

# Financial Performance Analysis Of Jamuna Bank LTD

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**Signature of Supervisor**

**Internship Duration: 12 weeks**  
**Date of Submission: 5<sup>th</sup> April, 2018**



## LETTER OF TRANSMITAL

5<sup>th</sup> April, 2018  
Mahmudul Haq  
Associate Professor  
BRACBusinessSchool  
BRACUniversity

### **Subject: Submission of Internship Report.**

Dear Sir,

It gives me enormous pleasure to submit my internship report that I have completed as part of fulfilling the requirement for the Internship course from Masters of Business Administration, BRAC University. I have completed my internship program from Jamuna Bank Limited and I have tried my best to make an effective and credible Internship Report. The report contains a comprehensive study on “Financial Performance Analysis of Jamuna Bank LTD”. This report is the result of the Internship Program that I have conducted in Jamuna Bank limited at Kuril Pragati Shoroni Branch. I have put my best effort in preparing this report and to make it a valuable one. It was a helpful experience and an opportunity for me to have worked in such an organization. It was a great delight for me to have the opportunity to work on the above-mentioned.

It has also to be mentioned that without your expert advice and cooperation it would not have been possible to complete this report. I will be grateful to you if you accept the report.

Thank you.

Sincerely yours,

Afroja Zaman  
ID: 15264047  
Major: Finance  
Masters of Business Administration (MBA)  
BRAC Business School

## ACKNOWLEDGEMENT

At the beginning I am very much grateful to almighty for giving me strength and opportunity and sound mind to complete the internship report. I am grateful to many individuals for completing my internship reports successfully.

First of all I would like to thank to my Internship Supervisor, Mahmudul Haq, Associate Professor for guiding me and encouraging me to work on this exciting topic for my internship report. I strongly believe that, these will assist me a lot to make me more professional and building my future professional career.

I would like to gratify my external supervisor Ms. Tahmina Rahman Eva, Senior Executive Officer for supervising and helping me in the work at Jamuna Bank Limited, Kuril Pragati shoroni Branch. She had been very helpful through the internship program and provided all necessary information to make this report. This internship report might never have been completed without the necessary particle knowledge, assistance of many books, articles, websites and primary data. It enhanced my practical knowledge in corporate culture.

Finally, my heartiest thanks go to others who were involved and helped directly and indirectly to prepare this report. Without them all these would not have been made possible.

## **CERTIFICATE OF THE SUPERVISOR**

This is certified that, Afroja Zaman, ID- 15264047, major Finance, is a regular student of MBA program, Department of Masters of Business Administration, BRAC University. She has completed an internship report on “Financial Performance Analysis of Jamuna Bank Ltd” under my supervision which is the fulfillment of the partial requirement of obtaining MBA degree.

During the period of internship program, her devotion, sincerity, honesty, and modesty, were very impressive and praiseworthy.

I wish her every success in life.

.....  
Mahmudul Haq  
Associate Professor  
BRAC Business School  
BRAC University

## Executive Summary

Jamuna Bank Ltd. 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.

Jamuna Bank LTD is one of the most prominent banks in Bangladesh. It is well known for its organizational reputation, expertise, professionalism. JBL's corporate branch is well known for the way they do business, handle clients and maintain diversified portfolio. The researcher got opportunity to complete this internship in this reputed organization where she has able to match theoretical knowledge with practical situation. The report is descriptive in nature. The report was entitled "Financial Performance Analysis of Jamuna Bank LTD". For preparing this report researcher used both primary and secondary data. Qualitative and quantitative both data were analyzed in this report and data were presented by using the Microsoft word. Due to the time limitation, the scope and dimension of the study has been curtailed.

Financial analysis is structural and logical way to present overall financial performance of a financial institution. It's also help to evaluate and decision making for business operation. In financial analysis process ratio analysis is the most dominant and logical structure to help business related stakeholder. Under the financial ratio analysis process there are few categories to identical area of financial institution. So business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis. These ratios not only help to decision making process also emphasized on risk avoiding and profit raising related factors. To calculate this ratio need to take quantitative data from bank trading activity and other sources. Financial statement Analysis involves a comparison of a firm's performance with that of other firms in the same line of business, which usually is identified by the firm's industry Classification. Generally speaking the analysis is used to determine the firm's financial position so as to identify its current strengths and weakness and to suggest action the firm might pursue to take advantage of the strength and correct any weakness.

The current position of JBL is not much satisfactory. The net profit margin of 2016 was less than the previous year 2015. In 2016 it was (21.87) %, in 2015 it was (23.06) %. The current ratio was fluctuating from 2013 to 2016. In 2013 the current ratio was 1.20, in 2014 it was 1.34, in 2015 it was 1.42 and in 2016 it comes to 1.50. In 2016 the net profit was tk. 1791.05 million, the operating profit of 2016 was tk. 8188.98 million and in 2015 it was tk. 7123.78 million which is increasing. The ROE was increasing in 2016 and comes to the point of (11.34) %, 2015 it was (10.41)%.

The researcher has found that current ratio is increasing so JBL should keep it up the increase the current asset to hold the increase of current ratio. The researcher also suggests to increase the net profit by investing the capital more profitable sector, reducing non expenses and payoff the liabilities properly so that the bank can increase the net profit ratio. And net operating margin ratio should be increased by reducing the operating expense, enhancing the operating income and total assets. Return on equity is low so the bank should concern on more net profit after tax which should increase and total equity capital should reduce.

The researcher has conducted a Common Size Statement Analysis Financial Statements of JBL from the year 2014 to 2016, where it shows an increase and decrease of the various components of balance sheets and income statements over the years expressed in percentage.

The researcher also compared the leading two banks of Bangladesh which are Jamuna Bank Ltd. And Bank Asia Ltd by using some ratio analysis and the ultimate result is Jamuna Bank Ltd holds much better condition in the market than the Bank Asia Ltd currently.

Financial soundness and management skill of JBL is quite good boosting up at a very satisfactory level. The top level authority, management team and executives of the bank are concern about their investment, market expansion and more innovative and effective financial performance to make JBL perform better in future.

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# CHAPTER 1

## BACKGROUND OF THE STUDY



## 1. Introduction

Generally by the word —Bank we can easily understand that the financial institution deals with money. But there are different types of banks like; Central Banks, Commercial Banks, Savings Banks, Investment Banks, Industrial Banks, Cooperative Banks etc. But when use the term—Bank without any prefix, or qualification it refers to the Commercial banks. Commercial

Banks are the primary contributor to the economy of a country. So we can say Commercial Banks are a profit making institution that holds the deposit of the individuals & business in checking & saving account and then uses these funds to make loans. As banks are profit earning concern; they collect deposit at the lowest possible cost and provide loans and advanced at a higher cost. The differences between two are the profit for the bank. As the demand for better service increases day by day, they are coming with different innovative ideas and products. In order to survive in the competitive field of the banking sector, all banking organization are looking for better service opportunity to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking procedure.

Jamuna Bank Limited came out in reality through the initiatives of some dynamic people, who were from different sectors of commerce, trade and industries. It was registered in 2001 as a commercial bank under the Companies Act, 1994. The bank started its banking activities on 03 June, 2001. JBL from the very inception set a mission to build up itself as a unique commercial bank through difference in outlook, and providing comprehensive and innovative services to the valued customers. And ultimate goal is attaining mutually a sustainable higher level in financial treasury services and SWIFT for foreign trade. The bank has made a significant progress within a very short period of its existence and occupied an enviable position among its competitors after achieving remarkable success in all areas of business operation this bank has 112 branches all over the Bangladesh. As a new generation private commercial bank of the country, JBL provides all conventional services to the clients. In addition it presents a good number of schemes and products in deposit and credit forms. Such as cash management service, payments and clearings safe deposit locker services, employee benefits.

Jamuna Bank Limited provides commercial banking services. The Bank's other activities

include provision of Islamic banking services to its customers through Islamic Banking branches.

The Bank's business segment include Conventional and Islamic. The Bank offers corporate banking solutions, which consist of project finance, including financing of capital machinery for both new project and expansion of existing project; working capital finance, including working capital modes, such as time loan and cash credit (hypothecation); offers for importers, including loan against trust receipt and time loan, and offers for exporters, including over draft and packing credit. It offers contractors and suppliers with various supports, including bid bond, overdraft, and performance guarantee and security bond. Jamuna Bank Capital Management Limited and Jamuna Bank Securities Limited are its subsidiaries.

## 1.1 Origin of the Report

Internship program is designed for the student of Masters of Business Administration Program (MBA) of BRAC University on completing the course to acquire experience on the practical application with the theoretical knowledge. This report was done during my internship period in Jamuna Bank Ltd. to fulfill the requirement of the course under the supervision of MahmudulHaq. The topic was selected with able guidance of the supervisor. The Topic of the report is **“Financial Performance Analysis of Jamuna Bank LTD”**. Financial analysis is a structural and logical way to present overall financial performance of a financial institution.

It is also help to evaluate and decision making for business operation. Business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis.

## 1.2 Objectives of the Report

### 1.2.1 Broad Objective

This report is prepared primarily to fulfill the partial requirement of obtaining post-graduation degree under BRAC University and to analysis the financial performance of Jamuna Bank Limited.



## 1.2.2 Specific Objectives

- ⇒ To find out the reasons behind JBL's enhancements or pitfalls of performance over the years.
- ⇒ 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.
- ⇒ To evaluate the operational efficiency of the bank.
- ⇒ To know the strengths, weaknesses, Opportunities and threats of JBL.
- ⇒ To conduct time series analysis of the bank for measuring the financial performance.
- ⇒ To compare the ratios of Jamuna Bank with the ratios of Bank Asia to evaluate the performance of Jamuna Bank in the market.
- ⇒ Finally, to suggest necessary recommendations to overcome the shortcomings of Jamuna Bank to improve their financial performance.

## 1.3 Methodology

### 1.3.1 Research Design

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

### 1.3.2 Data Collection Method:

This report is prepared based on information collected from two sources i.e. Primary sources and Secondary sources.

#### 1.3.2.1 Sources of Data

##### Primary data

- Face to face conversation with the respective officers and clients.
- Practical work experience from different department of the concerned officers.
- Collect ratios from Audit department through personal interview.

- Guidelines and suggestions from all the senior employees in charge of Jamuna Bank Ltd.

### **Secondary data**

- ⇒ Annual Reports of Jamuna Bank Limited.
- ⇒ Online data from JBL website.
- ⇒ Working papers
- ⇒ Office files
- ⇒ Several article related on financial analysis
- ⇒ Selected Books

### **1.3.3 Data Analysis Method:**

Qualitative and Quantitative both research is conducted to analysis the primary and secondary data. The data are presented in this report by using the Microsoft Word and Microsoft Excel.

## **1.4 Scope of the Report**

The scope of the study is to have an idea about Financial Performance Analysis of JBL. The report starts with the outline of the organization in focus, presenting the mission and vision of organization. It accompanied by the global perspective and look into the future. The researcher provides information about the strengths, weakness, opportunities and threats of the organization. Those who looking for the information about Financial Performance Analysis of JBL they might get help from this report. The study explores the present market scenario of Jamuna Bank and future market growth prospects in Bangladesh.

## 1.5 Limitations of the study

### •Legal obligation

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 and certain degree of formal and informal interview and limited survey.

### •Extensive Nature

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.

### •Lack of time

The researcher was in the bank for three months so within this short span of time it is very difficult to be familiar with all the activities of the bank

### •Lack of Supervision by the bank officers

As the officers were busy with their daily working activities, they were not able to give me much time apart from their daily working activities.

### •Restricted Information

There were various types of information that the bank officers cannot disclose due to the security and other corporate obligations.



## CHAPTER 2

# ORGANIZATIONAL OVERVIEW



## 2.1. Organizational Overview:

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

JBL undertakes all type of banking transactions to support the development of trade and commerce in the country. JBL's services are also available for the entrepreneurs to set up new ventures and BMRE for industrial units. The Bank gives special emphasis on Export, Import, Trade Finance, SME Finance, Retail Credit and Finance to Women Entrepreneurs.

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.

The operation hour of the Bank is 10:00 A.M. To 6:00 P.M. from Sunday to Thursday with transaction hour from 10:00 A.M. to 4:00 P.M. The Bank remains closed on Friday, Saturday and government holidays. To provide clientele services in respect of International Trade it has established wide correspondent banking relationship with local and foreign banks covering major trade and financial center at home and abroad.

## 2.2. JBL (Vision, Mission and Objectives)

### ●Vision

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

### ●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.

### ●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 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.

### 2.3 Values:

- ⇒Place customer interest and satisfaction as first priority and provide customized banking products and services.
- ⇒Value addition to the stakeholders through attaining excellence in banking operation.



Fig 1: Values of Jamuna Bank Limited.

- ⇒ Contribute significantly for the betterment of society.
- ⇒ Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work life balance.
- ⇒ Committed to protect the environment and go green.
- ⇒ Employees of JBL share certain common values, which helps to create a JBL culture.
- ⇒ The client comes first.
- ⇒ Search for professional excellence.
- ⇒ Quick decision –making.
- ⇒ Flexibility and prompt response.

## 2.4 Corporate Slogan

**“Your Partner for growth”**



## 2.5 Organization structure:

The Jamuna Bank Limited has demonstrated and definite management structure like all other banks. The typically hierarchical arrangement of lines of authority, communications, rights and duties of an organization. Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management.

The Management structure of Jamuna Bank Limited is given below with the chart:-



Ismail Hossain Siraji, Chairman of Jamuna Bank Ltd.

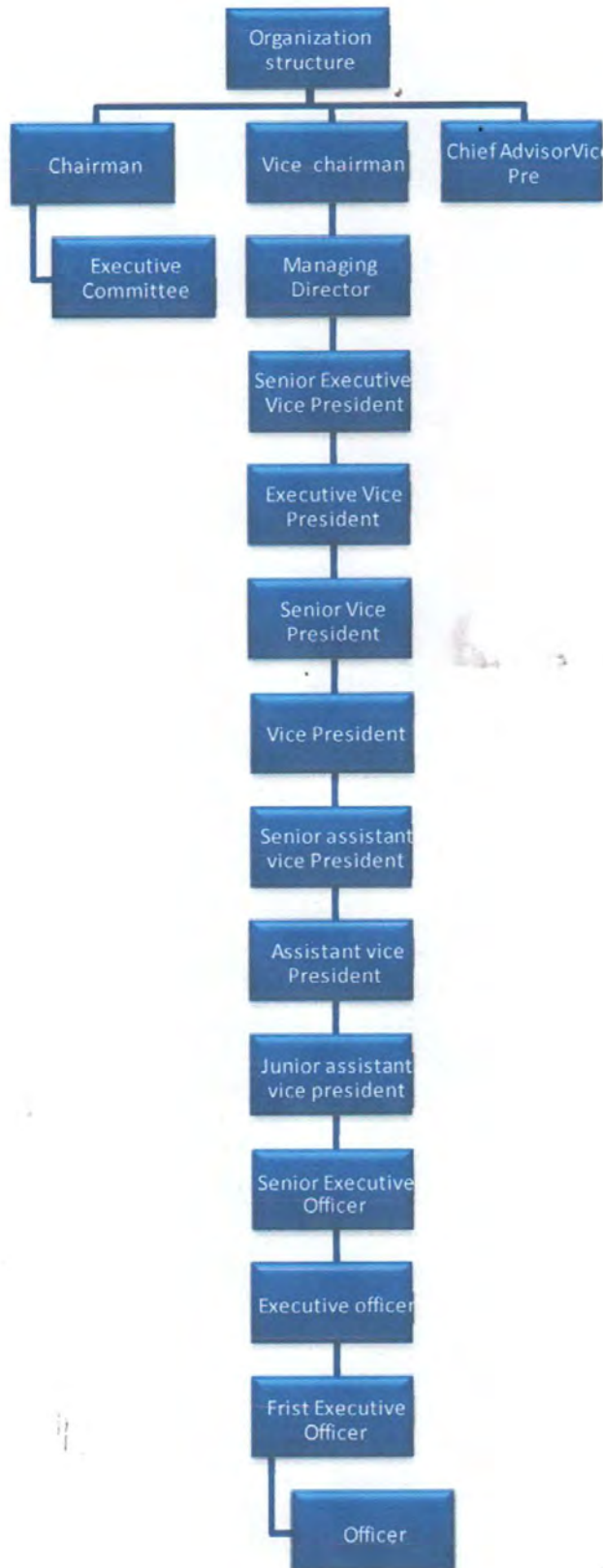


Fig 2: Organization Structure of Jamuna bank Ltd



## 2.6 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 procedure.
- ⇒ 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 ensuring compliance to ethical norms, transparency and accountability at all levels.

