT collection & Deposited to Govt. Exchequer, Tax collection & Deposited to Govt. Exchequer, Excise duty collection & Deposited to Govt. Exchequer

(v) Other Service: Locker Service, SMS banking, Sale of Lottery Ticket, Foreign Currency Buying and Selling, Bangladesh Electronic Fund Transfer Network (BEFTN), Bangladesh Automated Clearing House (BACH), Debit Card Service, Credit Card Service

E. Customer Care:

JB Plc. has excellent Help/Information Desk, Inquiry Desk, Counseling officer by which any clients can have specific types of services which they can demand for thereto.

Internet based Foreign Remittance Cash Payment Services: Speedy Remittance Cell, Western Union, IME, Placid NK Corporation, X-Press Money, NBL Quick-Pay, Prabhu Group Inc., Trans. Fast Remttance, Ria Financial service, Marchentrade etc.

Branches:

There are 921 branches of Janata Bank Limited in home and abroad. Among them 486 branches are situated in urban areas including four foreign branches and 431 branches are in rural areas. And all foreign branches are situated in United Arab Emirates.

Number of Branches:

SL	Admin Division	No. of Urban Branch	No. of Rural Branch	No. of Total Branch
1.	Barishal	27	15	42
2.	Chattogram	105	103	208
3.	Dhaka	166	63	229
4.	Khulna	58	56	114
5.	Mymensingh	24	18	42
6.	Rajshahi	53	96	149
7.	Rangpur	30	44	74
8.	Sylhet	23	36	59
9.	UAE	4		4
Total		486	431	921

3.5 Organizational Structure

Management Aspect

Like every other business organization, the foremost duty of the top management is to makes all the major decisions of Janata Bank. The boards of directors are being at the topmost level of organizational structure plays an important role in policy formulation and successful execution, but it is not a direct concern of the day-day operations of the bank. The duty was delegated to the management committee. The board mainly sets the objectives and policies of the bank.

The management consists of one chairman, eleven directors, one CEO & MD and one company secretary.

Mid and lower level employees get the direction and instruction from the Board of Directors about the tasks they have to meet. The chief executive provides the guideline to the managers and employees, but bears the responsibility for determining how tasks and goals are to be attained.

3.6 SWOT Analysis:

SWOT analysis refers to analysis of strengths, weaknesses, opportunities and threats of an organization. This facilitates the organization to make its future performance improved in comparison to its competitors. An organization can also study its current position through SWOT analysis. For all of these, SWOT analysis is considered as an important tool for making changes in the strategic management of an organization. Through direct observation and discussion with the JBL officials I am able to point out some major strength and weaknesses as well as some threats and opportunities regarding the various issues of the Bank such as –

- Organizational identity
- Service level
- Operational efficiency
- Technology
- Employee efficiency etc. along with many other issues.

Strength:

Top Management

The Janata Bank Limited is operated by a very efficient management group. The top management officials have all worked in reputed banks and their years of banking experience, skill, and expertise will continue to contribute towards further expansion of the bank. So, the top management of the bank is the major strength for Janata Bank.

Corporate Culture

Janata Bank has an interactive corporate culture. The working environment of JBL is very friendly, interactive and informal. And, there are no hidden barriers or boundaries while communicate between the superior and the employees. This corporate culture works as a great motivation factor among the employees of the bank.

Various Products and Services

This bank offers various types of products and services to their clients. So those, Customers can choose the right products that will fulfill their needs.

Strong employee bonding and belongings

It employees are one of the major assets of the company. The employees of JBL have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards JBL. The strong organizational culture of JBL is the main reason behind its strength.

Efficient Performance

It has been seen from customers' opinion that JBL provides hassle-free customer services to its client comparing to other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.

Strong Financial Position

It has been seen that the net profit has been gradually rising over the years. Furthermore, JBL is not just sitting on its previous year's success, but also taking initiatives to improve. One of the employees has said,

Weakness:

Dependent on long term deposits

Janata Bank heavily dependents on fixed deposit. The bank has to pay large amount of interest for the just because of highly depend on fixed deposit.

Real time online banking

Today online banking is the best way to earn profit for the bank. So, JBL have to earn more profit by developing online banking system to most of its branches through automation.

