Internship Report

On

Financial Performance Analysis of Janata Bank PLC

Supervised By

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Letter of Transmittal

Date: 15-02-2024

To
Professor Dr. Md. Abdur Rouf
Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report.

Dear Sir,
With due respect, I would like to submit the report on, " Financial Performance Analysis of Janata Bank PLC". This report is a crucial component of my BBA coursework and I completed my internship at janata bank PLC Savar corporate branch. The experience has greatly enriched my understanding of financial performance evaluation, aligning my academic learning with practical experience. I am optimistic that this report will be value to both the academic community and the banking industry.

I want to express my sincere appreciation for your guidance and support throughout my internship.

Sincerely yours

MD. Mahadi Hasan

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Md. Mahadi Hasan
ID: 201-11-1116
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Declaration

I confirm that the internship report on "Financial Performance Analysis of Janata Bank PLC"winchI have submitted to Daffodil International University is a product of my own work.

I completed this report under the supervision of Dr. Md. Abdur Rouf, Professor, Department of Business Administration, Daffodil International University.

I acknowledge that the contents of this report accurately reflect my effort and experience gained during the internship period and all the information provided is accurate and up-to-date.

MD. Mahadi Hasan

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ID: 201-11-1116
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Approval of Internship Report

This is to notify that Md. Mahadi Hasan, ID: 201-11-1116, has prepared this internship report entitled " Financial performance Analysis of Janata Bank PKC" under my guidance , I hereby approve this internship report. Ths is to partially fulfill a BBA degree major in accounting under the Department of Business Administration of Daffodil International university

I wish him every moral success in life.

Professor Dr. Md. Abdur Rouf
Professor in Accounting
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

ACKNOWLEDGEMENT

Thank you to Almighty Allah for guiding me through my internship report. Special thanks to Professor Dr. Md. Abdur Rouf for his invaluable supervision. Gratitude to all my teachers for there guidance. My heartfelt thanks to my branch supervisor at Janata Bank PLC. Many thanks to the assistant General manager at Janata Bank PLC savar corporate branch for his continuous support.

Executive Summary

This study is an endeavor to conduct with the objective of analyzing the financial performances of Janata Bank PLC. The main purpose of this paper is to find out the real scenario of financial performances of JBL through a comparative analysis.This report examines the financial performances of five years from 2017 to 2021 of Janata Bank PLC. Annual reports and other disclosures of JBL published in its website are used as the main source of data. Besides, some information directly collected from Savar Corporate Branch and some disclosures published by Bangladesh Bank are also used in this report. This report has basically been conducted through Ratio Analysis & Comparative analysis. In ratio analysis, five types of ratiohave been used. They are Liquidity ratio, Profitability ratio, Leverage ratio, Management efficiency and activity ratio and Credit risk ratio. The actual scenario of financial performances over the years of JBPLC has critically been analyzed by comparing with other peer Institutions. For measuring and comparing financial performances on basis of capital adequacy, asset quality, management capacity, earnings ability and liquidity of JBPLC and other banks, CAMEL rating analysis has been used.

In this report, I have found that the financial performances of JBL are quite well compared with other banks. Operating profit of JBL has been increasing gradually. And the net profit of JBPLC has been also increasing compared with the last few consecutive years. I have also found that the operating expenses and NPL of JBPLC have been increasing consecutively over the last few years. This increasing trend of operating expenses and NPL indicate to the lack of management inefficacy JBPLC.

I have suggested some remedial measures for JBPLC including taking new policies and strategies to reduce classified loan as well as to increase overall performing assets, investing in thrust sector like SME, adapting green banking activities and ensuring facilities of educational and training programs for the employee to overcome this difficult situation. Besides, the management should be more concerned about proper monitoring on recovery of classified loans and advances.

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Chapter-01: Introduction

1.1 Introduction

Janata Bank PLC is a financial institution in Bangladesh . It was established in 1971 following the liberation of Bangladesh and has grown to become on of the country's leading banks, offering a wide range of financial service to individuals business and the government . The bank aims to provide innovative and customer eccentric solutions, leveraging technology and dedicated workforce to ensure the best possible banking experience. Janata Bank PLC committed to promoting financial inclusion, supporting economic growth and contributing to the development of Bangladesh.

