

# Relationship between the Corporate Disclosure and Profitability: An Empirical Analysis of the Commercial Banks in Bangladesh

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## ABSTRACT

Disclosure is essential for interested users to make logical decisions. This study evaluates the extent of corporate disclosure and its relationship with the profitability attributives of banking companies in Bangladesh. To achieve the study purpose, this study has taken five private commercial banks in Bangladesh for five years from 2016 to 2020. The required data have been collected mainly from secondary sources. To reach the study findings per study objectives, the researcher has employed different statistical techniques, analyzed the various annual reports to calculate the level of corporate disclosure, and identified the different profitability attributives. The results of descriptive statistics show that the highest mean value is visible in the case of SB\_3, and the lowest mean value is visual in the case of SB\_4, but SB\_4 and SB\_5 show the lowest and highest standard deviation values. The ANOVA test results show significant variation in the level of corporate disclosure and different profitability attributes among the sample banks over the study period. The simple regression results show a substantial relationship between the corporate disclosure scores and profitability attributives. The effects of multiple regression present that other profitability attributes like profit before tax and earnings per share significantly impacted corporate disclosure scores. However, the remaining attributes, like operating profit, profit after tax, return on equity, and return on asset, had an insignificant positive impact on the corporate disclosure scores of the sample banks over the study period. This research study has recommended that the management of the banking companies should take necessary steps to ensure an adequate level of corporate disclosure in reporting practices because the different stakeholders make any decision based on disclosing information.

**Key Words:** Disclosure Checklist, Level of Corporate Disclosure, Private Commercial Banks, Profitability Attributes

## INTRODUCTION

The banking sector is essential in sustaining financial markets and significantly impacts the economy's success. An efficient banking system is recognized as a fundamental requirement for the economic development of any economy (Sirisha & Malyadri, 2018). Banks accept deposits from their customers and invest in assets. Commercial banks incur expenses for their liabilities and earn income from their assets. The banking system has an essential role in the

economic life of many nations. The health of an economy is closely linked to the health of its banking system (Akhtaruddin, 2005). The banking system is considered the heart of the economy because of its role in storing savings and thus contributing to the utilization of the country's resources. In Bangladesh, the banking industry dominates the financial sector, and thus macroeconomic development largely depends on the health of this industry (Yesmine & Bhuiyah, 2015). Banking is the backbone of the national economy. All economic and financial activities revolve around the axis of banks. Nowadays, commercial banks play an essential role in the economic development of a nation by providing savings and lending to productive sectors (Osadume & Ibenta, 2018). The financial performance of banks has necessary implications for the country's economic growth. Good financial performance rewards shareholders for their investment. As a result, it encourages additional investment and leads to economic growth. On the other hand, poor banking performance can lead to failures and crises that harm economic growth (Ongore & Kusa, 2013).

Disclosure is the presentation of information necessary for the optimal operation of efficient capital markets (Rahman & Uddin, 2017). This implies that sufficient information should be presented to predict the trend and variability of future dividends and the co-variation of future returns with the market. Sophisticated investors and financial analysts should emphasize the choice. The ultimate objective of the disclosure is to communicate timely, reliable, and valuable information to users of annual reports in an understandable form (Ahmed, 2009). Currently, the financial sector, like the banking sector in Bangladesh, has played an essential role in ensuring the healthy and sustainable economic development of any country like Bangladesh. Disclosure of financial information in various financial statements reported in the company's annual report at the end of every accounting period is significant to multiple stakeholders because disclosure communicates to interested users their respective decision-making processes (Ahmed, 2022). This study is designed to measure the extent of corporate disclosure provided by Bangladesh's banking sector and assess the relationship with the different profitability attributes. The introduction intends this study, research questions, objectives, hypotheses, methodology, framework, data analysis and findings, conclusion, and recommendations.