### Strategies

- ⇒ To manage and corporate the Bank in the most efficient manner to enhance financial performance and control cost of fund.
- ⇒ To strive for General banking activities through quality control and delivery of timely services.
- ⇒ To identify customers' credit and other banking needs and monitor their perception towards our performance in meeting those requirements.
- ⇒ To review and update policies, procedures and practices to enhance the ability to extend better services to customers.
- ⇒ To train and develop all employees and provide them adequate resources so that customers „can be reasonably addressed.
- ⇒ To promote organizational effectiveness by openly communicating company plans, policies, practices and procedures to employees in a timely fashion.
- ⇒ To cultivate a working environment that fosters positive motivation for improved performance.
- ⇒ To diversify portfolio both in the retail and wholesale market.
- ⇒ To increase direct contact with customers in order to cultivate a closer relationship between the bank and its customers.

## 2.7 Corporate Culture of JBL

Employees of JBL share certain common values, which help to create a JBL culture,

- The client comes first.
- Search for professional excellence.
- Openness of new ideas and new methods to encourage creativity.
- Flexibility and promote response.
- A sense of professional ethics.

## 2.8 Service & Product of JBL

The Bank has an array of tailor made financial products and services. Such, products are Monthly Savings Schemes, Consumer Credit Scheme, Lease Finance, and Personal Loan for Women, and Shop Finance Scheme etc. JBL also introduced Q -cash ATM cards for its valued customers giving 24 hours banking services through Debit Cards. JBL offers the following services to its valued customer-

- (a) Deposit Schemes
- (b) Remittance and Collection
- (c) Import and Export handling and finance
- (d) Loan syndication
- (e) Project finance
- (f) Investment Banking
- (g) Lease Finance
- (h) Hire Purchase
- (i) Personal Loan for Woman



- (j) 24-hours banking: Q-Cash ATM facility
- (k) Islamic Banking
- (l) Corporate Banking
- (m) Consumer Credit Scheme
- (n) International Banking.

### **Corporate Banking**

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.
- Food & Allied
- Paper & Paper Products
- Engineering, Steel Mills
- Chemical and chemical products etc.
- Telecommunications.
- Information Technology
- Real Estate & Construction ·
- Wholesale trade
- Transport · Hotels, Restaurants ·
- Non-Bank Financial Institutions
- Loan Syndication ·
- Project Finance

## Other highly customized services of JBL

### Q-Cash Round The Clock Banking

Jamuna Bank Q-Cash ATM Card enables you to withdraw cash and do a variety of banking transactions 24 hours a day. Q-Cash ATMs are conveniently located covering major shopping centers, business and residential areas in Dhaka and Chittagong. ATMs in Sylhet, Khulna and other cities will soon start be introduced. The network will expand to cover the whole country within a short span of time. With Jamuna Bank Q-Cash ATM card customer can:

- Cash withdrawal Round The Clock from any Q-Cash logo marked ATM Booths.
- POS transaction (shopping malls, restaurants, jewelries etc.).
- Enjoy overdraft facilities on the card (if approved)
- Utility Bill Payment facilities
- Cash transaction facilities for selective branches nationwide

Jamuna Bank Limited has installed its first Q-cash ATM at Dhanmondi Branch, Dhaka and Jamuna Bank is starting to issue VISA card. In line with the issuance of Q-cash products JBL is starting to introduce VISA card.

### Online Banking

Jamuna Bank Limited has introduced real-time any branch banking on December 31, 2010. Now, customers can withdraw and deposit money from any of its 65 branches located at Dhaka, Chittagong, Sylhet, Gazipur, Bogra, Naogoan, 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. All the existing customers of Jamuna Bank Limited will enjoy this service by default. Key features:

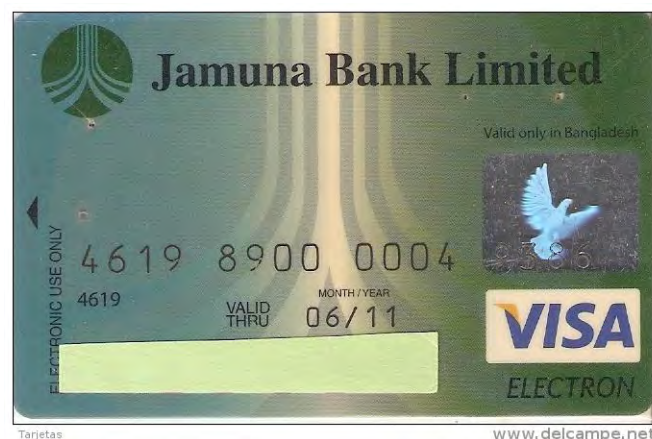
- Centralized Database
- Platform Independent
- Real time any branch banking
- Internet Banking Interface
- ATM Interface
- Corporate MIS facility

### Delivery Channels:

- Branch Network
- ATM Network
- POS (Point of Sale ) Network
- Internet Banking Network

### Retail Banking

A commercial bank consists of a few departments, which perform diverse operations, General Banking Division, Foreign Exchange and Credit Division. General Banking is important one. General Banking is the heart of total banking system. Through this section bank has to receive and disburse money, to develop banker customer relationship by opening different types of account and providing promote services to the customers. This department collects money from the depositor and uses these deposits to earn profit. Last but not least, General Banking department is considered to be the core function of bank which operates the day to day transactions. The foreign exchange division deals with the inflow and outflow of foreign currencies in the bank. Again, the credit section deals with the loan and others facilities. The department is very rush and the employee here are too upgrade too their duty. They pass entry of every transaction within the day. It opens new accounts, remit funds, issue bank draft and pay order, etc. Since Bank is confined to provide these services every day, general banking is known as „Retail Banking“.





## 2.9 Organogram of Branch ( Progatisarani)

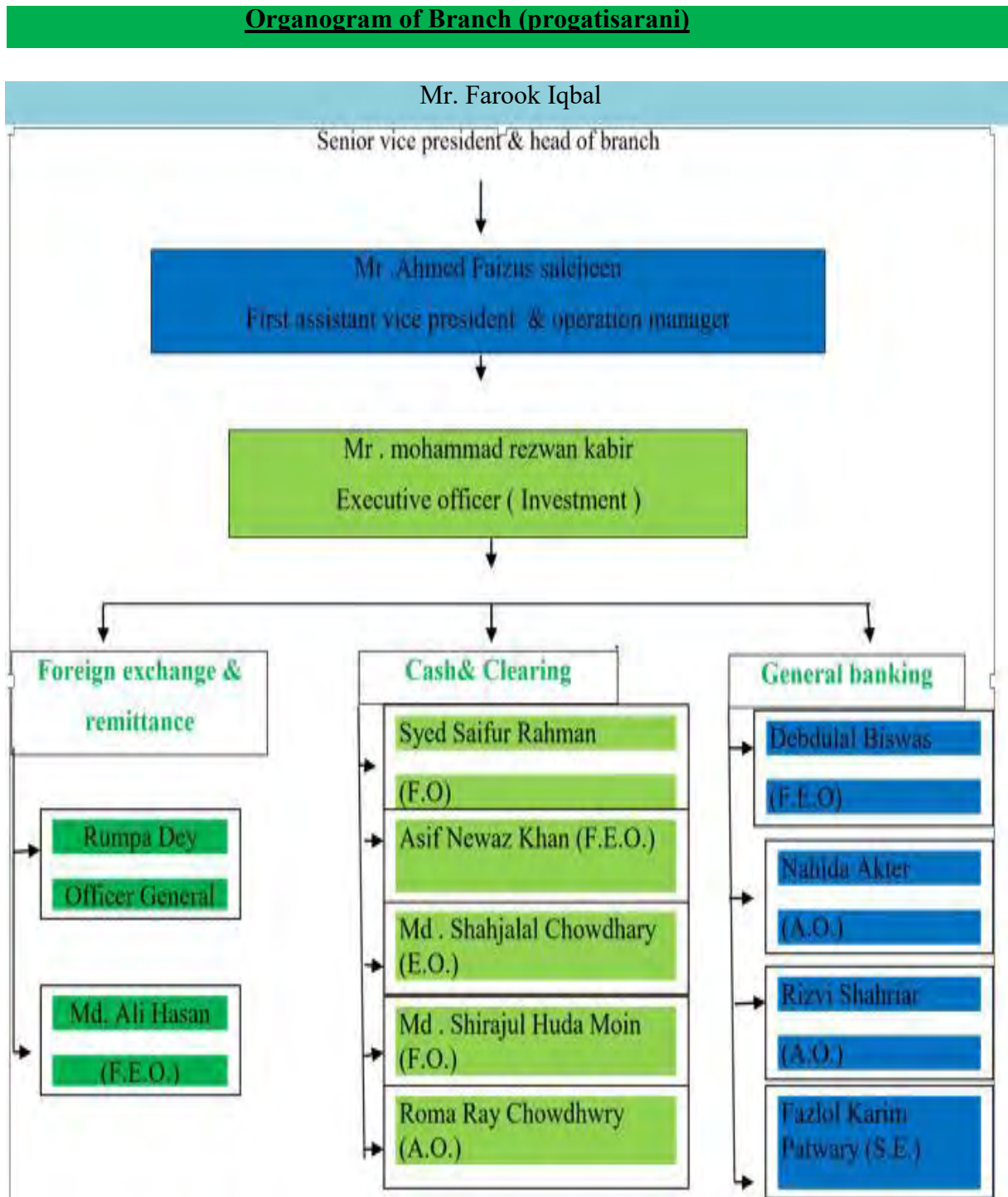
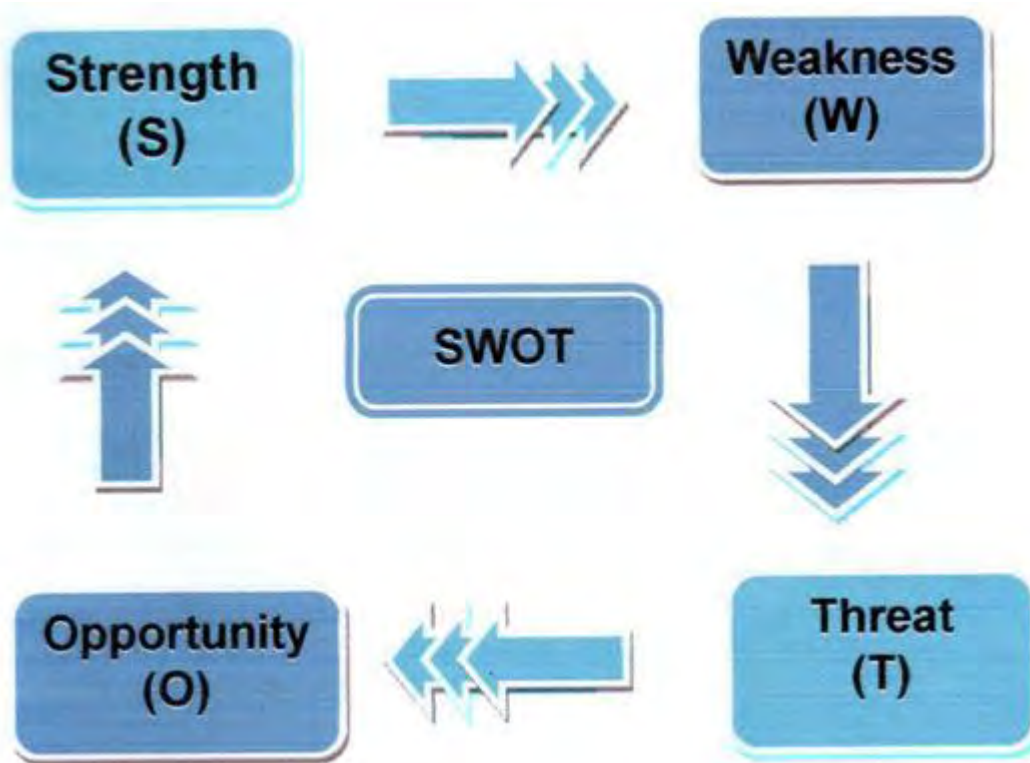


Table – 1: Organogram of Branch (progatisarani)

## 2.10 SWOT ANALYSIS

SWOT analysis of Jamuna Bank Limited: In the following statements the SWOT analysis are given below:-



### STRENGTHS

- JBL is newly commercial bank in banking sector but they builds strong reputation in short time.
- They provide extra ordinary service to their customer for gaining the customer value to their product.
- Strong network throughout the country and provide quality of service to every level of customer.
- JBL has been founded by a group of prominent entrepreneurs of the country.
- Jamuna Bank ltd has an interactive corporate culture. The working environment is very friendly, interactive and informal. And there are no hidden barriers or boundaries whilecommunicate between the superior and the employees.

- This corporate culture provides as a great motivation factor among the employees.
- Jamuna Bank Ltd has the reputation of being the provider of good quality service to its, potential customers.

## WEAKNESSES

⇒The main important thing is that the Bank has no clear mission statement and strategic plan. The Banks not have any long-term strategies of whether it wants to focus on retail.

⇒Banking or become a corporate Bank. The path of the future should be determined now with a strong feasible strategic plan.

⇒Higher service charge in some areas of banking operation than that of nationalizedbanks discourages customers from opening or maintaining accounts with this bank.

⇒There is a very little practice for increasing motivation in the workers by the management.

⇒Small market share.

⇒They have a limited branch network over the country.

⇒In terms of promotional sector, Jamuna Bank Ltd has to more emphasize on that. They have to follow aggressive marketing campaign.

⇒Some of the job in Jamuna Bank Ltd has no growth or advancement path. So lack of motivation exists in persons filling those positions. This is a weakness of Jamuna Bank Ltd that it is having a group of unsatisfied employees.

## OPPORTUNITIES

⇒ JBL can pursue diversification strategy in expanding its current line of business. The management can consider options for starting merchant banking or diversity in to leasing and insurance. By expanding business portfolio, JBL can shrink business risk.

⇒Opportunity in retail banking lies in the fact that the country,s increased population is gradually learning to adopt consumer finance. The bulk of our population is middle class.

⇒Different types of retail lending products havegreat appeal to this class. So a wide variety of retail lending products has a very large and easily pregnable market.