1.2 . Objectives of the Report

The objective of this report to elucidate its purpose and underscore its aims. These objective can be categorized into tow main aparts as follows primary objectives the primary aim of this report is to conduct a detailed financial performance analysis of Janata Bank PLC.

b. Specific objectives:

i) To understand the financial performance analysis tools of Janata Bank PLC
ii) To analysis the financial performance of Janat Bank PLC
iii) To find out some problems and recommendation of Janata Bank PLC

1.3 Methodology of the Report

i. Data Collection: The data is collected from several relevant sources of the study.

These are:

i) Annual Financial Reports (2017-2021) of Janata Bank Limited.
ii) Various publications and articles on financial performance analysis.
iii) Websites of the Janata Bank and few other related websites and blogs.
iv) Several Disclosures of Bangladesh Bank.

i. Data analysis: The study utilizes analytic research methods considering both qualitative and quantitative data, quantitative data sourced from Janata Bank's annual report of the year 2017-2021, used Microsoft word, and excel to analyze the performance with the help of different charts. These following techniques were employed:

1.Ratio Analysis
2.Trend Analysis
3.Common size Analysis
4.Comparative Statement Analysis
5.Funds Flow Analysis
6. Diagrammatic and Graphic Presentation of Financial Data.

1.4 Limitations of the Report

Some limitations I have found are:

i) Short time span: The three month internship period made it difficult to creatre a comprehensive report on Janata Bank PLC's financial performance.

ii) Data access: Janata Bank PLC's confidentiality measures restricted access to branch specific data limiting the report depth on breadth.

Chapter -02: Literature of Review

2.1 Literature Review

Samina (2013) analyzed financial performances of 5 private conventional banks in Bangladesh forthe period 2006-2011. She used the very simple method of ratio analysis in her work. She stated that ratio analysis has the advantages of removing the disparities and making the data more comparable. She has used a descriptive financial analysis to describe, measure, compare the financial performances of the selected commercial banks. (Samina 2013)

These authors used different types of method to analyze the financial performances of a large number of banks at a time. I have also prepared this report to analyze the financial performances of JBL with various analysis tools.Besides to get a clear scenario,I have also compared the performances of JBL with other nationalized and private banks.

2.2 Financial Performance Analysis-Concepts

Financial performance analysis is a process of evaluating a company's financial health and operational efficiency by examining various financial metrics and ratio. The purpose of the analysis is to assess how well a company is using its resources to generate profit and cash flows, manage risks, and create value for its stakeholders

2.2.1 Techniques of Financial Appraisal

The financial appraisal of a company or project involves the evaluation of its financial statements and other relevant information to assess its financial performance, health, and potential for future growth. Various techniques are used for financial appraisal, including the following :

1. Ratio Analysis
2. Trend Analysis
3. Common size Analysis
4. Comparative Statement Analysis
5. Funds Flow Analysis
6. Diagrammatic and Graphic Presentation of Financial Data.

Chapter -3:
Profile of Janata Bank Limited

3.1 Overview of Janata Bank Ltd.

A. Background

Janata bank PLC is a commercial bank in Bangladesh. It was established on 15th November 2007 under the bank company act of 1991. The bank was created as a result of the merger and nationalization of tow Bangladesh bank which are Janata bank and United commercial bank ltd. The purpose of the merger was to create a strong more efficient bank. Jnata bank PLC has being operating as a fully state own bank, with Bangladesh government holding a 100% share in the bank.

B.Inception

Janata bank PLC is a commercial bank in Bangladesh. It started in 1956 as the united bank of Pakistan, the first Bangladeshi owned bank. After independence it become sonali bank now the country's largest commercial bank. On November 15,2007, it transitioned into a public limited company as a janata bank LTD.

C. Corporation

Janata Bank PLC is commercial bank in Bangladesh that operates under the supervision of the bank of Bangladesh. It was established in 2007 and is a public LTD company listed on the Dhaka stock exchange and chitchatting stock exchange.