## LITERATURES REVIEW

Hossain (2008) conducted a research study on The Extent of Disclosure in Annual Reports of Banking Companies: The Case of India to investigate the disclosure practices of banking companies in India to know the extent to which they disclose mandatory and voluntary information, taking into consideration existing banking laws, regulations, and guidelines of professional and regulatory bodies and examining the relationship between company characteristics and the level of disclosure. The study findings are that the mean disclosure of mandatory items is eighty-eight. In contrast, the mean score of voluntary disclosure is twenty-five, and the size, profitability, board composition, and market discipline variables are significant. Other variables such as age, business complexity, and assets in place explain the insignificant level of disclosure. Hawashe (2016) conducted a study on Voluntary Information Disclosure in the Annual Reports of Libyan Commercial Banks: A Longitudinal Analysis Approach to measure the amount of voluntary disclosure provided in the annual reports of Libyan listed and unlisted commercial banks and to examine whether there is any significant improvement in the level of voluntary disclosures provided in the annual reports. The study results show that the average total voluntary disclosure index scores over six years for the entire sample of listed and unlisted commercial banks in Libya is about thirty-eight percent, with a minimum of eight ratios and a maximum of seventy shares. Authorities of listed and

unlisted commercial banks in Libya are more motivated than other types of information to disclose additional information about commercial banks/general information background. Maleque et al. (2010) undertaken a research study on Financial Disclosures in Annual Corporate Reports: A Survey of Selected Literature, and the findings of the research study show that most organizations, including banks, mainly follow legal requirements in preparing their financial statements but for preparing financial statements as forms old as prescribed by relevant laws and insufficient to ensure the desired disclosure. Rao and Desta (2016) conducted a study on Disclosure Practices and Profitability of Commercial Banks in Ethiopia to assess the influence of profitability on the disclosure practices of commercial banks in Ethiopia, and the results indicate that the profitability of banks as measured by return on assets positively influence the disclosure level of Ethiopian Commercial Banks. Still, bank size and board size have no significant relationship with the disclosure level of Ethiopian Commercial Banks.

**Research Questions:** Intending to achieve this study's objectives researcher has considered the following research questions:

- Is there any significant variation in the different attributes of profitability of the sample banks over the study period?
- Is there any significant relationship between the corporate disclosure level and the profitability attributes of the sample banks throughout the study?
- Is there any significant impact of the different profitability attributes on the level of corporate disclosure of the sample banks over the study period?

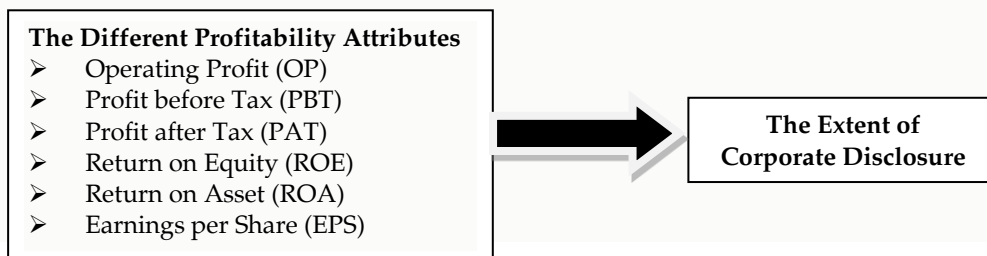
**Research Objectives:** The main objective of the study is to evaluate the corporate disclosure level and its relationship with the profitability attributes; to fulfill the prime objective researcher has considered the following specific research objectives:

- To examine whether there is any significant variation in corporate disclosure scores among the sample banks over the study period.
- To assess whether there is any significant relationship between the corporate disclosure scores and the different profitability attributes of the sample banks over the study period.
- To investigate whether there is any significant impact of the different profitability attributes on the level of corporate disclosure of the sample banks over the study period.