## THREATS

- ⇒ Default culture is very much familiar in our country. For a bank, it is very harmful.
- ⇒ As JBL is new, it has not faced it seriously yet. However as the bank grows older it might become a big problem.
- ⇒ The Central Bank exercises strict control over all banking activities in local banks like JBL. Sometimes the restriction impose barrier in the normal operations and policies of the bank.
- ⇒ Rival bank easily copy the product offering of JBL. Therefore the bank is in continuous of product innovation to gain temporary advantage over its Competitors.
- ⇒ Some contemporary, multinational and upcoming banks are competitors of JBL. These Bank poses threat for JBL. So JBL Should takes necessary steps to compete with them in the current market.
- ⇒ Frequent rate devaluation and foreign exchange rate fluctuation is causing problem.
- ⇒ Government is imposing newer and harder rules and regulations.

## Chapter - 3

### On the Job Responsibilities



### 3.1 Internship experience

On my first day at the office, I was firstly introduced to the office staff. It wasn't a formal introduction, rather my supervisor told me to get myself introduced to everyone in the office.

There are total of 12 staffs working on the branch. It's a small branch of Jamuna Bank. The branch manager, who is a Senior Vice President, called me to his office and talked to me for about half an hour. We got to know each other, and he gave me some ideas about how the internship program is done there. He also told me to reach out to him if there's any need.

After introduction, I was shown account opening forms and taught how to fill out the forms. This was a fairly easy task. I was also shown to the file room, where the old and current files are kept. There are separate desks for separate tasks, for example, there's a General Banking desk, Credit desk, L/C desk etc. I got introduced to every desk's officers. They gave me basic information.

I worked on how to open different kinds of accounts, e.g. Savings Account, Fixed Deposit Account, Monthly Savings Scheme Account, Millionaire Deposit Scheme etc. I also learned how to check if the National ID card is true or not. The bank has access to the Bangladesh Election Commission website to verify the NID card information. I also worked on some vouchers swell.

The staffs are very friendly and although they are very busy with their works, they do answer in detail if I have any questions about anything.

### 3.2 Job Responsibilities

As an intern, I watched exercises of all offices. But I carried out the following responsibilities also-

- In the general banking department, I helped the clients to fill up the form while opening the account.
- Check Book giving and order benefit
- I gave information to the clients about different schemes of JBL that are offered.
- I got new check book and kept section in enlist book.
- Checking and binding Vouchers.
- Organized various types of files, documents, check books, account opening forms as according to the serial number and furthermore make their documents.

- L/C opening for outside exchange.

### 3.3 Function of the Department

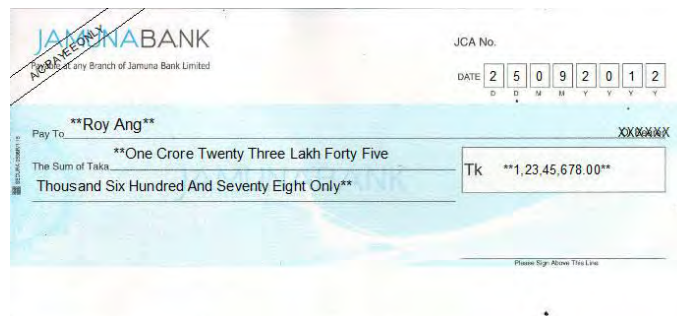
There are three Departments in JAMUNA Bank Progati Saroni Branch -

1. General Banking department
2. Credit department
3. Foreign Exchange department

#### GENERAL BANKING

General banking is the starting point of the banking operation. It is the department which provides day-to-day services to the customers. The main functions of general banking department are the following:

- Cash department
- Account opening
- Clearing
- Check book issue



JAMUNABANK  
Payable at any Branch of Jamuna Bank Limited

JCA No. \_\_\_\_\_  
DATE 25/09/2012  
D M Y Y Y Y

Pay To: **\*\*Roy Ang\*\*** XXXXXXX

The Sum of Taka **\*\*One Crore Twenty Three Lakh Forty Five Thousand Six Hundred And Seventy Eight Only\*\*** Tk **\*\*1,23,45,678.00\*\***

Please Sign Above This Line

#### Accounting Opening Section

In the first day of my joining in Jamuna bank I have worked in account opening section. The bank officer of this section told me how an account is opened and the documents which are needed for a customer for opening an account. He told me that firstly a customer needs to apply for opening an account by filling up the account opening form which will be provided from the bank where the customer need to fill up personal information, introducer information, nominee's information, type of account, signature with two copies passport size photograph and NID photocopy with relevant documents of both applicant and nominee. The officers filled up other information of the form. My job was to check all the information according to NID card.

A customer can open different types of accounts through this department such as:

- Current Account(CD)
- Savings Account(SB)

- Monthly Savings Scheme(MSS)
- Fixed Deposit Receipt(FDR)

### *Check book issue:*

After opening an account I learned how a check book is issued to customer. From the bank officer I was able to know that when the customer finished filling up the form he/she needs to deposit a minimum required amount in the account after that account opening form they sent it for issuance of check book. Account name and number is written on the face and leaf of the check book. Then it's important to enter the check book number and also customer name with account number in the check issue register book. Here I gave check book to the clients by asking their name and account number with verification and also notify those customer who did not collect their check book in the given time.

### *Pay order*

Pay order is equivalent to cash so when a customer needs to pay someone in cash then they have to make it on pay order. When a customer comes to do a pay order I gave them pay order application form and they have to fill it up. The form consist of whom to pay, account holder name and address, account number, mobile number, amount in figure and words and last of all signature. Then the bank officer verifies all the information provided by the customer and cut some commission charges and after authorization the payment is made by payer. There are four steps of pay order–

- Giving pay order form
- Filing up the form by client
- Verifying by the bank officer Payment is made

### *Clearing*

Banks for credit of the proceeds to the customer,s account accept cheques and other similar instruments. The bank receives many such instruments during the day form account holders. Many of these instruments are drawn payable at other banks. As cheques payment order or bill come from a bank with the range of local clearinghouse then it is sent for collection through clearinghouse. The cheques may be crossed or not, if a customer of JAMUNA bank.

### ***Cash department***

Cash section is a very sensitive organ in a branch and is handling with extra care. Operation of this section being at the beginning of the banking hour. Cash officer being his transaction with taking money from the vault, known as the opening cash balance. Vault is kept in a much secured room. Keys of the room is under control of the cash officer and branch in charge. The amount of opening cash balance is entering into the cash register. After transaction of whole day, the surplus money remain in the cash counter is put back in the vault and known as the closing balance.

### ***Foreign Exchange department***

Foreign exchange department deals with foreign currency and the transaction of it. The major job of this department is Letter of Credit (for Export & Import).

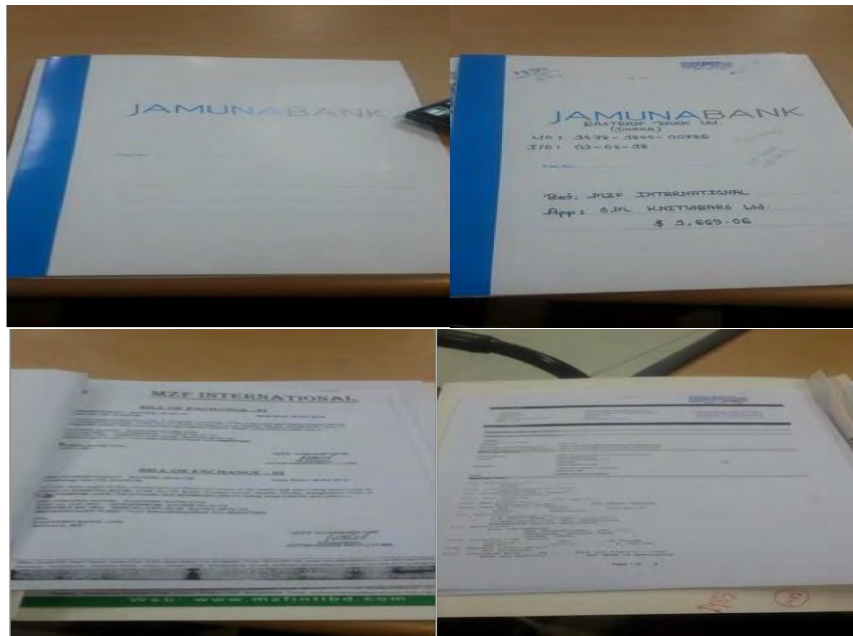
### ***Letter of credit***

The various steps in the operation of a letter of credit are described below-

1. The importer and exporter have made an agreement before a L/C has been issued.
2. The importer applies for a L/C from his banker known as the issuing bank. He may have to use his credit lines.
3. The issuing bank opens the L/C that is diverted through its abroad Correspondent bank, known as the advising bank.
4. The advising bank informs the exporter (beneficiary) of the arrival of the L/C.
5. Exporter dispatches the products to the importer or other assigned places stipulated in the L/C.
6. The exporter also prepares his own documents & collects transport documents or other files and papers from those parties. All these documents will be sent to his banker, which is acting as the advising bank.
7. Negotiation of the bills of exports happens when the banker agrees to provide him with financial support. In that case, he obtains payment immediately upon presentation of documents. If it is not, the documents will be sent to the issuing bank for payment.
8. Documents are sent to the issuing bank for repayment or installment.

**Required document for opening an LC:**

- The applicant must have a CD account with the bank.
- Formal LC opening application.
- Must have the import Registration Certificate (IRC), TIN and VAT certificate.
- Credit Information Bureau (CIB) report of the client.
- Charge Documents such as DP note, GLCA, Letter of hypothecation, Counter guarantee etc.
- Duly filled up and signed LC application form, IMP (Important Form), LACF (L/C authorization form)
- Proforma Invoice/ Contracts applicant
- Credit Report of the supplier
- Insurance cover note with money receipt
- Registration from CCI & E (Chief Controller of Import &Export)



When a new letter of credit arrives in the bank from head office it is carefully checked. The entire relative documents are submitted or not. There is a documentary number which is called LC number, ID number, beneficiary name and applicant name written above the file. Then it is given LDBC number from bank then and head of branch and another employee of foreign exchange department sign those paper. After that the file given an outer number. There might be facing some problem for LC it because of shipping problem. Sometimes the shipment of the product might be cancel because of its bad quality of product. When the shipment of the product is cancel then the LC will also cancel.

### 3.4 Constraints/Challenges faced/identified in the work place

Jamuna Bank Bangladesh Ltd. is one of the leading Banks; anyone could hope to be a part of in time of working environment and facilities. However, I faced a few problems during the period of my internship.

⇒ Jamuna Bank Ltd. Progati sarani Branch did not organized any oriented program. Oriented program is very necessary for interns. This program helps interns to introduce with all the personnel.

⇒ Another major problem is space. Progati sarani Branch have no enough space for the interns. As we were five interns, we did not found enough space. Always we had to sit in the customers place.

⇒ Now a day's security problem is a major issue. They did not give us any ID card. If they want they could give us a temporary ID card for security purpose.

⇒ In this branch interns are not allowed to use computer. So we are not familiar with the uses of software and others works experience practically.

⇒ Due to having insufficient number of employees, sometimes a few different tasks were performed by one single employee. As an employee, my bank supervisor also encountered that problem.

There are some others challenges that are identified by me during the internship period, which are given below:

#### ***Lack of Proper Maintenance of Files:***

Most of the times the files and papers are kept here and there by the officers during the office hour. Officers need to think about this issue. It looks very odd when a client want to see his or her file they need to wait for a longtime.



### ***Cancelation of letter of credit:***

LC documents come from head office and it is checked here so if senior vice- president delay to sign the paper it will be delay to progress their work. Sometimes shipment has rejected for bad quality of product then the LC rejected. When a LC is cancel bank take its charge 500 taka though its cancel.

### ***Issue of Cheque Book***

According to Section 60f Negotiable Instruments Act, 1881, a Check is "A Bill of Exchange drawn on a predetermined financier and not communicated to be payable generally than on request." To encourage withdrawals and installments to outsiders by the client, Jamuna bank gives a Check book to the client Check book contains 10 leaves for savings account while for current record is 50 takes off. A Cheque book is sing registeris maintained in this regard. This enroll contains the Check book number, leaf number, issuing date. Subsequent to giving this sections to this enroll, data resend to the Computer Department for finding a way to pass the checks amid withdrawal. The Check book likewise contains order slip-which is utilized by the client to acquire new Check book. At the point when every one of the leaves are utilized, the client presents this slip to the bank. A senior authority at that point issues another Check book and resulting sections are given in the enlist and in PC. But the problem is if bank give mistakenly wrong alphabet of names or account number client has to face big problem for that.

If the Cheque book is lost, the customer has to furnish a guarantee indemnifying by an application to the bank. After fulfilling this, a new cheque book is issued. Seldom customers are allowed to use loose cheque"s if the customer wants to draw money without presenting previously issued cheque. A separate register is maintained in this regard.

### ***Small branch:***

As it is a small branch of Jamuna bank limited that"s why it cannot give big amount of loan. This branch always need higher authority of another AD branch. When they confirm for the big amount of loan then the bank can pass the loan.

### **Academic:**

The students joining the workforce may need additional specific training or skills development depending on the role they will be taking so.

- While students often need to possess more business acumen and improved communication skills, approaching new technology and learning skills associated with computer systems.
- Students lacks professional and technical skills, leadership skills, and employability skills.
- Many students don't have any practical experience relating to the present assignment.

### 3.5 Proposed course of action for improvement:

- ⇒ Jamuna Bank should introduce an orientation program for the interns for a better friendly working environment.
- ⇒ Pragati shoroni branch should be more organized about the branch's sitting space and should consider about the interns sitting arrangements.
- ⇒ Now a day's security is a major issue. Every bank should be concern at its highest level about security. CCTV cameras are not enough today. There should be arrangements of metal detector machines and entry register book both for the customers and employees who comes to visit the bank, and interns should be provided ID card to ensure security for the bank.
- ⇒ Jamuna Bank is a third generation bank. Interns are appointed to the bank to acquire some experience about the work field. Today most of the banking activities are done by using computer. In this state of situation Interns of Pragati Sharani branch are not allowed to use computer. So they fall behind to know about the core banking activities and learn very less.
- ⇒ Jamuna Bank should employ sufficient amount of employees for quality full work and assigned job responsibilities, monthly work rotation will motivate employees to be productive employees.
- ⇒ Jamuna Bank should be more organize and attentive about their allocation and arrangements of files and documents. It will help the employees to find any documents faster and also reduce waste of time, which will help in the better performance of the bank.
- ⇒ Customers who failed to give reference for opening an account for them the bank should be flexible.

### Academic:

□ Academic programs should promote real-world experience through professional practice and more training programs. Apprenticeship and similar programs offer hands-on training and are noted for supporting the continued learning to the students. The efforts of academic curricula must be supported by the engagement of key industry and business professionals.

### 3.6 Implications:

Based on my personal experience I'd suggest that the Bank should carry out an orientation program for new employees and interns. The orientation program should help in introducing the new personnel to all current employees of the company so it becomes easier for the new person to get acquainted with everyone.

There is huge difference between career life and academic life. In the academic life, I have learned from lecture, books but in the internship I have learned by doing works in practical life.

As I was a new comer they should discuss about banking work.

### 3.7 Recommendations for Future Strategic Action:

The recommendations given below are not decisions; rather they are only suggestions to improve the performance in order to fulfill the customer satisfaction so that clients give more preference to JBL bank. Here in below some recommendations are mentioned:

- ❖ In the total banking system it is necessary to implement modern banking process instead of traditional system. It should be more computerized and update ATM card facilities to their customers by increasing number of ATM booths.
- ❖ The authority should arrange extensive training & development for their employees so that they can successfully perform their arranged tasks and duties.
- ❖ Customers who failed to give reference for opening an account for them the bank should be flexible.
- ❖ The clients are not in favor of introducer system that currently present, if possible the rule of introducing to open an account should be changed. Because many people face different problems to arrange an introducer in the time of opening accounts.
- ❖ The entire department should be well informed regarding their goals and objectives. It is essential to execute company objective into individual target.
- ❖ The bank should go for aggressive advertising and promotional activities to get a

broad geographic coverage.

