



Internship Report on Financial Performance Analysis of Jamuna Bank Limited

Submitted To

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Sonargaon University (SU)
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Submitted By

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Program: BBA (Major: Finance)
Semester: Summer 2021
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Date of Submission: 28th September, 2021

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On

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**Submitted for the Partial Fulfillment of the Requirements for the Degree of Bachelor
of Business Administration**



Sonargaon University (SU)
Dhaka-1215

Date of Submission: 28th September, 2021

JAMUNABANK



Financial Performance Analysis Of Jamuna Bank Limited

Letter of Transmittal

Date: 28th September, 2021

Md. Shahbub Alam

Lecturer

Department of Business Administration

Faculty of Business Studies

Sonargaon University

Dhaka-1215

Subject: Submission of Internship Report.

Dear Sir,

I have completed the Internship report on "**Financial Performance Analysis of Jamuna Bank Limited.**" With due respect, I am submitting my internship report on the above mentioned title for the fulfillment of the requirements for the Degree of Bachelor of Business Administration. I request you to receive the internship report prepared by me on the basis of my findings. Writing this internship report has been a great pleasure and an extremely interesting and rewarding experience. I tried my level best to complete this report properly and to produce a meaningful report within all the constraints.

All the supports and guidelines, I received from you proved very efficient to prepare the report. I would like to gratitude you for giving me such a great opportunity to prove my ability in making a quality report. If any mistakes remain I am heartily apologized for those. I hope you will take my mistakes with due consideration.

Sincerely yours,

.....
Atiqur Rahman Khan

ID: BBA2001019138

Department of Business Administration

Faculty of Business Studies

Sonargaon University

Certificate of Supervisor

This is to certify that **Atiqur Rahman Khan** student of BBA, ID No: BBA2001019138, Department of Business Administration, Sonargaon University (SU), Dhaka has successfully completed his “internship report” entitled “**Financial Performance Analysis of Jamuna Bank Limited.**” under my supervision for the partial fulfillment of his BBA Program.

He has done his work according to my supervision and guidance. He has tried his level best to do this report successfully. I think this task will help him in future to create a better career.

I wish him all the best in his future endeavors.

.....
Md. Shahbub Alam
Lecturer
Department of Business Administration
Faculty of Business Studies
Sonargaon University
Dhaka-1215

Student's Declaration

This is Atiqur Rahman Khan, a student of Bachelor of Business Administration ID: BBA2001019138 from Sonargaon University hereby declare that this internship report on “Financial Performance Analysis of Jamuna Bank Limited” is uniquely prepared by me.

I am further declaring that, this report is only prepared for my academic requirement and it will not publish in any magazine or journal.

Sincerely yours,

.....

Atiqur Rahman Khan

ID: BBA2001019138

Department of Business Administration

Faculty of Business Studies

Sonargaon University

Dhaka-1215.

Acknowledgement

At the very beginning I would like to express my deepest gratitude to almighty for giving me the strength and the composure to finish the task. I am also grateful to Sonargaon University for the academic life of BBA that I have passed and enjoyed here entirely.

Secondly, I would like to acknowledge my deepest gratitude to my honorable supervisor **Md. Shahbub Alam**, Lecturer, Department of Business Administration, Sonargaon University. Without his guidance and help I would not have completed my internship report. He gave me enough motivation and time for my report. Whenever I was in need of any kind of help regarding preparation of my internship paper, I found him as my guardian.

Finally, I express my gratefulness to all those who have been helpful in the preparation of this internship report. It certainly would not have been possible without the help of many people and I would like to acknowledge my pleasure to all those who had helped me during this entire process.

Executive summary

Jamuna Bank Ltd. was incorporated as a public Limited company on the 3rd June 2001 under Company Act 1994. This is a 3rd generation bank. The Bank carries banking activities through its 149 branches in the country. The commercial banking activities of the bank encompasses a wide range of services including mobilizing deposits, providing investment facilities, discounting bills, conducting money transfer and foreign exchange transactions, and performing other related services such as safe keeping, collections and issuing guarantees, acceptances and letter of credit.

The report attempts to analyze the financial performance of Jamuna Bank Limited. The objective of the study is to analyze the performance of Jamuna Bank Ltd., by doing ratio analysis, identifying problems and recommendations. Both primary and secondary data were collected for the study.

This paper is intended to provide improve analysis frame work to present the different aspect of performance of the Jamuna Bank Limited in Bangladesh. The framework of this report analysis the ratio and interrelated ratios of the health of the institution. The different types of ratios are liquidity Ratios, leverage ratio, efficiency and profitability ratio and market position ratios. This report has several chapters. Each chapter has been described properly as a descriptive study. Bank's profile included with proper details. So that readers can understand the profile properly. Different types of Ratio analysis has done for Jamuna Bank. Tables, charts and figures are added in this report. The ratio analysis part is the crucial part of this report. It has been done very carefully. Findings are added as per the study. As a part of my BBA program, I used 5 years financial statement data from Jamuna Bank Limited annual report to calculate the ratios. This ratio helps me to find out the past situation of Jamuna Bank which might help them to overcome the past blunder and also help them to better future decision.

Last but not the least, some problems are shared that are found while analysing the financial performance and in the later chapter few suggestions are mentioned for the betterment of the Bank so that manager of Jamuna Bank can take precautionary steps if they feel the suggestions are well enough.

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Chapter 01: Introduction

1.1 Background of the Study

The internship program is an essential part of to obtain a Bachelor of Business Administration (BBA) from Sonargaon University (SU). Each student must meet the required credit hours, then they are placed for observing a specific situation in a real workplace and to guide him to prepare their internship report, an honorable supervisor always guides the students to prepare their report well. I decided to prepare my internship report on the Financial Performance Analysis of Jamuna Bank Limited.

1.2 Rationale of the study

The rationale of the report is to measure the financial performance of Jamuna Bank comparing the years of 2016-2020. The analysis of financial performance is a subjective measure of a company's ability to utilize the resources of its primary mode of business and to generate revenue. This term is also used as a general measure of the overall financial health of a business over a given period of time and can be used to compare similar businesses in the same sector or to compare industries or sectors. In order to prepare my report I have collected different financial data for analysis the performance of the Bank. The scope of my study is limited to organizational setup, functions and performance.

- ❖ To know the organogram of Jamuna Bank Limited and also evaluate the performance of Jamuna Bank Limited.
- ❖ Understanding Balance sheet, Income statement and Cash flow statement of Jamuna Bank Ltd.

1.3 Objectives of the study

To know the real business world is the main objective of our study. More specifically I am trying to understand the banking industry of Bangladesh. I collected the annual report of Jamuna Bank Limited and analysis those report to understand the performance of the bank. The prime objectives of the study are:

- ❖ To give an overall view of Jamuna Bank.
- ❖ Evaluate the performance of jamuna Bank Limited by using annual report of the bank.
- ❖ To understanding the Banking industry of Bangladesh.
- ❖ To find out the strength and weakness of Jamuna Bank Limited.
- ❖ To suggest remedial measures for the development of Jamuna Bank.

1.4 Methodology

Methodology is a systematic method that applied to a field of the study and its principles associated with a branch of knowledge. Primary and secondary data helps to create this report in effective way. The study is accomplished based on the information collected from balance sheet and income statement from annual report by using a specific methodology.

1.4.1 Research Design

This report is descriptive type which contain the overview of financial performance of Jamuna Bank Limited and also contain the mission, vision and product of the bank. I also collect the annual report of last 05 years of the bank for analysis. For data analysis I use ratio analysis is the main tools. By using Microsoft Excel we calculate different financial ratio which can give us the actual picture of the organizations financial health.

1.4.2 Nature of Data

I use the secondary data to complete the report (05 years annual report of Jamuna Bank Limited).

1.4.3 Sources of Data

Secondary data sources:

- ❖ Official website of Jamuna Bank Limited.
- ❖ Annual Reports and other published documents of the banks.
- ❖ Books, journals, research papers, newspaper articles have been used for the study purpose.

1.5 Scope of the Report

Banks have been playing an important role in economic development and contributing immensely to build the country. Banking sector is fast expanding in our country because of globalization and reform of private sector. To survive as a key player in this highly competitive and complex business environment a bank should develop its business focusing the customer's satisfaction.

1.6 Significance of the report

As a student, I have learned about a bank; I also have learned the report writing, as a great deal of theory is included in this report. It will be also benefited for the people who are interested to know about JBL. Here I try to evaluate the financial performance of JBL which will help user of this report to get an overall picture of the financial position of the Jamuna Bank Limited.

1.7 Limitations of the Report

Due to some legal obligation and business secrecy the bank was reluctant to provide some sensitive data. Thus, this study limits only on the available published data. Although the particular study is extensive in nature, hard effort was given to make the study worthwhile and meaningful even then there exists some limitation.

These limitations are:

Lack of time

The time limit of my internship program is only three month. This is very short time for understanding the banking industry of Bangladesh as well as performance analysis of Jamuna Bank Limited.

Inadequate data

Proper information and adequate data is the precondition of any qualitative research. During my research it was very difficult for me to collect the qualitative data.