**Research Hypothesis:** To achieve the research questions as well as objectives researcher has formulated and tested the following null hypotheses:

- Ho1: There is no significant variation in corporate disclosure scores among the sample banks over the study period.
- Ho2: There is no significant variation in profitability attributes among the sample banks over the study period.
- Ho3: There is no significant relationship between the corporate disclosure scores and the different profitability attributes of the sample banks over the study period.
- Ho4: There is no significant impact of the different profitability attributes on the level of corporate disclosure of the sample banks over the study period.

## Research Framework



## RESEARCH METHODOLOGY

Bangladesh's banking sector comprises State-Owned Commercial Banks & Specialized Banks, Conventional & Islamic Shariah Based Private Commercial Banks, and Foreign Commercial Banks. All these types of banks perform their activities under the close supervision of Bangladesh Bank. In disclosure practices, the banking companies in Bangladesh follow the provisions of The Companies Act 1994, The Banking Companies Act 1991, the Securities & Exchange Ordinance, 1869, Securities & Exchange Rules 1987, BASs/BFRSs adopted by ICAB, and the guidelines of Bangladesh Bank.

**Sample Selection:** To report the study findings as per objectives researcher has taken five private commercial banks as samples based on the availability of data with the use of a purposive sampling technique and names of the sample banks have shown in the following table:

Table 1: List of Sample Private Commercial Banks in Bangladesh

| SL  | Name of Samples      | Using Name | Time Scheme  |
|-----|----------------------|------------|--------------|
| 0.1 | Prime Bank Limited   | SB_1       | 2016 to 2020 |
| 02. | Jamuna Bank Limited  | SB_2       |              |
| 03. | BRAC Bank Limited    | SB_3       |              |
| 04. | AB Bank Limited      | SB_4       |              |
| 05. | Premier Bank Limited | SB_5       |              |

**Using Data:** The researcher has used only secondary data to achieve the study objectives, collected from the published annual reports of the sample private commercial banks in Bangladesh, and used the internet and websites to collect the required data.

**Dependent and Independent Variables:** The extent of corporate disclosure has been used as the dependent variable, and operating profit, profit before tax, profit after tax, return on equity, return on asset, and earnings per share have been used as independent variables by the researcher.

**Construction of Disclosure Checklist:** Due to knowing the level of corporate disclosure of the sample banks researcher has prepared the un-weighted disclosure checklist, which consists of one hundred forty-five items under eight subheadings and includes both voluntary and mandatory items designed based on the Institute of Chartered Accountants of Bangladesh Disclosure Checklist and the different relevant kinds of literature conducted by both local and abroad authors.

Table 2: Including Different Subheadings of Disclosure Checklist

| SN  | Different Parts                                    | Number | Percentage |
|-----|--|--------|------------|
| 01. | Information about Corporate Profile                | 17     | 11.74      |
| 02. | Information about Corporate Governance             | 16     | 11.03      |
| 03. | Information about Risk Management                  | 18     | 12.41      |
| 04. | Information about Corporate Social Responsibility  | 13     | 8.97       |
| 05. | Information about Balance Sheet                    | 24     | 16.55      |
| 06. | Information about Income Statement                 | 20     | 13.79      |
| 07. | Information about Financial Performance Statistics | 22     | 15.17      |
| 08. | Information about Accounting policy                | 15     | 10.34      |
|     | Total  | 145    | 100        |

**Scoring Procedure:** To get the corporate disclosure percentage of each sample bank in each year, the total raw score has divided by the total number of items and multiplied by one hundred. The researcher has employed the following formula to calculate the corporate disclosure score.

$$TDS = \sum_{i=1}^n di$$

Each item of information has a value of 0 if it is not disclosed and a value of 1 if the sample private commercial banks in Bangladesh disclose that item.

**Statistical Tools:** The researcher has employed different statistical tools to report the study findings per research questions, and objectives hypotheses, like minimum value, maximum value, mean value, standard deviation, variance, ANOVA, simple regression analysis, multiple regression analysis with Ordinary Least Square and correlation matrix analysis.

## DATA ANALYSIS AND FINDINGS

This section provides the results of collecting data after analyzing the collected data using SPSS software.

