Thesis Report on

Financial Performance Analysis of Jamuna Bank Limited

Submitted By

MSt. Kamrunnaher Begum

ID. MBA 2203027013

Program: MBA

Semester: Summer

Submitted To

Department of Business Adminstration

Sonargaon University (SU)

Dhaka-1215

Submitted for the partial fulfillment of the degree of

Masters of Business Administration

Date of Submission: 5th September 2023



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Nowshin Mahmood Tahiya

Lecturer

Department of Business Adminstration

Dhaka-1215

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Letter of Transmittal

Date:

Nowshin Mahmood Tahiya

Lecturer

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

Subject: Submission of Thesis Report.

Dear sir,

With humble honor and respect, I am submitting my thesis report on **Financial Performance Analysis of Jamuna Bank Limited**. As per partial accomplishment of the requirements for the MBA degree, I have completed thesis from **Jamuna Bank Limited** under the supervision of you.

This report is an integral part of our academic courses in completion of the MBA program which has given me the opportunity to have an insight into the **Financial Performance Analysis of Jamuna Bank Limited**. I hope this report reflects on the contemporary issues on the **Corporate Branch** that are being practiced by organizations in our country.

In completing the report I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

Mst. Kamrunnaher Begum

ID: MBA2203027013

Department of Business Administration

Sonargaon University (SU)

Certificate of Supervisor

This is to certify that the thesis report **Financial Performance Analysis of Jamuna Bank Limited** has been prepared as a part of completion of the MBA program from Department of Business Administration, Sonargaon University (SU), carried out by Mst. Kamrunnaher Begum, bearing ID: MBA2203027013 under my supervision. The report or the information will not be used for any other purposes.

……

Nowshin Mahmood Tahiya

Lecturer

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

Student Declaration

I am Mst. Kamrunnaher Begum, a student of Master of Business Administration, ID: MBA2203027013 from Sonargaon University would like to solemnly declare here that this report on **Financial Performance Analysis of Jamuna Bank Limited**= has been authentically prepared by me. While preparing this report, I didn't breach any copyright act internationally. I am further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

Sincerely Yours

Mst. Kamrunnaher Begum

ID: MBA2203027013

Program: MBA

Major: Accounting

Semester: Summer-23

Letter of Authorization

Certified that this Thesis report titled Financial Performance Analysis of Jamuna Bank Limited is the bona fide work of Mst. Kamrunnaher Begum, who carried out the research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other Thesis report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Nowshin Mahmood Tahiya

Lecturer

Department of Business Administration

Faculty of Business

Sonargaon University (SU)

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First of all, I would like to express my deep gratitude to the almighty Allah for fruitfully preparing this internship report. It was a great pleasure to prepare an internship report on the various aspects of banking activities focusing Analysis Of Financial Activity of Jamuna Bank Limited. I would like to thank and convey my gratitude to honorable supervisor, Nowshin Mahmood Tahiya, Lecturer, Department of Business Administration, Sonargaon University, for letting me to prepare this report. I would also like to express my sincere appreciation to her for her wholehearted support and guidance. I am also very grateful to the honorable Senior Vice President (SVP) and In-Charge of Branch, Md. Abdullah Rashed, Head of Investment Department, Md. Faisal Ahmed, Vice President (VP) of Jamuna Bank Bangladesh Limited for their priceless advice and kind effort, which help me a lot to collect information and data about Analysis of Financial Activity of Jamuna Bank Limited. Their valuable cooperation is the undeniable part of this internship report. I would like to give thanks to them. Also shower of thanks to those entire respondents who responded each and every time in collecting necessary data.



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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 97 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.

Here I discussed about the Financial Performance Analysis of Jamuna Bank Limited along with 2 branch financial performance comparison. To discuss this, I have also given information about the vision, mission, goal, objectives, core values and all related information of Jamuna Bank Limited. By doing this report I am able to gain a vast knowledge hoe to calculate all financial ratios and evaluate the performance of a financial institution.

Customers of the bank are moderately satisfied to the service of the bank; employees of the organization try their best to support the customer. Growth of JBL's core is praiseworthy and we complaint of all regulations throughout the years.

C h a p t e r - 0 1

INTRODUCTION

1.1 Prelude

A country is developed when its economy is flourishing and a country's economy is based on money. Money circulates flawlessly through Bank. So, bank is the backbone of a nation's development. A bank is a financial institution that accepts deposits and channels those deposits into lending activities either directly by loaning or indirectly through capital markets. It is a financial intermediary for the safeguarding, exchanging, or lending of money. Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as bank notes and bonds. Banks lend money by making advances to customers on current accounts, by making installment loans, and by investing in marketable debt securities and other forms of money lending. The income of the bank comes from the difference between the interest on deposits and the interest on loans. There are two types of banking system in Bangladesh. One is conventional banking system and the other is Islamic banking system. Conventional Banking System is based on interest and Islamic Banking System is based on profit-loss sharing. And currently 60 scheduled banks are operating in Bangladesh under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks include 6 state owned commercial banks, 3 specialized banks, 42 private commercial banks and 9 foreign commercial banks. Among 42 private commercial banks, there are 8 Islami ShariahBased private commercial banks and 34 conventional private commercial banks. There are also 5 non-scheduled banks and 34 Non-Bank Financial Institutions which are regulated under Financial Institution Act, 1993 and controlled by Bangladesh Bank. Commercial banks mainly receive deposits, give loans, and finance the trade of a country. These banks play the most important role in modern economic organization. Jamuna Bank Limited is a conventional private commercial Bank. Conventional private commercial banks perform the banking functions in conventional fashion i.e.
interest based operations.

1.2 Objective of the Report

Broad Objective

The board Objective of this report is to evaluate the Financial Performance of a 3rd generation Bank of Bangladeshover five years.

Specific Objective

- To evaluate its financial performance from 2018 to 2022 using several ratios.

- Two most important branches of Jamuna Bank Limited
- To find out the reason behind JBL's enhancements or pitfalls of performance over years
- Trying to find out the present performance of the bank and predate the near future
- To gather knowledge about the profitability of the bank through profitability ratios
- Trying to evaluate the operational efficiency of the bank

1.3 Methodology

The report is descriptive in nature. To prepare a report gathering data is very important. The information was collected from both primary and secondary sources of data. Regarding the information required was collected within the organization from the Corporate Division of Jamuna Bank Limited

Primary data

- Practical desk work.
- Face to face conversation with the respective officers and clients.
- Collect ratios from Audit department

Secondary data

- Study on Annual Reports of Jamuna Bank Limited.
- Online data from JBL website.
- Analysis several article related on financial analysis importance through internet

1.4 Scope of the Report

In this report is covered liquidity ratio, leverage ratio, Profitability ratio, efficiency and adequacy ratio.

1.5 Limitations of the study

Although I have obtained the whole hearted co-operation from the employees of Jamuna Bank Bangladesh Limited, Jamuna Bank Training and Research Academy but in the way of my study, I have faced the following problems, which may be termed as the limitations of the study. Some limitations are as under:

- The main constraint of the study was insufficiency of information, which was required for the study.
- There are various information the bank employee can't provide due to security and other corporate obligations.
- Data and information used in this study are mostly from secondary sources.
- All the branches of the bank were not physically visited and all the concerned personnel of the bank have not been interviewed.
- Time has limited which was the main constraint

Chapter Two

Literature Review

2.1 Literature Review

With respect to the Performances of Bangladeshi Banking sector, foreign and national experts undertook number of studies. All these studies provide me a great insight to evaluate bank financial performance by using one of the main indicators which is ratio analysis

The easiest way to evaluate the performance of a firm is to compare its present ratio with the past ratio. It gives an indicator of the direction of change and reflects whether the firm's financial performance has improved, deteriorated or remained constant over time. (Pandey, 2004)

James pointed out that financial ratios are used by bankers, creditors, shareholders and accountants to evaluate data presented on an entity financial statement. Depending on the results of the evaluations, bankers and creditors may choose to extend or retract financing and potential shareholders may adjust the level of commitment in a company. Financial ratios are important tools that judge the profitability, efficiency, liquidity and solvency of an entity.

Van Horne & Wachowicz Jr(2005) stated that to evaluate a firm's financial condition and performance the financial analyst needs to perform checkupson various aspects of a firm's financial health. A tool frequently used these checkups is a financial ratio.

One can employ financial ratios to determine a firm's liquidity, profitability, solvency, and adequacy used financial ratios to show the financial position and performance analysis of Bank.(Qamruzzaman, 2022)

Chowdhury & Ahmed (2009) observed that all the selected private commercial banks are able to achieve a stable growth of branches, employee, deposit, loans and advances, net income, earning per share during the period of 2002-2006. They indicate that the prospect of private commercial banks in Bangladesh is very bright

With this increase of competition in banking industry, every bank is trying to provide their customers better services as much as possible to ensure maximum satisfaction (Uppal, 2018).

Evaluation of bank's performance from time to time helps them to know how well they are actually satisfying their customers and becoming successful. The performance evaluation of banks has thus taken high priority in the context of Bangladesh (Siddique& Islam, 2001).

If efficiency is gained in the banking sector, it will make the country domestically and internationally more competitive and capable of generating more income and employment opportunities. An appropriate evaluation of performance of selected banks requires a range of financial, operational and economic indicators to be applied (Chowdhury, 2002).

Chapter: Three

Overview of Jamuna BankLimited

3.1 Introduction

Jamuna Bank Ltd. is a third generation bank in Bangladesh. It provides commercial banking services in the Bangladesh. It is playing an important role to develop the business sector. The growth of this bank is very good. Its motto is to provide a prompt and quick service to the clients. Jamuna Bank Ltd. has implemented well-structured online banking systems that make it easier to provide prompt services to the customer. The bank primarily engages in corporate banking, trade finance, project finance, retail banking, small enterprise finance, consumer finance, and syndication. Its range of service offerings include cash management services, payments and clearings, safe deposit locker services, employee benefits, collection services, treasury services, asset management, services and SWIFT for foreign trade. Like the mighty river Jamuna, Jamuna Bank represents integrity, transparency prosperity of one hand: resilience, enthusiasm, vastness and flourishing attitude on the other hand the way the great river Jamuna incessantly and selflessly flows ahead holding all the resources within it.Jamuna Bank also continues to enrich people's lives with its multipurpose, countless beneficial products and services which will change their destination towards a better future.

Being a 3rd generation bank of Banglades, Jamuna Bank Limited is focused on-

- **Developing Human Capital**
- **Provide best service to Clients**
- **Remaining with time**
- **Modernized product and services**

Jamuna Bank Limited has so far been highly successful in keeping its clients satisfied with its high quality service, while continuing its expansion to reach more people around the country. It conducts all types of commercial banking activities. The core business of the bank comprises of trade finance, term finance, working capital finance and corporate finance.