D. Roundup

janata bank PLC the 2nd largest commercial bank in Bangladesh, operates with branch across the country including United Arab Emirates. Its headquarter is also located in Dhaka. Its has a rich heritage of service the society since the country's Independence.The banks contribute to the national economy and social reforms have been recognized with numerous prestigious award from natonal and international organization.

3.2 Mission of Janata Bank PLC

Janata Bank PLC missions to provide innovative financial solutions, maintain high ethical standards, and be a catalyst for economic growth and social development.

3.3Vision of Janata Bank Limited

Janata Banks vision to become a leading financial institution that promotes financial inclusion technological advancement and sustainable growth .

3.4 Strategic Objectives of Janata Bank Ltd.

Strength	Brands	Core Values
i) Nationwide networks, 908 branches ii) Foreign Network 4 branches iii) Relationship management application 598 iv) Increase of inward remittance v) State owned image vi) Market reputation viii) Global recognition ix)Strong deposit b	i) IT based delivery channels ii) Easy access to customers iii) Quality and responsive staff iv)Service with competitive cost v) Business diversification vi) Professionalism	i) Professionalism ii) Growth iii)Diversity iv)Dignity v) Accountability vi) Integrity

Limited A. Products of JBL

Deposit Product	Loan & Advances
i.Current& Call Deposits ii.Savings Bank Deposits iii.Monthly Scheme Deposits iv.Term Deposits v.Special Notice Deposit	i.Term Loan ii.Small and Medium Enterprise Loan iii.Continuous Loan iv. Rural &Agro Credit v.Poverty Alleviation Program vi.Specialized Loan Program

B. Services of JBL

<table>
<tr><td>Corporate Banking</td><td colspan="2">International Trade</td></tr>
<tr><td>i)ATM
ii) Automated Branch Banking
iii) Green Banking
iv) e-GP Payment Service
v) OMIS(ERP)
vi) PMIS
vii) BEFTN User Manual
Modern Banking
i) Online Banking</td><td>Foreign Remittance
i) Facilities Offered to the Remitters
ii) Our Taka Remittance Arrangement
iii) Our Subsidiaries
iv) Taka Drawing Arrangement/ Exchange Houses
v) Online Forex Trading</td><td>Export
i) Export Finance
ii) Export Products
iii) Export Oriented Loan
iv) Export Performance

Import
i) Import Products
ii) Import Performance
iii) Treasury & Capital
iv) Investment Portfolio</td></tr>
</table>

3.5 Work Experience during Internship Program

During three month internship at janata bank savar corporate branch, I had the privilege of collaborating with skilled professionals, gaining hands on experience and practical knowledge. I was punctual arriving ten minutes before the official start time each day. My responsibilities included assisting clients providing scheme information and organizing documents. Despite the short time frame, I gained insights into various banking operations built lasting relationship colleagues and developed valuable skill. This experience has greatly contributed to my professional growth.

Chapter - 4
Financial Performance Analysis of Janata Bank Ltd.

4.1 Review of JBL's Financial Performance

Janata Bank PLC is a leading state owned bank, had a successful year in 2021 despite sector wide challenge. It reported and operating profit of BDT 10,024 million and a net profit of BDT 3003 million. Deposits rose ton BDT 699.657 million. Deposits rose to BDT 9065 million in taxes. Income was mainly driven by increased interest and non interest income, while provision decreased resulting in higher profit afrer tax BDT 143 in the previous year.