**The extent of Corporate Disclosure:** Researcher has calculated the corporate disclosure scores of each sample bank with the use of an un-weighted disclosure checklist, and the results are given below:

Table 3: Results of Descriptive Statistics about the Extent of Corporate Disclosure

|      | Minimum   | Maximum   | Mean      | Std. Deviation | Variance  | Skewness  | Kurtosis  |
|------|-----------|-----------|-----------|----------------|-----------|-----------|-----------|
|      | Statistic | Statistic | Statistic | Statistic      | Statistic | Statistic | Statistic |
| SB_1 | 72.76     | 74.48     | 73.6540   | 0.78335        | 0.614     | -0.213    | -2.806    |
| SB_2 | 70.34     | 72.41     | 71.2740   | 0.82264        | 0.677     | 0.405     | -0.952    |
| SB_3 | 74.66     | 76.55     | 75.4820   | 0.73381        | 0.538     | 0.692     | -0.253    |
| SB_4 | 70.34     | 72.07     | 71.0320   | 0.64678        | 0.418     | 1.150     | 2.028     |
| SB_5 | 73.10     | 75.17     | 74.2740   | 0.83170        | 0.692     | -0.602    | -0.956    |

Source: Analysis of Annual Reports

Table 3 shows the results of descriptive statistics about the extent of corporate disclosure of the sample banks over the study period. The information mentioned earlier reveals that the highest mean value is visible in the case of SB\_3, and the lowest mean value is visible in the case of SB\_4, but SB\_4 and SB\_5 show the lowest and highest standard deviation values. On the other hand, SB\_5 presents the highest value of variance, but the lowest value of variance is visible in SB\_4 among the sample banks. The maximum value is visible in SB\_3, and the minimum value has been found in the case of SB\_2 & SB\_4 among the sample banks. Based on the previous discussion, the mean values show increasing and decreasing tendencies over the study period. Intending to investigate whether there is any significant variation in corporate disclosure scores among the sample banks researcher has conducted an ANOVA test with null hypothesis like  $H_0$ : There is no considerable variation in corporate disclosure scores among the sample banks over the study period, and the outcomes are stated below:

Table 4: Results of ANOVA Technique about the Extent of Corporate Disclosure

|                | Sum of Squares | df | Mean Square | F ratio | Significant Level |
|----------------|----------------|----|-------------|---------|-------------------|
| Between Groups | 74.803         | 4  | 18.701      | 31.816  | 0.000             |
| Within Groups  | 11.756         | 20 | .588        |         |                   |
| Total          | 86.559         | 24 |             |         |                   |

Source: Analysis of Annual Reports

Table 4 portrays the ANOVA test result regarding the sample banks' corporate disclosure scores. From the above discussion, it is visible that the F ratio is 31.816, and its significance level is lower at a 5% level of substantial and indicates that the null hypothesis is rejected, which means that there is considerable variation in corporate disclosure scores among the sample banks over the study period.

## PROFITABILITY ATTRIBUTES

Company performance appraisal is essential to provide information about the company's operating performance and net worth (Neogy & Ahmed, 2015). Knowing the company's competitiveness and business potential through financial statement analysis is useful for decision-making by the users of financial statement information, including managers, creditors, stockholders, potential investors, and regulatory agencies (Mengistu, 2015). Profitability is one of the most important objectives of financial management of any business concern because one of the goals of financial management is to maximize owners' wealth and profitability, and it is a significant determinant of companies' performance. A business must have enough profit to run and survive for an extended period. Conversely, a highly profitable business can reward its owners with a significant return on their investment (Sivathaasan et al., 2013). The different profitability attributes of the sample private commercial banks like Operating Profit (OP), Profit before Tax (PBT), Profit after Tax (PAT), Return on Equity (ROE), Return on Asset (ROA), and Earnings per Share (EPS) have used as independent variables and these have considered after reviewing the different related kinds of literature conducted by the various authors in local and abroad.