CAPITAL POSITION (December 31, 2014)

Authorized Capital 10000 milion

Paid-up capital: Tk.4488 million (raised up around Tk.840 million from 2013)

Reserve & Retained Surplus: Tk.5650 million

Capital and Paid-up Capital of Tk.10000 million and Tk.4488 million respectively. The Paid- up capital has been raised to 840 million and the total equity of the bank stands at 8325. JBL undertakes all types of banking transactions to support the development of trade and commerce of the country. JBL's services are also available for the entrepreneurs to set up new ventures and BMRE of industrial units. Jamuna Bank Ltd. the only Bengali named new generation private commercial bank was established by a group of winning local entrepreneurs conceiving an idea of creating a model banking institution with different outlook to offer the valued customers, a comprehensive range of financial services and innovative products for sustainable mutual growth and prosperity. The sponsors are reputed personalities in the field of trade, commerce and industries. 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 customer's needs. The scenario of banking business is changing day by day, so the bank's responsibility is to device strategy and new products to cope with the changing environment. Jamuna Bank Ltd. has already achieved tremendous progress within only twelve years. The bank has already ranked at top of the quality service providers & is known for its reputation.

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 device strategies and introduce new products to cope with the change. Jamuna Bank Ltd. has already achieved tremendous progress within its past 10 years of operation. The bank has already builtup 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.

Jamuna Bank Ltd. offers different types of Corporate and Personal Banking Services involving all segments of the society within the purview of rules and regulations laid down by the Central Bank and other regulatory authorities. As per the provisions of Bangladesh

Bank license, the Bank has offered initially its shares to public by Pre – IPO and subsequently sold shares to the public through IPO in the year 2004. The shares of the Bank are listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.

Jamuna Bank Limited (JBL) is a Banking Company registered under the Companies Act, 1994 with its Head Office at Hadi Mansion,02 Dilkusha C/A, Dhaka-1000. The Bank started its operation from 3rd June 2001

3.2 Organizational Profile

JAMUNA BANK LIMITED (JBL) AT A GLIMPSE

Organization Name	**Jamuna Bank Limited**
Short Form	**JBL**
Logo	
Corporate Slogan	**Your Partner For Growth**
Operation Started	**3rd June, 2001**
Chairman	**Mr. Md. Sirajul Islam Varosha**
Managing Director	**Mr.ShafiqulAlam**
Operating profit (2022)	**Tk. 3021 million**
Profit Before Tax (2022)	**Tk. 1847 million**
Profit After Tax (2022)	**Tk. 1347 million**
Number of Branches (2022)	**97**
Swift Code	**JAMUBDDH**
Web Page	**www.jamunabankbd.com**

3.3 Vision, Mission and Objective of Jamuna Bank Limited

Vission

To become a leading banking institution by playing a significant role in the development of the country

Mission

The bank is committed to satisfy diverse need 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 ensure with a motivated and professional workforce.

Objective

- Earn and maintain CAMEL Rating 'Strong.'
- Establish relationship banking and improve service quality through development of Strategic Marketing Plans.
- Remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- Introduce fully automated systems through integration of information technology.
- Ensure an adequate rate of return on investment.
- Keep risk position at an acceptable range (including any off balance sheet risk).
- Maintain adequate liquidity to meet maturing obligations and commitments.

- Maintain a healthy growth of business with desired image.

- Maintain adequate control systems and transparency in procedures.

- Develop and retain a quality work force through an effective human Resources Management System.

- Ensure optimum utilization of all available resources.

- Pursue an effective system of management by

3.4 AOwnership structure of Jamuna Bank Limited

Leading industrialists of the country having vast experience in the field of trade and commerce own 52.48% of the share capital and the rest held by the general public. JBL's board currently consists of 19 directors. Authorized capital is tk.4000 million and paid-up capital is tk.2230 million on 2022.

3.5 Strategic Priority ofJamuna Bank Limited

- Delivering customer' desired products and services to create true customers' value.

- Focusing on export of both traditional and non-traditional 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.

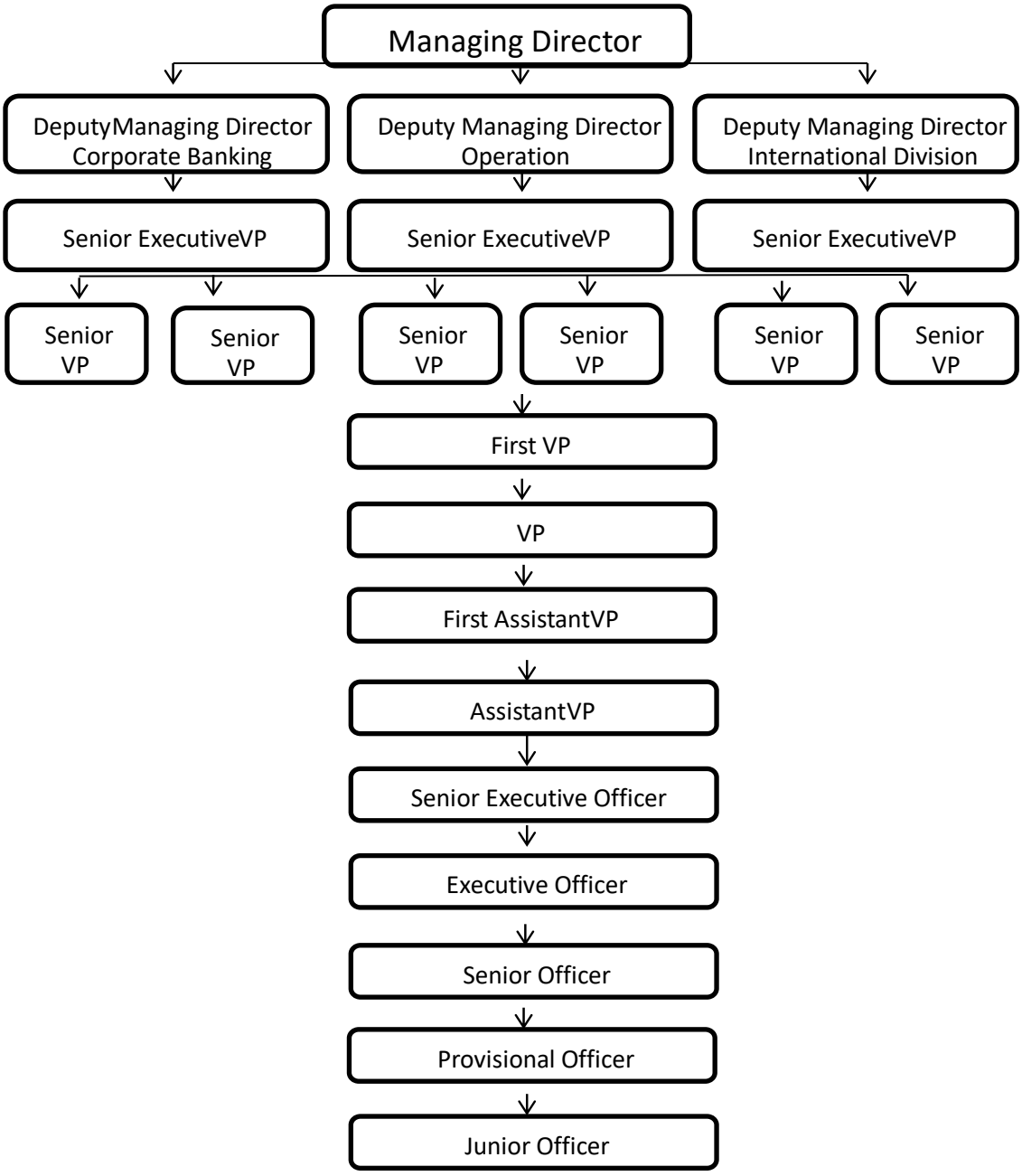
- Changing the deposit mix thereby reduce the cost of deposits.

- 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.

3.6Operational Network Organogram



3.7Products/Service Offerings of Jamuna Bank Limited

The Bank has a collection of mode that prepared financial products and services. Such products are based on Monthly Savings Schemes, Consumer Credit Schemes, Lease Finance and Personal Loan for Women and Shop Finance Scheme and so on. Jamuna Bank Ltd, also familiar with Q-cash ATM cards for its valued customers providing 24 hours banking services through Debit Cards. JBL offers the following services to valued customer. The Bank is providing different types of services. Some of them are mentioned in below:

Jamuna Banking Branch

In the year 2004, Jamuna Bank Limited opened another Islamic banking branch at Jubilee Road, Chittagong on November 27, 2004. The already existing Nayabazar Islamic Banking Branch started its operations from October 25, 2003, the total Islamic banking branches stands at 02 (Two). The operational performance of the branches as on 31-12-2008 is shown through the Balance Sheet,
Profit & Loss Account of the Islam! Banking Branches below

:JBL'sShariah Council consists of 06 (Six) members, among them 02 (two) are Khatib, 01 (one) is ExEconomic Advisor, 01 (One) is Vice chancellor, Islami University, 01 (One) is Principal and other one is Banker. During the year 2009, the Shariah council of JBL conducted 03 meetings to discuss all aspects of Islamic Branches operation.

Portfolio Management Service

Since inception, we have achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationships. Keeping customer preferences as an investor in mind, Jamuna Bank Ltd. has designed Investors' Discretionary Account (IDA) and Bank's Discretionary Account (BDA). In these accounts the customers may enjoy loan facilities at a ratio 1:1 for investments in private placement, IPO, and secondary market operations.

JBL Special Banking Services:

Special Banking services of Jamuna Bank are considering the Personal services. The bank is offering wide-ranging products and services. These services and products are matching with the customer's requirements. Transactions of accounts, savings schemes or loan facilities from Jamuna Bank Ltd make available for every customer in a unique and uniform mixture of easy and expert service superiority.

JBL offers the Special Banking Services like Current Deposit Account, Savings Deposit Account, Short Term Deposit Account, and Fixed Deposit Accounts. It also offers attractive rates on various deposit schemes.

JBL Corporate Banking Services

Jamuna Bank Ltd. offers a complete range of advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package. The corporate Banking specialists will render high class service for speedy approvals and

efficient processing to satisfy customer needs.Corporate Banking business envelops a broad range of businesses and industries. You can leverage on the know- how in the following sectors mainly:

- **Agro processing industry**
- **Industry (Import Substitute / Export oriented)**
- **Textile, Spinning, Dyeing/Printing**
- **Export Oriented Garments, Sweater.**
- **Engineering, Steel Mills**
- **Chemical and chemical products etc.**

Online Banking

Jamuna Bank Limited has introduced real-time any branch banking on December 31, 2018. Now, customers can withdraw and deposit money from any of its 65 branches located at Dhaka, Chittagong, Sylhet, Gazipur, Bogra, Naogaon, Narayanganj, Dinajpur, Kushtia,Rajshahi, Bashurhat, Sirajganj and Munshigonj. The valued customers can also enjoy 24 hours banking service through ATM card from any of Q-cash ATMs located at Dhaka, Chittagong, Khulna, Sylhet and Bogra.