Non-Disclosure policy

An organization can't reveal all its data and statistics to public because of its policy of secrecy. So all these secret matters have not been possible to collect and to incorporate in the report which may result in a lesser amount of acceptability.

Lack of experiences

This is my first organized research work. So due to my lack of experience I may not been able to prepare my report properly. So my own observations may vary from person to person.

Chapter 02: An Overview of Jamuna Bank Ltd.

2.1 Introduction

Jamuna Bank Limited (JBL) is a Banking Company registered under the Companies Act, 1994 of Bangladesh with its Head Office currently at Jamuna Bank Tower, Plot# 14, Bir Uttam A. K. Khandaker Road, Block# C, Gulshan-1, Dhaka, Bangladesh. The Bank started its operation from 3rd June 2001.

The Bank provides all types of support to trade, commerce, industry and overall business of the country. JBL's finances are also available for the entrepreneurs to set up promising new ventures and BMRE of existing industrial units. The bank was established by a group of local entrepreneurs who are well reputed in the field of trade, commerce, industry and business of the country.

The Bank offers both conventional and Islamic banking through designated branches. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customers' needs. Since the need of customers is changing day by day with the changes of time, the bank endeavors its best to devise strategies and introduce new products to cope with the change. Jamuna Bank Ltd. has already achieved tremendous progress since its beginning. The bank has already built up reputation as one of quality service providers of the country.

At present the Bank has real-time Online banking branches (of both Urban and Rural areas) network throughout the country having smart IT-backbone. Besides traditional delivery points, the bank has ATMs of its own, sharing with other partner banks and consortium throughout the country.

2.2 Vision

To become a leading banking institution and to play a significant role in the development of the country.

2.3 Mission

The Bank is committed for satisfying diverse needs of its customers through an array of products at a competitive price by using appropriate technology and providing timely service so that a sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional work-force.

2.4 Strategic Priority

- ❖ Delivering customer' desired products and services to create true customers' value.
- ❖ Focusing on export of both traditional and nontraditional items and remittance to ensure a comfortable position of foreign exchange all the time.
- ❖ Doing businesses that have higher risk adjusted return.
- ❖ Focusing on maintenance of assets quality rather than its aggressive expansion.
- ❖ Changing the deposit mix thereby reduce the cost of deposits.
- ❖ Ensuring all modern alternative delivery channels for easy access to our services by customers.
- ❖ Taking banking to the doorstep of our target group.
- ❖ Restructuring existing products and introducing new products to meet the demand of time and the target group.
- ❖ Entering into new avenues of business to increase profitability.
- ❖ Bringing unbanked people into our delivery channels.
- ❖ Increasing fee based service/activities where costly capital is not changed.
- ❖ Ensuring organizational efficiency by continuous improvement of human capital and motivation level, dissemination of information and thereby ensuring a sustainable growth of the organization.
- ❖ Maximizing shareholders' value at all times alongside ensuring a sustainable growth of the organization.
- ❖ Pursuing CSR activities for our continued support to future generation, distressed people and for advancement of underprivileged people of the country.
- ❖ Establishing the brand image as a growth supportive and pro-customers' bank.
- ❖ Strengthening risk management techniques and ensuring compliance culture.
- ❖ Remaining cautious about environment and supporting for maintaining a green and clean soil.

2.5 Values

- ❖ Customer Focus
- ❖ Integrity
- ❖ Quality
- ❖ Teamwork
- ❖ Respect for the individual
- ❖ Harmony
- ❖ Fairness
- ❖ Courtesy
- ❖ Commitment
- ❖ Respectable Citizenship

- ❖ Business Ethics
- ❖ Unique Culture

2.6 Objectives

- ❖ To earn and maintain CAMEL Rating 'Strong'
- ❖ To establish relationship banking and improve service quality through development of Strategic Marketing Plans.
- ❖ To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- ❖ To introduce fully automated systems through integration of information technology.
- ❖ To ensure an adequate rate of return on investment.
- ❖ To keep risk position at an acceptable range (including any off balance sheet risk).
- ❖ To maintain adequate liquidity to meet maturing obligations and commitments.
- ❖ To maintain a healthy growth of business with desired image.
- ❖ To maintain adequate control systems and transparency in procedures.
- ❖ To develop and retain a quality work-force through an effective human Resources Management System.
- ❖ To ensure optimum utilization of all available resources.
- ❖ To pursue an effective system of management by ensuring compliance to ethical norms, transparency and accountability at all levels.

2.7 Ethical Principles

- ❖ We strictly comply with all rules and regulations.
- ❖ We provide fair treatment to all stakeholders.
- ❖ We maintain strict secrecy of customers' accounts.
- ❖ We listen to our customers and work to serve their needs.
- ❖ We provide adequate disclosure of corporate information and operation results to shareholders for taking suitable investment decision.

2.8 Product and Services

The responsibility of the Bank is to provide financial solutions by taking different socio-economic factors into consideration. Bank is the primary agent for economic growth by channeling savings into productive investment activity. Jamuna Bank emphasizes the importance to bring the people of all segments under the banking system. Jamuna Bank has been launching different products and services since its inception. At present Jamuna Bank is operating with the following customer focused and distinctive products and services:

2.8.1 Deposit Product

Transactional Accounts

- ❖ Current Deposit (CD) Account
- ❖ Short Notice Deposit (SND) Account
- ❖ Savings Bank(SB) Account
- ❖ Special Savings Bank Account

Fixed Deposit Receipts

- ❖ Earn First Deposit Scheme
- ❖ Lakhpati Deposit Scheme
- ❖ Millionaire Deposit Scheme
- ❖ Kotipati Deposit Scheme
- ❖ Monthly Savings Scheme
- ❖ Monthly Benefit Scheme

Islami Banking

- ❖ Mudaraba Monthly Savings Deposit Scheme
- ❖ Mudaraba Crorepoti Deposit Scheme
- ❖ Mudaraba Lakhpoti Deposit Scheme
- ❖ Mudaraba Double/Triple Growth Deposit Scheme
- ❖ Mudaraba Education Deposit Scheme
- ❖ Mudaraba Hajj Deposit Scheme
- ❖ Mudaraba Marriage Deposit Scheme
- ❖ Mudaraba Millionaire Deposit Scheme

2.8.2 Loans Product

- ❖ Auto Loan
- ❖ Any Purpose loan
- ❖ Personal Loan
- ❖ Salary Loan
- ❖ Doctors Loan
- ❖ Education Loan
- ❖ Overseas Job Loan

2.8.3 Card & ADC Product

Card

- ❖ Visa classic credit card
- ❖ Visa gold credit card
- ❖ Visa dual gold credit card
- ❖ Visa electron debit card
- ❖ Protection plus
- ❖ Corporate facility
- ❖ Easy pay EMI & discount offer

ACD (Card Accountability, Responsibility and Disclosure)

- ❖ ATM card
- ❖ SMS & Mobile Banking Service
- ❖ Mobile Financial Service

2.8.4 Corporate Banking

Corporate Banking of Jamuna Bank Limited offers customized corporate banking solution for both its local Business Houses as well as Multinational Companies. JBL's Corporate Banking exposure is concentrated in diversified areas of business that include:

- ❖ Spinning
- ❖ Textile
- ❖ Garments
- ❖ Garments Accessories
- ❖ Iron & Steel
- ❖ Cement
- ❖ Building Materials
- ❖ Furniture & Furniture materials
- ❖ Edible Oil
- ❖ Food & Beverage items
- ❖ Various Trading
- ❖ Ship Building
- ❖ Ship Breaking
- ❖ Infrastructure Building & Construction
- ❖ Electronics & Electrical Equipments
- ❖ Agro & Agro Products

- ❖ Transport
- ❖ Real Estate
- ❖ Telecommunication

Chapter 03: Analysis & Findings

Financial Performance Analysis of Jamuna Bank Limited.

3.1 Financial Performance Analysis:

Financial Performance analysis is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the banks position and performance. This process helps to identify the strength and weakness of the bank by buildup the relationship between the balance sheet and income statement. The information is taken from financial statement and others reports which are performed by the professionals and top level management making their decisions from these reports.

The process of testing and comparing the financial information of different year's ratio analysis is necessary. Data are mainly collected from the annual reports of financial statements. The value should be meaningful. Through ratio analysis, it is easy to understand the position of the company.

All the ratios that are analysis here are fall into four category:

- Liquidity Ratio
- Efficiency and profitability Ratio
- Leverage Ratio
- Market Performance Ratio

3.1.1 Liquidity Ratio

Liquidity alludes to the accessibility of assets of an organization to meet momentary money prerequisites. It is influenced by the planning of money inflows and surges alongside prospects for future execution. Examination of liquidity is gone for an organization's financing necessities.

In the event that an organization neglects to meet its present commitments, it's proceeded with presence is farfetched. From this perspective, every single other proportion of investigation is in optional significance. In spite of the fact that bookkeeping estimations expect the organization's proceeded with presence, our investigation should consistently survey the legitimacy of this suspicion utilizing liquidity measures.