- ❖ Leader behavior should be kept flexible so that employees can change themselves.

**Academic:**

- ❖ BRACU can take an initiative to introduce a separate program for providing different types of training programs, where the students will acquire knowledge related to practical work experience and IT.



## Chapter-4 (Project Part) Financial Performance analysis of Jamuna Bank Limited



## Financial Analysis

Financial analysis is structural and logical way to present overall financial performance of a financial institution. It's also help to evaluate and decision making for business operation. In financial analysis process ratio analysis is the most dominant and logical structure to help business related stakeholder. Under the financial ratio analysis process there are few categories to identical area of financial institution. So business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis. These ratios not only help to decision making process also emphasized on risk avoiding and profit raising related factors. To calculate this ratio need to take quantitative data from bank trading activity and other sources. Financial statement Analysis involves a comparison of a firm's performance with that of other firms in the same line of business, which usually is identified by the firm's industry Classification. Generally speaking the analysis is used to determine the firm's financial position so as to identify its current strengths and weakness and to suggest action the firm might pursue to take advantage of the strength and correct any weakness.

With respect to the Performances of Bangladeshi Banking sector, foreign and national experts undertook number of studies. All this 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 overtime.

(Pandey, 2004) James pointed out that financial ratios are used by bankers, creditors; shareholders and accountants to evaluate data presented do 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 & WachowiczJr (2005) stated that to evaluate a firm's financial condition and performance the financial analyst need to perform "checkups" on various aspects of a firm's financial health. A tool frequently used these checkup 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, 2014) 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, 2010).

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).

### Ratio analysis

Ratio analysis is a diagnostic tool that helps to identify problem areas and opportunities within a company. Ratio analysis is very important for every business, because by calculating ratio analysis we can understand the business position, business strength and weakness. By knowing this information, management can take its necessary steps to organize their goal.



## Ratio analysis of Jamuna Bank Limited (JBL) Year-(2012-2016)



### 4.1 Performance (Ratio) Analysis



In the report I analyzed the performance of Jamuna Bank Ltd. interims of–

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

#### Leverage Position:

- Debt to Equity Capital Ratio
- Debt to Total Assets Ratio

#### Profitability:

- Net Profit Margin
- Net Operating Margin
- Return on Equity(ROE)
- Return on Asset(ROA)
- Return on Deposit (ROD)

#### Efficiency:

- Tax management ratio
- Expense Control Efficiency
- Degree of Asset Utilization
- Operating Efficiency Ratio

#### Adequacy Ratio:

- Capital Adequacy Ratio

#### Assets –Quality Indicators:

- Loan to Deposit
- Loan to Assets
- Equity Multiplier

## 4.1 Liquidity Ratio

### 4.2.1 Current Ratio:

$$\text{Current Ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

**Calculation of current ratio in 2016:**

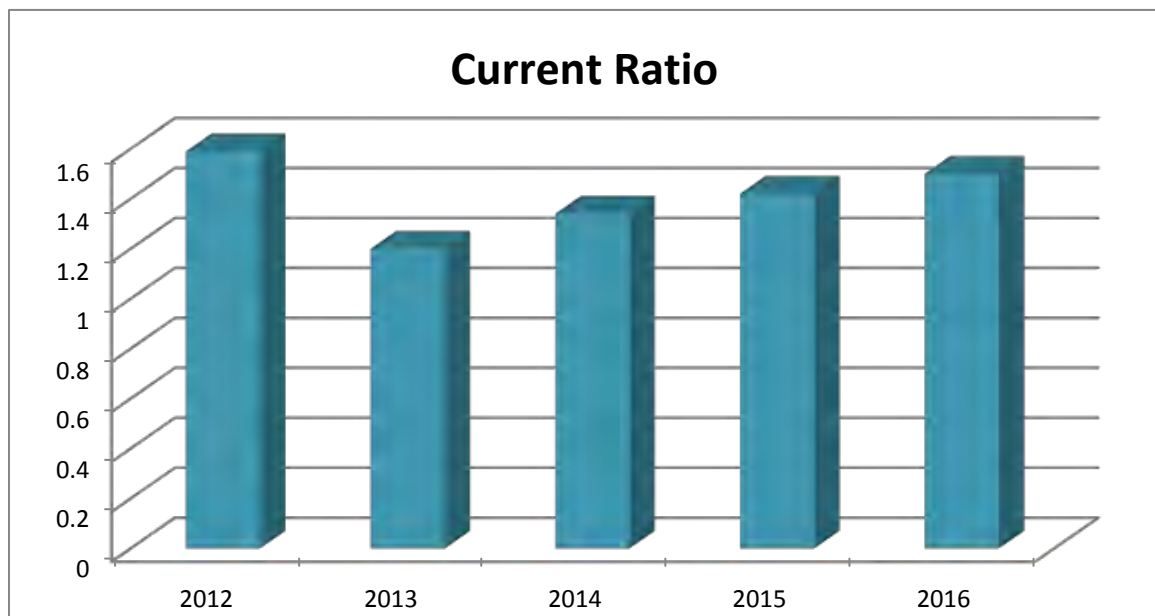
$$= \frac{212258.94}{141505.96}$$

$$= 1.50$$

**Table-2.1: Current Ratio from year 2012-2016**

Particulars	2012	2013	2014	2015	2016
Current Ratio	1.59	1.2	1.34	1.42	1.50

(Source: JBL Annual Report: 2012-2016)



**Fig-1.1: Current Ratio from year 2012-2016 (Author's Compilation)**

### Findings about Current Ratio

According to the result of the ratio of Jamuna Bank Limited was 1.59 in the year 2012, 1.2 in 2013, 1.34 in 2014, 1.42 in 2015 and 1.50 in the year 2016. It means that the bank had following current assets in against of 1 tk. liability. In 2016 it was increased 1.42 to 1.50 from the year 2015 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.

## 4.3 Leverage Position

### 4.3.1 Debt to Equity Capital Ratio:

$$\text{Debt to Equity Capital Ratio} = \frac{\text{Totaldebt}}{\text{TotalEquity}}$$

#### Calculation of Debt to Equity Capital in 2016:

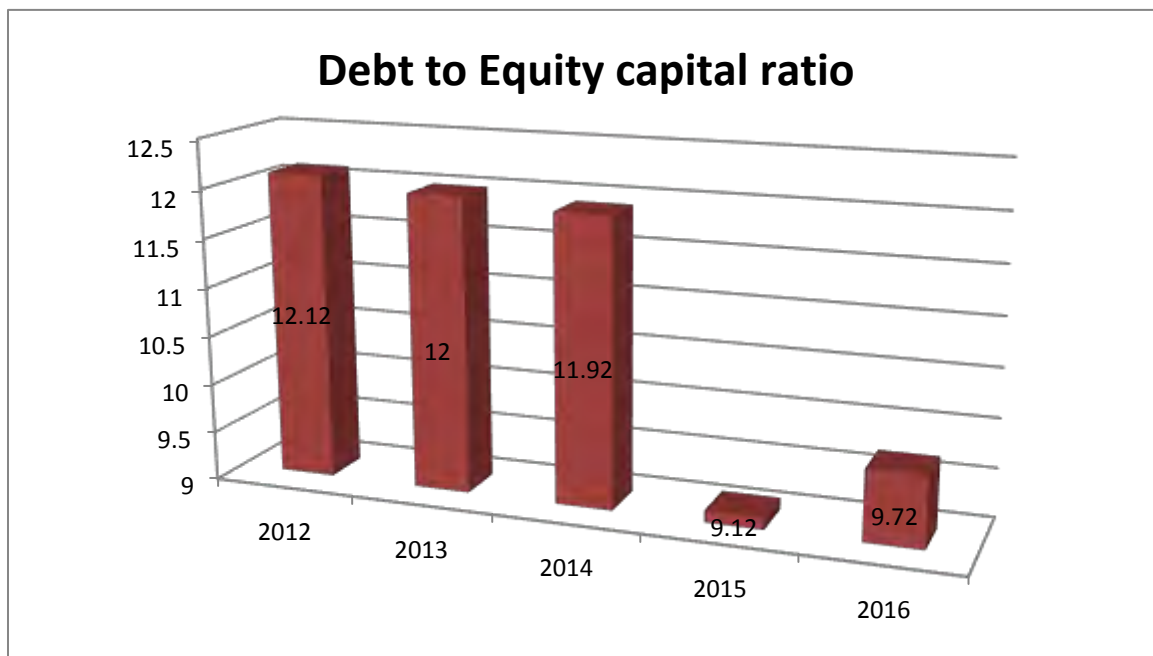
$$= \frac{153410.78}{15784.25}$$

$$= 9.72$$

**Table-3.1: Debt to Equity Capital Ratio**

Particulars	2012	2013	2014	2015	2016
Debt to Equity Capital Ratio	12.12	12.00	11.92	9.12	9.72

(Source: JBL Annual Report: 2012-2016)



**Fig-2.1: Debt to Equity Capital Ratio (Author's Compilation)**

#### *Findings about Debt to Equity Capital Ratio*

There is an unstable trend in the debt to equity capital ratio of Jamuna Bank Ltd. from 2012 to 2016. The debt to equity capital ratio of Jamuna Bank has decreased from 12.12 in 2012 to 9.72 in 2016 over 5 years period of time. It means that their liability is increasing at a higher rate than their equity capital from 2012 to 2016. But it increases form year 2015 to 2016.

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.

#### 4.3.2 Total debt to Total Asset ratio:

$$\text{Total debt to Total Asset ratio} = \frac{\text{total debt}}{\text{total assets}}$$

#### Calculation of Debt to Total Asset ratio:

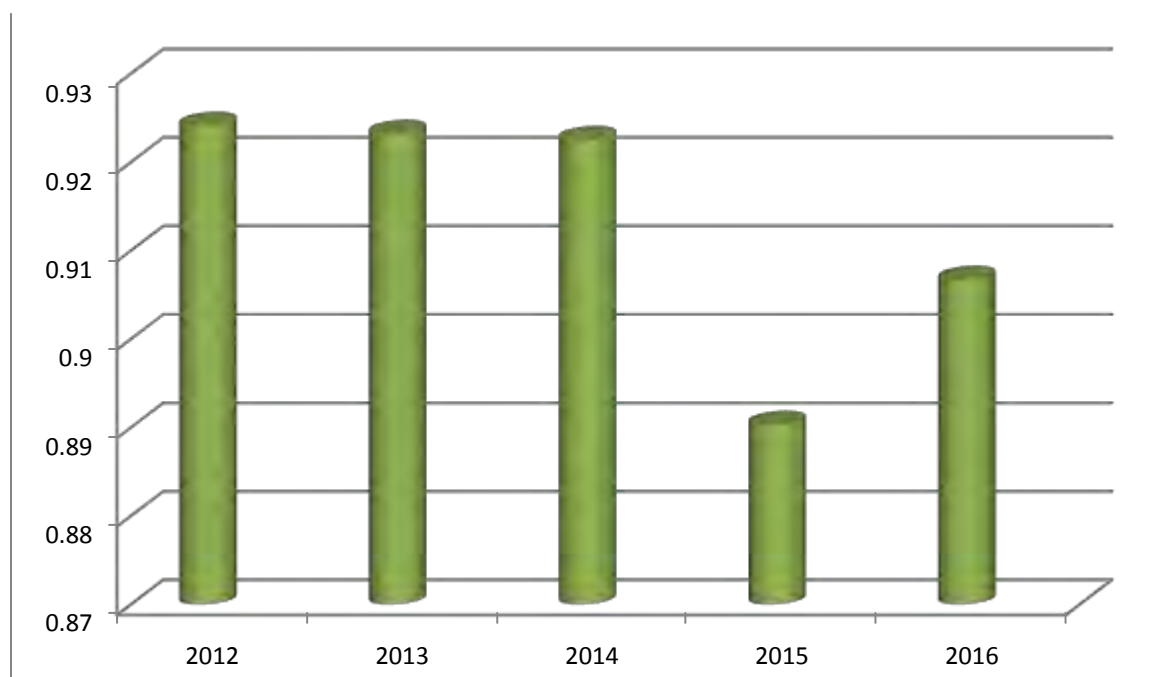
$$= \frac{153410.78}{169195.03}$$

$$= 0.9067$$

**Table 3.2: Total Debt to Total Asset ratio**

Particulars	In million				
	2012	2013	2014	2015	2016
Total Liabilities	101,353.68	106,800.71	128,683.91	127,704.74	153410.78
Total Assets	109678.51	115,681.64	139,494.58	143,434.02	169195.03
Total Debt to Assets Ratio	0.9241	0.9232	0.9225	0.8903	0.9067

(Source: JBL Annual Report: 2012-2016)



**Fig- 2.2: Total Debt to Total Assets Ratio (Author's Compilation)**

### Findings about Total Debt to Total Assets Ratio

Though there are slight fluctuations, Jamuna Bank has been able to maintain an average debt ratio of 0.91 from 2012 to 2016. Their total asset and their liabilities are increasing mostly in same range. But it has slightly decreased from 0.9225 to 0.8903 in 2015. 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.

## 4.4 Profitability Ratio

### A .Net Profit Margin:

$$\text{Net Profit Margin} = \frac{\text{Net Income After Tax}}{\text{Total Operating Revenue}}$$

#### Calculation of Profitability Ratio in 2016:

$$= \frac{1791.05}{8188.98}$$

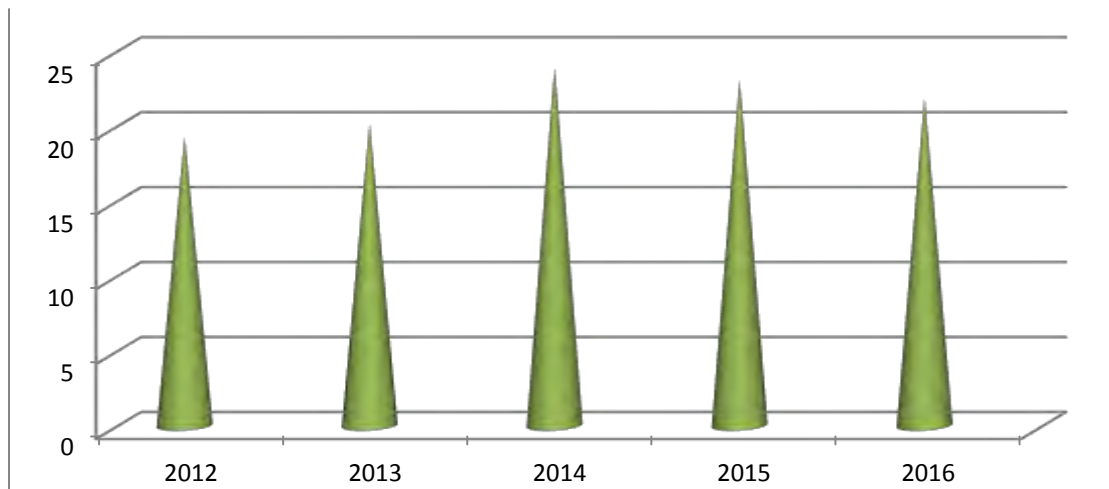
$$= .2187$$

$$= 21.87\%$$

**Table-4.1: Net Profit Margin**

Particulars	In million				
	2012	2013	2014	2015	2016
Net Profit After Tax	1017.66	1135.19	1347.11	1642.85	1791.05
Total Operating Income	5285.20	5635.66	5635.66	7123.78	8188.98
Net Profit Margin	19.25%	20.14%	23.90%	23.06%	21.87%

(Source: JBL Annual Report: 2012-2016)



**Fig- 3.1: Net Profit Margin (Author's Compilation)**

### Findings about Net Profit Margin

The Net Profit Margin ratio of Jamuna Bank is showing an increasing trend. From 2012 to 2015 the Net Profit Margin has increased incredibly. But from 2016 it is increasing but not like the profit margin of 2014 or 2015. It increased 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 up to the mark.