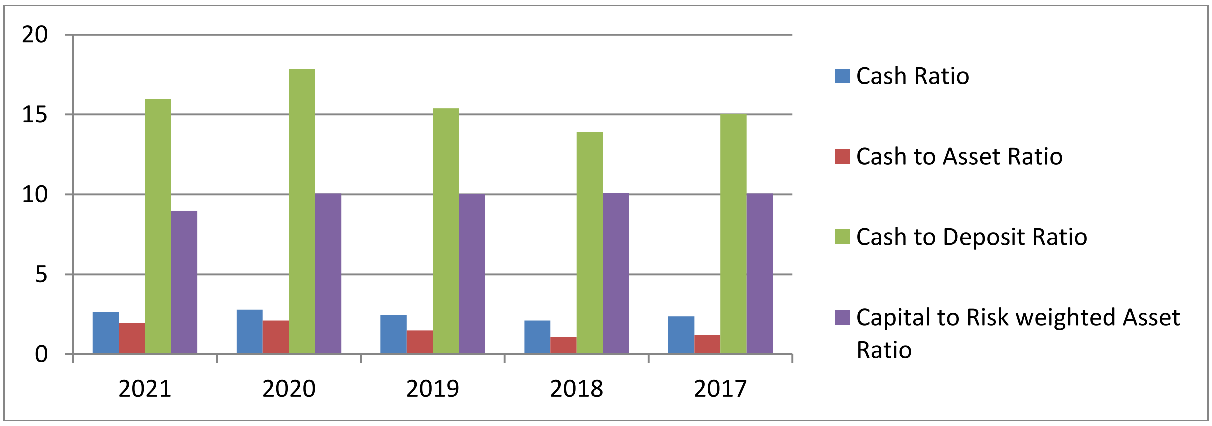
4.2 Ratio Analysis

4.2.1 Liquidity Ratios

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

Quick Ratio $= \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$

No.	Year	2021	2020	2019	2018	2017
1.	Cash Ratio	2.64%	2.79%	2.45%	2.10%	2.36%
2.	Cash To Asset Ratio	1.94%	2.10%	1.49%	1.09%	1.21%
3.	Cash to Deposit Ratio	15.97%	17.84%	15.38%	13.91%	15.02%
4.	Capital to risk weighted asset ratio(CRAR)	8.98%	10.05%	10.03%	10.09%	10.06%



The figure above indicates that JBL maintains a good Cash Ratio and Cash to Asset ratio. Though both these ratio has been decreased compared to last years, these ratio had an increase over the last few consecutive years.These ratios say that JBL has an ability to meet the short term liabilities by using its cash and cash equivalents. JBL also maintains strong cash to Deposit ratio to meet the demand of depositors. According to BASEL III,JBL has been able to keep Capital to Risk Weighted Ratio (CRAR) above 10% consistently over the last few years except for 2021 which was due to increase of RWA and transfer of BDT 4,800.00 million to the appointed provision from retained earnings as per the instructions of Bangladesh Bank. All in all, we can say PLC has the might to face challenges of credit, market and operational risks.

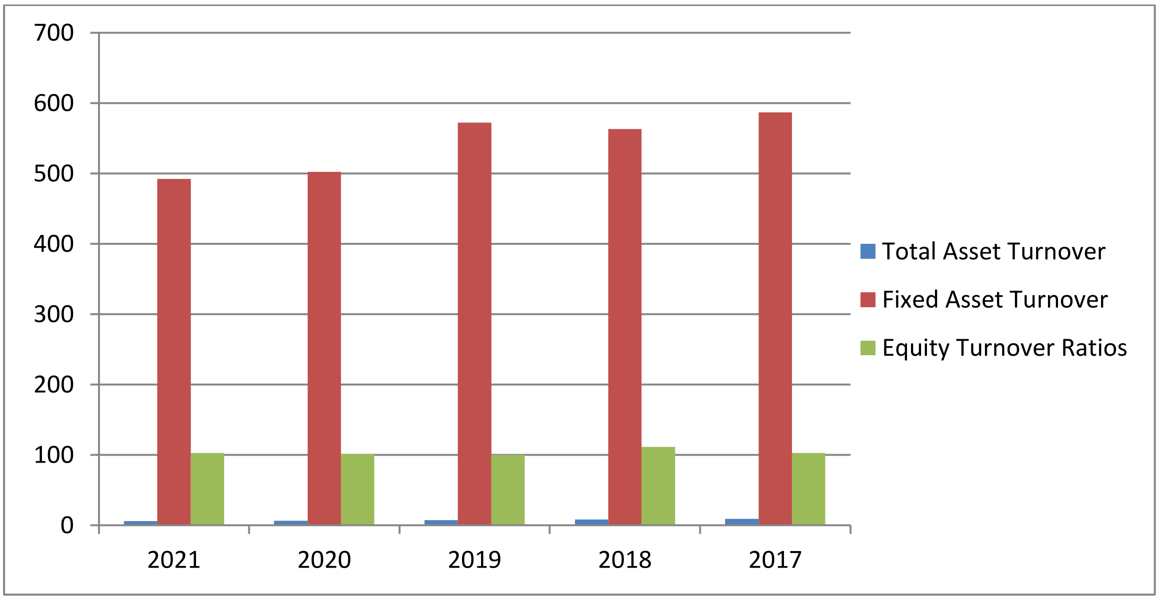
4.2.2Asset Activity and Efficiency Ratio