This section describes the key ratios relevant to assessing liquidity ratio:

- ❖ Current ratio
- ❖ Earning assets to total assets ratios
- ❖ Current deposits to total liabilities
- ❖ Cash ratio

3.1.2 Efficiency and profitability Ratio

Effectiveness alludes to how gainful an organization in utilizing its benefits. Productivity is typically estimated with respect to how much income is created from a specific degree of benefits. Besides, wasteful utilization of advantages can cause liquidity issues. Absence of liquidity regularly goes before lower benefit and fewer chances. An organization's clients and providers are likewise influenced by transient liquidity issues, and it is quicker when it is a financial organization.

This section describes the key ratios relevant to assessing efficiency and profitability:

- ❖ Expense control efficiency
- ❖ Return on Assets
- ❖ Return on Equity
- ❖ Return on investment
- ❖ Net Profit Margin

3.1.3 Leverage Ratio

A leverage ratio is any kind of financial ratio that indicates the level of debt incurred by a business entity against several other accounts in its balance sheet, income statement, or cash flow statement. These ratios provide an indication of how the company's assets and business operations are financed (using debt or equity).

This section describes the key ratios relevant to assessing leverage ratio:

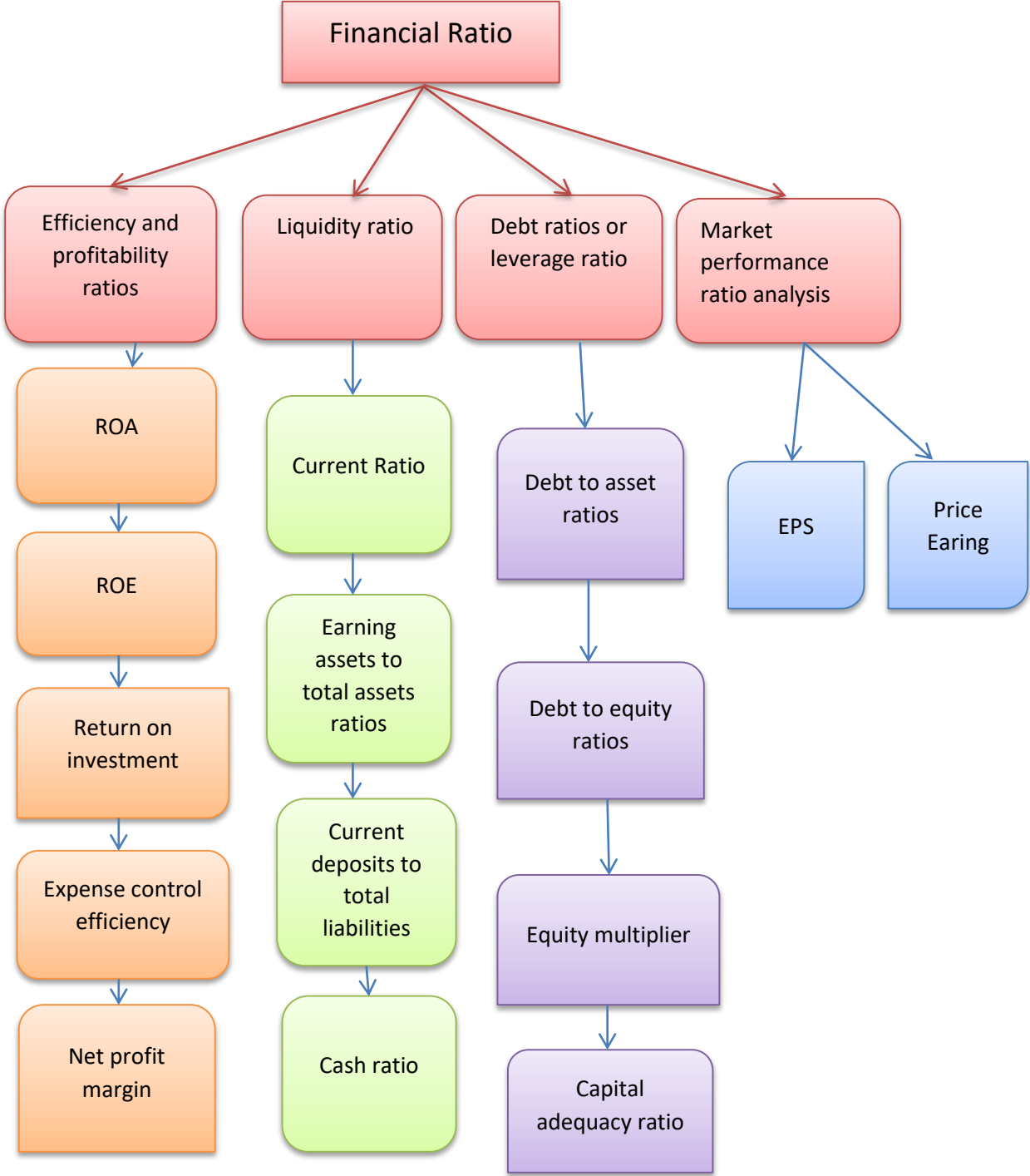
- ❖ Debt to asset ratios
- ❖ Debt to equity ratios
- ❖ Equity multiplier
- ❖ Capital adequacy ratio

3.1.4 Market Performance Ratio

This section describes the key ratios relevant to assessing leverage ratio:

- ❖ Earnings per share (EPS)
- ❖ Price earnings ratio

3.2 Diagram of financial ratios:



3.3 Ratio analysis for Jamuna Bank:

3.3.1 Efficiency and Profitability ratios:

a. Return On Asset:

ROA is displayed as a percentage which gives an idea to a manager, investor or analyst that how efficient a bank is at using its assets to generate earnings. Higher ROA ratio is better because it indicates that bank is earning more money with less investment.

Formula: $ROA = (\text{Net income} / \text{Total assets}) * 100$

Return On Asset (%)					
Year	2016	2017	2018	2019	2020
Return On Asset (ROA)	1.21%	1.11%	1.10%	1.11%	1.10%

(Source JBL annual report)

Graphical presentation

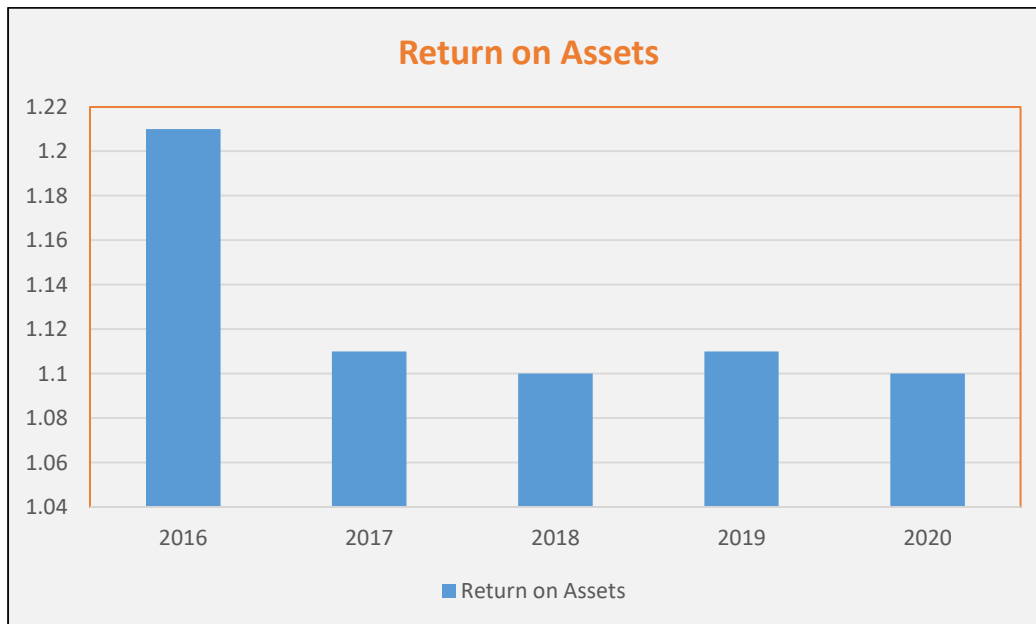


Fig: Return on Assets (ROA)

Interpretation:

We found that the return on assets is fluctuating during the considering period. In the year 2016 it was maximum (1.21%) and in the year 2018 and 2020 it was minimum (1.10%). From our analysis we can say that although the fluctuation of ROA is very low between the years but there

is a downward trend in the ROA which is worrying for the bank. A low percentage return on assets indicates that the bank is not making enough income from the use of its assets. Unstable economic condition, lower net investment income might be responsible for the poor ROA.

b. Return on equity:

Return on equity is the most important efficiency profitability ratio and this ratio measures the profit from it shareholders’ Investment in the bank. It also indicates how well banks management is deploying the shareholders' capital. In other words, the higher the ROE is the better.