#### 4.4.2 Net Operating Margin

$$\text{Net Operating Margin} = \frac{\text{Operating revenue} - \text{Operating Expense}}{\text{Total Asset}}$$

#### Calculation of Net Operating Margin in 2016:

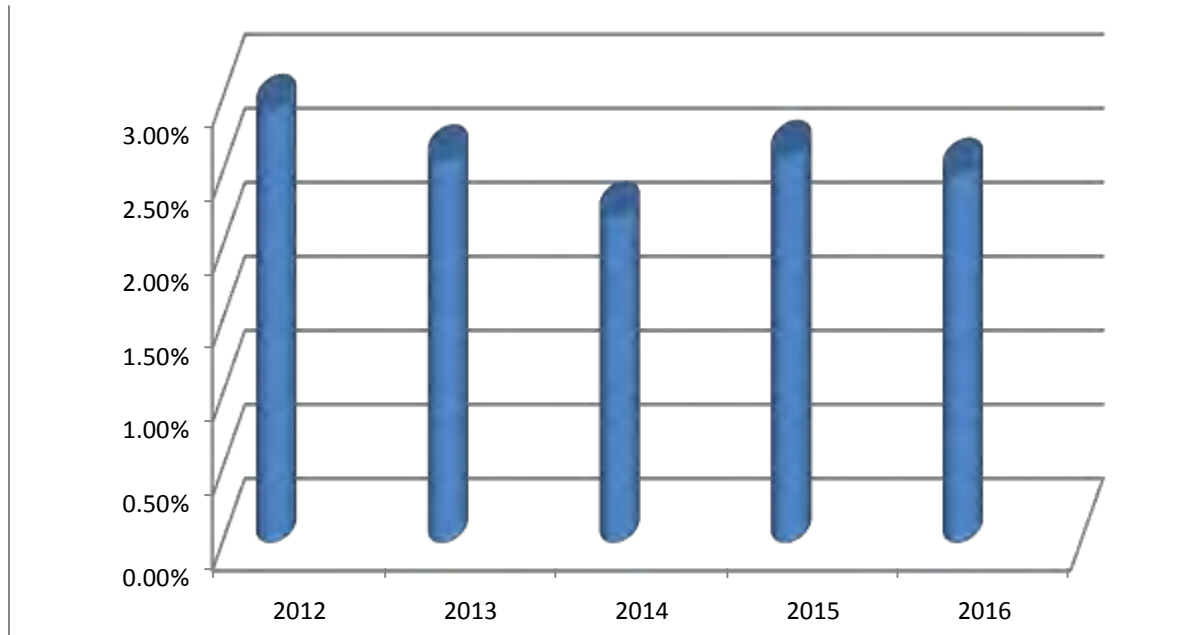
$$= \frac{4224.72}{169195.03}$$

$$= 2.49\%$$

**Table 4.2: Net Operating Margin**

Particulars	In million				
	2012	2013	2014	2015	2016
Total Operating Income	5285.2	5635.66	6090.62	7123.78	8188.98
Operating expense	2078.22	2666.75	3021.83	3376.16	3964.26
Operating Income – Operating expense	3206.98	2968.91	3068.79	3747.62	4224.72
Total Assets	109678.5	115163	139494.6	143434.02	169195.03
Net Operating Margin	2.92%	2.58%	2.20%	2.61%	2.49%

(Source: JBL Annual Report 2012-2016)



**Fig- 3.2: Net Operating Margin (Author's Compilation)**

### **Findings about Net Operating Margin**

From the year 2012 to 2016, the performance of Jamuna bank was decreasing in terms of net operating margin. It has decreased significantly from 2.92% in 2012 to 2.20% in 2014. This occurs as their operating income was not increased less than their operating expenses. This is not a good sign for the bank.

### **4.4.3 Return on Equity (ROE)**

$$\text{Return on Equity} = \frac{\text{Net Income After Tax}}{\text{Total Equity Capital}}$$

#### **Calculation of ROE in 2016:**

$$= \frac{1791.05}{15784.25}$$

$$= .1134$$

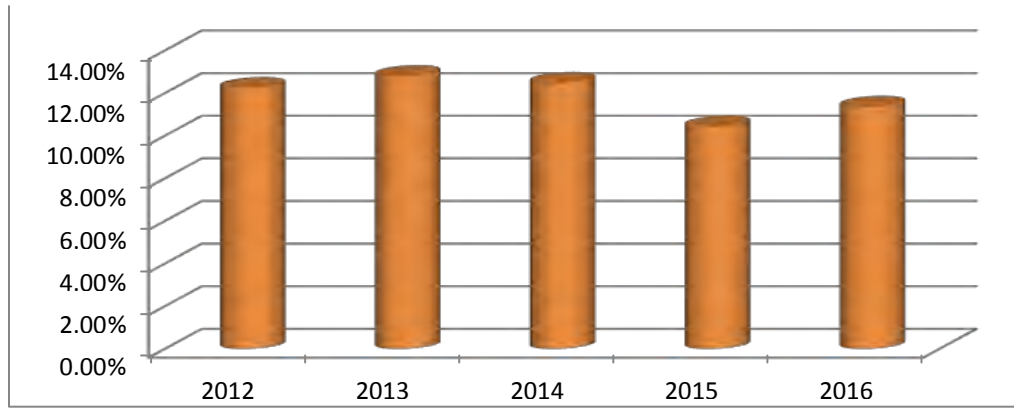
$$= 11.34\%$$

**Table-4.3: Return on Equity**

In million

Particulars	2012	2013	2014	2015	2016
Net Profit After Tax	1017.66	1135.19	1347.11	1642.85	1791.05
Total Equity Capital	8324.83	8880.94	10810.67	15779.27	15784.25
Return on Equity	12.22%	12.78%	12.46%	10.41%	11.34%

(Source: JBL Annual Report: 2012-2016)



**Fig-3.3: Return on Equity (Author's Compilation)**

#### *Findings about Return on Equity (ROE)*

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 two years. Though in 2013 their ROE was 12.78%, 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.

#### **4.4.4 Return on Asset (ROA):**

$$\text{Return on Asset} = \frac{\text{Net Income After Tax}}{\text{Total Asset}}$$

#### **Calculation of ROA in 2016:**

$$\frac{1791.05}{169195} = 1.05\%$$

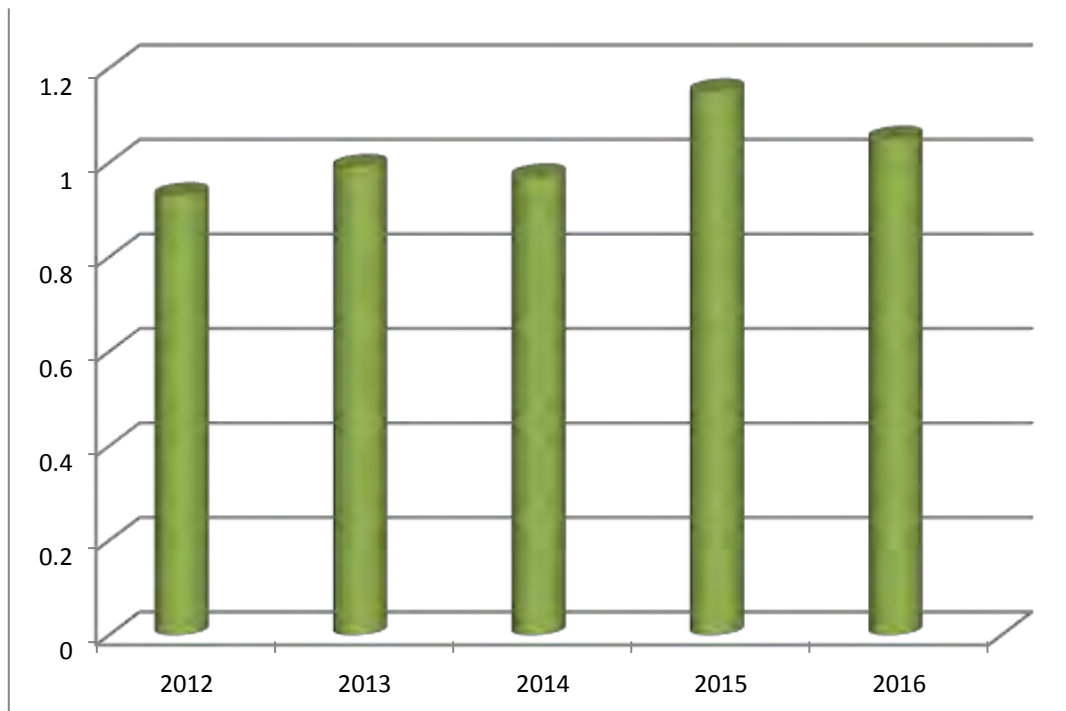
#### *Table-4.4: Return on Assets*

In million

Particulars	2012	2013	2014	2015	2016
Net Profit After Tax	1017.66	1135.19	1347.11	1642.85	1791.05
Total Assets	109678.5	115163	139494.6	143434	169195
Return on Assets	.93%	.99%	.97%	1.15%	1.05%

(Source: JBL Annual Report: 2012-2016)





**Fig-3.4 Return on Assets (Author's Compilation)**

#### *Findings about Return on Assets*

ROA is the most used profitability ratio. Although JBL was a part of banking industry and its most of the assets come from the debt its ROA is increasing day by day. As a result Jamuna Bank Ltd had high ROA in the year of 2016 which is 1.05%. In the year 2015 the net profit of the bank has increased much.

#### **4.4.5 Return on Deposits (ROD)**

$$\text{Return on Deposits (ROD)} = \frac{\text{Net Income}}{\text{Total Deposite}}$$

**Calculation of ROD in 2016:**

$$= \frac{1791.05}{130591.62}$$

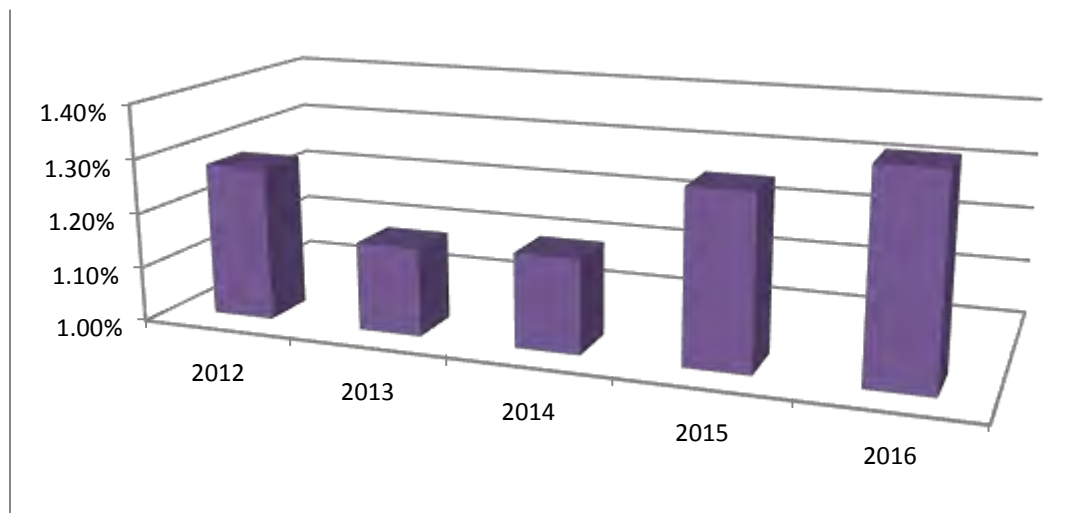
$$= 0.0137$$

$$= 1.37\%$$

**Table-4.5: Return on Deposits**

In million					
Particulars	2012	2013	2014	2015	2016
Net Income	1017.66	1135.19	1347.11	1642.85	1791.05
Total Deposit	79623.13	97485.61	114653.1	125325.3	130591.62
Return on Deposits	1.28%	1.16%	1.17%	1.31%	1.37%

(Source: JBL Annual Report: 2012-2016)



**Fig-3.5 Return on Deposit (Author's Compilation)**

**Findings about Return on Deposit**

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 2014. It slightly rose from 2013 which was 1.16%. But drastically decrease happened in 2012. The fall in 2012 was caused by a substantial increase in deposits and even greater decrease in net profit.

## 4.5 Efficiency Ratio

### 4.5.1 Tax Management Ratio:

$$\text{Tax Management Ratio} = \frac{\text{Net Income After Tax}}{\text{Net Income before Tax}}$$

#### Calculation of Tax Management Ratio in 2016:

$$= \frac{1791.05}{2819.66}$$

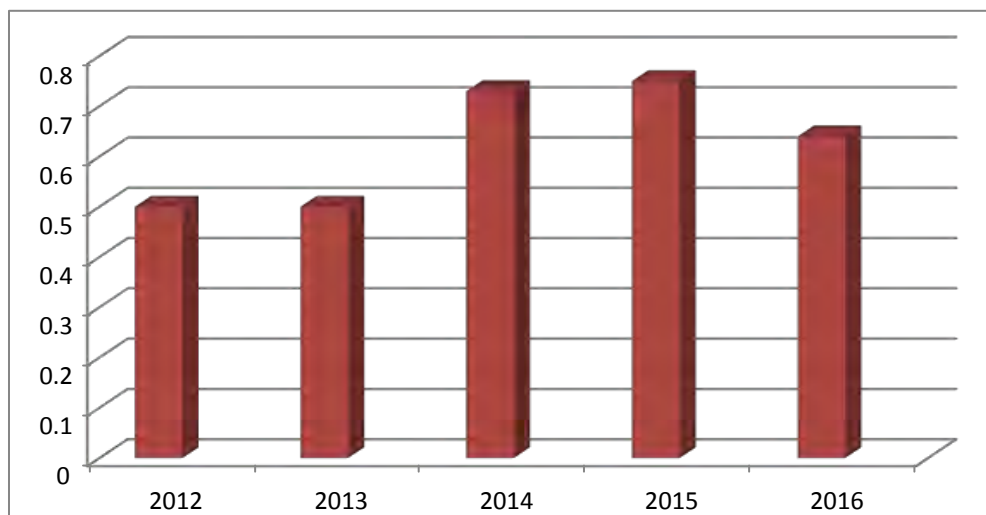
$$= 0.64$$

**Table-5.1: Tax Management Ratio**

In million

Particulars	2012	2013	2014	2015	2016
Net Profit After Tax	1017.66	1135.19	1347.11	1642.85	1791.05
Net Profit Before Tax	2030.52	2284.89	1847.37	2187.24	2819.66
Tax Management Ratio	0.50	0.50	0.73	0.75	0.64

(Source: JBL Annual Report: 2012-2016)



**Fig- 4.1: Tax Management Ratio (Author's Compilation)**

### Findings about Tax Management Ratio

We can observe that from the year 2012 to 2016, the Tax Management ratio of Jamuna Bank has been fluctuating from 0.50 to 0.64. 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.