Table 5 presents the results of descriptive statistics about the different profitability attributes of the sample banks over the study period. The mean value of operating profit is 6050.47, and the standard deviation is 1811.28. The mean and standard deviation values in profit before tax are 4280.73 and 2480.01. Again, the mean profit after tax is 2325.81, and the expected value is 1639.39. Besides, in terms of return on equity, the mean and standard deviation values are 10.75 and 6.65, respectively.

Table 5: Results of Descriptive Statistics about the different Profitability Attributes

|     | Minimum   | Maximum   | Mean      | Std.      | Variance   | Skewness  | Kurtosis  |
|-----|-----------|-----------|-----------|-----------|------------|-----------|-----------|
|     | Statistic | Statistic | Statistic | Deviation | Statistic  | Statistic | Statistic |
| OP  | 3075.00   | 9948.00   | 6050.47   | 1811.28   | 3280722.79 | 0.470     | -0.384    |
| PBT | 0.00      | 8505.00   | 4280.73   | 2480.01   | 6150427.52 | 0.129     | -1.008    |
| PAT | 18.00     | 5646.00   | 2325.81   | 1639.39   | 2687613.45 | 0.728     | -0.126    |
| ROE | .08       | 22.16     | 10.75     | 6.65      | 44.26      | -0.021    | -0.866    |
| ROA | .01       | 2.02      | 0.92      | 0.59      | 0.34       | 0.114     | -0.648    |
| EPS | .02       | 5.23      | 2.42      | 1.47      | 2.18       | 0.095     | -0.649    |

Source: Analysis of Annual Reports

Moreover, the mean value of return on asset is 0.92, and the standard deviation value is 0.59. On the other hand, the mean value and standard deviation value of earnings per share are 2.42 and 1.47, respectively, over the study period. To assess whether there is any significant variation in different profitability attributes among the sample banks researcher has conducted an ANOVA test with a null hypothesis which is  $H_0$ : There is no considerable variation in additional profitability attributes among the sample banks over the study period, and the outcomes in this regard are stated below:

Table 6: Results of ANOVA test about the Different Profitability Attributes

| SN  | Name of Variables  | F ratios | Significance Levels | Decisions   |
|-----|--------------------|----------|---------------------|-------------|
| 01. | Operating Profit   | 10.779   | 0.000               | Significant |
| 02. | Profit before Tax  | 25.909   | 0.000               | Significant |
| 03. | Profit after Tax   | 57.218   | 0.000               | Significant |
| 04. | Return on Equity   | 25.347   | 0.000               | Significant |
| 05. | Return on Asset    | 42.515   | 0.000               | Significant |
| 06. | Earnings per Share | 41.562   | 0.000               | Significant |

Source: Analysis of Annual Reports

Table 6 reveals the ANOVA test result regarding the sample banks' different profitability attributes. As per the above discussion, it is noted that the significant levels of all variables are lower at a 5% level of substantial, which means that the null hypothesis is rejected in all cases and indicates that there is considerable variation in the case of the different profitability attributes among the sample banks over the study period.

### SIMPLE REGRESSION ANALYSIS

The researcher has employed simple regression analysis to know whether there is any significant relationship between the corporate disclosure scores and the different profitability attributes of sample banks over the study period through designing a null hypothesis  $H_0$ . Table 7 reports the simple regression results between corporate disclosure scores and the different profitability attributes of the sample banks over the study period. The results present that the significant levels are lower at a 5% level of a substance in all cases. This indicates that the null hypothesis is rejected and signifies an important relationship between corporate disclosure scores and profitability attributes.