Formula: ROE= (Net income / total equity) *100

Return On Equity (%)					
Year	2016	2017	2018	2019	2020
Return On Equity (ROE)	11.89%	12.92%	13.83%	14.80%	12.93%

(Source JBL annual report)

Graphical presentation

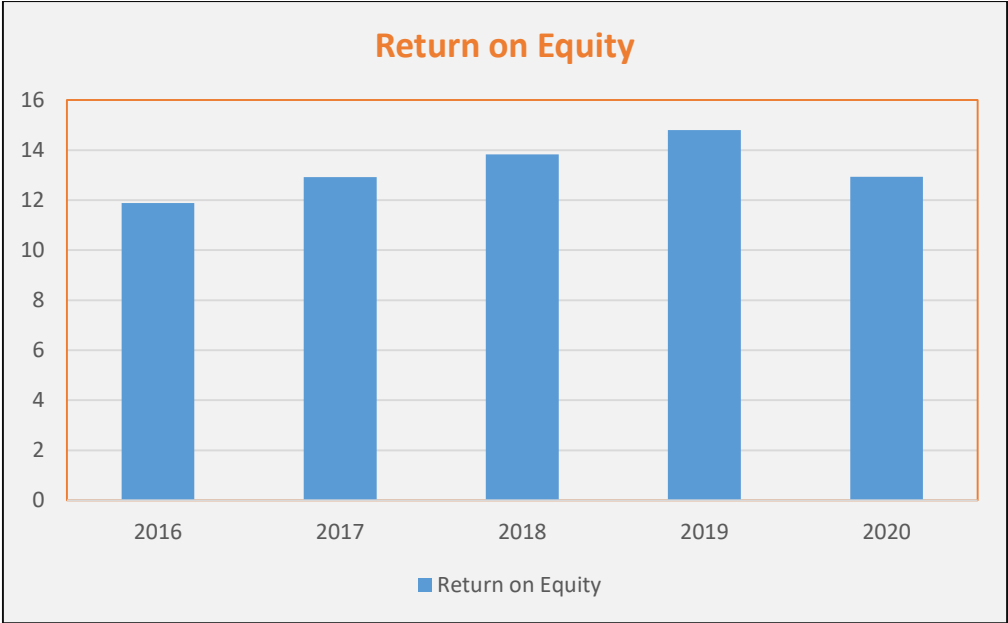


Fig: Return on Equity (ROE)

Interpretation:

The return on equity measures the return earned on the owner’s investment. The graph shows that the bank return on equity has fluctuated over the years. In 2019 it was highest (14.80%) and in 2016 it was lowest (11.89%). However, the return on equity has decreased from 14.80% in 2019 to 12.93% in 2020 which might result because of some bad investment but the overall ROE trend of JBL is satisfactory.

c. Return on investment capital:

This ratio gives an impression of how well a bank is using its capital to generate returns. Return on investment capital percentage often comparing with weighted average cost of capital to check whether invested capital is being used efficiently or not.

Formula: ROIC= (Net operating profit after tax/Invested capital)*100

Return On Investment (%)					
Year	2016	2017	2018	2019	2020
Return On Investment (ROI)	11.52%	9.31%	6.36%	6.56%	10.06%

(Source JBL annual report)

Graphical presentation

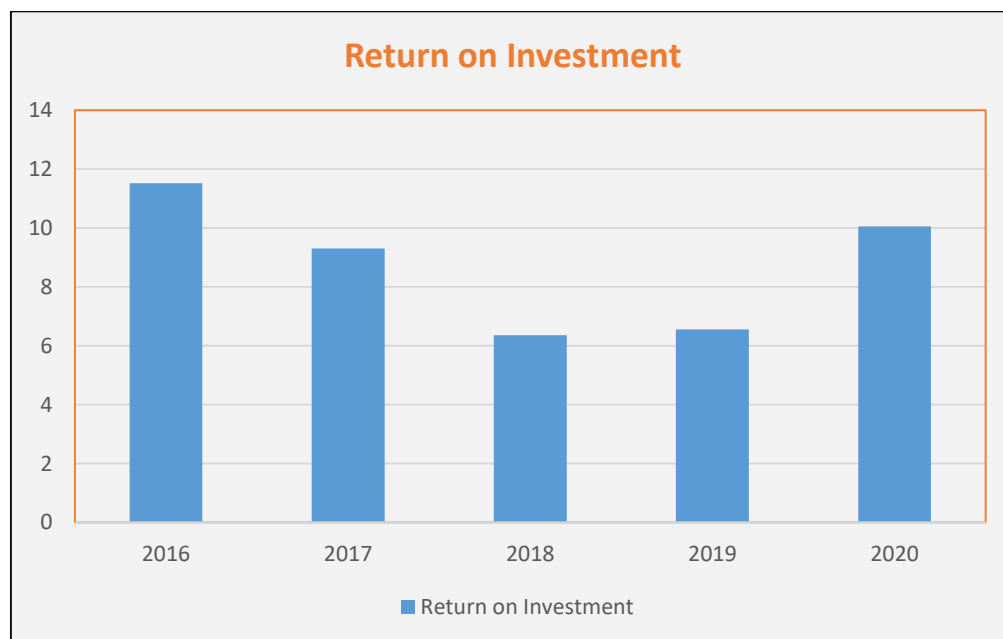


Fig: Return on Investment (ROI)

Interpretation:

This graph shows that the bank return on investment capital has been fluctuating over the years. In 2016 it was highest (11.52%) and in 2018 it was lowest (6.36%). However, the return on investment has decreased from 11.52% in 2016 to 9.31%, 6.36%, and 6.56% in 2017, 2018, and 2019 respectively. But in 2020 they bounce back and start increasing again which means they are improving to generate the revenue.

d. Expense control efficiency:

A bank's operating expenses are in the numerator and its revenue is in the denominator, a lower efficiency ratio means that a bank is operating better. If the efficiency ratio increases, it means a bank's expenses are increasing. It is a measure of operating efficiency and expense control and it indicates the percentage operating revenue after the operating expense is deducted.

Formula: Expense control efficiency = Total operating expense / Total operating revenue

Expense control efficiency (%)						
Year		2016	2017	2018	2019	2020
Expense Control Efficiency		48.50%	50.62%	52.85%	48.93%	53.14%

(Source JBL annual report)

Graphical presentation

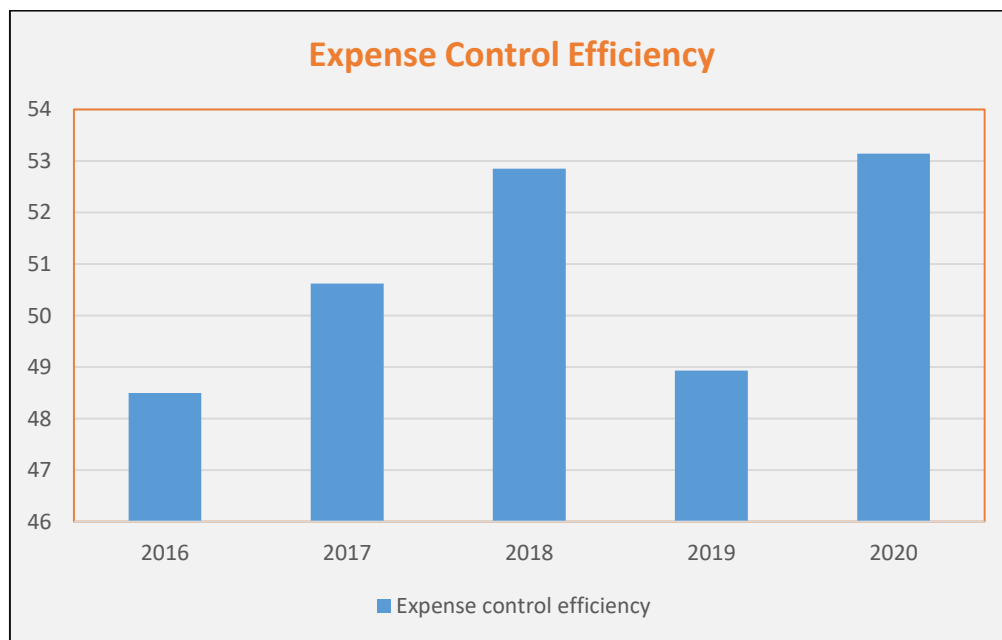


Fig: Expense Control Efficiency

Interpretation:

This graph shows that the bank return on investment capital has been fluctuating over the years. However it can be seen that the average expense control efficiency for Jamuna Bank Limited increased over the last 5 years is 50.81% which is good. Except for 2019 the overall trend of expense control efficiency is upward which means that the bank has a good grip over its expense.

e. Net profit margin:

The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each taka in revenue collected by a company translates into profit.

Formula: Net profit Margin= Net profit after tax/ Revenue.