#### 4.5.2. Expense Control Efficiency:

$$\text{Expense Control Efficiency} = \frac{\text{Net Income Before Tax and Gain}}{\text{Total Operating Revenue}}$$

#### Calculation of Expense Control Efficiency in 2016:

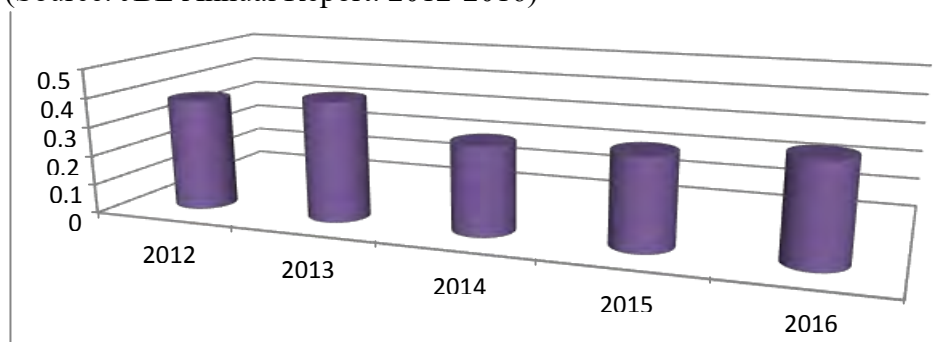
$$= \frac{2819.66}{8188.98}$$

$$= 0.34$$

*Table-5.2: Expense Control Efficiency*

Particulars	In million				
	2012	2013	2014	2015	2016
Net Profit Before Tax	2030.52	2284.89	1847.37	2187.24	2819.66
Total Operating Income	5285.2	5635.66	6090.62	7123.78	8188.98
Expense Control Efficiency	0.38	0.41	0.30	0.31	0.34

(Source: JBL Annual Report: 2012-2016)



**Fig- 4.2: Expense Control Efficiency (Author's Compilation)**

### Findings about Expense Control Efficiency

For Jamuna Bank, we are observing very inconsistent trend in their Expense Control Efficiency ratio from 2012 to 2016. There is less improvement in their expense control efficiency ratio. It has decreased from 2012 to 2016. But in 2014, it has fallen down to 0.30. 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.

#### 4.5.3 Degree of Asset Utilization

$$\text{Degree of Asset Utilization} = \frac{\text{Total Operating Revenue}}{\text{Total Asset}}$$

#### Calculation of Degree of Asset Utilization:

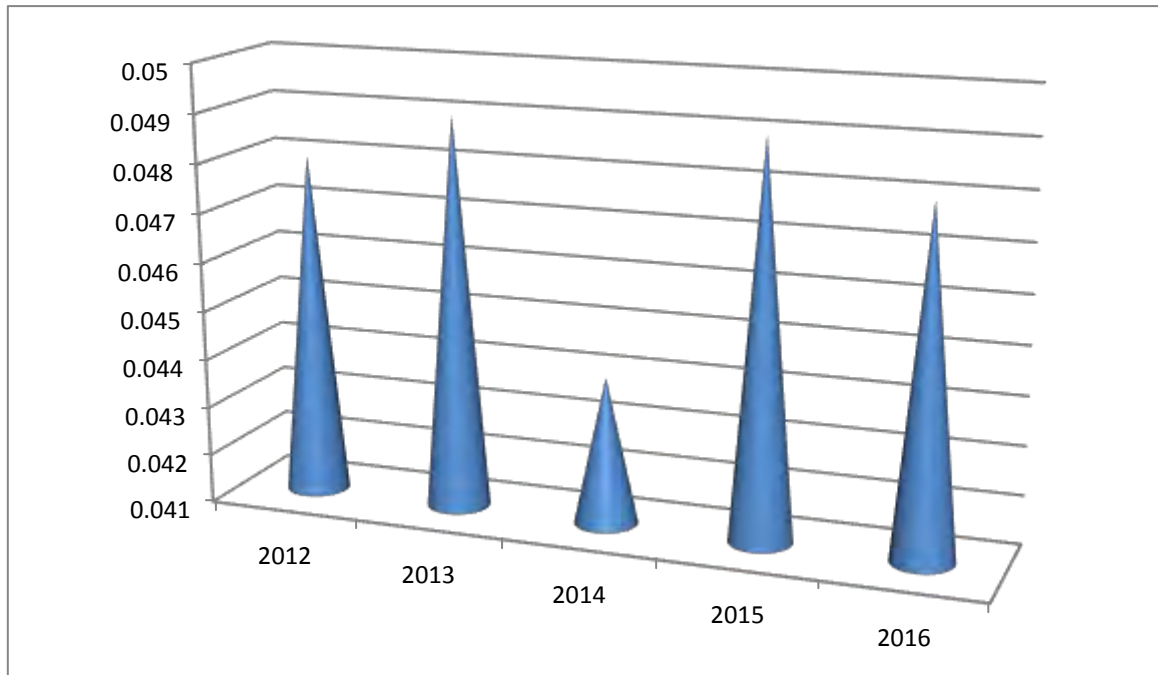
$$= \frac{8188.98}{169195}$$

$$= 0.048$$

**Table-5.3: Degree of Asset Utilization:**

Particulars	In million				
	2012	2013	2014	2015	2016
Total Operating income	5285.2	5635.66	6090.62	7123.78	8188.98
Total Assets	109678.5	115163	139494.6	143434	169195
Degree of Asset Utilization	0.048	0.049	0.044	0.049	0.048

(Source: JBL Annual Report: 2012-2016)



**Fig- 4.3: Degree of Asset Utilization (Author's Compilation)**

#### *Findings about Degree of Asset Utilization:*

There is a slight increase in the asset utilization ratio of Jamuna bank from 2012 to 2013. The ratio was decreasing from 0.049 to 0.044 in 2013 to 2014. It increases considerably because their total asset increased at a higher rate compared to their operating income. This rise in Asset Utilization indicates that more and more assets are becoming exploited which is a good sign for the bank.

#### **4.5.4. Operating Efficiency Ratio:**

$$\frac{\text{Total Operating Expense}}{\text{Total Operating Revenue}}$$

**Calculation of Operating Efficiency Ratio Operating Efficiency Ratio:**

$$= \frac{3964.26}{8188.98}$$

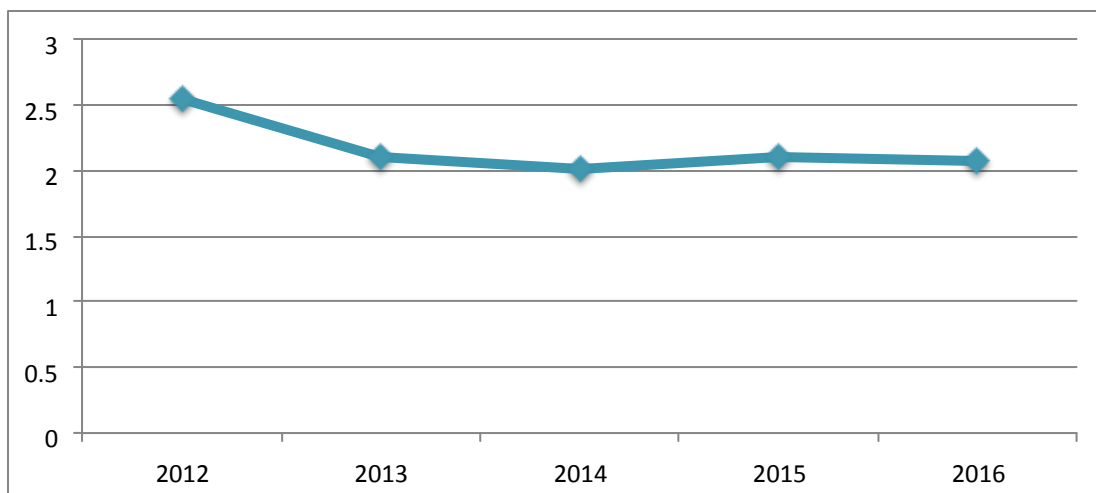
$$= 2.07$$

**Table-5.4: Operating Efficiency Ratio**

In million

Particulars	2012	2013	2014	2015	2016
Total Operating Income	5285.2	5635.66	6090.62	7123.78	8188.98
Total Operating Expenses	2078.22	2666.75	3021.83	3376.16	3964.26
Operating Efficiency Ratio	2.54 times	2.11 times	2.02 times	2.11	2.07

(Source: JBL Annual Report: 2012-2016)



**Fig-4.4 Operating Efficiency Ratio (Author's Compilation)**

*Findings about Operating Efficiency Ratio*

There is a decline in the operating efficiency ratio of Jamuna bank from 2012 to 2016. It has decreased from 2.54 times to 2.07 times in 2016. It implies that the bank has not been able to efficiently utilize its revenues to cover the operating expense for the last five 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.

## 4.6 Adequacy Ratio

### Capital Adequacy Ratio Capital Adequacy Ratio

$$\text{Capital Adequacy Ratio} = \frac{\text{Capital Adequacy Ratio Capital Adequacy Ratio}}{\text{Capital base (Tier I+Tier II)}} = \frac{\text{Risk-Weighted Assets}}$$

#### Calculation Capital of Adequacy Ratio in 2016:

$$= \frac{9666.75}{89341.46}$$

$$= .1082$$

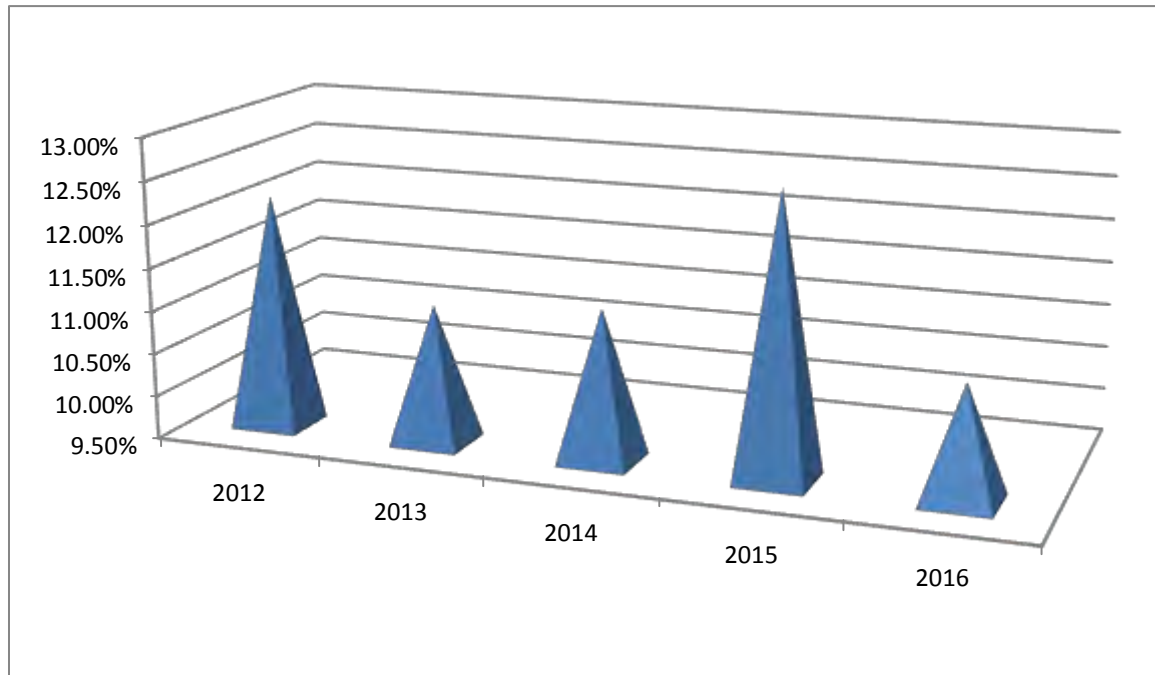
$$= 10.82\%$$

**Table-6.1 Capital Adequacy Ratio**

Particulars	In million				
	2012	2013	2014	2015	2016
Tier I	7256.39	7763.33	9110.44	10923.45	8374.37
Tier II	1348.89	1496.47	1947.8	1802.86	1292.38
Capital Base (Tier I+ Tier II)	8605.28	9259.8	11058.24	12726.31	9666.75
Risk Weighted Assets	70448.6	83421.38	98298.68	99892.58	89341.46
Capital Adequacy Ratio	12.21%	11.10%	11.25%	12.74%	10.82%

(Source: JBL Annual Report: 2012-2016)





**Fig- 5.1: Capital Adequacy Ratio (Author's Compilation)**

### *Findings about Capital Adequacy Ratios*

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 2016 CAR required for Jamuna Bank was 10.82% which was determined by Bangladesh Bank and actually minimum requirement is 10% in 2016. Before that it was 9%. So Jamuna Bank has maintained the minimum requirement so far.

## **4.7 ASSETS-QUALITY INDECATOR**

### **4.7.1 Loan to Deposit**

$$\text{Loan to Deposit} = \frac{\text{Capital base (Tier I + Tier II)}}{\text{Risk - Weighted Assets}}$$

**Calculation of Assets Quality Indicator in 2016:**

$$= \frac{89128.78}{130591.62}$$

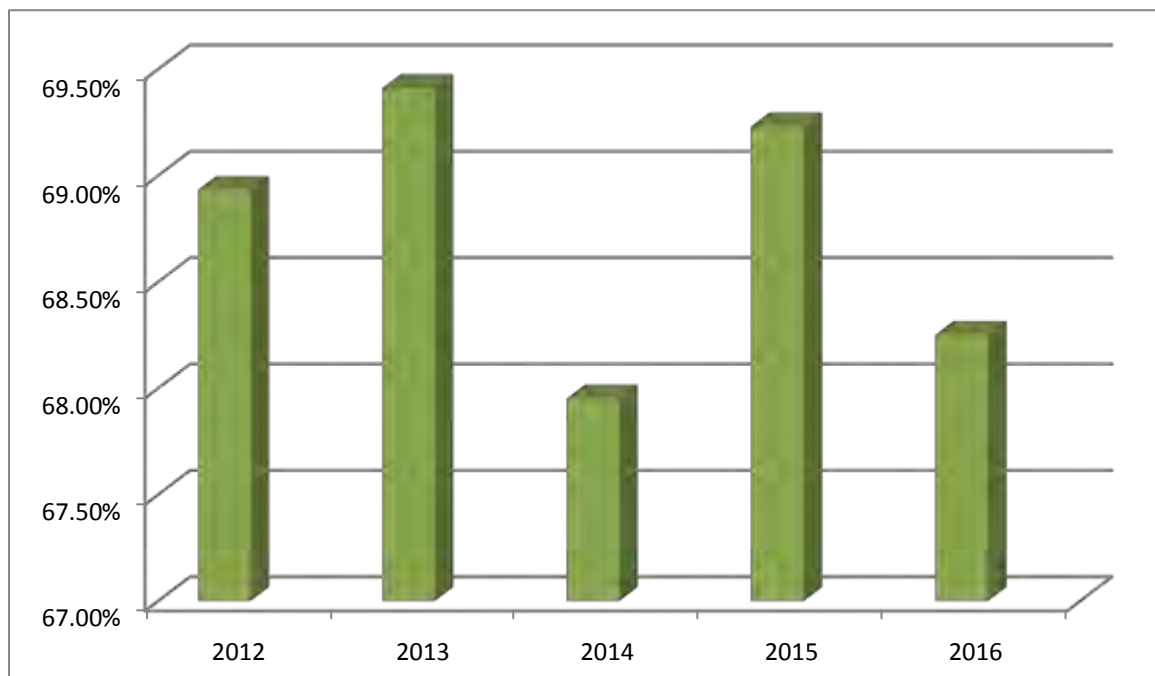
$$= 0.6825$$

$$= 68.25\%$$

**Table-7.1: Loan to Deposit**

In million					
Particulars	2012	2013	2014	2015	2016
Total loans	54887.03	67669.38	77899.79	66686.17	89128.78
Total Deposit	79623.13	97485.61	114635.1	96325.54	130591.62
Loan to Deposit	68.93%	69.41%	67.95%	69.23%	68.25%

(Source: JBL Annual Report: 2012-2016)



**Fig- 6.1: Loan to Deposit (Author's Compilation)**

**Findings about Loan to Deposit**

The growth in 2012 and 2013 was caused by loans increasing faster than deposits. It fell through 2014, 2015 and 2016 as deposits grew fast when compared to the previous year, thereby improving the bank's liquidity position. From 2014, 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 2016. Total credits grew only slightly as the bank become rather cautious in giving loans and assessing credit worthiness because of the then ongoing funds crisis. Comparatively a larger growth in deposits reduced the loans to total deposit ratio.