Absence of strong marketing activities

Janata Bank currently don't have any strong marketing activities through mass media e.g., Television. TV ads play vital role in awareness building. JBL has no such TV ad campaign. Although they do a lot of CSR activities compared to other banks.

Product Difference

Not enough innovative products in order to be more competitive in the market, This should come up with newer attractive and innovative products.

Opportunities:

Country wide network

The ultimate goal of Janata Bank is to expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase JBL's profitability but also will secure its existence in the long run.

Introducing more branches to rural area and foreign country

There are many important places in Bangladesh as well as foreign country, where customers are eagerly waiting for doing banking transactions. But no existence of banks is in those places. Although this already has branches to provide services to its customers, it shuld open more branches where people need banking facilities.

Introducing special corporate scheme

Janata Bank can introduce special corporate schemes for the corporate customers or officers who have an income level higher from the service holders. At the same time, they can introduce schemes or loans for various service holders. And the schemes should be separate according to the professions, such as engineers, lawyers, doctors etc.

Creation of brand image

As we know that brand creates value. So Janata Bank need to develop their brand image by developing their products and services.

Threats:

Similar products

Similar products are offered by other banks Now-a-days different foreign and private banks are also offering similar type of products with an almost similar profit margin. So, if all competitors fight with the same weapon, the natural result is declining profit.

Classified Loans

The problem of non-performing loans or default loans is very minimum or insignificant. Janata Bank Plc. has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.

Industrial Downturn

Bangladesh is economically and political unstable country. Flood, draught, cyclone, and newly added terrorism have become an identity of our country. Along with inflation, unemployment also creates industry wide recession. These caused downward pressure on the capital demand for investment.

Increased competition

In banking sector day by day competition are increased and lots of new bank are coming into the competition. So, it is big threat for Janata Bank Plc. Many private commercial bank emerged with new and latest Technology to conduct banking business in bangladesh which much considerable threat to Janata Bank Plc.

Chapter: 04

Research Methodology

4.1 Research Methodology:

Research Methodology of a study reflects the important assumptions and steps undertaken to pursue the further sections of the study or model building and these assumptions serve as a basic principle and directions to complete study and accomplishment of research strategy. Generally, research philosophy has a lot of branches related to a wide range of disciplines. But for conducting this study, it is needed to focus on specific methodology. Quantitative data have been incorporated with associated tasks to reach the conclusion of the study by using statistical tools and measurements.

4.2 Research Hypothesis:

Every research is however, has pursue on the basis of some hypotheses. It basically predicts the relationship and outcome. Moreover, This sectors try to reveals relevant answer which is specific to the research question or problem. Hypothesis can be either null hypothesis (represented by H0) which represents no relationship or alternative hypothesis (represented by H1) which represents a relationship. Since every research is based on some hypothesis, this study is also based on the hypothesis that specific factors have impact on the performance of the commercial banks.The null hypothesis and the alternative hypothesis of this research is –

H0: Selected factors have no impact on the performance of the commercial bank

H1: Selected factors have significant impact on performance of the commercial bank.

4.3 Sample and Sources of Data:

To accomplish and fulfilling satisfactory level of the research objectives, the bank institution factors of the 03 selected commercial bank (e.g. Sonali, Janata and agrani bank) are needed to be identified. It’s also important to assess how these bank' specific factors determines the performance of the commercial banks.

4.3.1 Sample:

From this target population comprised of banking industry of Bangaldesh. Such as the private commercial banks (PCBs) and the state owned commercial banks (SOBs) in Bangladesh. 03 well known commercial banks(Sonali Bank Plc., Janata Bank Plc. & Agrani Bank Plc.) has been selected for specific bank's overall performance analysis purpose. A strongly non biased data of Three bank for a period of 10 years starting from (2015 to 2024) a decade, has been used to conduct the study. The research result may be applied to state owned commercial banks to get more comparative advantages by getting maximum bank's performance by bank policy makers and improved financial conditions. Moreover, this paper is also very useful to other commercial bank of Bangladesh. Any bank authority can take this study result to get more insight knowledge with a view to getting long lasting success in assessing performance capabilities of bank and with a committed success probability.