$$\text{Total Asset Turnover} = \frac{\text{Net Revenue}}{\text{Average Total Assets}}$$

$$\text{Fixed Asset Turnover} = \frac{\text{Net Revenue}}{\text{Average Fixed Assets}}$$

$$\text{Efficiency Ratio} = \frac{\text{Non-Interest Operating Cost}}{\text{Net Interest Income} + \text{Non-Interest Income} - \text{Provision for Credit losses}}$$

No.	Particulars	2021	2020	2019	2018	2017
1.	Total Asset Turnover	6.07%	6.62%	7.44%	8.49%	9.17%
2.	Fixed Asset Turnover	492.62%	502.56%	527.47%	563.48%	586.85%
3.	Equity Turnover Ratios	103.01%	101.46%	100. 34%	111.34%	102.88%

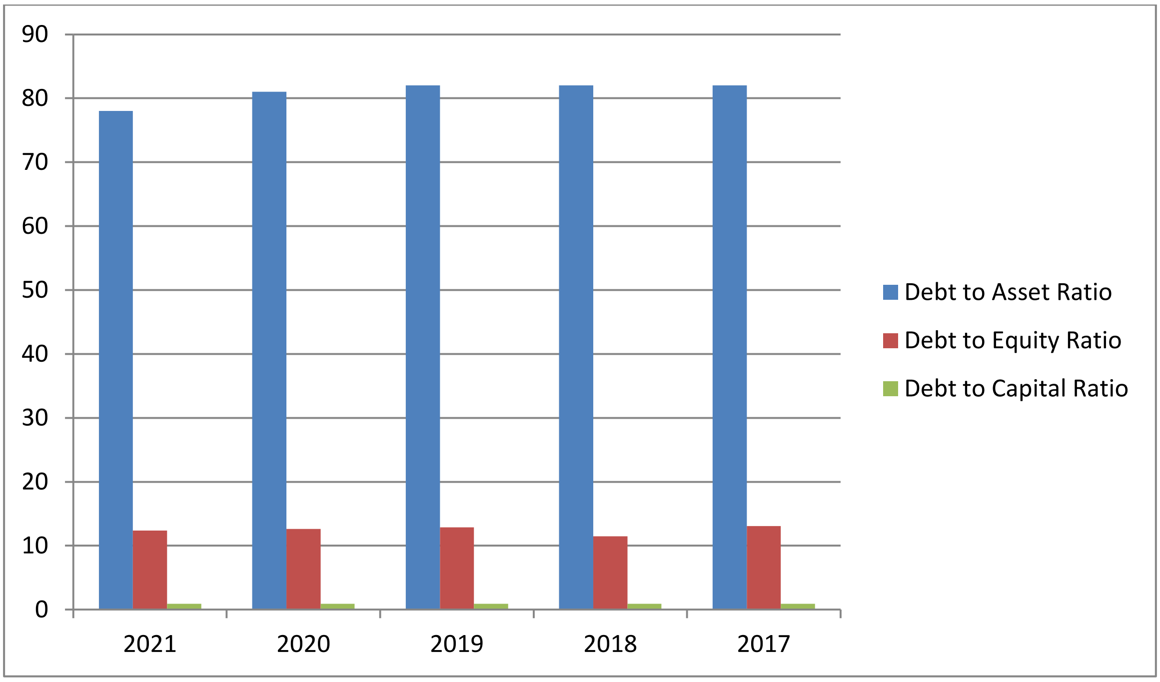


Total Asset Turnover as well as Fixed Asset Turnover of JBL has decreased year by year.This indicates that the efficiency of JBL's use of its assets in generating interest revenue has been increasing over the years. Both these ratio indicate the effectiveness of the using of its total asset as well as fixed asset to earn a high profit margin. JBL has been also able to maintain an average Equity Turnover Ratio. This quantifies that JBL has a strong ability to generate interest income from its equity investment. This also reflects the efficiency of JBL's Equity management.