Types of Deposit account

There are several types of deposit accounts. Each account has different characteristics and every account has some specific purpose to serve.JBL offers the following key Personal Banking Services**.**
According to their uniqueness they are described as follows:

- **Savings Account:**

It is the general account of the JBL (Mirpur Branch) individual or more than two persons can open a savings account on JBL. The officers and authorize persons are issuing cheque book, deposit slips and statement of account to the holder of savings. The officer justifies the information that is submitted by the account holder for opening of the account. The officers

of the bank process account-opening formalities.

- **Current Deposit Account:**

JBL is one of the newly established well-reputed third generation private commercial bank in Bangladesh. It operates very diverse current account operation. They serve various types of customers, like current account for private limited company, current account for public limited company, current account for partnership business, etc.

- **Foreign Currency Account:**

The JBL also operate Foreign Currency Account for Bangladeshi Wage Earners or for Foreign Nationals/Company/Firms etc. to send their valued earned foreign currency into the country.

- **Short Term Deposit Account (STD):**

JBL also offers Short Term Deposit to its valued customers. Short Term Deposit is a deposit account where the payment of interest is paid on month basis. These items include the deposits for a period ranging from 7 (seven) days to 89 (eighty-nine) days. These types of liabilities are payable on special notice or after a specified period other than the fixed deposits. Some of these types of deposits are of the nature of time deposits. The rate of interest on STD account is 4.5% per annum. There are some rules and regulations that must be maintained by the STD account holder. If the STD account holder wants to withdraw the money from the account they have to inform the bank before, otherwise the account holder may not get the interest in full amount.

Schemes:

Schemes are the most important sources of enhancing banks deposit. Mainly bank is the lender of money, which is deposited by various types of depositor. These schemes are different in nature and types and also in interest rates. These deposits give the customers to deposit the idle money in profit earning schemes and also provide the security. Jamuna Bank limited as third profit earning to the depositors and generation modern and technology based modern commercial bank offers various types of customer's friendly deposit schemes to its valued customers. These schemes are highly also unique in security.

Marriage Deposit Scheme

Marriage of children, especially daughter is a matter of great concern to the parents. Marriage of children involves expense of considerable amount. Prudent parents make effort for gradual building of fund as per their capacity to meet the matrimonial expense of their children specially daughters. Parents get relief and can have peace of mind if they can arrange the necessary fund for marriage of their children.

✓	**Loan (General)**	✓	**SOD (Export)**
✓	**House Building Loan (General**	✓	**Cons SOD (General)**
✓	**House Building Loan (Staff)**	✓	**SOD (Others)**
✓	**Other Loans to Staff**	✓	**PAD**

✓ Cash Credit (Hypo.) ✓ Cash Credit (Pledge) ✓ Corporate Social Responsibilities of the Jamuna Bank Limited ✓ Hire Purchase ✓ Lease Financing ✓ Time Loan	✓ LIM ✓ LTR ✓ IBP ✓ Export Cash Credit (ECC) ✓ Packing Credit (PC) ✓ F D B P ✓ IDBP

Chapter: Four

Theoretical Background

4.1 Ratio

A ratiois a comparison of two or more numbers that indicates their sizes in relation to each other. A ratio compares two quantitiesby division, with the dividend or number being divided termed the *antecedent* and the divisor or number that is dividing termed the *consequent*.

- **Liquidity Ratio**
- **Leverage Position**
- **Profitability**
- **Activity (Efficiency)**
- **Adequacy Ratio**

4.2Liquidity Ratio

Liquidity ratios are a measure of the ability of a company to pay off its short-term liabilities. Liquidity ratios determine how quickly a company can convert the assets and use them for meeting the dues that arise.

4.2.1 Current Ratio

The current ratio is a liquidity ratiothat measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assetson its balance sheet to satisfy its current debt and other payables.

4.3 Leverage Position:

Leveraged position increases the potential profit/loss of a position since the trader has bought more securities than she would have with could have otherwise. Financial leverage is the ratio of total position to equity invested. Higher the financial leverage, higher the profit/loss potential.

4.3.1 Debt to Equity Capital Ratio

The debt-to-equity ratio (D/E ratio) shows how much debt a company has compared to its assets. It is found by dividing a company's total debt by total shareholder equity. A higher D/E ratio means the company may have a harder time covering its liabilities

4.3.2 Debt to Total Assets Ratio

The total-debt-to-total-assets ratio is calculated by dividing a company's total amount of debt by the company's total amount of assets. If a company has a total-debt-to-total-assets ratio of 0.4, 40% of its assets are financed by creditors, and 60% are financed by owners' (shareholders') equity.

4.4 Profitability

Profitability ratios assess a company's ability to earn profits from its sales or operations, balance sheet assets, or shareholders' equity. They indicate how efficiently a company generates profit and value for shareholders.

4.4.1 Net Profit Margin

Net profit margin (also called the return on sales ratio) is a widely used profitability indicator that gauges your company's financial health. It is the percentage of sales revenue you have left after deducting operating expenses, depreciation, amortization, interest, and income taxes.

4.4.2 Net Operating Margin

The operating margin measures how much profit a company makes on a dollar of sales after paying for variable costsof production, such as wages and raw materials, but before paying interest or tax.

4.4.3 Return on Equity (ROE)

Return on equity (ROE) is a measure of financial performance calculated by dividing net incomeby shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets.

4.4.4 Return on Asset (ROA)

The term return on assets (ROA) refers to a financial ratiothat indicates how profitable a company is in relation to its total assets. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit.

4.4.5 Return on Deposit (ROD)

To calculate the loan-to-deposit ratio, divide a bank's total amount of loans by the total amount of deposits for the same period. You can find the figures on a bank's balance sheet. Loans are listed as assets while deposits are listed as liabilities.

4.5Efficiency

4.5.1 Tax management ratio

Subtracting the amount of tax paid from the return to determine net return

4.5.2 Expense Control Efficiency

An efficiency ratio is a calculation that illustrates a bank's profitability. To calculate the efficiency ratio, divide a bank's expenses by net revenues. The value of the net revenue is found by subtracting a bank's loan loss provision from its operating income

4.5.3 Degree of Asset Utilization

The asset utilization ratio calculates the total revenue earned for every dollar of assets a company owns. For example, with an asset utilization ratio of 52%, a company earned $. 52 for each dollar of assets held by the company.

4.5.4 Operating Efficiency Ratio

The operating ratio, or operational efficiency ratio, indicates how well your company is performing. A lower ratio is better; it shows your company is spending less money to generate more revenue. A ratio that decreases over time reveals a company that is learning how to trim expenses and therefore increase profits

4.6 Adequacy Ratio

The capital adequacy ratio (CAR), also known as capital to risk-weighted assets ratio, measures a bank's financial strength by using its capital and assets. It is used to protect depositors and promote the stability and efficiency of financial systems around the world.

4.6.1 Capital Adequacy Ratio

Capital adequacy ratio is the ratio which determines the bank's capacity to meet the time liabilities and other risks such as credit risk, operational risk etc. In the simplest formulation, a bank's capital is the "cushion" for potential losses, and protects the bank's depositors and other lenders.

4.6.2 Core Capital Ratio

Core Capital Ratio means the ratio of Tier 1 capital (after deducting proposed dividend) to risk-weighted assets of the Bank

4.6.3 Loan to Deposit

The loan-to-deposit ratio (LDR) is used to assess a bank's liquidity by comparing a bank's total loans to its total deposits for the same period. The LDR 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 fund requirements.

Chapter: Five

Analysis of Financial Performance

5.1 Liquidity Ratio

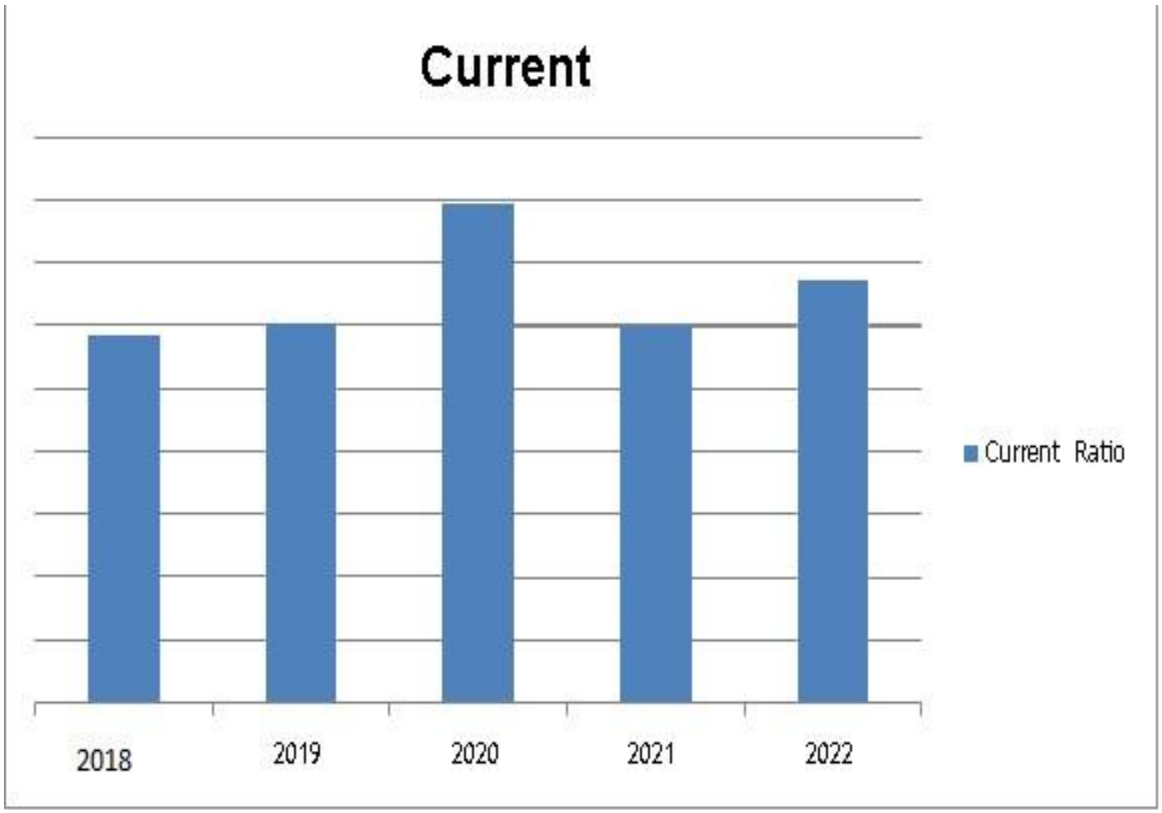
5.1.1 Current ratio

Current Ratio= Current asset/Current Liability

Table-5.1: Current Ratio from year 2018-2022

Particulars	2018	2019	2020	2021	2022
Current Ratio	1.17	1.21	1.59	1.2	1.34

Fig-5.1.1: Current Ratio from year 2018-2022(Author's Compilation)



(Source: JBL Annual Report: 2018-2022)

According to the result of the ratio ofjumuna bank Limited was 1.17 in the year 2018, 1.21 in 2019, 1.59 in 2020, 1.2 in 2021 and 1.17 in the year 2022. It means that the bank had following current assets in against of 1 tk. liability. In 2022 it was increased form the year 2021 which is a good sign for the bank. Because it proves that JBL has ability to pay off its current liabilities with its current assets. It fact the higher current ratio is better for the organization as it helps to prevent getting default and pay short term debt swiftly.