4.3.2 Sources of Data:

This report is based on the secondary data. All the necessary secondary data are collected from published annual reports of 03 state owned commercial banks, which have been submitted to Bangladesh Bank, the central bank by the Janata bank Plc. as it is scheduled bank under central bank observation. The data are related to the bank's specific factors like (Size) assets Size, (Cap) Capitalization, (Lev) Leverage, (AssQ) Asset Quality, etc. which are the variables of the study. The list of all these selected variables of the financial institutions along with the key figures are as follows:

01. Total assets of each year (logsize)

02. Capitalization (Cap)

03. Asset Quality(AssQ)

04. Leverage (Lev)

05. Return of Assets (ROA)

4.4 Variables Description:

This study involves an assessment of insigh of, the state owned the bank's specific factors to establish the relationship between these factors and the performance of the commercial banks. A number of variables have been used in order to conduct the study. The details of one dependent variables and 04 independent variables used for research purpose are given below–

4.4.1 Dependent variable:

Return on Assets (ROA):

It measures how efficiently a company is managing its assets to generate profit which are significant criteria selected for assessing bank performance by ROA ratio. From various performance parameters likes liquidity management, loan management, assets allocation, EPS, Shareholders values etc. ROA is a widely parameters that access the criteria how effectively bank can generate profit for comparison to total assest. The ratio of net income to total assets is used as the proxy to determine the ROA. (**ROA = Net income/Total assets)**

Return on assets is a profitability criterion ratio by which a commercial bank express that which is provided how much profit a company or the outcomes can generate from its assets by utilizing it and compared with some industry average. In other words, return on assets (ROA) measures how efficient a company's management is in earning a profit from their economic resources or total assets on their financial activities. It is said that ROA is a very much considered as a commercial bank's performance parameters. Anyone can use this parameters to access bank overall performance. So that, success and proficiency of any business sectors measured by ROA along with other criterions.

4.4.2 Independent Variables:

01. Total assets (LogSize): It basically assesses how big a company is in terms of total assets for each year. It is assumed that total assets has impact on ROA as well the performance of commercial bank because assets are said to generate more return in term of ROA. It is expected to have positive impact on ROA meaning that large companies are more ROA who has more assets comparative to others. We can see that day by day 03 banks has acquired more and more assets which is supporting the bank to gain extra more ROA which indices good bank performance. Although there are several evidences which shows that a small company can also be having more ROA by proper use of assets. The natural logarithm of total assets can be used as a proxy to represent size.

02. Capitalization: Capitalization shows what portion of total assets is the total liability of a company. It is assessed through the ratio of total liabilities to total assets. Here, Bank capitalization refers to the process of raising capital to strengthen a bank's financial position. It involves increasing the bank's capital accounts by issuing new shares, retaining earnings, or obtaining funds from external sources. A high ratio means that the company has more liability in proportion to total assets. As the company has more liability, there is possibility of higher interest expense which decreases the profit of a company. So, capitalization has negative impact on profit.

03. Leverage: Leverage is the use of debt in the capital structure of a company. Debt to equity ratio has been used to measure leverage in this study. leverage ratios assess the ability of a industry to meet its financial obligations. Too much debt can be dangerous for a bank as depositors and investors may not be confident to bank solvency which ultimately down the profitability of bank. However, if a company's operations can generate a higher rate of return than the interest rate on its loans, then the debt may help to fuel growth. A higher ratio means that the proportion of debt is more in the capital structure signifying the fact that a higher interest expense is expected to occur resulting in a lower profit. So the relationship between leverage and profit is negative.

04. Asset Quality: Asset quality represents the credit risk associated with loan. It is assessed through the ratio of loan provision to total loan. A higher ratio means that more provision is needed which reduces the available profit. So there lies an inverse relation between asset quality and performance of bank in term of ROA. The Asset Quality of a lending institution specially commercial bank reflects the quantity of existing and potential credit risk associated with the loan and investment portfolios.

Bank managers are concerned with the quality of their loans (Good Loans) since that provides earnings for the bank. Non performing loan not gives any outcomes to bank and moreover, it increases risk level of bank being insolvent and unable to pay depositors on demand. Loan quality and asset quality are two terms with basically the same meaning.