Table 7: Results of Simple Regression Analysis about the Dependent Variables and Independent Variables

| SN  | Variables                                   | R     | R <sup>2</sup> | Adjusted R <sup>2</sup> | F Change | SL    |
|-----|---|-------|----------------|-------------------------|----------|-------|
| 01. | Corporate Disclosure vs. Operating Profit   | 0.754 | 0.568          | 0.549                   | 30.224   | 0.000 |
| 02. | Corporate Disclosure vs. Profit before Tax  | 0.828 | 0.686          | 0.672                   | 50.158   | 0.000 |
| 03. | Corporate Disclosure vs. Profit after Tax   | 0.718 | 0.515          | 0.494                   | 24.411   | 0.000 |
| 04. | Corporate Disclosure vs. Return on Equity   | 0.517 | 0.267          | 0.235                   | 8.373    | 0.008 |
| 05. | Corporate Disclosure vs. Return on Asset    | 0.557 | 0.310          | 0.280                   | 10.331   | 0.004 |
| 06. | Corporate Disclosure vs. Earnings per Share | 0.526 | 0.277          | 0.246                   | 8.809    | 0.007 |

Source: Analysis of Annual Reports

## MULTIPLE REGRESSIONS ANALYSIS

Intending to investigate whether there is any significant impact of the different profitability attributes on the level of corporate disclosure of the sample banks over the study period researcher has employed multiple regression analysis with the ordinary most miniature square model through formulating a null hypothesis which is: Ho<sub>4</sub>: There is no significant impact of the different profitability attributes on the level of corporate disclosure of the sample banks over the study period and the outcomes in this regard are stated below:

Multiple Regression Model:  $CDS = \alpha + \beta_1 \text{Operating Profit} + \beta_2 \text{Profit before Tax} + \beta_3 \text{Profit after Tax} + \beta_4 \text{Return on Equity} + \beta_5 \text{Return on Asset} + \beta_6 \text{Earnings per Share} + \varepsilon$

Table 8: Results of Model Summary in Multiple Regression Analysis

| R  | R <sup>2</sup> | Adjusted R <sup>2</sup> | Std. Error of the Estimate | Change Statistics     |         |     |     |     | Durbin-Watson |
|--|----------------|-------------------------|----------------------------|-----------------------|---------|-----|-----|-----|---------------|
|  |                |                         |                            | R <sup>2</sup> Change | F ratio | df1 | df2 | SL  |               |
| 0.918  | 0.843          | 0.791                   | 0.86800                    | 0.843                 | 16.148  | 6   | 18  | 000 | 1.591         |
| a. Predictors: (Constant), EPS, OP, PBT, ROE, PAT, ROA |                |                         |                            |                       |         |     |     |     |               |
| b. Dependent Variable: CD                              |                |                         |                            |                       |         |     |     |     |               |

Source: Analysis of Annual Reports

Table 8 provides the results of the model summary and indicates that the R-value is 0.918, which shows a high correlation degree. The R<sup>2</sup> is 0.843, which indicates how much the dependent variable, like corporate disclosure scores, can be explained by the independent variables, like the different profitability attributes; in this case, the model summary results show that the independent variables can explain 84.30% of the dependent variable.

Table 9: Results of ANOVA in Multiple Regression Analysis

|  | Sum of Squares | df | Mean Square | F Ratio | Significance Level |
|--|----------------|----|-------------|---------|--------------------|
| Regression   | 72.997         | 6  | 12.166      | 16.148  | 0.000              |
| Residual   | 13.562         | 18 | .753        |         |                    |
| Total  | 86.559         | 24 |             |         |                    |
| a. Dependent Variable: CD                              |                |    |             |         |                    |
| b. Predictors: (Constant), EPS, OP, PBT, ROE, PAT, ROA |                |    |             |         |                    |

Source: Analysis of Annual Reports

Table 9 shows the results of ANOVA in multiple regression analysis, which indicate that the F ratio is 16.148 and the significant level is lower at 5% substantial. In addition, it signifies that



the designing regression model was significantly applied in assessing the impact of the different profitability attributes on the corporate disclosure scores of the sample banks.