Net Profit Margin (%)					
Year	2016	2017	2018	2019	2020
Net Profit Margin	23.12%	23.02%	23.60%	22.80%	24.59%

(Source JBL annual report)

Graphical presentation

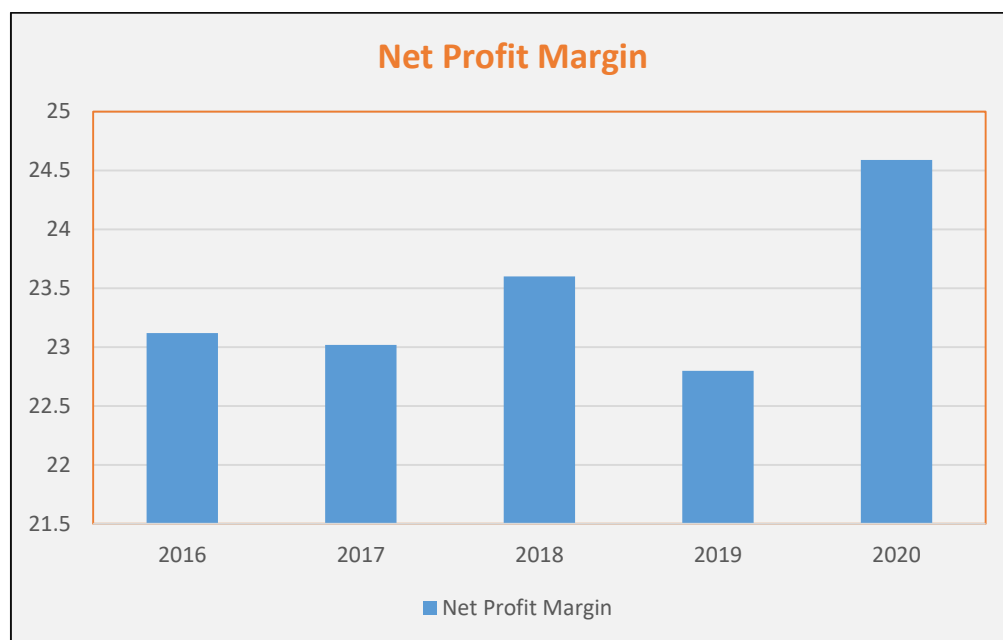


Fig: Net Profit Margin

Interpretation:

This graph shows that the net profit margin of the bank was relatively stable over the 5 years period but in 2019 there is a decrease in net profit margin which might be due to higher operating cost during that year. However in 2020 the net profit margin increased by 1.79% than the previous year which is good sign for the bank.

3.3.2 Liquidity ratio:

a. Current Ratio:

Current ratio indicates the ability of the bank to pay its current liabilities through its current assets. Current ratio shows the strength of the bank's working capital. It informs analysts and investors whether the bank is maximizing its current assets on its balance sheet to satisfy its current debtors and other accounts payable or not.

Formula: Current Ratio = Current assets / Current liabilities

Current Ratio					
Year	2016	2017	2018	2019	2020
Current Ratio	1.15:1	1.13:1	0.84:1	0.95:1	0.89:1

(Source JBL annual report)

Graphical presentation

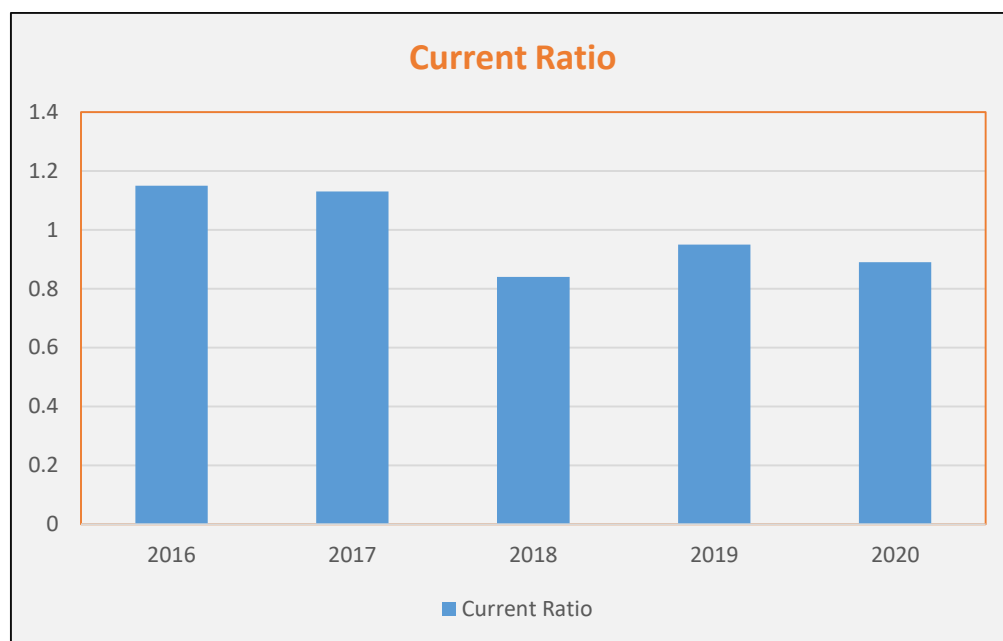


Fig: Current Ratio

Interpretation:

Current ratio of Jamuna Bank Limited shows a decreasing trend which is a worrying sign for the bank. In 2016 the current ratio was at its highest 1.15:1 and in 2018 it was its lowest .84:1. In 2019 and 2020 the ratio increases but not much. Because of the downward trend the overall current ratio of Jamuna bank is not satisfactory.

b. Earning assets to total assets ratios:

Banks use the earning assets to total assets ratio method as a quick way to determine the percentage of the balance sheet that is working to generate income which is useful for long-term goals such as retirement planning.

Formula: Earning Assets to Total Assets Ratios = Average earning assets/ Average total assets

Earning Assets to Total Assets Ratios					
Year	2016	2017	2018	2019	2020
Earning Assets to Total Assets Ratios	0.64	0.72	0.74	0.73	0.70

(Source JBL annual report)

Graphical presentation

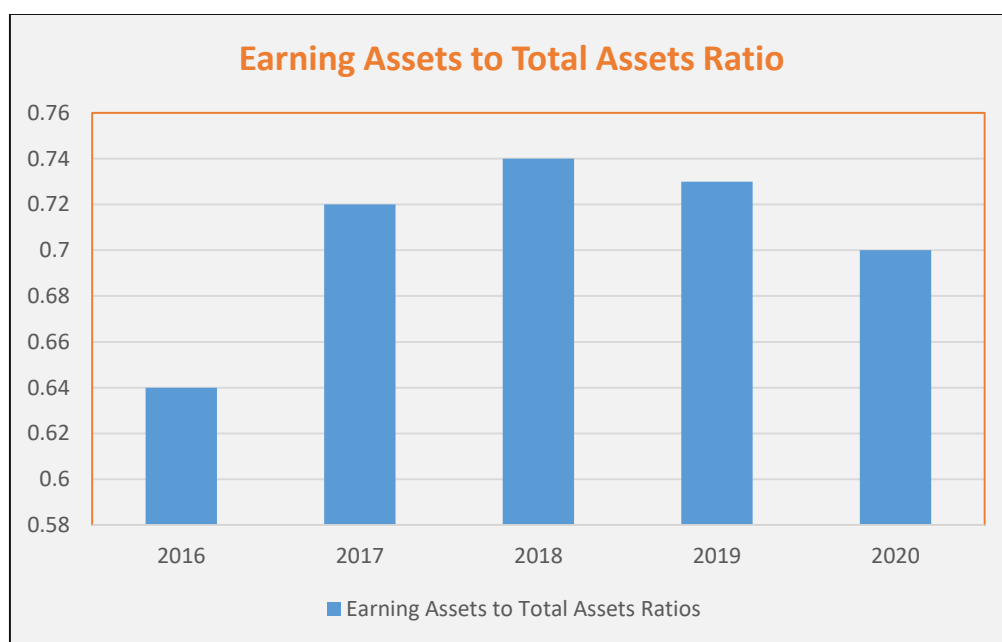


Fig: Earning Assets to Total Assets Ratio

Interpretation:

The analyzed data shows that, in 2018 the ratio of earning assets to total assets of JBL was at its highest at 0.74. Jamuna Bank performed more efficiently in 2018 and 2019 compared to other years. Higher investment on government and other shares and securities, general investments etc. might be the factors of higher earnings assets. In 2020 however the ratio of earning assets to total assets of JBL was decreased to 0.70. In 2016 the ratio of earning assets to total assets was at its lowest at 0.64.

c. Current deposits to total liabilities:

This ratio is used to assess banks liquidity by comparing banks total loans to its total deposits for the same period. It is expressed as a percentage. If the ratio is too high, it means that the bank may not have enough liquidity to cover any unforeseen. Conversely, if the ratio is too low, the bank may not be earning as much as it could be. This ratio shows a bank's ability to cover loan losses and withdrawals by its customers. Investors monitor this of banks to make sure there is adequate liquidity to cover loans in the event of an economic downturn resulting in loan defaults.