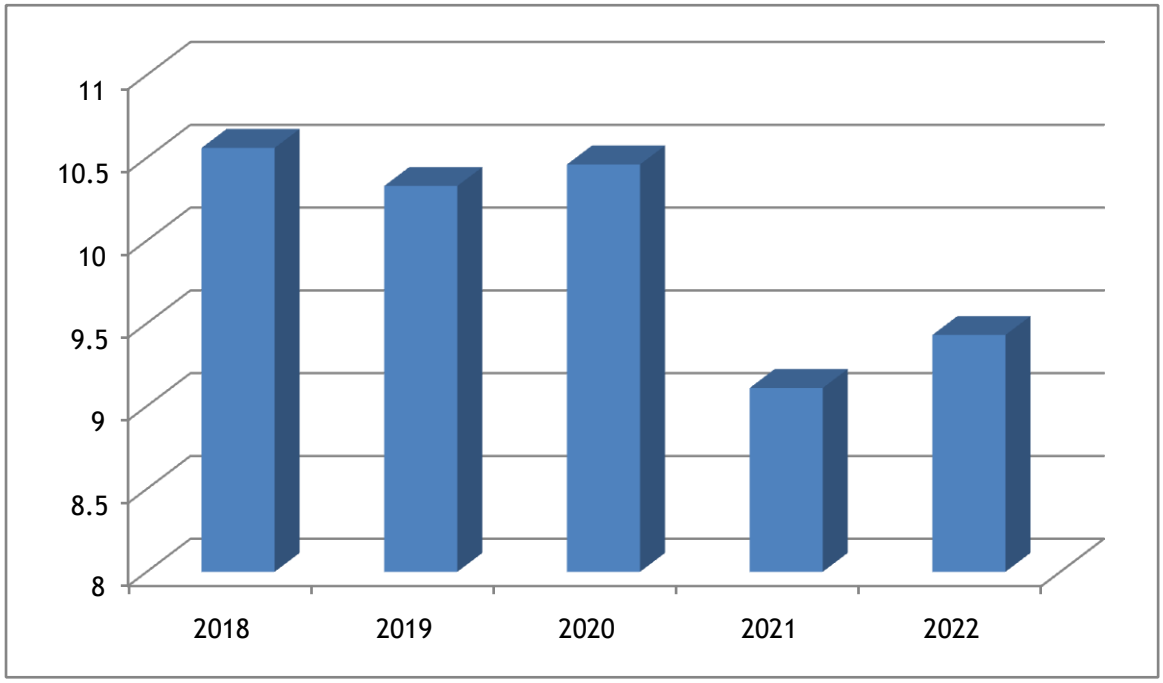
5.2 Leverage Position

5.2.1 Debt to Equity Capital Ratio

Table-5.2.1: Debt to Equity Capital Ratio

Year	2018	2019	2020	2021	2022
Debt to Equity Capital Ratio	10.56	10.33	10.46	9.11	9.43

Fig- 5.2.1: Debt to Equity Capital Ratio (Author's Compilation) Findings about Debt to Equity



(Source: JBL Annual Report: 2018-2022)

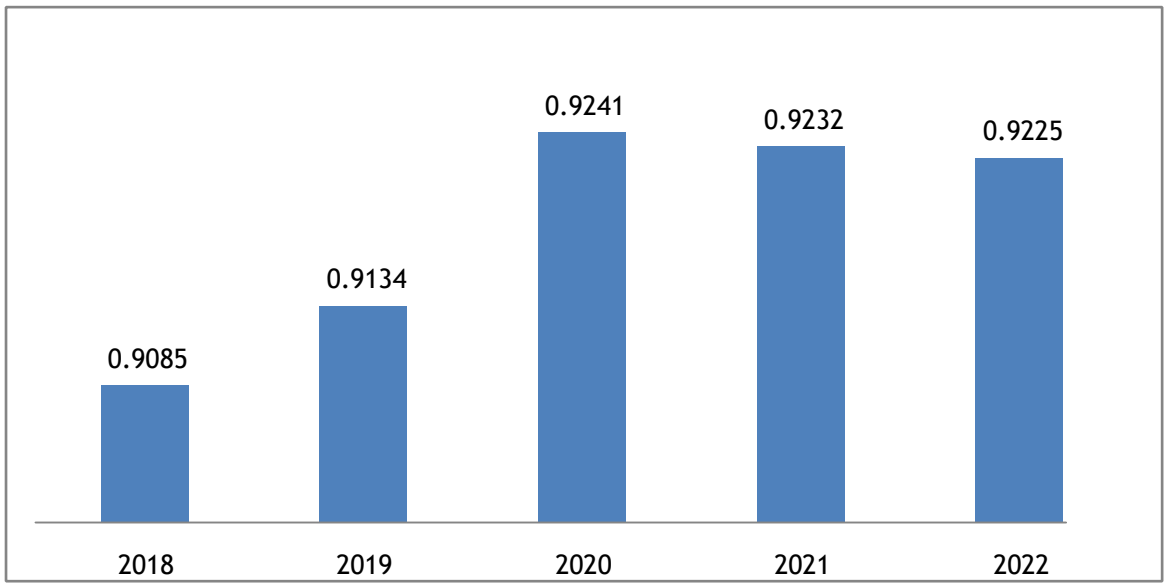
There is an unstable trend in the debttoequity capital ratio of Jamuna Bank Ltd. from 2018 to 2022. The debt to equity capital ratio ofJamuna Bank has decreased from 10.56 in 2018 to 9.43 in 2022 over 5 years period of time. It means that their liability is increasing at a higher rate than their equity capital from 2018 to 2022. But it increases form year 2021 to 2022. This higher outcome over years not only increases the risk but also increases the profit.Overall this implies that their leverage and overall risk is decreasing. Additionally, it also means that their expected earnings might increase due to escalating leverage.

5.2.2Total debt to Total Asset ratio

Table-5.2.2:Total Debt toTotal Assets Ratio **In million**

Particulars	2018	2019	2020	2021	2022
Total Liabilities	63608.71	79783.82	101,353.68	106,800.71	128,683.91
Total Assets	70,013.90	87,065.13	109678.51	115,681.64	139,494.58
Total Debt toTotal Assets Ratio	0.9085	0.9134	0.9241	0.9232	0.9225

Fig- 5.2.2: Total Debt to Total Assets Ratio (Author's Compilation) Findings about Total Debt to



(Source: JBL Annual Report: 2018-2022)

Though there are slight fluctuations, JamunaBank has been able to maintain an average debt ratio of 0.92 from 2018 to 2022. Their total asset and their liabilities are increasing mostly in same range. But it has slightly decreased from 0.9232 to 0.9225 in 2022. 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.

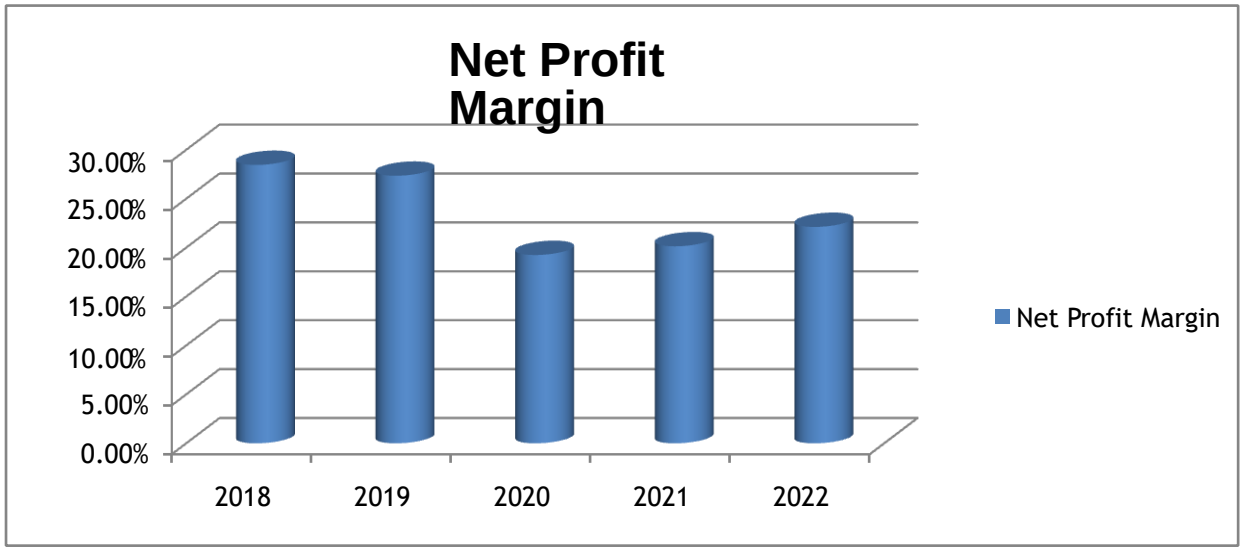
5.3 Profitability Ratio

5.3.1:Net Profit Margin

Table-5.3.1:Net Profit Margin **In million**

Particulars	2018	2019	2020	2021	2022
Net Profit After Tax	1,066.01	1,330.19	1,017.66	1,135.19	1,347.11
Total Operating Income	3,746.25	4,863.90	5,285.20	5,635.66	6,090.62
Net Profit Margin	28.46%	27.35%	19.25%	20.14%	22.12%

Fig- 5.3.1: Net Profit Margin (Author's Compilation) Findings about Net Profit Margin