4.5 Variable Measurement:

To establish the relationship between bank selected factors and the performance parameters (ROA) on the bank's perfomance of the commercial banks, the study involves an assessment 01 dependent variables for to conduct one research model (ROA) and 04 independent variables for the ROA models. Variables are described as:

No.	Variable name	Short name	Explanation	Measurements
01	Return on Asset Dependent variable	**ROA**	How efficiently the bank is managing its assets to acquire its profit.	Net income / Total assets
02	Total assets Independent variable	**LogSize**	It is the measure of total assets of each year of 03 selected bank that helps to generate profits	LOG (Total assets)
03	Capitalization Independent variable	**CAP**	What portion of total assets is the total liability in the	Total liabilities / Total assets
04	Asset Quality Independent variable	**AssQ**.	The credit risk associated with loan.	Total loan / Total assets
05	Leverage Independent variable	**Lev**	Use of debt in the capital structure of 3 selected banks	Total debt/ Total equity

4.6 Research Design:

Inductive approach requires real observations through real data collections from published annual reports of 03 selected state owned commercial bank (e.g. Sonali, Janaga, Agrani bank Plc). An analytical approach and conceptual framework are required here to compare the bank specific factors of the commercial banks to measure their impacts on the overall bank' performance in term of (ROA) bank's performance parameters in term of the ability to generate profits to use its assests and conduct the research systematically to show the statistical acceptance. Therefore, inductive approach is appropriate for this research & to analyze these data collected through the secondary sources, it is required to test how these factors affect the bank's performance of the 03 state owned commercial banks.This paper is a true correlational research based on the current data basis as state owned banks are now giving modern banking facilities to go with other modern private commercial banks. This method is preferred because it ensures a complete description of the situation (in depth study of the factors and their impacts on bank's ability parameters), making sure that there is a minimum bias in the collection of data and it shows the true relationship among the variables.The paper will follow a systematic approach in order to reach its conclusion. The benefit of a systematic approach is that if any error occurs, it will be easy to identify the problem and take rectifying actions accordingly for the research recovery purposes. This paper follows the following scientific path as shown in below by step by step–

Step-01: Initially, the reviewing of relevant literature to get research gap.

Step-02: Findings the research Gap with problem statement and making research questions which are to be answered.

Step-03: Making of research hypothesis based on research questions to answer statistically and scientifically.

Step-04: Selecting the factors to find its impacts on performance of commercial bank in term of ROA factors.

Step-05: Secondary data collection is performed from published annul reports given at websits by 03 selected state owned commercial banks with 10 year data set of each with 30 observations.

Step-06: Descriptive statistics (Mean, Standard deviations, Min. Max. etc.)

Step-07: Correlations analysis of independent variable to dependent variable.

Step-08: Regression analysis of the model and finding the significance level at 5% probability value.

Step-09: Interpretation of research findings and make conclusion and recommendations on it

4.7 Research Model:

This study involves an assessment of the bank's specific factors to establish the relationship between selected factors and the performance of the 03 selected state owned commercial bank's (ROA). The method for analyzing data involves the execution of the right analytical and statistical tools to address this degree of relationship among the variables. A research model is the theoretical image of the object of study. Based on the basic equation of multiple regression on that basis at which is a multivariate model states the dependent variables evaluation as a function of the independent variables, 01 models have been used to measure the impact of financial institution specific factors on return on total assets. The equation of the 01 models are given below:

Research Model: $ROA = \alpha + \beta 1 logsize + \beta 2 CAP + \beta 3 OE + \beta 3 AssQ + \beta 4 Lev$

Here, (α) is the intercept which that is expressed for the average value of dependent variables when independent variables gonna be zero. Thus, this intercept represents the average value of Retrun on Assets (ROA).

(β) is the slope of the regression equation commonly represent the change in dependent variables which will influence by the per unit of changes in the independent variables which are the bank's specific factors have an impact on the ROA the bank performance parameters on widely basis.

The research model has both dependent & independent variables which are mentioned and analyzed its rationale for the effective to get utmost study results. Which are as follows:

One and only dependent variables on whichever the study gonna take place for attaining the bank's performance parameters of selected three state owned commercial banks.

Return on equity (ROA): The amount of returns a bank can generate in respect to the total assets of its assessment of bank's performance to get insights of commercial bank factors.

The 04 independent variables are as follows–

01. Total Assets (Logsize): Each year asset size as measured by the log total assets. Bank's assets is significant factors to gives banking services which further generate return by using it.

02. Capitalization (CAP): This is as measured by the ratio of total liabilities to total assets. How much degree of assets is liable to its external liabilities party forces.