#### 4.7.2 Loan to Assets:

$$\text{Loan to Assets} = \frac{\text{Total Loans}}{\text{Total Assets}}$$

#### Calculation of Loan to Assets Loan to Assets in 2016:

$$= \frac{89128.78}{169195.03}$$

$$= 0.5267$$

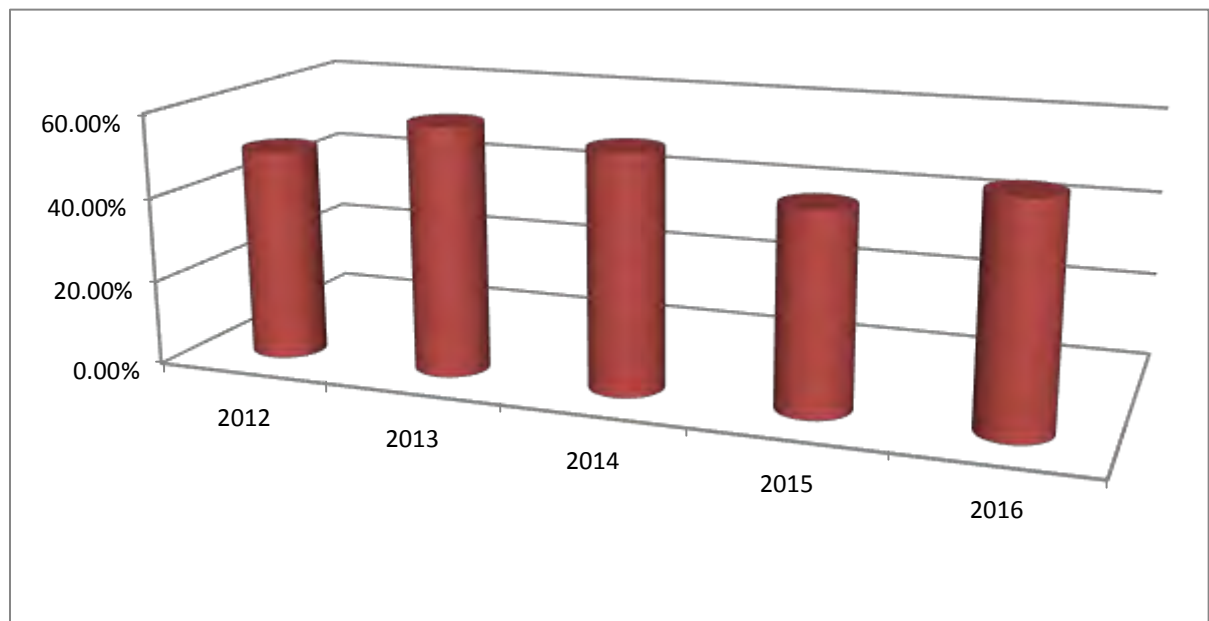
$$= 52.67\%$$

**Table-7.2: Loan to Assets**

**In million**

Particulars	2012	2013	2014	2015	2016
Total Loans	54887.03	67669.38	77899.79	66686.17	89128.78
Total Assets	109678.5	115163	139494.6	143434.02	169195.03
Loan to Assets	50.04%	58.76%	55.84%	46.49%	52.67%

(Source: JBL Annual Report: 2012-2016)



**Fig- 6.2: Loan to Assets (Author's Compilation)**

#### **Findings about Loan to Assets**

Assets as well as loans increased as percentage comparing to 2012. This gave an upward trend of the loans to total asset ratio and therefore a downward trend for liquidity. The ratio fell in 2015. A big gap was visible between asset and loan comparing to previous years.

Despite a growth in total credits as compared to 2016, loans as a percentage of total assets fell as a result.

The percentage was decreased about around 6.18% from 2015 to 2016.

### 4.7.3 Equity Multiplier

$$\text{Equity Multiplier} = \frac{\text{Total Assets}}{\text{Total Equity Capital}}$$

#### Calculation of Equity Multiplier Equity Multiplier in 2016:

$$= \frac{169195.03}{15784.25}$$

$$= 0.1071923$$

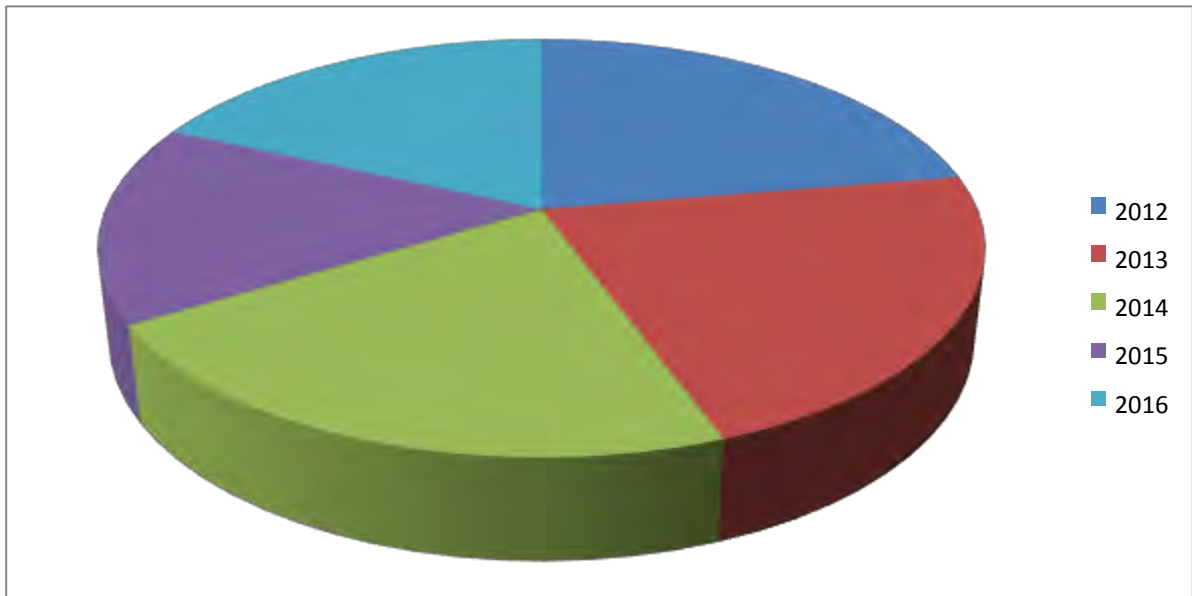
$$= 10.71923$$

**Table-7.3: Equity Multiplier**

In million

Particulars	2012	2013	2014	2015	2016
Total Assets	109678.5	115163	139494.6	143434.02	169195.03
Total Equity Capital	8324.83	8880.94	10810.67	15729.27	15784.25
Equity Multiplier	13.17486	12.96743	12.90342	9.11892	10.71923

(Source: JBL Annual Report: 2012-2016)



**Fig- 6.3: Equity Multiplier (Author's Compilation)**

*Findings about Equity Multiplier*

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 unstable which not a good sign for the bank is.

## 4.8 Findings about the performance of Jamuna Bank Limited

After analyzing the financial performance of Jamuna bank limited, the researcher have found some important observation that need the attention. By analyzing these observation following findings have been placed to perform efficient operation of financial performance.

- Current ratio is increasing because of high level of current ratio. In the analysis the researcher is found that the current ratio is 1.50 in 2016, where in 2015 it was 1.42.
- In 2016 the net profit margin is 21.87%, which is decreasing than 2015 which was 23.06%.
- Net operating margin ratio is not satisfactory. There is increasing cost than previous year. It is 2.49% in 2016, where 2015 was 2.61%
- Return on Equity is very low. In 2016 it is 11.34%, in 2015 it was 10.41% and in 2014 it was 12.46%. It is fluctuated year to year basis.
- Capital adequacy ratio is decreasing than previous year. In 2016 it was 10.82%, in 2015 it was 12.74 %.
- Return on asset from 2013 to 2016 is consecutively .99%, .97%, 1.15%, 1.05%.It is alarming situation as it continuously decreasing.
- Loan to deposit is decreasing. In 2016 it was 68.25%, in 2013 it was 69.41%. A larger growth in deposit reduced the loans to total deposit ratio.
- Loan to asset is increasing in 2016 it is 52.67%, in 2015 it was 46.49%. This state that the bank loan on asset increasing day by day.
- JBL performance is very poor, many employees have no skill about IT section. So this is the reason that people do not want to open account in JBL.
- The computer training is necessary for the employees. Because there are some senior manager who have very limited knowledge of computer. It affects the banking system and works.

#### 4.9 Common size statement of Financial Statements

Common size statement is a financial statement analysis technique that shows changes in the amounts of corresponding financial statement items over a period of time expressed in percentage it is a useful tool to evaluate the trend situations.

The statements for two or more periods are used in Common size statement. The earliest period is usually used as the base period and the items on the statements for all later periods are compared with items on the statements of the base period.

**Jamuna Bank Limited**  
**Common Size Statement of Comparative Balance Sheet**  
**For the Years ended December 2014 to 2016**

	2014	2015	2016
<b>Cash</b>	50.98%	17.59%	-11.41%
<b>In hand (Including foreign currencies)</b>	-2.03%	15.16%	16.98%
<b>Balances with Bangladesh bank and sonali bank (Including foreign currencies)</b>	63.52%	17.94%	-15.33%
<b>Balance with other banks and financial institution</b>	48.09%	-53.91%	95.21%
<b>In Bangladesh</b>	33.33%	-85.85%	501.61%
<b>Outside Bangladesh</b>	369.03%	143.55%	-50.78%
<b>Money at call and short notice</b>			
<b>Investment in shares &amp; securities</b>	27.53%	-13.05%	-13.20%
<b>Government</b>	28.97%	-13.29%	-13.41%
<b>Others</b>	-29.29%	4.19%	-0.92%
<b>Loans and advances/Investment</b>	15.48%	11.89%	33.77%
<b>Loans, cash credits, overdrafts/General Investments</b>	16.79%	14.15%	32.49%
<b>Bills discounted and purchased</b>	5.65%	-6.79%	46.72%
<b>Land, building, furniture and fixtures (Including leased assets)</b>	3.32%	-2.00%	0.08%
<b>Other assets</b>	-23.54%	2.47%	6.17%
<b>Total assets</b>	20.97%	2.53%	17.96%



<b>Borrowings from other banks, financial institutions and agents</b>	154.53%	-88.20%	146.89%
<b>Deposits and other accounts</b>	18.07%	3.68%	19.07%
<b>Current /Al-Wadeeah current and other deposit accounts</b>	32.51%	21.53%	27.91%
<b>Savings deposits/Mudaraba Savings Deposits</b>	35.27%	28.63%	278.17%
<b>Mudarabba/ Term and Fixed deposits</b>	5.89%	-14.30%	3.89%
<b>Other Deposits/ Mudarabba Deposits</b>	-78.26%	646.18%	-69.41%
<b>Bearer certificates of deposits</b>			
<b>Bills payable</b>	90.94%	-19.37%	456.39%
<b>Other liabilities</b>	-15.14%	13.35%	24.69%
<b>Subordinated Debt/Mudaraba bond</b>			0%
<b>Total liabilities</b>	20.91%	1.05%	20.13%
<b>Shareholders' equity</b>	21.76%	45.23%	0.35%

**Jamuna Bank Limited**  
**Common Size Statement**  
**For the Years ended December 2014 to 2016**

	2014	2015	2016
<b>Interest income</b>	5.66%	-4.92%	-2.01%
<b>Interest paid on deposits and borrowings</b>	1.05%	-7.20%	-12.84%
<b>Net interest income</b>	41.44%	7.69%	49.79%
<b>Income from investments</b>	-0.21%	16.97%	-1.21%
<b>Commission, exchange and brokerage Income</b>	5.26%	9.67%	17.09%
<b>Other operating income</b>	-5.23%	19.72%	12.53%
<b>Total operating income</b>	8.59%	13.47%	14.95%
<b>Salaries, allowances and other benefits</b>	13.77%	7.90%	19.54%
<b>Other operating expense</b>	12.58%	15.89%	- 296.03%
<b>Total operating expenses</b>	13.34%	10.79%	17.42%
<b>Profit before provision against loans and advances</b>	4.46%	16.00%	12.73%
<b>Total provision</b>	80.06%	16.96%	-13.24%
<b>Extraordinary gains and losses</b>	61.70%	18.37%	104.04%



<b>Profit before tax</b>	-19.27%	15.30%	28.91%
<b>Current Tax</b>	-53.89%	0.54%	85.38%
<b>Deferred tax</b>	-474.04%	28.17%	-62.58%
<b>Provision for tax</b>	-54.84%	0.02%	88.95%
<b>Net profit after tax</b>	18.20%	21.45%	9.02%

In above analysis, 2014 is the base year and 2015 & 2016 are the comparison year. All items on the balance sheet and income statements for the year 2014, 2015 & 2016 have been compared with the items of balance sheet and income statement for the year 2014.

The actual changes in items are compared with the expected changes. For example, if management expects a 20% increase in sales revenue but actual increases are only 7% in year 2015, 9% in 2016, it needs to be investigated.

## 4.10 Comparison of Jamuna Bank Limited ratios with its competitor Bank Asia ratios:

### 4.10.1 Proprietary ratio:



The proprietary ratio (also known as net worth ratio or equity ratio) is used to evaluate the soundness of the capital structure of a company.

$$\text{Proprietary ratio} = \frac{\text{Stockholders' equity}}{\text{Total assets}} \times 100$$

**Table- 8.1: Proprietary ratio**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Proprietary ratio	$\frac{\text{Stockholders' equity}}{\text{Total assets}} \times 100$	Stockholders' equity = 15,784,254,533.00 Total assets = 169,195,033,139.00	Stockholders' equity = 18,863,438,836.00 Total assets = 254,866,120,198.00	9.33%	7.40%

(Source: JBL and Bank Asia Annual Report: 2016)

### Findings about Proprietary ratio:

The proprietary ratio shows the contribution of stockholders' in total capital of the company. A high proprietary ratio, therefore, indicates a strong financial position of the company and greater security for creditors. A low ratio indicates that the company is already heavily depending on debts for its operations. In the year 2016,

Jamuna Bank has a proprietary ratio of 9.33% where Bank Asia has a proprietary ratio of 7.40%. So Jamuna Bank is in better and strong financial position compared to Bank Asia.