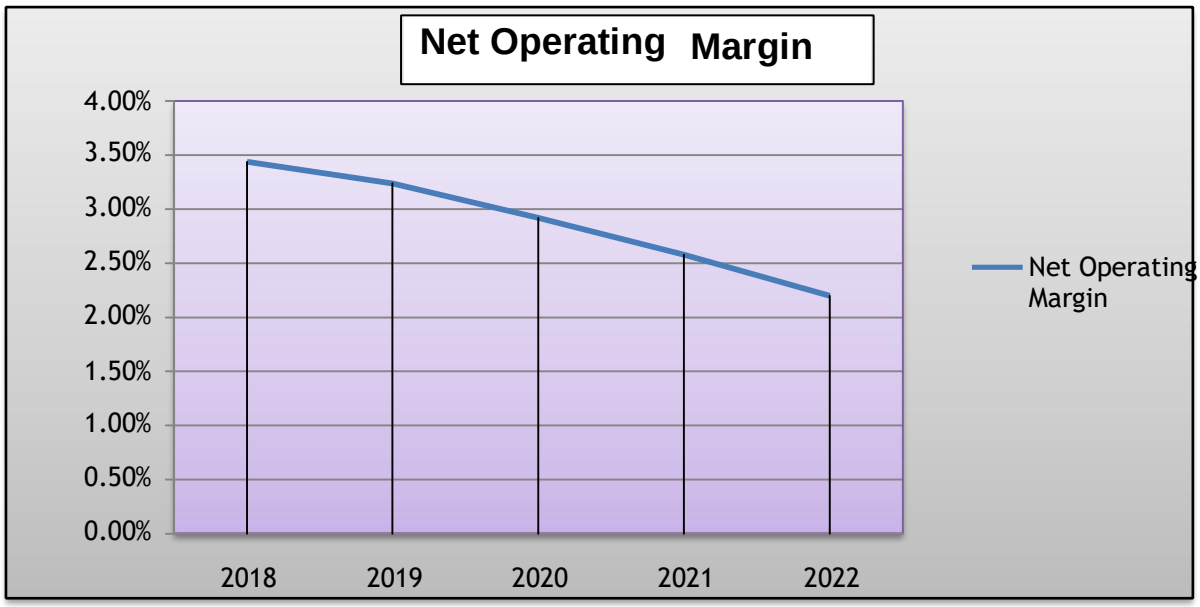
(Source: JBL Annual Report: 2018-2022)

The Net Profit Margin ratio ofJamuna Bank is showing adeclining trend. From 2018 to 2020 the Net Profit Margin has decreased incredibly. But from 2021 it is increasing but not like the profit margin of 2018 or 2019..it decreased because the increase in their total operating revenue is higher than the increase in net income after tax. It indicates that bank performance outcome is not that much up to the mark.

5.3.2 Net Operating Margin

Table-5.3.2:Net Operating Margin **In million**

Particulars	2018	2019	2020	2021	2022
Total Operating Income	3746.25	4863.9	5285.2	5635.66	6090.62
Total Operating Expenses	1335.61	2046.89	2078.22	2666.75	3021.83
Operating Income- Operating Expenses	2410.64	2817.01	3206.98	2968.91	3068.79
Total Assets	70013.9	87065.13	109678.5	115163	139494.6
Net Operating Margin	3.44%	3.24%	2.92%	2.58%	2.20%



(Source: JBL Annual Report: 2018-2022)

From the year 2009 to 2022, the performance of Jamuna bank was decreasing in terms of net operating margin. It has decreased significantly from 3.44% in 2018 to 2.20% in 2022.This occur as their operating income was not increased less than their operating expenses. This is not a very good sign for the bank.

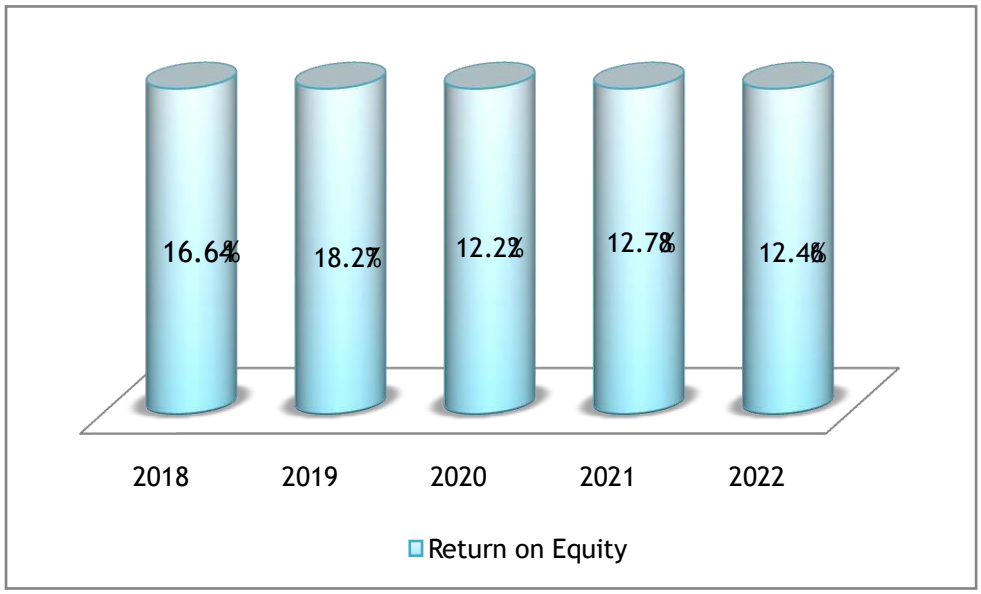
5.3.3Return on Equity (ROE)

Table-5.3.3:Return on Equity **In million**

a.

Particulars	2018	2019	2020	2021	2022
Net Profit After Tax	1066.01	1330.19	1017.66	1135.19	1347.11
Total Equity Capital	6408.19	7281.51	8324.83	8880.94	10810.67
Return on Equity	16.64%	18.27%	12.22%	12.78%	12.46%

Fig- 5.3.3: Return on Equity(Author's Compilation)



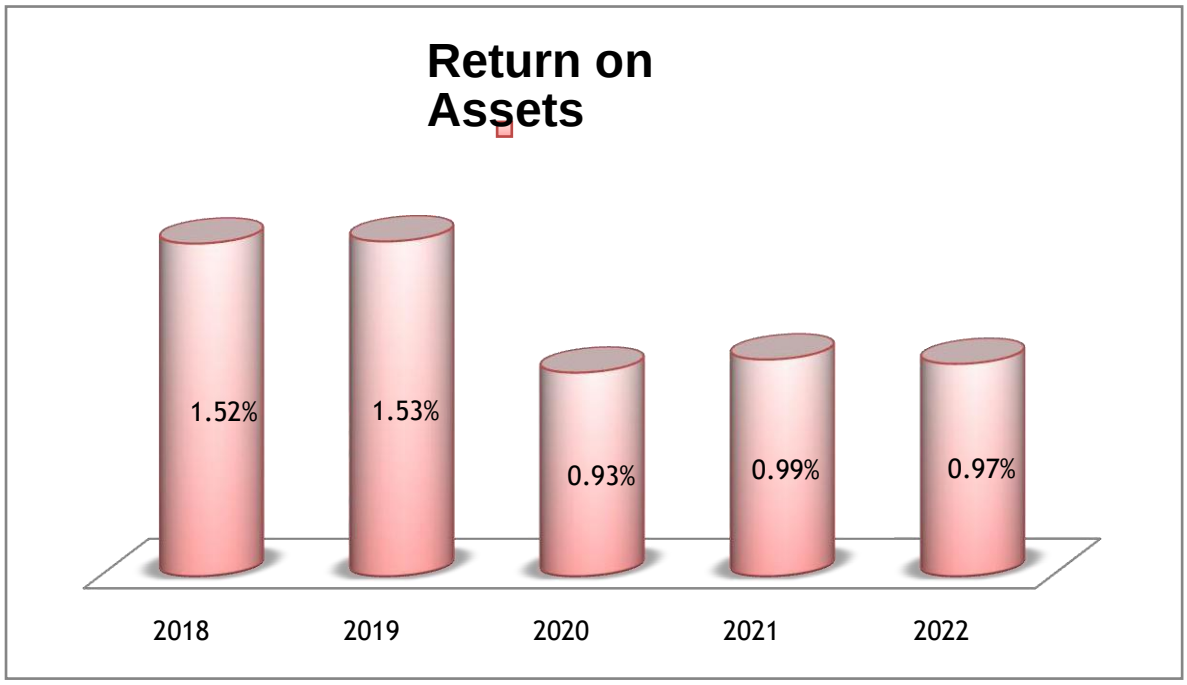
(Source: JBL Annual Report: 2018-2022)

ROE is very popular ratio toward the shareholders of any bank.The higher the percentage is the better for the bank as well as for shareholders. But the ROE of Jamuna bank shows that the shareholders are receiving decreasing rate of returns throughout the last three years. Though in 2019 their ROE was 18.27%, but after that it gradually decreased. It was so because the net income of Jamuna bank has decreased at a higher rate than its equity capital.

5.3.4 Return on Asset

Particulars	2010	2011	2012	2013	2014
Net Profit After Tax	1066.01	1330.19	1017.66	1135.19	1347.11
Total Assets	70013.9	87065.13	109678.5	115163	139494.6
Return on Assets	1.52%	1.53%	0.93%	0.99%	0.97%

Fig- 5.3.4: Return on Assets(Author's Compilation)



ROA is the most used profitability ratio. As JBL was a part of banking industry and its most of the assets come from the debt which was the reasons for its low net profit as well as poor ROA. As a result the JBL had low ROA in the year of 2022 which were .97%. In the year 2022 the net profit of the bank had not increased that much

5.3.5. Return on Deposits (ROD)

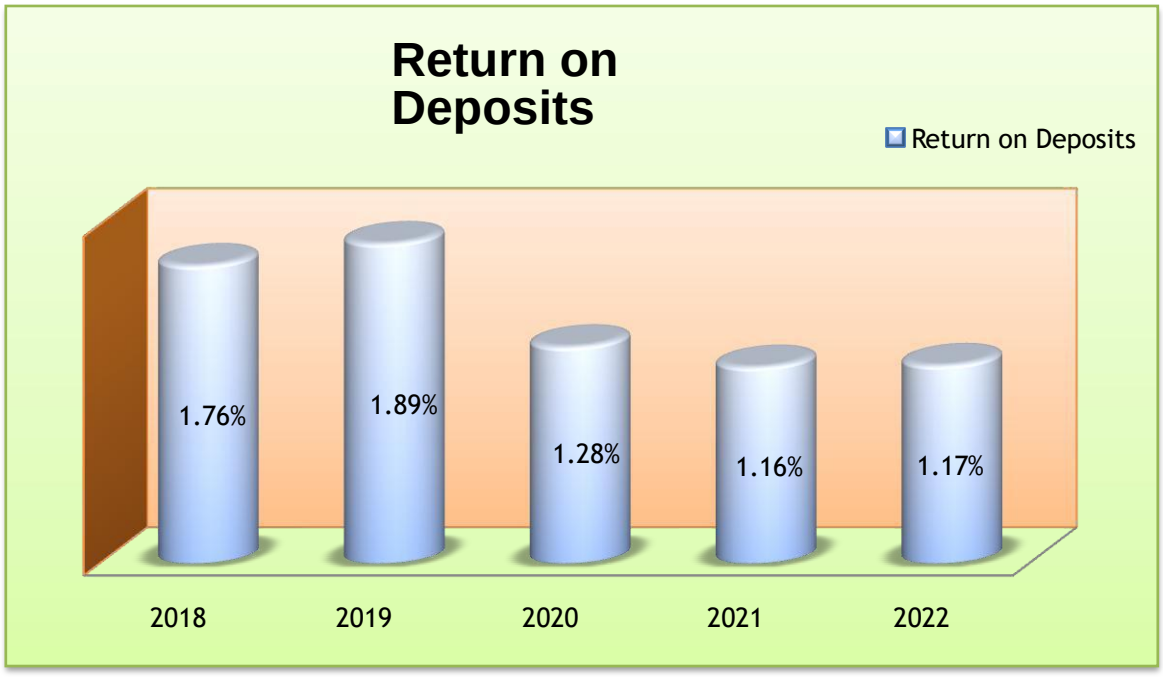
Table-5.3.5: Return on Deposits **In million**