03. Leverage (LEV): This is as measured by the total debt to equity ratio. This ratio gives insight of degree of liability with which equity is compared as ratio.

04. Asset Quality (AssQ): This is measured by the ratio of loan provision to total loans assess the parameters of assets quality in term of how effective they gives future returns or gains in term of qualified they are.

Chapter: 05

Analysis of Data

5.1 Descriptive Statistics:

The descriptive statistics of the independent variables used in the study is shown as the value of mean and standard deviation of all selected independent variables (such as each year total asset Size, Capitalization, Operating Efficiency, Liquidity, Leverage, Asset Quality) on the basis of the collected data from the period of 2015 to 2024 of three state owned commercial banks at 30 observed data. The summary descriptive statistics are given in the table below –

This table is summarized the overall descriptive statistics of mean, standard deviations, minimum and maximum level with measuring of the asymmetry of the probability distribution parameter skewness and kurtosis.

stats	WROA	LogSize	WCap	WAssQ	Levera~s
mean	.00308	13.65741	.94374	.1783692	7.727769
sd	.0027483	.2668294	.0107022	.0572763	1.647281
min	.0002752	13.28122	.9359242	.1168818	6.158574
max	.0069612	14.05848	.9620433	.266254	10.99843
p50	.0028683	13.63576	.9371096	.1707224	7.179574
skewness	.3774672	.2184125	.9800146	.5042236	1.041107
kurtosis	1.604263	1.936013	2.29081	1.875898	2.659378

5.1.1 Mean:

A mean in math is the average of a data set, found by adding by on all numbers together and then dividing to the sum of the numbers by the number of numbers. Thus, we can represent the 10 year data set of each variable of the variables by just one single amount. The mean of both dependent and independent variable are given below from the stata calculation table.

The ROA (dependent variables) each year which is measured by net return to total assets has a mean of 0.00308 and rest of the independent variables mean value are as follows: The total assets size of each year as measured by the log normal of total assets has a mean of 0.1366.

Capitalization as measured by the ratio of total liabilities to total assets has a mean of 0.94374. Leverage as measured by the total debt to total equity ratio has a mean value of 7.73 Asset quality as measured by NPL to total loans has a mean of 0.1784

5.1.2 Standards Deviation:

Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance of thereto. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean. A standard deviation (or σ) is a measure of how dispersed the data is in relation to the mean. Low, or small, standard deviation indicates data are clustered tightly around the mean, and high, or large, standard deviation indicates data are more spread out. From the stata calculation table we see that the value of standard deviations are closely related to the mean of its respective value.

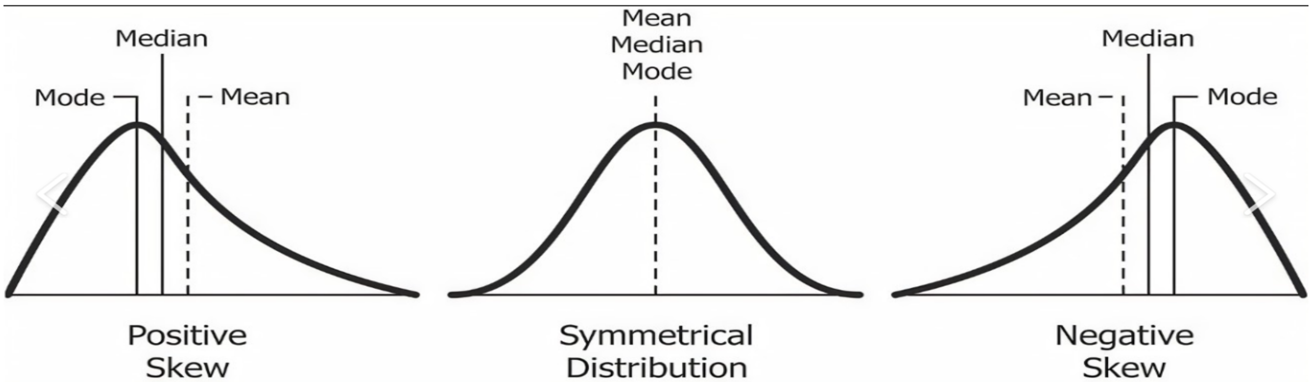
The SD. of ROA is. 0027 that is more closely clustered to its mean value of ROA.