4.2.3 Leverage Ratio

$$\text{Leverage Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

No.	Particulars	2021	2020	2019	2018	2017
1.	Debt to Asset Ratio	78%	81%	82%	82%	82%
2.	Debt to Equity Ratio	12.38	12.64	12.86	11.48	13.08
3.	Debt to Capital Ratio	0.93	0.93	0.93	0.92	0.93

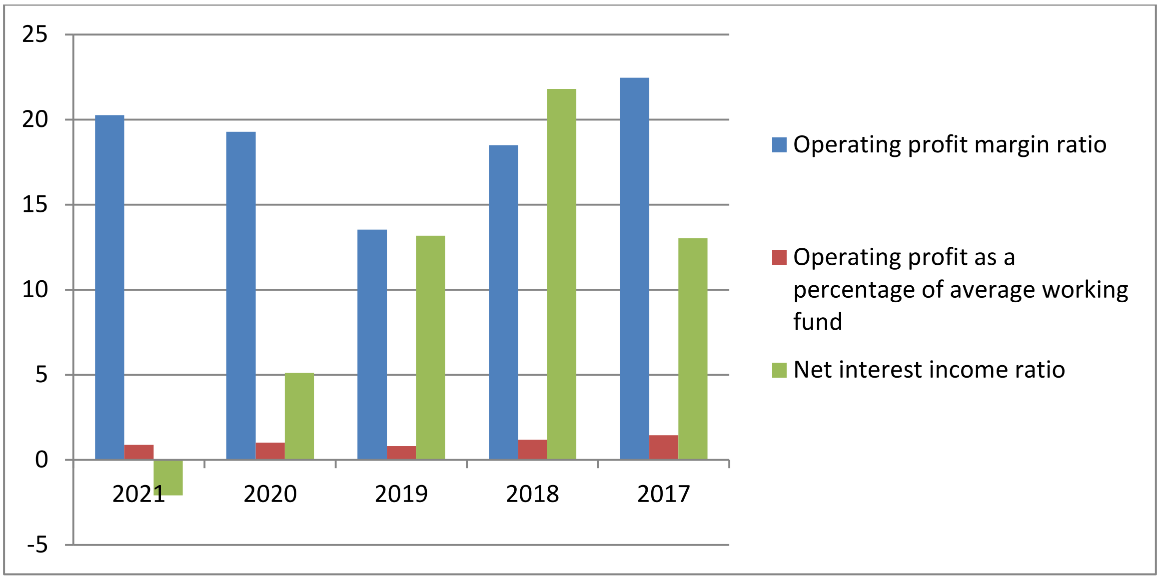


The figure above quantifies that the Debt to Asset Ratio of JBL is quite well. This ratio has been decreasing that indicates that the amount of total liabilities that are financed by depositors and other creditors are decreasing against total assets of this bank.This refers its efficiency and effectiveness.JBL has a strong Debt to Equity Ratio of average 12 that indicates the soundness of long term financial policies of this bank. This ratio shows a strong relation between external equity (Debt) and internal equity (Shareholders' equity) where debt is 12 times greater thanshareholder's equity.This shows the strong policy and management of JBL.JBL also has a goodDebt to Capital ratio of around 0.93. This shows JBL's strong capital structure,financial solvency and degree of leverage.