Particulars	2018	2019	2020	2021	2022
Net Income	1066.01	1330.19	1017.66	1135.19	1347.11
Total Deposit	60673.56	70508.05	79623.13	97485.61	114653.1

Return on Deposits	1.76%	1.89%	1.28%	1.16%	1.17%

(Source: JBL Annual Report: 2018-2022)

Fig- 5.3.5: Return on Deposit (Author's Compilation)



This ratio shows the amount of net income returned as a percentage of total deposits. Return on deposit measures a corporation's profitability by revealing how much profit a company generates with the money savers have kept in the bank. It indicates a firm's efficiency in applying deposits (liabilities) to earn profit. Return on deposits was 1.17% in 2022. It slightly rose from 2021 which was 1.16%. But drastically decrease happened in 2020. The fall in 2020 was caused by a substantial increase in deposits and even greater decrease in net profit.

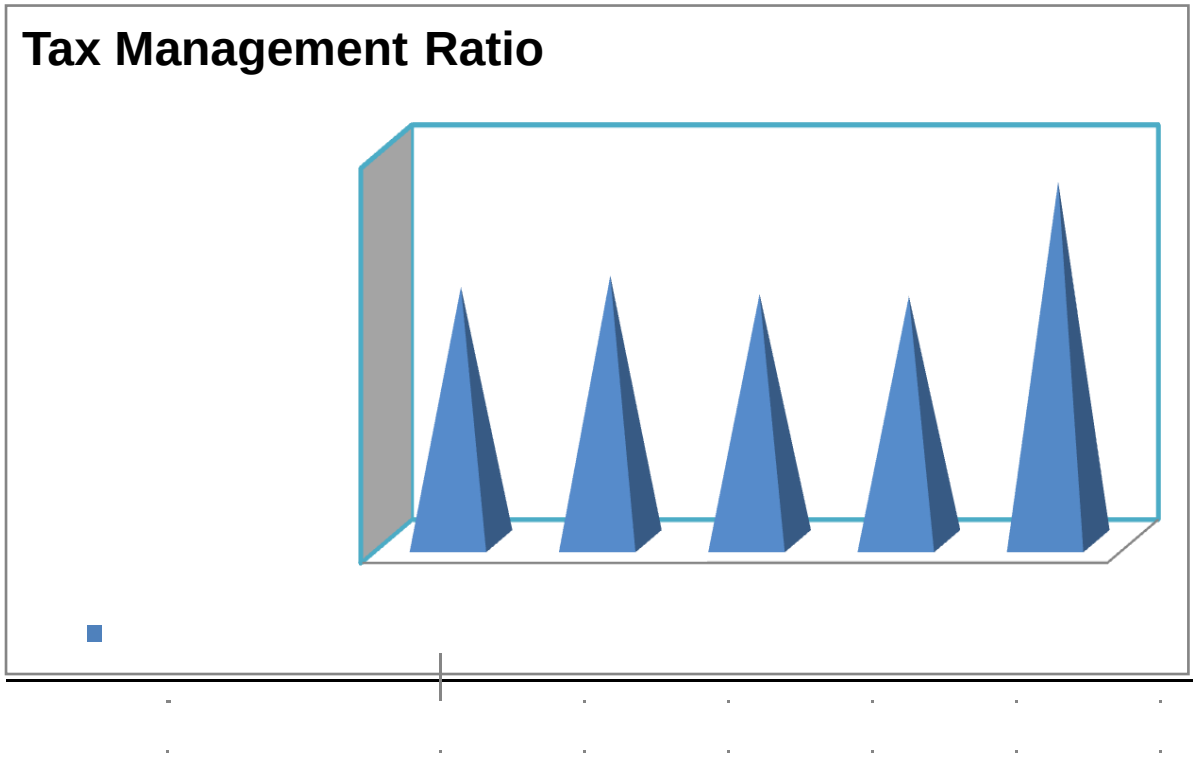
5.4 NET PROFIT MARGIN

5.4.1 Tax Management Ratio:

Table-5.4.1: Tax Management Ratio **In million**

Particulars	2018	2019	2020	2021	2022
Net Profit After Tax	1066.01	1330.19	1017.66	1135.19	1347.11
Net Profit Before Tax	2066.52	2470	2030.52	2284.89	1847.37
Tax Management Ratio	0.52	0.54	0.50	0.50	0.73

Fig- 5.4.1: Tax Management Ratio (Author's Compilation



	2018	2019	2020	2021	2022
Tax Management Ratio	**0.52**	**0.54**	**0.50**	**0.50**	**0.73**

Source: JBL Annual Report: 2018-2022)

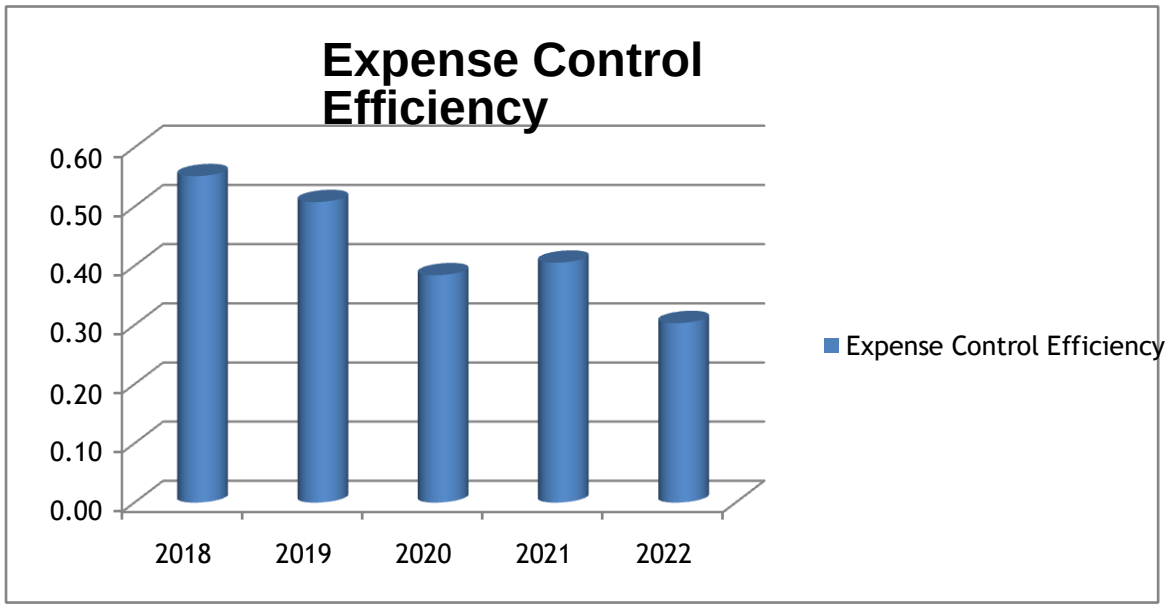
We can observe that from the year 2018 to 2022, the Tax Management ratio of Jamuna Bank has been fluctuating from 0.52 to 0.73. This trend is seen because of fluctuation in net income after taxes and also in net income before security gains and losses. It is good for the bank to increase this ratio. The management should try to maximize this ratio as much as possible because the tax is a direct cash expense which lowers the net income.

5.4.2 Expense Control Efficiency

Particulars	2018	2019	2020	2021	2022
Net Profit Before Tax	2066.52	2470	2030.52	2284.89	1847.37
Total Operating Income	3746.25	4863.9	5285.2	5635.66	6090.62
Expense Control Efficiency	**0.55**	**0.51**	**0.38**	**0.41**	**0.30**

Table-5.4.2:Expense Control Efficiency **In million**

Fig 5.4.2: Expense Control Efficiency(Author's Compilation)



(Source: JBL Annual Report: 2018-2022)

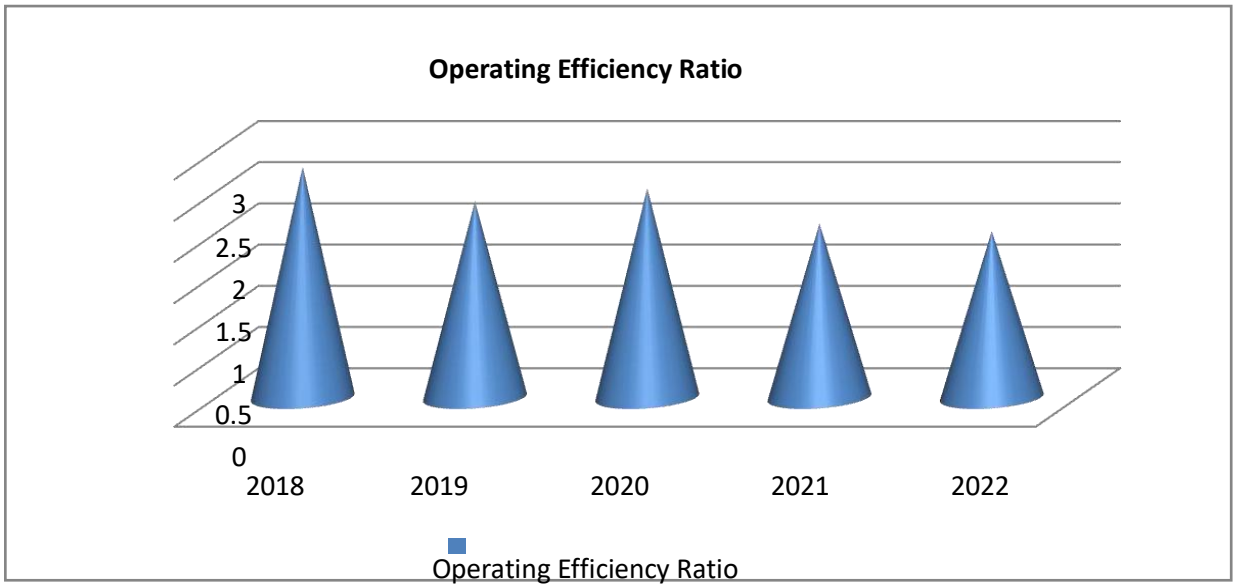
For Jamuna Bank, we are observing very inconsistent trend in their Expense Control Efficiency ratio from 2018 to 2022. There is less improvement in their expense control efficiency ratio. It has decreased from 2021 to 2022. But in 2020, it has fallen down to 0.38. The reason behind this inconsistency is the proportionate change in the net income before tax & gains (Losses) and total operating revenue. This implies that Jamuna bank is efficiently controlling its expenses.