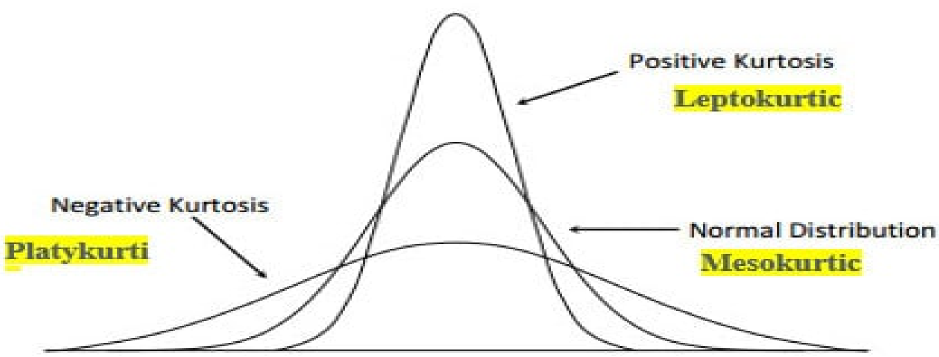
At the same time, All sd. of independent variables more likely closely clustered with respective ROA. Logsize sd. is 0.27 clustered with its mean and others variables more likely clusstered.

5.1.3 Skewness and Kurtosis:

Skewness is a measure of symmetry, or more specifically, the lack of asymmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the center point. Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. skewness and kurtosis is Both skew and kurtosis can be analyzed through descriptive statistics. This statistical measurement tool used to find out the data set is symmetrical to the values for asymmetry and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George & Mallery, 2010). Hair et al. (2010) and Bryne (2010) argued that data is considered to be normal if skewness is between -2 to +2 and kurtosis is between -7 to +7. Moreover, another argument is related to acceptable values of skewness fall between − 3 and + 3, and kurtosis is appropriate from a range of − 10 to + 10 when utilizing SEM (Brown, 2006).

From the critical value of skewness and kurtosis all the variables in descriptive table considered to be acceptable data distribution in the parameters of skewness and kurtosis critical value.





5.2 The Correlation Analysis:

The correlation coefficient is a statistical methods of the strength of a linear relationship between two variables. Its values can range from -1 to +1. A correlation coefficient of -1 describes a perfect negative, or inverse, correlation, with values in one series rising as those in the other decline, and vice versa. A coefficient of 1 shows a perfect positive correlation, or a direct relationship. A correlation coefficient of 0 means there is no linear relationship. The auto correlation table from stata calculation is given to find out if the variables having linear relationship with each other:

From the table we see that a auto correlation between the variables. There is no perfect positive and negative correlation as every value is between (-1) to (+1) but all the variable is positively correlated. This correlation we. Can say that moderately positive correlated and strong positive correlated.

Interpretation: There is a strong positive correlation between Logsize and Capitalization. Moderate positive correlation between Asset quality and logsize. Moreover, there is strongly positive correlations Leverage to Logsize and capitalization.

	LogSize	WCap	WAssQ	Levera~s
LogSize	1.0000			
WCap	0.8962 0.0004	1.0000		
WAssQ	0.5201 0.1233	0.2370 0.5097	1.0000	
Leverages	0.8026 0.0052	0.9664 0.0000	0.1123 0.7575	1.0000

5.3 Linear Regression Analysis:

Regression is a statistical method used in finance, investing, and other disciplines that attempts to determine the strength and character of the relationship between one dependent variable and a series of other variables (known as independent variables).

To determine the impact of selected factors on the commercial bank's performance. I have done the statistical analysis through STATA by using multiple linear regression model. Taking the ROA as a dependent variable and Total assets (Logsize), Capitalization, Asset management and leverage as independent variables. The STATA calculation image is given below:

```
reg WROA LogSize WCap WAssQ Leverages, noconstant

      Source |       SS           df       MS      Number of obs   =        30
-------------+----------------------------------   F(4,26)         =     79
       Model |  .000159823         4  .000039956   Prob > F        =    0.0000
    Residual |  3.0216e-26        26  5.0361e-07   R-squared       =    0.9814
-------------+----------------------------------   Adj R-squared   =    0.9691
       Total |  .000162845        30  .000016284   Root MSE        =    .00071

------------------------------------------------------------------------------
        WROA |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
     LogSize |  -.0071073   .0026483    -2.68   0.036    -.0135875   -.0006271
        WCap |   .1147072   .0367275     3.12   0.021     .0248382    .2045762
       WAssQ |  -.0298741   .0061118    -4.89   0.003    -.0448293    -.014919
   Leverages |  -.0003594   .0001793    -2.00   0.092    -.0007982    .0000795
------------------------------------------------------------------------------
```

.

