

Bank of america ratio analysis

Finance



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The paper " Bank of America Ratio Analysis" is an excellent example of a case study on finance and accounting. The company we will be looking at is the Bank of America Corporation which is a multinational banking and financial services provider whose ticker symbol at the NYSE is BAC. The headquarters of the company are in Charlotte, North Carolina. Below are some of its ratios that show where it is performing well and where it needs to improve when compared to the industry average. The industry leader in the financial services industry which we will compare with is JP Morgan Chase. In terms of financial health, BAC has a Debt/Equity ratio of 0.91, JP Morgan has 1.37 while the industry average is 1.04. BAC is doing badly in this front when compared to the market leader and the industry average. As per leverage, BAC has 9.13, JP Morgan has 11.03 while the industry average is 11.50. This is similar to the debt/equity ratio. In regards to returning on equity, the company has a lower return when compared to that of JP Morgan and the Industry. This is not the case on Return on Assets where the company has a higher return than the industry average but lower than that of the market leader JP Morgan Chase. This is the same projector on income per employee ratio where the company has a higher ratio at 97.18K than the industry average but lower to that of JP Morgan Chase. BAC lags behind of JP Morgan Chase in all ratios examined. The company lags behind more on financial health as compared to management effectiveness where it is performing above the industry average. The performance of BAC can be improved through diversification and growth to more regions especially the growing markets.