4.2.4 Profitability Ratio

$$\text{Profitability Ratio} = \frac{\text{Profit Metric}}{\text{Revenue}}$$

No.	Particulars	2021	2020	2019	2018	2017
1.	Operating profit margin ratio	20. 26%	19. 28%	13.53%	18. 48%	21. 46%
2.	Operating profit as a percentage of average working fund	0. 87%	1. 01%	0. 81%	1. 17%	1. 44%
3.	Net interest incomeratio	(2.09%)	5. 11%	13. 16%	20. 79%	14. 01%

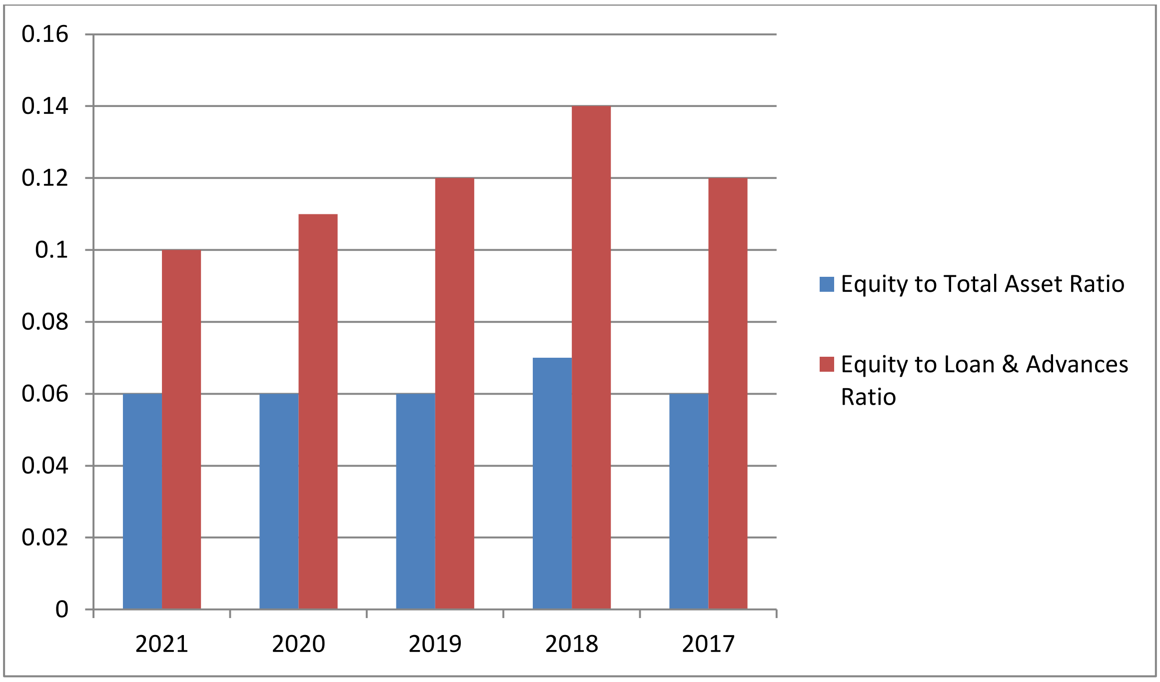


The figure above reflects that the percentage of profit of JBPLC produces its operations, prior to subtracting taxes and interest charges, has been decreasing since 2017 until 2020 when it started to rise again. This ratio indicates us that JBPLC might be managed well by its management. Besides, Operating profit as a percentage of average working fund ratios indicates that JBPLC has performed decent in earning from its operations net of the operating expenses for every Taka spent on working funds. On the other hand, JBPLC has faced a negative net interest income ratio against its total earning assets in the last year. This tells us that JBPLC has not well performed in at investing in loans and investments in comparison to its expenses on the same investments. This negative ratio also indicates that JBPLC has not made a judicious investment as interest expenses surpass the returns generated by its investments (Deposits and other account).

4.2.5 Credit Risk

Credit Risk = Default Probability × Exposure × Loss Ratio

Particulars	2021	2020	2019	2018	2017
Equity to Total Asset Ratio	0.06	0.06	0.06	0.07	0.06
Equity to Loan & Advances Ratio	0.10	0.11	0.12	0.14	0.12



This figure tells about the amount of equity JBPLC has from 2017 to 2021. It denotes that JBPLC owned average 0.6 times of its total assets over the years. This portion of total assets is financed by its shareholders'. This figure also tells us about the Equity to Loan & Advances. Shareholder investors of JBPLC' owned 0.10 to 0.14 times of its total investments in loan and investment sectors.