R^2 squared and Adjusted R^2:

In STATA calculation of regression analysis we observed that Coefficient of Determination or simply R squared is 98.14%. So, this statistical tool indicates that value represents the proportion of the percetage of variance for a dependent variable bank performance parameters in term of parameter (ROA) that's explained by an independent variable that is selected bank factors. Such as: total assets logsize, capitalization, Assets quality and Leverage. So we can obtained that the coefficient of determination, denoted R^2 or r^2, is the proportion of the variation in the dependent variable that is predictable from the independent variable goodness-of-fit measure for linear regression models. Again, adjusted R-squared is above 90%, which indicates the percentage of adding how many independent variables are added in this ROA model perfectly. As we know that The adjusted R-squared is a modified version of R-squared that adjusts for predictors that are not significant in a regression model. Compared to a model with additional input variables, this higher adjusted R-squared indicates that the additional input variables will significantly add value to the

ROA model.

Interpretation of Linear Regression Analysis: Statistically significant test result ($P \leq 0.05$) means that the test hypothesis is false or should be rejected. A (p-value) greater than 0.05 means that no effect was observed. (p-value) is less than 0.05, we reject the null hypothesis as a result we accept the alternative hypothesis.

From STATA calculation table it is observed that (p-value) of all selected independent variables are less than 5% significant. So that, we can take decision on the calculation that independent variables significantly impact the dependent variable except Leverage.

There is a significant impact on dependent variable Thus, we can reject the null hypothesis and accept the alternative hypothesis. That means this empirical research paper obtained on the result that the alternative

H1: Selected bank's specific factors have significant impact on the performance of the state owned commercial and rejecting the null hypothesis.

No.	**Variables name**	**p value**	**Level of significance at 5%**
01	Total Asset (logsize)	0.036	**Significant**
02	Capitalization (Cap)	0.021	**Significant**
03	Asset Quality (AssQ)	.003	**Significant**
04	Leverage (Lev)	.092	Insignificant

Chapter: 06

Findings, Conclusion & Recommendations

In this section, the findings for the research models, are compared with the expected outcome as the impact of the selected variables on the commercial bank's performance degree of parameters of the selected 03 state owned commercial banks. e.g.

01. Sonali Bank Plc.

02. Janata Bank Plc.

03. Agrani Bank Plc.

The statistical outcome of the models to conclude the study that as the selected bank's specific factors has an important statistical significance on the 03 selected commercial banks performance.

6.1 Findings:

It is expected that the total asset LogSize, Asset Quality, capitalization and leverage should have significant impact on the bank performance of the commercial bank and other banking industry. The comparison between the empirical findings and the calculated outcomes is given below–

In Model ROA, it has been found empirically that total assets logsize, Capitalization and Asset quality have the significant impact on the performance parameters (ROA) widely accepted bank's performance parameters on which data sets found to be significantly interconnected. And all these variables have significant impact on ROA model at 5% level of significance. In the research Model, 03 variables have been found to be significant except leverage which is insignificant. That means leverage have impact on profitability but not significant at 5% p value

So that, we can say that these 03 factors such as total assets, capitalization, asset quality affect the performance of 03 state owned commercial banks significantly. But leverage doesn't affect the bank performance parameters significant at 5% level of significance. So, we obtained on a specific decision that total assets, capitalization and asset quality determine the performance of thre state owned of banks. There is a strong positive correlated/moderately positive correlatation among the independent variables.

After completing the study, It is proved both scientifically and statistically bank performance parameters significant one profitability parameter represented by ROA (Return on Asset)

6.2 Conclusion:

This study target to empirically investigate and find the impact of some selected variables on the performance of the commercial banks of Bangladesh. An study of 03 leading state owned commercial banks. This paper conducting based on a statistics calculation without biased and being neutral towards the specific result of the study prospect. The study incorporates 04 variables namely Total assets (LogSize), Capitalization, Leverage & Asset Quality, and independent variables (ROA) that is the parameters for performance parameters measurement of commercial banks.