Table 10: Results of Coefficients in Multiple Regression Analysis

|                    | Unstandardized Coefficients |            | Standardized Coefficients | T Values | Significant Levels |
|--------------------|-----------------------------|------------|---------------------------|----------|--------------------|
|                    | B                           | Std. Error | Beta                      |          |                    |
| (Constant)         | 70.983                      | 1.084      |                           | 65.491   | 0.000              |
| Operating Profit   | -0.000                      | 0.000      | -0.027                    | 0-.118   | 0.907              |
| Profit before Tax  | 0.001                       | 0.000      | 1.281                     | 3.447    | 0.003              |
| Profit after Tax   | 0.000                       | 0.001      | 0.347                     | 0.526    | 0.605              |
| Return on Equity   | -0.107                      | 0.200      | -0.375                    | -0.536   | 0.599              |
| Return on Asset    | 1.669                       | 2.827      | 0.514                     | 0.590    | 0.562              |
| Earnings per Share | -1.319                      | 0.628      | -1.024                    | -2.099   | 0.050              |

a. Dependent Variable: CD

Source: Analysis of Annual Reports

Table 10 reports the result of coefficients in multiple regression analysis. Based on the above results, the significant levels are lower at a 5% level of substantial profit before tax and earnings per share. Still, the significant levels of operating profit, profit after tax, return on equity, and return on the asset are higher at a 5% level of substantial which means that the different profitability attributes like profit before tax and earnings per share had a significant positive impact on the corporate disclosure scores but the remaining attributes like operating profit, profit after tax, return on equity and return on asset had an insignificant positive impact on the corporate disclosure score of the sample banks over the study period.

## CORRELATION MATRIX

The researcher has employed the correlation matrix to examine the correlation between the independent variables, like the different profitability attributes, and the dependent variable, like the corporate disclosure scores of the sample banks over the study period.

Table 11 reveals the results of the correlation matrix about the dependent variables and the different independent variables. In the case of a 1% level of significance, it was found that there is a significant positive correlation between operating profit and profit before tax, operating profit and profit after tax, operating profit and return on equity, operating profit and return on asset, operating profit and earnings per share, operating profit and extent of corporate disclosure, profit before tax and profit after tax, profit before tax and return on equity, profit before tax and return on asset, profit before tax and earnings per share, profit before tax and extent of corporate disclosure, profit after tax and return on equity, profit after tax and return on asset, profit after tax and earnings per share, profit after tax and extent of corporate disclosure, return on equity and return on asset, return on equity and earnings per share, return on equity and volume of corporate disclosure as well as earnings per share and extent of corporate disclosure. On the other hand, there is a significant positive correlation between operating profit and return on equity at 5% significance of the sample banks over the study period.

Table 11: Results of Correlation Matrix about the different using variables

|  |                     | OP     | PBT    | PAT    | ROE    | ROA    | EPS    | CD |
|--|---------------------|--------|--------|--------|--------|--------|--------|----|
| Operating Profit (OP)  | Pearson Correlation | 1      |        |        |        |        |        |    |
|  | Sig. (2-tailed)     |        |        |        |        |        |        |    |
|  | N                   | 25     |        |        |        |        |        |    |
| Profit before Tax (PBT)                                      | Pearson Correlation | .774** | 1      |        |        |        |        |    |
|  | Sig. (2-tailed)     | .000   |        |        |        |        |        |    |
|  | N                   | 25     | 25     |        |        |        |        |    |
| Profit after Tax (PAT)                                       | Pearson Correlation | .785** | .919** | 1      |        |        |        |    |
|  | Sig. (2-tailed)     | .000   | .000   |        |        |        |        |    |
|  | N                   | 25     | 25     | 25     |        |        |        |    |
| Return on Equity (ROE)                                       | Pearson Correlation | .459*  | .845** | .828** | 1      |        |        |    |
|  | Sig. (2-tailed)     | .021   | .000   | .000   |        |        |        |    |
|  | N                   | 25     | 25     | 25     | 25     |        |        |    |
| Return on Asset (ROA)  | Pearson Correlation | .545** | .861** | .912** | .970** | 1      |        |    |
|  | Sig. (2-tailed)     | .005   | .000   | .000   | .000   |        |        |    |
|  | N                   | 25     | 25     | 25     | 25     | 25     |        |    |
| Earnings per Share (EPS)                                     | Pearson Correlation | .578** | .857** | .922** | .942** | .975** | 1      |    |
|  | Sig. (2-tailed)     | .002   | .000   | .000   | .000   | .000   |        |    |
|  | N                   | 25     | 25     | 25     | 25     | 25     | 25     |    |
| Corporate Disclosure (CD)                                    | Pearson Correlation | .754** | .828** | .718** | .517** | .557** | .526** | 1  |
|  | Sig. (2-tailed)     | .000   | .000   | .000   | .008   | .004   | .007   |    |
|  | N                   | 25     | 25     | 25     | 25     | 25     | 25     | 25 |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |        |        |        |        |        |        |    |
| *. Correlation is significant at the 0.05 level (2-tailed).  |                     |        |        |        |        |        |        |    |