Chapter-05:

Findings, Recommendations and Conclusions

5.1 Findings

From the study I have found some major findings.

- Operating profit of JBPLC has been decreased from 2017 to 2019, then began rising. This influenced EPS,which mirrored the trend JBPLC's net interest margin declined consistently turning negative in 2021. Net assets along with shareholders found increased steadily. JBPLC maintains an increasing level of regulatorycapital and an average CRAR in all the working years except in 2021.
- JBPLC's deposits and loan grew by an average of 4.02% but its earning to earning asset ratio declined of 6.73% in 2021.While JBPLC historically earned more from export trade ,earning from import are now rising . In 2021, **JBPLC**has faced a negative growth of 0.45% in total revenue to total expenses ratio. But JBPLC's earning from loans and advances have a positive growth of 6.13%
- JBPLC's **amount** of non-performing loan has decreased in 2021 than that of 2020. In 2021, JBPLC'SNPL was 33.72 of its total loan and advances while it was 16.74% in 2020. In 2021, JBPLC has maintained a positive current asset.
- JBPLC's profitability ratios,including return on average asset return On Asset (ROA) and Return On Equity (ROE), all these are declining year by year. These indicate JBPLC's inefficiency in their management and policies. JBPLC 's net profit per employee has also been decreasing. In 2020, Net profit per employee was 0.01 billion. But in 2021, it was 0.25 million. This indicator suggests a proper management in human resource management. Others suggest Inefficiency.
- JBPLC's management inefficiency is seen in liquidity and regulatory ratios. While historically the current ratio stayed above 2, it dipped slightly in 2021 , along with declining CRR and SLR ratio . Despite rising yields on loans and fund cost decreased ,signaling s shrinking presence in the Bangadeshi banking industry. Deposit income decline both the cost to income ratio and administrative cost of JBPLC consistently rose

5.2 Recommendations

From this analysis above, I have identified some problems. Increasing amount of classified loan, NPL provision, operating expenses, net profit per employee, decreasing total operating income, net profit per employee, net profit after tax are some among of these. Here are some remedial measure are given as recommendation for JBPLC to overcome this barriers.

Janata Bank PLC has to set some strategic priorities and targets both short and long, for the next years and putting special emphasis on the following:

- Net interest margin of JBL has been decreased in 2021 by large amount compared with initial years in this study. So, JBPLC should invest in thrust sector (power, infrastructure, LPG and SME).
- Strengthen corporate governance, transparency accountability.
- To increase the amount of net profit after tax, JBL should give the highest importance in the Bank's internal audit and system audit.
- To reduce net expenses per employee as well as to increase net profit per employee JBPLC must increase capacity of Officers through training both National and International.
- Boost employee training accelerate automation and lunch online banking to reduce ney expense and improve profit per employee and branch.
- JBPLC's cost of fund has been increased throughout the working years. So it should optimize the funding mix to reduce the cost of fund.
- Traditional banking system is one of the main reasons of decreasing level of profitability. JBPLC should integrate green banking into banking activities.
- Loan to asset ratio of JBPLC is higher in amount. It should practice better risk management to minimize business risks.

I am very much optimistic that by following these measures Janata Bank Limited will be able to sustain the impetus of progress in the next financial years also combating all the challenges to come.

3 Conclusions

Janata Bank a state owned commercial bank of Bangladesh has witnessed remarkable growth since its inception in 1971, With its now exceeding Taka 860,000 million. It played a significant role in the growth of the Bangladesh industry and privet sector. In 2021 it earned an operating profit of Taka 10,024 million, with total deposits and loans increasing by 4.02% and 16.13% respectively. Janata Bank also prioritizes corporate social responsibility focusing on customer satisfaction, stockholder relationship and technological advancement for optimum returns and depositor safety.

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