Formula: Current Deposit to Total Liabilities = Total loans / total deposits

Current Deposit to Total Liabilities (%)					
Year	2016	2017	2018	2019	2020
Current Deposit to Total Liabilities	82.73%	84.89%	87.96%	87.54%	85.11%

(Source JBL annual report)

Graphical presentation

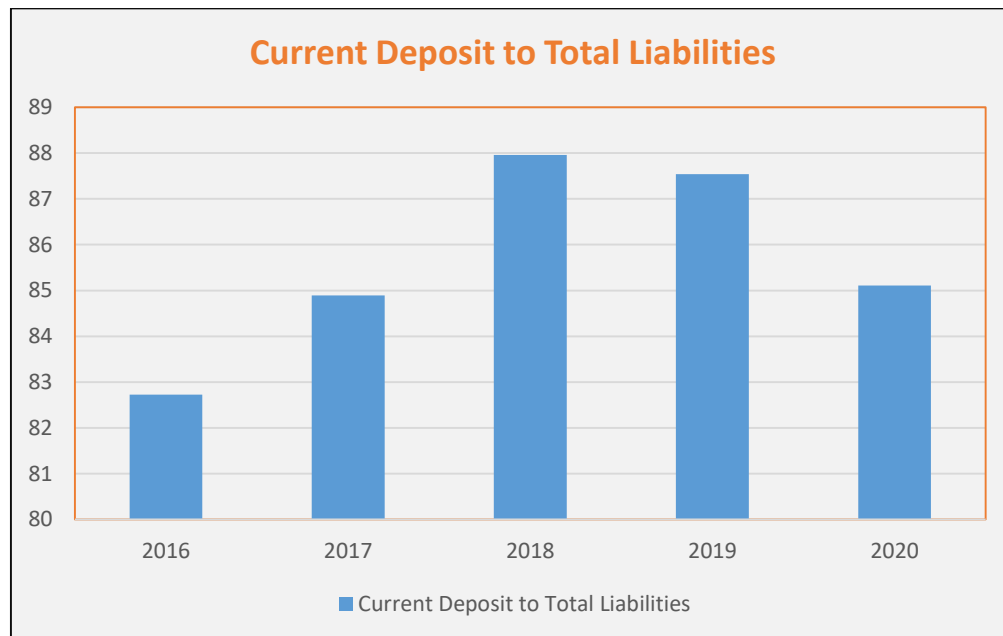


Fig: Current Deposit to Total Liabilities

Interpretation:

This graph shows that, the ratio of current deposits to total liabilities of JBL was increasing from 2017 to 2018. Among last 5 years in 2018 the ratio of current deposits to total liabilities was at its highest 87.96% and it indicated the highest efficiency of JBL. Comparatively lower total liabilities for lower bill payable, mudaraba term deposits etc. might be the reason behind the

scenario of JBL performance in 2018. From 2019 to 2020 the ratio is decreasing and the JBL need to take a close look at this and find out the causes.

d. Cash ratio:

The cash ratio is a measurement of a bank's liquidity, specifically the ratio of a bank's total cash and cash equivalents to its current liabilities. The metric calculates a bank's ability to repay its short-term debt with cash or near-cash resources, such as easily marketable securities. This information is useful to creditors when they decide how much money, if any, they would be willing to loan a company.

Formula: Cash Ratio = Cash and cash equivalents / current liabilities

Cash Ratio					
Year	2016	2017	2018	2019	2020
Cash Ratio	0.58:1	0.59:1	0.58:1	0.54:1	0.49:1

(Source JBL annual report)

Graphical presentation

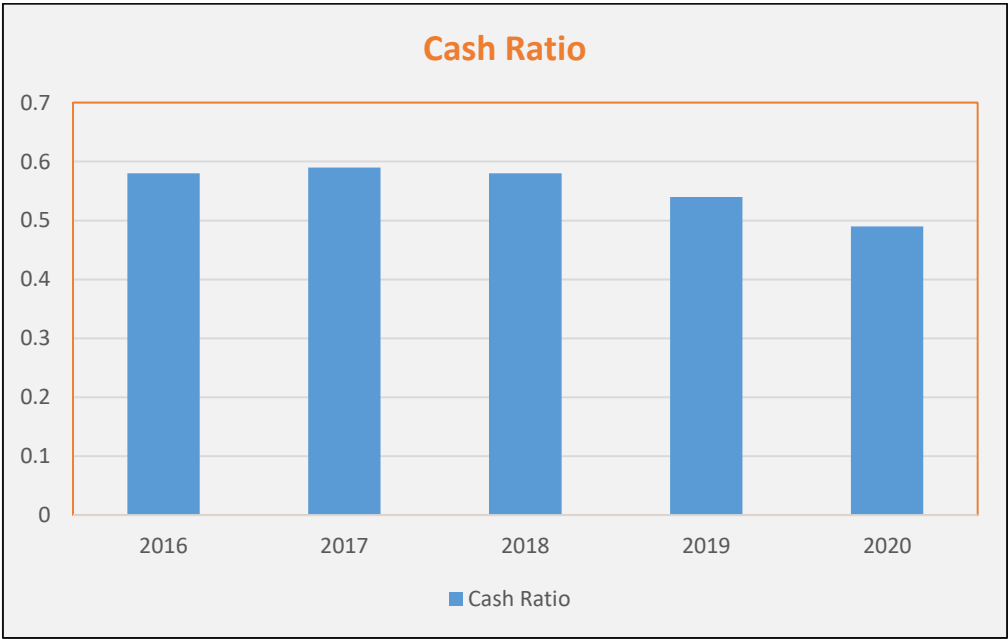


Fig: Cash Ratio

Interpretation: The graph shows that the cash ratio of JBL is declining which is not a good sign for the bank. In 2017 the cash ratio was at its highest and in 2020 it was its lowest. The bank needs to investigate the reason behind the decline and take appropriate action.

3.3.3 Debt ratios or leverage ratio

a. Debt to asset ratios:

It indicates the percentage of debts a company has against its percentage of assets. It's a percentage of a bank total asset that was financed by creditors. Generally, the higher percentage of debt to total assets ratio shows the greater financial leverage and the greater the risk.

Formula: Debt to Assets Ratio = Total debt / total assets

Debt to Assets Ratio					
Year	2016	2017	2018	2019	2020
Debt to Assets Ratio	0.90	0.92	0.92	0.93	0.90

(Source JBL annual report)

Graphical presentation

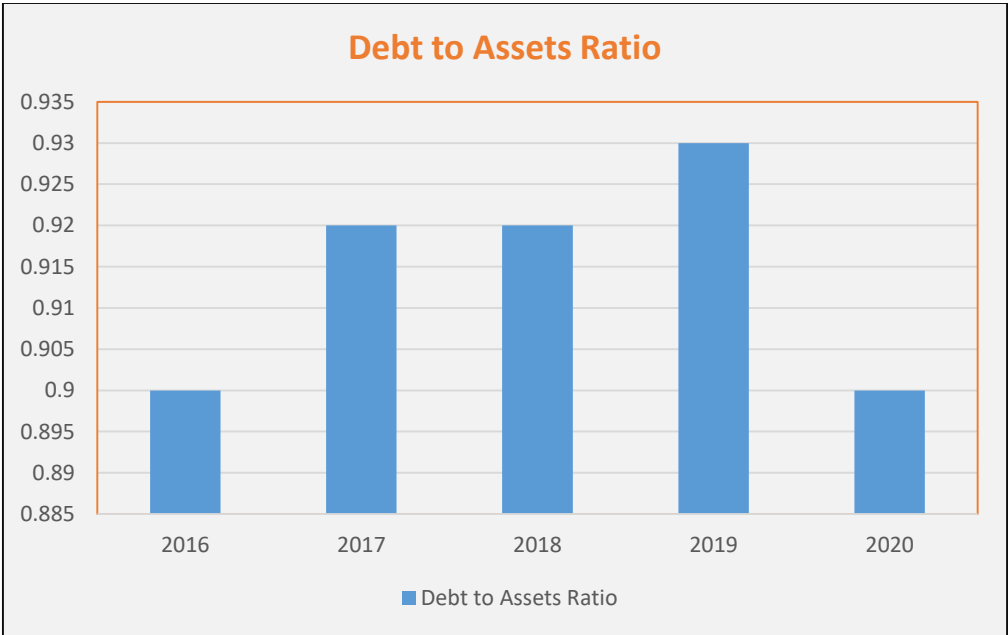


Fig: Debt to Assets Ratio

Interpretation:

Though there are slight fluctuations, Jamuna Bank has been able to maintain an average debt ratio of 0.91 from 2016 to 2020. Their total asset and their liabilities are increasing mostly in same range. But it has slightly decreased from 0.93 to 0.90 in 2020. This is good from a risk perspective, because higher leverage means higher earnings. Higher leverage also implies that the bank is exposed to higher risk. During good times when earnings are high, financial leverage is beneficial for a bank.

b. Debt to equity ratios:

Debt to equity ratio is a major performance indicator for every bank. This ratio compares the amount of funds supplied by creditor and the amount of funds supplied by the owner. However, the debt to equity ratio depends on the industry because some industries use more debt financing than others. It is also a financial leverage ratio. It indicates the ability of shareholder equity to cover up all the obligations arising from debts.

Formula: Debt to Equity Ratio = Total debt / total shareholder equity.