5.4.3 Operating Efficiency Ratio

Table-5..4.3: Operating Efficiency Ratio In million

Particulars	2018	2019	2020	2021	2022
Total Operating Income	3746.25	4863.9	5285.2	5635.66	6090.62
Total Operating Expenses	1335.61	2046.89	2078.22	2666.75	3021.83
Operating Efficiency Ratio	**2.80 times**	**2.38 times**	**2.54 times**	**2.11 times**	**2.02 times**

Fig- 5.4.3: Operating Efficiency Ratio (Author's Compilation)



(Source: JBL Annual Report: 2018-2022)

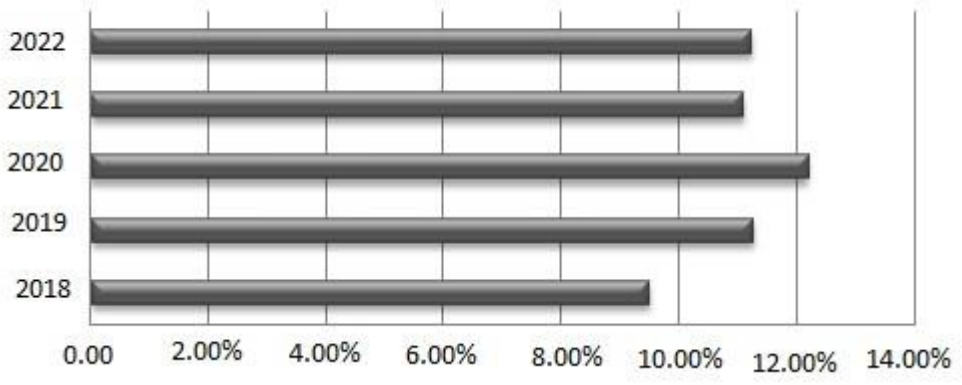
There is a decline in the operating efficiency ratio of Jamuna bank from 2021 to 2022. It has decreased from 2.11 times to 2.02 times in 2022. On the other hand, it increased to 2.54 in 2021. It implies that the bank has not been able to efficiently utilize its revenues to cover the operating expense for the last two years. This decreasing trend reflects that the operating revenue is increasing at a lower rate than the operating expense. The declining of this ratio was because of a significant increase in their total operating expense.

5.5 Adequacy Ratio

5.5.1 Capital Adequacy Ratio

Table-5.5.1 Capital Adequacy Ratio			**IN Million**		
Particulars	**2018**	**2019**	**2020**	**2021**	**2022**
Tier I	4855.51	6214.34	7256.39	7763.33	9110.44
Tier II	1494.51	1338.45	1348.89	1496.47	1947.8
Capital Base (Tier I +Tier II)	6350.02	7552.79	8605.28	9259.8	11058.24
Risk-Weighted Assets	66839	67041.4	70448.6	83421.38	98298.68
Capital Adequacy Ratio	**9.50%**	**11.27%**	**12.21%**	**11.10%**	**11.25%**

Fig- 5.5.1: Capital Adequacy Ratio(Author's Compilation)



Year	2018	2019	2020	2021	2022
Capital Adequacy Ratio	9.50%	11.27%	12.21%	11.10%	11.25%

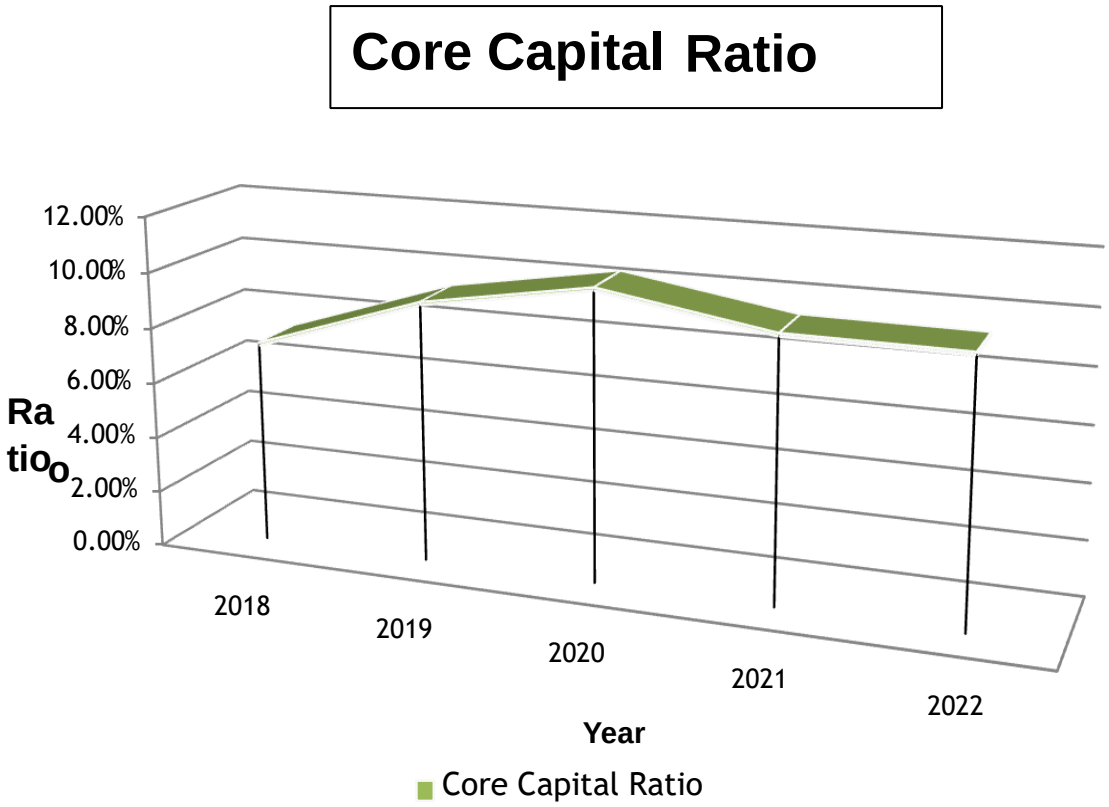
This ratio basically determines a bank's capital to its risk. It is presented as a percentage of a bank's risk weighted credit exposures. In 2022 CAR required for Jamuna Bank was 11.25% which was determined by Bangladesh Bank and actually minimum requirement is 10% in 2022. Before that it was 9%. So Jamuna Bank has maintained the minimum requirement so far.

5.5.2 Core Capital Ratio

Table-5.2:Core Capital Ratio					**In million**
Particulars	**2018**	**2019**	**2020**	**2021**	**2022**
Tier I	4855.51	6214.34	7256.39	7763.33	9110.44
Risk-Weighted Assets	66839	67041.4	70448.6	83421.38	98298.68
Core Capital Ratio	**7.26%**	**9.27%**	**10.30%**	**9.31%**	**9.27%**

(Source: JBL Annual Report: 2018-2022)

Fig- 5.5.2: Core Capital Ratio (Author's Compilation)



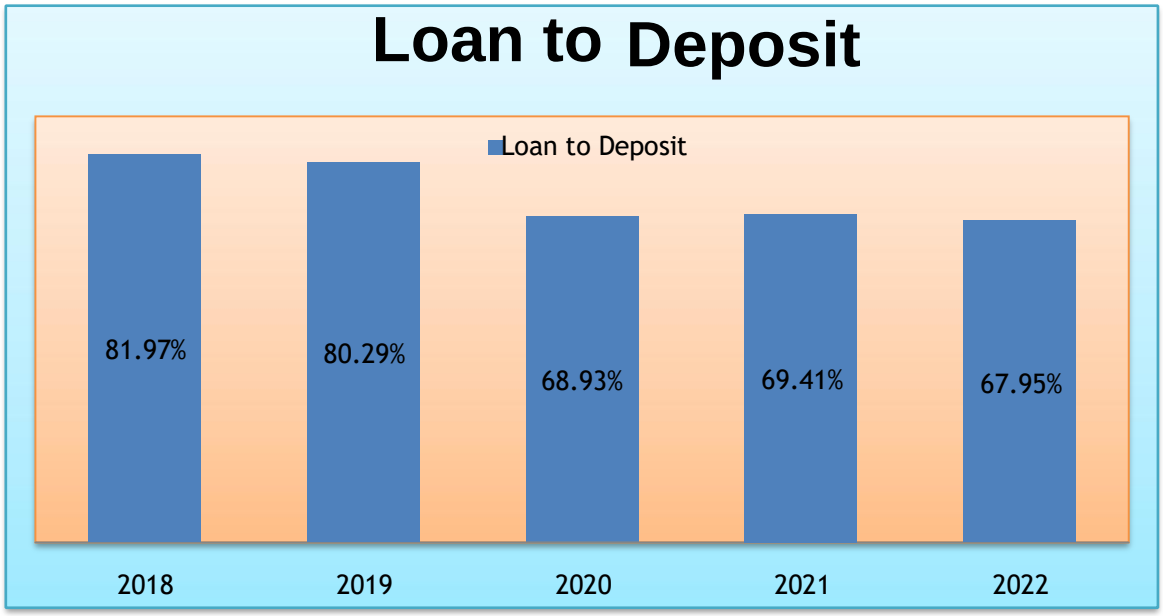
Core capital is the minimum amount of capital that a bank has to ensure to protect consumers. It is also expressed as a percentage of a bank's risk weighted credit exposures. It was slightly decreased from 2021 to 2021 around 9.31% to 9.27%. The highest was in 2020.