#### 4.10.2 Fixed assets to equity ratio

Fixed assets to equity ratio measures the contribution of stockholders and the contribution of debt sources in the fixed assets of the company.

$$\text{Fixed assets to equity ratio} = \frac{\text{Fixed assets}}{\text{Stockholders' equity}}$$

Information about fixed assets and stockholders' equity is available from balance sheet

**Table-8.2: Fixed assets to equity ratio**

Ratio	Formula	Jamuna		Jamuna Bank	Bank Asia
		Bank	Bank Asia		
Fixed assets to equity ratio	$\frac{\text{Fixed assets}}{\text{Stockholders' equity}}$	Stockholders' equity = 15,784,254,533.00 Fixed assets = 2,514,969,995.00	Stockholders' equity = 18,863,438,836.00 Fixed assets = 5,263,148,467.00	0.15	0.27

(Source: JBL and Bank Asia Annual Report: 2016)

**Findings about Fixed assets to equity ratio**

If fixed assets to stockholders' equity ratio is more than 1, it means that stockholders' equity is less than the fixed assets and the company is using debts to finance a portion of fixed assets. If the ratio is less than 1, it means that stockholders' equity is more than the fixed assets and the stockholders' equity is financing not only the fixed assets but also a part of the working capital. Here in ratio analysis, it shows that both the Jamuna Bank and Bank Asia is in better position as both ratios of the bank is less than 1. The ratio of Jamuna Bank is much lower than the ratio of Bank Asia, which indicates that Jamuna bank is in better condition than Bank Asia.

**4.10.3 Debt to Equity Capital Ratio:**

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Shareholders' Equity}}$$

**Table- 8.3: Debt to equity capital ratio**

Ratio	Formula	Jamuna Bank		Jamuna Bank	Bank Asia
		Bank	Bank Asia		
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Stockholders' equity}}$	Stockholders' equity = 15,784,254,533.00 Total liabilities = 153,410,778,606.00	Stockholders' equity = 18,863,438,836.00 Total liabilities = 236,002,681,362.00	9.72	12.51

(Source: JBL and Bank Asia Annual Report: 2016)

### Findings about Debt to Equity capital ratio:

The Debt to Equity Ratio is used to measure a company's financial leverage. The Debt to Equity ratio indicates how much debt a company is using to finance its assets relative to the value of shareholders' equity. A high debt to equity ratio generally means that a company has been aggressive in financing its growth with debt. Aggressive leveraging practices are often associated with high levels of risk. This may result in volatile earnings as a result of the additional interest expense. If the cost of debt becomes too much for the company to handle, it can even lead to bankruptcy, which could leave shareholders with nothing since creditors are paid first during liquidation proceedings.

From a pure risk perspective, lower ratios are considered better debt ratios. The Jamuna Bank has a lower debt to equity ratio than Bank Asia. So Jamuna Bank is in better condition in the market than Bank Asia.

#### 4.10.4 Total debt to Total Asset ratio:

Total debt to Total Asset ratio = Total debt / Total assets

**Table - 8.4: Total debt to Total Asset ratio**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Total debt to Total Asset ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	Total liabilities = 153,410,778,606.00 Total assets = 169,195,033,139.00	Total liabilities = 236,002,681,362.00 Total assets = 254,866,120,198.00	0.91	0.92

(Source: JBL and Bank Asia Annual Report: 2016)

### Findings about Total Debt to Total Asset ratio

The debt to total assets ratio is an indicator of financial leverage. It tells the percentage of total assets that were financed by creditors, liabilities, debt. Sometimes referred to simply as a debt ratio, it is calculated by dividing a company's total debt by its total assets. Higher debt ratios indicating higher degrees of debt financing. Whether or not a debt ratio is good depends on the context within which it is being analyzed. From a pure risk perspective, lower ratios (0.4 or lower) are considered better debt ratios. The Jamuna Bank has a lower Total debt to total assets ratio than Bank Asia. So Jamuna Bank is in better condition in the market than Bank Asia. It is a matter of consideration also the difference between the two ratios are low.

#### 4.10.5 Net Profit Margin:

$$\frac{\text{Net Income After Tax}}{\text{Total Operating Revenue}}$$

$$\text{Net Profit Margin} = \frac{\text{Net Income After Tax}}{\text{Total Operating Revenue}}$$

**Table - 8.5: Net Profit Margin**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Net Profit Margin	$\frac{\text{Net Income After tax}}{\text{Total Operating Revenue}} \times 100$	Net Income After tax=1,791,054,761.00 Total Operating Revenue=8,188,982,031.00	Net Income After tax= 1,644,066,246.00 Total Operating Revenue= 11,039,619,983.00	21.87%	14.89%

(Source: JBL and Bank Asia Annual Report:

2016)

#### *Findings about Net Profit Margin ratio*

Net profit margin is the ratio of net profits to revenues for a company or business segment. Typically expressed as a percentage, net profit margins show how much of each dollar collected by a company as revenue translates into profit.

The Jamuna Bank has a higher Net Profit Margin Ratio than Bank Asia. A high net profit margin means a company is able to control its costs that buy goods and services at prices significantly higher than it costs to produce or provide them.

#### 4.10.6 Return on Equity (ROE)

The return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholders' investments in the company. In other words, the return on equity ratio shows how much profit each dollar of common stockholders' equity generates.

$$\text{Return on Equity} = \frac{\text{Net Income After Tax}}{\text{Total Equity Capital}}$$

**Table – 8.6: Return on equity**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Return on Equity	$\frac{\text{Net Income After tax}}{\text{Total equity capital}} \times 100$	Net Income After tax= 1,791,054,761.00 Total equity capital= 15,784,254,533.00	Net Income After tax= 1,644,066,246.00 Total equity capital= 18,863,438,836.00	11.34%	8.71%

(Source: JBL and Bank Asia Annual Report: 2016)

### Findings about Return on Equity

ROE is more than a measure of profit; it's a measure of efficiency. A rising ROE suggests that a company is increasing its ability to generate profit without needing as much capital. It also indicates how well a company's management is deploying the shareholders' capital. In other words, the higher the ROE the better.

The ROE of Jamuna Bank is higher than Bank Asia. So, Jamuna Bank is in better condition compared to Bank Asia.

### 4.10.7 Return on Asset (ROA):

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings.

$$\text{Return on Asset} = \frac{\text{Net Income After Tax}}{\text{Total Asset}}$$

**Table – 8.7 Return on Assets**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Return on Asset	$\frac{\text{Net Income After tax}}{\text{Total assets}} \times 100$	Net Income After tax=1,791,054,761.00 Total assets= 169,195,033,139.00	Net Income After tax= 1,644,066,246.00 Total assets= 254,866,120,198.00	1.05%	0.64%

(Source: JBL and Bank Asia Annual Report: 2016)

### Findings about Return on Asset

Jamuna Bank has higher ROA compared to Bank Asia, which place the Jamuna Bank in better position than Bank Asia due to higher ROA.

#### 4.10.8 Degree of Asset Utilization

$$\text{Degree of Asset Utilization} = \frac{\text{Total Operating Revenue}}{\text{Total Asset}}$$

**Table - 8.9: Degree of Asset Utilization**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Degree of Asset Utilization	$\frac{\text{Total Operating Income}}{\text{Total assets}}$	Total assets= 169,195,033,139.00 Total Operating Revenue= 8,188,982,031.00	Total assets= 254,866,120,198.00 Total Operating Revenue= 11,039,619,983.00	0.048	0.043

(Source: JBL and Bank Asia Annual Report: 2016)

### Findings about Degree of Asset Utilization

The asset utilization ratio calculates the total revenue earned for every dollar of assets a company owns. Jamuna Bank has a higher ratio of degree of asset utilization compared to Bank Asia. This rise in Asset Utilization indicates that more and more assets are becoming exploited which is a good sign for the bank.

#### 4.10.9 Operating Efficiency ratio:

$$\text{Operating Efficiency ratio} = \frac{\text{Total Operating Expenses}}{\text{Total Operating Revenue}}$$



**Table - 8.9: Operating efficiency ratio**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Operating Efficiency Ratio	Total Operating Expense	Total Operating Expense= 3,964,261,581.00	Total Operating Expense= 4,852,162,381.00	2.07	0.44
	Total Operating Revenue	Total Operating Revenue=8,188,982,031.00	Total Operating Revenue=11,039,619,983.00		

(Source: JBL and Bank Asia Annual Report: 2016)

**Findings about Operating Efficiency Ratio:**

Bank Asia has lower operating ratio compared to Jamuna Bank. It implies that Bank Asia has not been able to efficiently utilize its revenues to cover the operating compared to Jamuna Bank. This decreasing trend reflects that the operating revenue of Bank Asia is increasing at a lower rate than the operating expense.

**4.10.10 Equity Multiplier**

$$\text{Equity Multiplier} = \frac{\text{Total Assets}}{\text{Total Equity Capital}}$$

**Table - 8.10: Equity Multiplier**

Ratio	Formula	Jamuna Bank	Bank Asia	Jamuna Bank	Bank Asia
Equity Multiplier	Total Assets ----- Total Equity Capital	Stockholders' equity = 15,784,254,533.00 Total assets= 169,195,033,139.00	Stockholders' equity = 18,863,438,836.00 Total assets= 254,866,120,198.00	10.72	13.51

(Source: JBL and Bank Asia Annual Report: 2016)

### *Findings about equity multiplier*

The equity multiplier is a straightforward ratio used to measure a company's financial leverage. The ratio is calculated by dividing total assets by total equity. A high equity multiplier indicates the company has been using more debt than equity to finance its asset purchases. Bank Asia has a higher equity multiplier compared to Jamuna Bank.

Generally, a lower equity multiplier indicates a company has lower financial leverage. It is better to have a low equity multiplier, because a company uses less debt to finance its assets. Jamuna Bank has low equity multiplier compared to Bank Asia.

## Recommendations

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

### Suggestions are-

- Current ratio is increasing so, JBL should keep its increasing the rate of current asset to hold the increase rate of current ratio.
- Net profit ratio is decreasing. It is very important to increase the net profit. By investing the capital more profitable sector, reducing non expenses and payoff the liabilities properly bank can increase the net profit ratio.
- Net operating margin ratio is also decreasing. So it should be increased by reducing the operating expense, enhancing the operating income and total assets.
- Return on equity is low so the bank should concern on more net profit after tax which should increase and total equity capital should reduce.
- Under Base III the minimum capital adequacy ratio is risk-weighted assets ratio (CRAR) of at least 10 percent. This is more than this requirement. So, its performance is strong over the last year. The bank should keep that on future.
- Return on asset is very low. That implies that the bank is more on debt compare to its income. So the bank should increase the fixed assets more to pay off its liabilities.
- Loan to deposit fall is attributable to a greater growth in deposit than loans which significantly improving the bank's liquidity position. So the bank should cautious in giving loans and assessing credit worthiness because of then on going funds crisis.
- Upward trend of the loans to total asset ratio indicate the downward trend for liquidity. So the bank should decrease the loan amount and increase the total asset for improving liquidity position.
- Top management must ensure the proper implication of IT in all branches. And most of all ensure proper communication with head office and other branches. They must train this people who have no knowledge about IT or online system in all branches. They should recruit some people in IT sectors.
- As JBL is a service providing organization, it should introduce new and dynamic services to serve the people and capture the target market. It is required to develop some effective motivational programs.

## Conclusion

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.

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#### **Others:**

- JBL Annual Report 2012-2016
- Financial Information on Jamuna bank Kuril Pragatishoroni Branch.

## Appendix

### Highlight of Financial Statement 2012-2016

#### Balance Sheet

<b>Balance Sheet</b>					
	<b>2012 (year)</b>	<b>2013 (year)</b>	<b>2014 (year)</b>	<b>2015 (year)</b>	<b>2016 (year)</b>
Total assets	109,256,297,539	115,640,448,653	139,895,425,330	143,434,017,011	169,195,033,139.00
Total liabilities	100,926,175,117	106,744,932,748	129,064,551,095	127,704,742,412	153,410,778,606.00
Shareholders' equity	8,330,120,314	8,895,513,884	10,830,874,235	15,729,274,599	15,784,254,533.00
Total liabilities and shareholders' equity	109,256,297,539	115,640,448,455	139,895,425,330	143,434,017,011	169,195,033,139.00
Book Value Per Share	18.56	19.82	20.99	25.61	25.70
Paid up capital	4,487,536,620	4,487,536,620	5,160,667,110	6,141,193,860	6,141,193,860.00

<b>Income statement</b>					
	<b>2012 (year)</b>	<b>2013 (year)</b>	<b>2014 (year)</b>	<b>2015 (year)</b>	<b>2016 (year)</b>
Net interest income	1,916,682,042	1,125,014,854	1,591,209,823	1,713,560,189	2,566,705,592.00
Total operating income	5,375,791,467	5,781,442,244	6,277,958,548	7,123,777,525	8,188,982,031.00
Total operating expenses	2,097,240,815	2,688,700,794	3,047,298,726	3,376,157,712	3,964,261,581.00
Profit before provision against loans and advances	3,278,550,652	3,092,741,450	3,230,659,822	3,747,619,813	4,224,720,450.00
Total provision	1,147,936,602	720,128,248	1,296,701,962	1,516,646,483	1,315,821,400.00
Profit before tax	2,109,808,840	2,349,764,275	1,897,010,483	2,187,237,231	2,819,661,012.00
Net profit after tax	1,040,316,878	1,144,478,934	1,352,735,589	1,642,852,574	1,791,054,761.00
Audited EPS	2.32	2.55	2.62	2.68	2.92



<b>Cash Flow</b>					
	<b>2012 (year)</b>	<b>2013 (year)</b>	<b>2014 (year)</b>	<b>2015 (year)</b>	<b>2016 (year)</b>
Net cash from operating activities	9,858,172,985	3,171,803,117	5,402,400,329	(3,267,215,432)	(4,466,965,523.00)
Net cash from investing activities	1,127,664,488	2,603,831,735	(5,635,823,183)	8,912,656,815	4,435,967,104.00
Net cash from financing activities	12,003,497,645	(14,039,191,325)	5,682,578,815	(6,255,130,299)	425,255,695.00
Net increase/(decrease) in cash and cash equivalents	22,989,335,118	(8,263,556,473)	5,449,155,961	(609,688,916)	394,257,276.00
Cash & Cash Equivalents at beginning of the year	26,870,477,002	49,859,812,120	10,930,922,727	16,380,078,691	15,770,389,776.00
Cash and cash equivalents at end of the year	49,859,812,120	41,596,255,647	16,380,078,688	15,770,389,775	16,164,647,052.00

## Financial Statements of Bank Asia (Annual)

<b>Balance Sheet 2016 (Year)</b>	
Total assets	254,866,120,198.00
Total liabilities	236,002,681,362.00
Shareholders' equity	18,863,438,836.00
Total liabilities and shareholders' equity	254,866,120,198.00
Book Value Per Share	21.41
Paid up capital	8,812,599,100.00

## Income Statement

Net interest income	4,187,652,594.00
Total operating income	11,039,619,983.00
Total operating expenses	4,852,162,381.00
Profit before provision against loans and advances	6,187,457,602.00
Total provision	2,745,348,756.00
Profit before tax	3,442,108,846.00
Net profit after tax	1,644,066,246.00
Audited EPS	1.87

## Cash Flow

Net cash from operating activities	5,363,307,992.00
Net cash used in investing activities	6,003,055,236.00
Net Cash used in financing activities	(1,377,317,717.00)
Net increase/(decrease) in cash and cash equivalents	9,989,045,511.00
Cash & Cash Equivalents at beginning of the year	24,482,870,715.00
Cash and cash equivalents at end of the year	34,471,916,226.00