Based on the statistics regression equation, ROA, the bank's performance models has been developed and used to reach conclusions using secondary data from annual report of three commercial banks of 10 years data from 2015 to 2024 at 30 observations. After conducting statistics tool and STATA calculation: Descriptive, correlation and regression analysis are being incorporated to decide the best fit of model to get utmost significant level of bank performance parameters.

6.3 Recommendations:

This empirical study is recommended to the banking sector specifically, and towards the banker and policy maker of it to know how bank's specific factors affecting the performance level of the commercial bank of state owned. If a policy maker want to do best in banking sectors for this, he must take decision or strategy according to considering the bank's specific factors. As a commercial bank is the blood line of economic environment of a country, it must be furnished with taking into mind the factors which have significant relationship and determine the bank performance parameters on ROA.

It needs not to say that the performance of a commercial bank is a significant criterion to the owners, lenders, borrowers, stockholders, employees, management, government, stakeholders and to the entire economy. So, an empirical study on bank's performance and other related elements is recent demand. Any bank policy maker can take help and other related support from this reports.

A holistic and proactive approach to managing assets, capitalization, asset quality, and leverage is essential for sustainable and profitable banking operations giving attainable bank effective performance. Regularly reviewing and adjusting strategies based on changing market conditions is crucial.

Certainly, optimizing banking activities by a banker involves a comprehensive approach considering factors like asset size, capitalization, asset quality, and leverage. Here are some recommendations:

01. Asset Size Management:

Diversification: Diversify the asset portfolio to spread risk across different sectors and large diversity of loans to get highest assets quality of possible. For this purpose Banker must evaluate opportunities for controlled and strategic growth in assets, ensuring that it aligns with the risk appetite and market conditions.

02. Capitalization:

Bank policy maker must maintain a strong capital position to absorb potential losses and meet regulatory requirements. He should use of capital efficiently to optimize the allocation of capital to different assets, focusing on those that provide the best risk-adjusted returns.

03. Asset Quality:

By critical study of this paper a bank policy maker can do credit risk assessment to enhance credit risk assessment processes to identify and manage potential credit risks effectively which ultimately affect the performance of the state owned commercial banks.

04. Leverage Management:

Bank manager must built a good debt structure to manage and the structure of debt to optimize the cost of funds an minimize interest rate risk so that it will reduce total cost and increase the bank overall performance compared to performance parameters in terms of ROA.

For conducting or while executing the study some possible causes might be existing, some other factors like data selection bias, important variables might be omitted, data measurement errors, specification errors.To reduce the possible causes, it should be given more emphasize on data selection, important data inclusion, data measurement, and identifying specification error while forming the model. Moreover, the limitation of study is declared specifically and precisely so that reader or user of the study might aware of laggings and any other misrepresentation can't be occurred. Any misconceptions related to the research study is not existed to the user of it.

6.4 Limitation of the study:

A crucial limitation was the reluctance & refusal of some data set. The major limitation that might face while conducting this research is the knowledge constraints about the subject matter. There might be several other limitations that might be clearly declared to its reader. Some specific limitations of the study are given below:

01. The main limitation encountered in the study was inadequate sample size. Because this study conduct only on 10 year of data set of three commercial bank from the year of 2015 to 2024.

02. The study was carried out only from the published annual report by Sonali bank, Janata bank & Agrani Bank Plc. respectively, so that confidential data is not conducted to measures the actual positions of the bank.

04. Secondary data may be biased and published annual report maybe biased.

05. It is very difficult to verify the accuracy of the collected secondary data.

06. Large scale research is not possible due to access constraint to fill the questionnaire.

These major difficulties are:

01. This report is based on data from the period of 2015 to 2024; a decade of data sets of three bank, the study can be further extended with more scheduled banks and large sample data to get brief insight for getting utmost bank performance criterion for which a bank can generate highest outcome in later competitive market.

02. A mixed analysis is possible through qualitative and quantitative analysis. Moreover, Model of the analysis, data selection bias, important variables might be omitted, data measurement errors, specification errors, bad economic theory and instruments

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