5.6 ASSETS-QUALITY INDECATOR

5.6.1 Loan to Deposit

Table-5.6.1: Loan to Deposit					**In million**
Particulars	**2018**	**2019**	**2020**	**2021**	**2022**
Total Loans	49734.8	56611.79	54887.03	67669.38	77899.79
Total Deposit	60673.56	70508.05	79623.13	97485.61	114635.1
Loan to Deposit	**81.97%**	**80.29%**	**68.93%**	**69.41%**	**67.95%**

Fig- 5.6.1: Loan to Deposit (Author's Compilation)



(Source: JBL Annual Report:2018,2022)

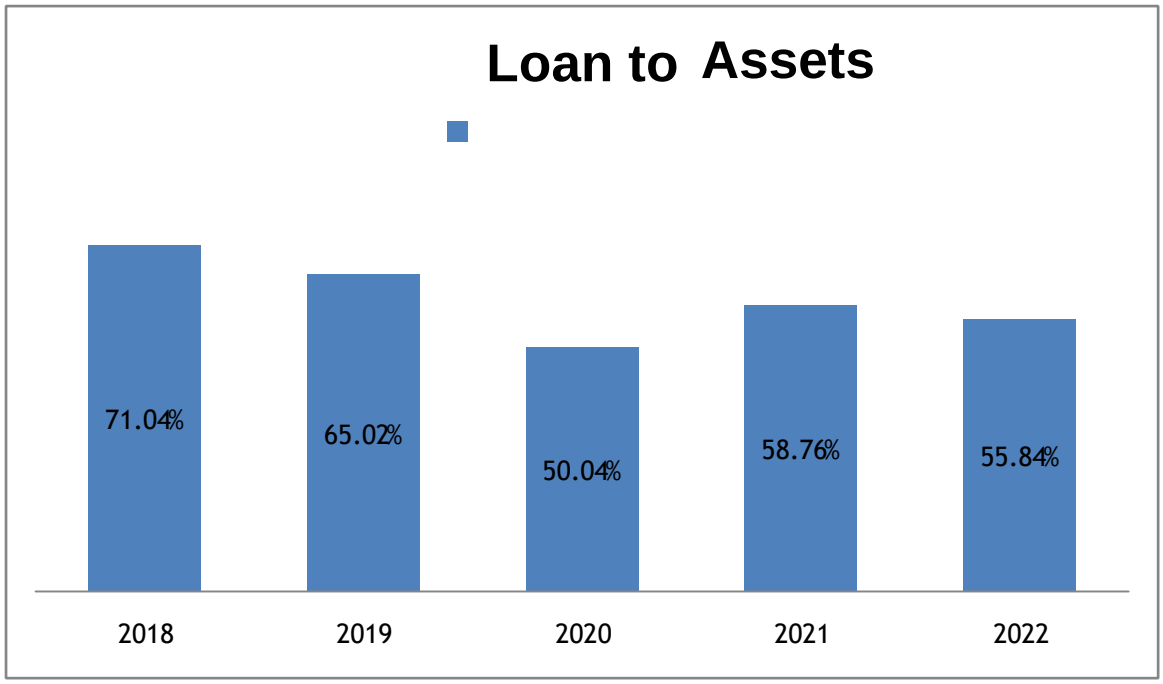
The growth in 2018 and 2019 was caused by loans increasing faster than deposits. It fell through 2020, 2021 and 2022 as deposits grew fast when compared to the previous year, thereby improving the bank's liquidity position. From 2020, the loans to total deposit ratio fell significantly, improving the bank's liquidity standing. The fall was attributable to a greater growth in deposits than loans, as compared to 2022. Total credits grew only slightly as the bank become rather cautious in giving loans and assessing credit worthiness because of the then on-going funds crisis. Comparatively a larger growth in deposits reduced the loans to total deposit ratio**.**

5.6.2 Loan to Assets

Table-5.6.2: Loan to Assets **In million**

Particulars	**2018**	**2019**	**2020**	**2021**	**2022**
Total Loans	49734.8	56611.79	54887.03	67669.38	77899.79
Total Assets	70013.9	87065.13	109678.5	115163	139494.6
Loan to Assets	**71.04%**	**65.02%**	**50.04%**	**58.76%**	**55.84%**

Fig- 5.6.2 : Loan to Assets(Author's Compilation)



(Source: JBL Annual Report: 2018-2022)

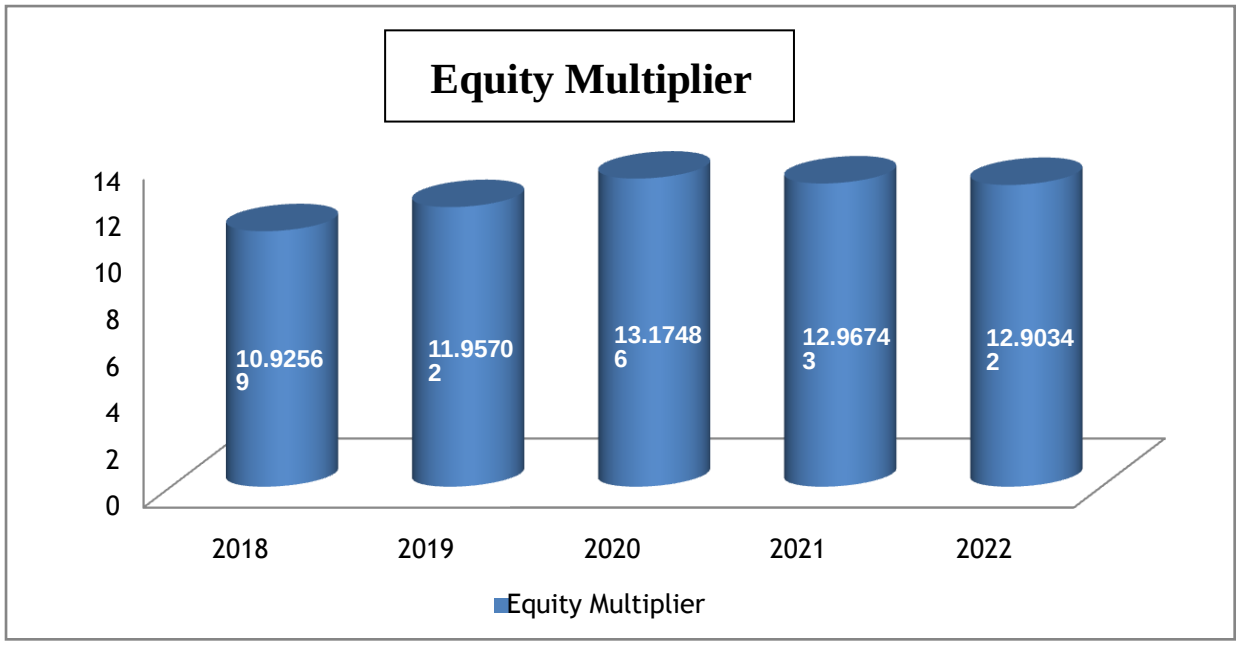
Assets as well as loans increased as percentage comparing to 2018. This gave an upward trend of the loans to total asset ratio and therefore a downward trend for liquidity. The ratio fell in 2020. A big gap was visible between asset and loan comparing to previous years. Despite a growth in total credits as compared to 2021, loans as a percentage of total assets fell as a result. The percentage was decreased about around 3% from 2021 to 2022.

5.6.3 Equity Multiplier

Table-5.6.3: Equity MultiplierIn million

Particulars	2018	2019	2020	2021	2022
Total Assets	70013.9	87065.13	109678.5	115163	139494.6
Total Equity Capital	6408.19	7281.51	8324.83	8880.94	10810.67
Equity Multiplier	**10.92569**	**11.95702**	**13.17486**	**12.96743**	**12.90342**

Fig- 5.6.3 :Equity Multiplier (Author's Compilation)



(Source: JBL Annual Report: 2018-2022)

Bigger banks often operate with multipliers of 20 times or more but the Bangladeshi banks are not big enough to operate in such a scale. The higher the multiplier more losses on assets the equity needs to absorb. JBL equity multiplier ratio is quite stable which a good sign for the bank.

CHAPTER-Six

FINDINGS, RECOMMANDATIONS AND CONCLUSION

6.1 Findings

After analysing the performance of Jamuna Bank Limited, I have found some important things regarding the bank. These are given below:

- In the year 2022 the bank attain around 22% growth of assets which is a good sign for the bank.
- In 2022 JBL's liabilities is amplified from the previous year. It increased around 21%.
- The bank keeps prevision against non-performing loans and advance.
- Total deposit of JBL in the year 2021 was Tk. 97485.61 million but it has increased in 2022 and it was Tk. 114635.13 million. So the growth rate is around 18% in 2022.
- Profit before tax was decreased of the bank. (Tk. 2284.89 million in 2021 but Tk. 1847.38 million in 2022).
- Profit after tax was increased of the bank. (Tk. 1135.19 million in 2021 but Tk. 1347.12 million in 2022).
- In the past JBL's credit rating was A-1, now it is AA-3. So it indicates the bank is performing well in terms of credit.
- There are no significant deviations in 2020 operating result. The performance of that year is mainly caused by political crisis and economical instability of the country.
- The investment of the bank was increased in 2022. (Tk. 39963.50 million in 2022 but Tk.

31392.20 million in 2022). So Jamuna Bank has maintained the minimum requirement.

6.2 Recommendations

Through this study I myself gained some practical knowledge. I want to put some suggestion here which I think if followed would definitely help Jamuna Bank Ltd. to Imporove their performance and there-by its contribution in the whole economy.

Suggestions are-

- To attract more clients Jamuna Bank Ltd. should sought new marketing strategy, which will increase the bank performance.

- Introduction of various incentives to increase remittance.
- Effective and efficient initiative is necessary to recover the default loans.
- They should invent other type of deposit to attract more customers which is different from other banks.
- JBL should maintain more cash and deposit balances with other banks. Because it is desirable that banks keep their cash and balance with other bank to such extent so that it can minimize the chance of liquidity crunch.
- JBL need to put some special look on some ratios which fluctuates more.
- JBL had fair leverage ratios in where it uses the debt most to increase revenue rather than the equity. It may increase the risk of the bank. So, to minimize the risk I think JBL should finance more equity.
- Should increase the number of ATMs and ensure their smooth operations.
- Another most interesting thing I found most of the employee of this branch is recruited through lobbing. Some of them did not have much knowledge what to do. So JBL should recruit more capable & experiences employees to spread the products all over the country.
- JBL is needed to reach the brand value to the customers for building up ideal relationship to create loyal customer

6.3 Conclusion

In this age of modern civilization bank is playing its splendid role to keep to the economic development wheel moving. We can see lot of new commercial banks has been established in last few years and these banks have made this banking sector very competitive. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way. JBL has a strong financial base and huge assets to meet up its liabilities which make this organization financially sound and solvent.Jamuna Bank Ltd. 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. JBL looks forward to a new horizon with a distinctive mission to become a highly competitive modern and transparent institution comparable to any of its kind at home and abroad.

Jamuna Bank Limited has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. Jamuna Bank Limited always tried its level best to perform financially well. In spite of

trying to do well in some aspects Jamuna Bank Limited faced some financial problems from time to time. Some of the problems were-excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These problems arouse time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. Fighting with all these problems and competing with other banks every moment the bank is trying to do better to best. If this thing continues we hope that Jamuna Bank Limited will develop even more in the future.

It was an honour for me that I have worked as an intern in a reputed organization like Jamuna Bank Limited. The JBL is a bank that confirms the best service to the customers Jamuna bank Limited is the fastest growing Bank in Bangladesh. By working in several division of,Jamuna Bank Limited, the practical knowledge I got will be helpful enough to sustain with the real organizational environment.

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