Debt to Equity Ratio					
Year	2016	2017	2018	2019	2020
Debt to Equity Ratio	9.63	11.77	11.45	13.16	9.00

(Source JBL annual report)

Graphical presentation

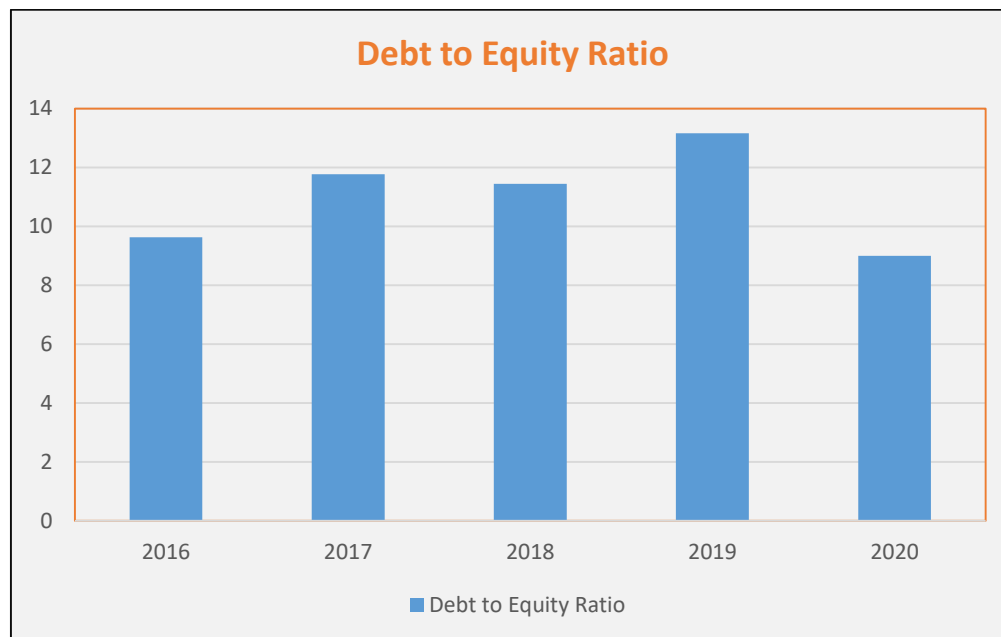


Fig: Debt to Equity Ratio

Interpretation:

There is an unstable trend in the debt to equity capital ratio of Jamuna Bank Ltd. from 2016 to 2020. The debt to equity capital ratio of Jamuna Bank has decreased from 13.16 in 2019 to 9.00 in 2020 over 5 years period of time. It means that their liability is increasing at a higher rate than their equity capital from 2016 to 2020.

c. Equity multiplier:

This financial leverage ratio shows the bank's percentage of assets which is financed by the shareholder. Conversely it also shows the level of debt financing which is used to maintain bank operations. If the bank relies only on debt financing then it will have to raise more cash flows in order to pay their obligations. Higher equity multiplier means the bank is relying more on debt to finance its assets.

Formula: Equity Multiplier = Total asset / total shareholders' Equity.

Equity Multiplier					
Year	2016	2017	2018	2019	2020
Equity Multiplier	10.63	12.77	12.45	14.16	10.00

(Source JBL annual report)

Graphical presentation

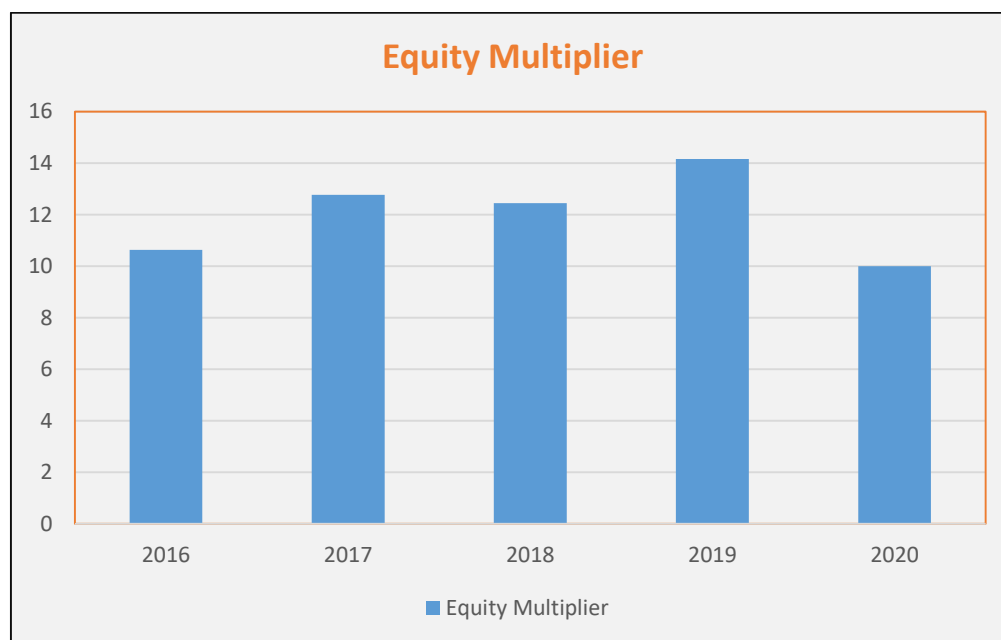


Fig: Equity Multiplier

Interpretation:

The graph indicates that there is an upward trend in equity multiplier ratio. Although the ratio decreases from 14.16 in 2019 to 10.00 in 2020, overall the bank's equity multiplier ratio has increased over the last 5 years period. This is not a good sign. Higher multiplier ratios are risky for the bank because it indicates that more assets were funded by debt to pay bank operations.

d. Capital adequacy ratio:

The capital adequacy ratio (CAR) is a measurement of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures. The capital adequacy ratio, also known as capital-to-risk weighted assets ratio (CRAR), is used to protect depositors and promote the stability and efficiency of financial systems around the world.

Formula: Capital Adequacy Ratio = (Tire-I Capital + Tire-II Capital)/Risk weighted assets

Capital Adequacy Ratio (%)					
Year	2016	2017	2018	2019	2020
Capital Adequacy Ratio	10.93%	11.86%	13.58%	14.25%	15.50%

(Source JBL annual report)

Graphical presentation

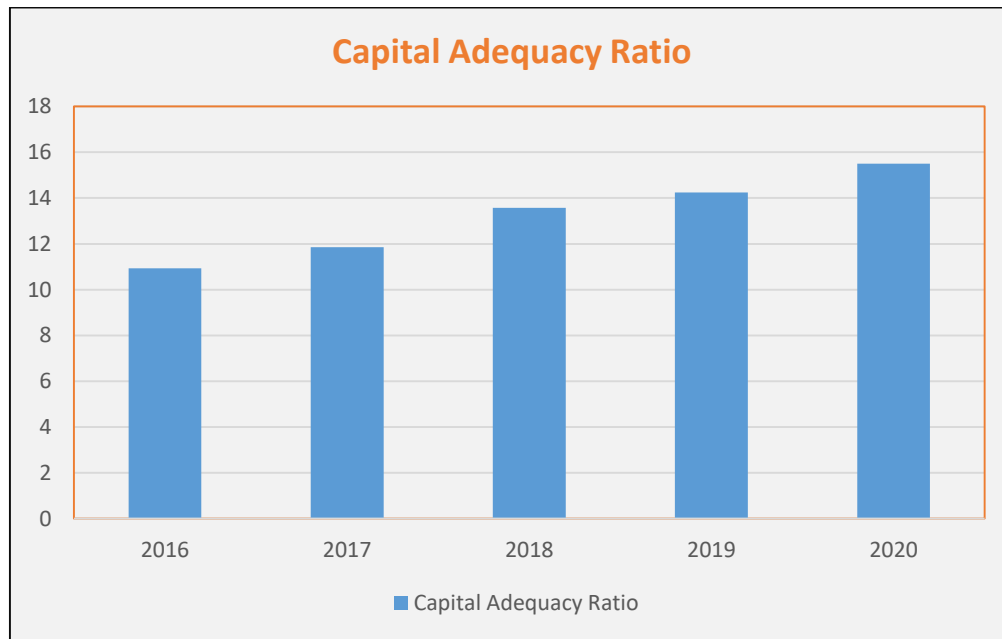


Fig: Capital Adequacy Ratio

Interpretation:

From our analysis we can see that there is an upward trend in capital adequacy ratio of jamuna Bank. The average capital adequacy ratio of JBL was above 13% over the last 5 years period. The higher capital adequacy ratio is safe for the bank. So we can say that risk absorbing position of Jamuna Bank Limited was good.

3.3.4 Market performance ratio

a. Earnings per share (EPS):

EPS indicates the profitability of a company and market participants use it frequently to gauge the profitability of a company before buying its share.

Formula: $EPS = (\text{Net income} - \text{preferred dividend}) / \text{weighted average number of shares outstanding}$.