Source: Analysis of Annual Reports

## CONCLUSION AND RECOMMENDATION

This study investigates the extent of corporate disclosure and its relationship with the profitability attributes of banking companies in Bangladesh. Referring to the results of descriptive statistics, the highest mean value is visible in the case of SB\_3, and the lowest mean value is visual in the case of SB\_4, but SB\_4 and SB\_5 show the lowest and highest standard deviation values. On the other hand, SB\_5 presents the highest value of variance, but the lowest value of variance is visible in SB\_4 among the sample banks. The maximum value is visual in SB\_3, and the minimum value has been found in the case of SB\_2 and SB\_4 among the sample banks. Based on the previous discussion, the mean values show increasing and decreasing tendencies over the study period. Based on the results of the ANOVA test, it is noted that the significant level is lower at a 5% level of substantial corporate disclosure level, so there is variation among the sample banks in the extent of corporate disclosure.

On the other hand, the significant levels of all variables, like the different profitability attributes, are lower at 5%, which means considerable variation in the case of the additional profitability attributes among the sample banks over the study period. The results of simple regression analysis present that the multiple levels are lower at 5% substantial in all cases, indicating an important relationship between the corporate disclosure scores and the different profitability attributes. The model summary results report that the independent variables like operating profit can explain 84.30% of the dependent variable like the extent of corporate

disclosure, gain before tax, profit after tax, return on equity, return on asset, and earnings per share. The model summary results also show that the significant levels are lower at a 5% level of substantial profit before tax and earnings per share. However, the significant levels of operating profit, profit after tax, return on equity, and return on the asset are higher at a 5% level of substantial which means that the different profitability attributes like profit before tax and earnings per share had a significant positive impact on the corporate disclosure scores but the remaining attributes like operating profit, profit after tax, return on equity and return on asset had an insignificant positive impact on the corporate disclosure score of the sample banks over the study period. The results of the correlation matrix revealed that in the case of a 1% level of significance, it was found that there is a positive significant correlation between operating profit and profit before tax, operating profit and profit after tax, operating profit and return on equity, operating profit and return on asset, operating profit, and earnings per share, operating profit and extent of corporate disclosure, profit before tax and profit after tax, profit before tax and return on equity, profit before tax and return on asset, profit before tax and earnings per share, profit before tax and extent of corporate disclosure, profit after tax and return on equity, profit after tax and return on asset, profit after tax and earnings per share, profit after tax and extent of corporate disclosure, return on equity and return on asset, return on equity and earnings per share, return on equity and importance of corporate disclosure as well as earnings per share and extent of corporate disclosure. On the other hand, there is a significant positive correlation between operating profit and return on equity at 5% significance. This research study has recommended that the management of the banking companies should take necessary steps to ensure an adequate level of corporate disclosure because the different stakeholders make any decision based on disclosing information.

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