Earnings Per Share (EPS)					
Year	2016	2017	2018	2019	2020
Earnings Per Share (EPS)	3.06	2.70	3.09	3.48	3.56

(Source JBL annual report)

Graphical presentation

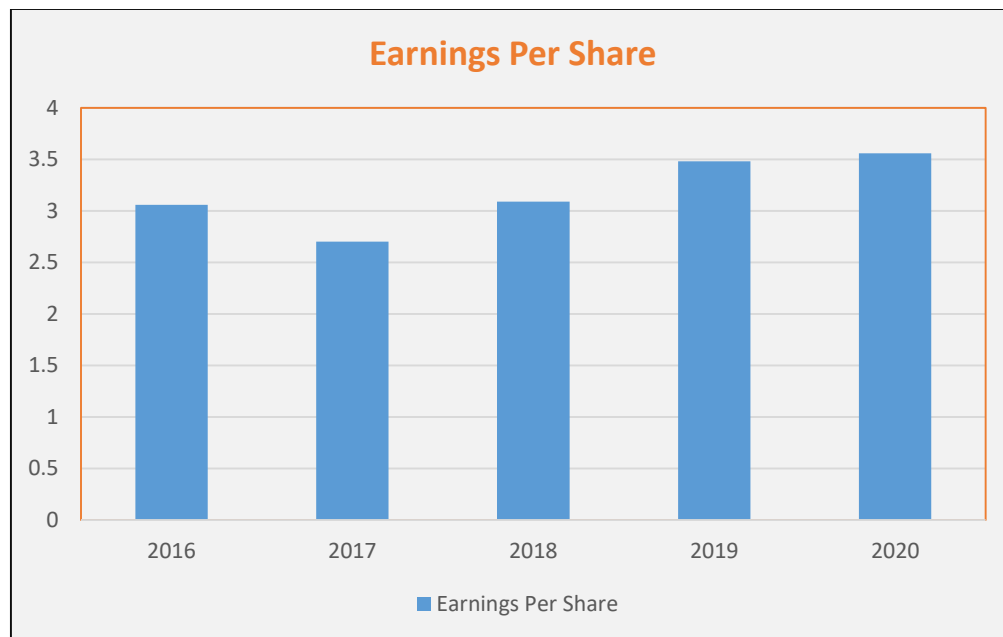


Fig: Earnings Per Share (EPS)

Interpretation:

EPS represents the amount that is earned on behalf of each ordinary shares. EPS is closely observed by investors because it is an important indicator of business success. We found that EPS of JBL was 3.06 Taka in 2016 but in 2017 it was decreased to 2.70 after that the EPS is gradually increasing and reached at 3.56 Taka in 2020. This increasing trends in EPS is good sign for the Bank.

b. Price-to-Earnings P/E ratio:

It is also known as price multiple. It is banks share price that earns form per share. It is used for valuing a bank to find out whether banks are overvalued or undervalued. The investors are expecting that higher P/E ratio brings higher earnings growth.

Formula: P/E Ratio =Market price per share of common stock/Earning per share.

P/E Ratio (Times)					
Year	2016	2017	2018	2019	2020
P/E Ratio	5.11	8.16	5.69	5.31	5.27

(Source JBL annual report)

Graphical presentation

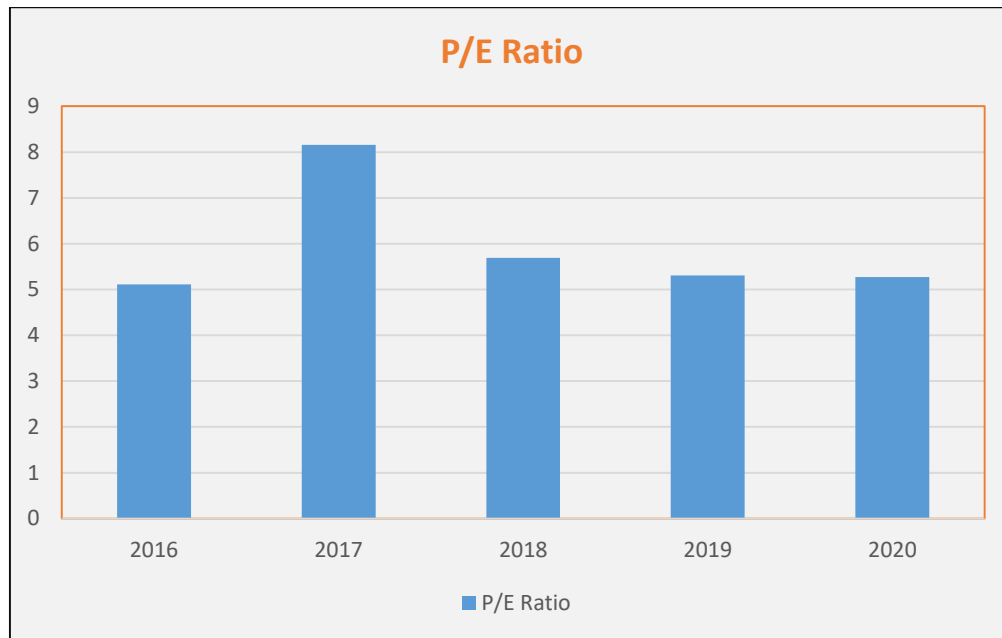


Fig: P/E Ratio

Interpretation:

Price earnings ratio measures the investors’ confidence toward the organization. Except in 2017 where the P/E ratio was at its highest 8.16 others years shows a declining trend in P/E ratio. However the JBL maintain an average P/E ratio of 5.91 over the 5 years period which is good for the bank investors.

Chapter 04: Findings and Recommendations

4.1 Findings:

After analyzing the financial data of Jamuna bank limited for the period of 2016 to 2020, the following findings are noted down:

4.1.1 Findings regarding overall financial position of the bank:

- In terms of operating income and operating profit 2019 was the best year for the Jamuna bank during the 5 years period of 2016 to 2020. Because the bank records its highest operating income and operating profit in that year which is 11,439.53 and 5,841.84 million taka respectively.
- Profit before tax shows an increasing trend during 2016 to 2020. But in 2020 it has decreased by 8.99% than the previous year.
- Net Profit after tax was highest in 2020 (2,670.71 million taka) among the 5 years period and it is also showing an increasing trend during that period.
- In 2020 the deposits of the bank has decreased by 5.63% than the previous year. But the overall deposits has grown during the last 5 years.
- Total Assets has decreased in 2020 by 0.57% than the previous year. However the overall total assets of the bank is increasing.
- In 2020 the total liabilities of the bank has decreased by 3.71% than the previous year.
- In terms of market price per share 2017 was the best year (22.00) among the 5 years period of 2016 to 2020. Overall market price per share of the bank is relatively stable.
- Although in 2017 it was decreased by 13.45% than the previous year the overall investment of the bank increasing.
- Dividends paid to the shareholders has fluctuated over the 5 years period. In 2017 it was at its highest 22.00% and in 2019 it was at its lowest 15.00%.
- There is a growth in the number of employees and number of branches during the 5 years period of 2016 to 2020.

4.1.2 Findings specific to ratio analysis:

- Return on assets (ROA) fluctuated over the 5 years period and they shows a downward trend.
- Return on equity shows an upward trend which is good for the bank.
- Current ratio and cash ratio both shows a downward trend.
- Earnings per share (EPS) shows an upward trend while P/E ratio shows a downward trend.

4.2 Recommendations for JBL

From this study I understand and gain real world knowledge on banking industry. After finishing my study I want to put some suggestions according to my academic knowledge for the betterment and to improve the variables and conditions of the financial performance of Jamuna Bank Limited.

These suggestions are:

- The bank authority should pay attention to their growing expenses. From 2016 to 2020 the total operating expense of the bank is growing every year. Hence, it is crucial to focus on the areas which are increasing the expenses for the bank.
- Since JBL's cash ratio has been decreasing and bank facing liquidity problem. In this setting, the management should take proper steps to manage the liquidity of the bank.
- Return on assets is the pointer how bank utilize its assets to make returns. The bank needs to focus on the increment of ROA.
- JBL need to put some special look on some ratios which fluctuates more.
- The JBL management needs to take the necessary steps to increase the P/E ratio.
- The bank's Earnings per share (EPS) is increasing and the bank needs to maintain this in the future.
- Jamuna Bank Limited need to introduce few new ideas on services so that customers can receive better service that may change their interest from other banks
- The JBL should introduced various incentives in order to increase remittance.
- The JBL management should take effective and efficient initiative in order to recover the default loans.

- The bank should be very agile and dynamic when it comes to applying new technology in their banking system.
- JBL is needed to reach the brand value to the customers for building up ideal relationship to create loyal customer

Chapter 05: Conclusion

5.1 Conclusion

Jamuna Bank has been a successful private commercial bank in the banking industry of Bangladesh. It has started with a vision to be the most efficient financial intermediary in the country and it believes that the day is not far off when it will reach its desired goal. The bank has been practicing conservative banking over the years. Thus, it has adopted new technologies to make every area of the bank more transparent to the central management. It has cut down processes that took hours previously, now can be executed within minutes. Jamuna Bank is also continuously expanding its offerings and services to the clients. Again, its social causes programs create a strong image for the bank among the shareholders.

The bank has remained profitable since its inception. However, recently the banking sector continued to face challenges like swelling non-performing loans, excess liquidity, lower capital adequacy etc. These challenges has also affected the bank in some way or other eventually. However JBL has a strong financial base and huge assets to meet up its liabilities which make this organization financially sound and solvent.

The banking sector is very dynamic and ever changing and always through new challenges. I believe Jamuna bank has all the capabilities to overcome those challenges. By introducing innovative ideas and new technology Jamuna bank is always trying to be the best. If this thing continues I hope that Jamuna Bank Limited will develop even more in the future.

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