Internship Report on

Financial Performance Analysis of Jamuna Bank PLC.

Submitted To

Ms. Sabrina Akhter
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Submitted By

Md. Hossainur Rashid
ID: 113-11-320
Major in Finance
Bachelor of Business Administration (B.B.A.)
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

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Letter of Transmittal

02nd December, 2024

Sabrina Akhter
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Requesting acceptance of my internship report.

Respected Mam,

My internship required me to finish the "Financial Performance Analysis of Jamuna Bank PLC." report. I'm glad to inform you that my report on my internship is complete, and I'm grateful that I can share it with you.

To the best of my ability, I collected relevant and informative facts for this study. It has been an amazing experience for me to work on this subject. I attempted to prepare an engaging and comprehensive report in the limited time and resources available.

Lastly, I would want to express my gratitude for giving me the opportunity to refine my skills and learn about career development and training, all of which will be helpful to me in the future. I think you will find this report adequate to meet the requirements for a B.B.A. internship.

Sincerely Yours,

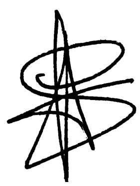
Hossain

Md. Hossainur Rashid
ID: 113-11-320 (Major in Finance)
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Certificate of Approval

This certifies that it has been recommended for submission and presentation of the internship report, **"Financial Performance Analysis of Jamuna Bank PLC."**, submitted by **Md. Hossainur Rashid**, **ID: 113-11-320**, Major in Finance, as required by the B.B.A. program under the Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University.

Md. Hossainur Rashid is not only a superb student but also a decent and moral person. I have genuinely enjoyed working with him. I hope everything in life goes well for him.



Sabrina Akhter
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Student Declaration

My name is **Md. Hossainur Rashid**. I can now state with confidence that the work I submitted for my internship report has never before been submitted for recognition to an academic degree to any other university, institution, or organization. No copyright exists for the work I've done, and nothing in my report has been copied utterly from previously completed degree-granting or other projects.

I further attest that the work was produced only to fulfil my academic obligations. It cannot be used to the advantage of the company's approach.

Md. Hossainur Rashid
ID: 113-11-320
Program: B.B.A (Major in Finance)
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgement

Before anything else, I want to express my gratitude to Almighty Allah for enabling me to finish my internship and write this report. Without his blessing and guidance, this endeavor would not have been possible to complete.

In addition, I want to thank my parents for helping me along the way as I pursued my BBA. Their love and support is what makes it possible.

I also want to express my gratitude to Ms. Sabrina Akhter, who oversaw my internship, for her great help and continuous support. Her well-informed recommendations and helpful critiques were invaluable in helping us to design our study.

In order to properly compile this report, I would like to thank everyone who provided me with relevant information and company data. Without their assistance and hard work, this work would never have been possible.

Executive Summary

To get a Bachelor of Business Administration (BBA) from Daffodil International University, one must complete the internship program. Every pupil has to complete the necessary number of credit hours.

The banking industry in Bangladesh is essential to the country's economy. There are sixty schedule banks functioning in this nation at the moment. One of the well-known private commercial banks, Jamuna Bank Limited, has been in business since 2001 and has already won the confidence and trust of the public with its excellent customer service. The "Financial Performance Analysis of Jamuna Bank PLC" is the main topic of this study. An understanding of the financial performance analysis of Jamuna Bank Limited will be provided by this report.

As an intern, I completed a number of duties and obtained data that may improve the report. This information was crucial to me since it allows me to put the knowledge I gained to use.

In Chapter 1, My discussion included the report's background, sources of information, objectives and limitations.

In Chapter 2, I've shared information about the general overview of Jamuna Bank Limited, as well as its mission, vision, core values, strategic priorities, and product-service offerings.

In Chapter 3, I have examined Jamuna Bank PLC's financial results. I have examined Jamuna Bank Ltd. on the basis of ratio analysis. I've made an effort to offer a thorough analysis of the bank's financial performance using information from the annual report for 2018–2022.

In Chapter 4, I've included the findings, Recommendations, and Conclusion for the financial performance of Jamuna Bank Limited.

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CHAPTER ONE

INTRODUCTION

CHAPTER-1: INTRODUCTION

1.1 Introduction

To the foundation of the world economy, banks provide the funds needed for infrastructure, innovation, job creation, and general prosperity. In addition to their impact on individual consumer purchasing, banks also play a significant role in the development of whole sectors. One of the most significant economic activities in the world is recognized to be the operations of banks. Banks and other financial institutions are obviously required in any activity requiring investments and financial resources. In this sense, banks play a key role in the economy. Money, financial instruments, financial institutions, rules and regulations, and financial markets are the five main components that make up the financial ecosystem of any given country. Banks are the most important and active actors in the financial system among all the other financial entities. Bangladesh's banking sector is important to the country's economy. Banking institutions are becoming more and more important in today's world. Without banks, contemporary economic activities become slow and pointless. Furthermore, financial institutions are essential to a nation's progress. For example, banks are involved in creating jobs, supporting business owners, promoting capital, and many other things. The World Bank has grown to be a major financial middleman in the modern era. Financial intermediaries, such as banks, facilitate the transfer of funds from surplus to deficit economic units. Since the early 1990s, various steps have been taken to improve the money market's competitiveness and effectiveness, loosen unwelcome regulations, and alter lending laws in order to build Bangladesh's banking sector on a foundation that will support the nation's economic situation. We may see that the banking sector has undergone changes recently due to a number of causes, including globalization, technological advancement, and deregulatory measures. Thus, in the era of globalization, the development of banking should undergo a substantial shift in response to Bangladesh's rise. The bulk of the banking industry is now comprised of several privately owned commercial banks, Jamuna Bank is one of them.

1.2 Background of the study

The internship program is the most crucial time for a student pursuing a BBA. The three-month internship program offers the finest learning opportunity to become familiar with the organization and learn how to adapt to the environment like a competent employee. An intern's experience gained throughout their internship will help them become more knowledgeable and polished in their future careers. I finished my internship at the Dakshinkhan branch of Jamuna Bank Limited. I had experience in a variety of areas.

My academic supervisor assigned me this study, which is titled "Financial Performance Analysis Jamuna Bank PLC."

1.3 Objectives of the study

Our study's primary goal is to get knowledge about the real business environment. More precisely, we are attempting to comprehend Bangladesh's banking sector. I had worked in several Department of Jamuna Bank Ltd, Sonargaon Road Branch. I will attempt to provide an overall review of Jamuna Bank Ltd.'s operations in this report, with a particular emphasis on the branch's and the bank's overall financial prospects. I gathered Jamuna Bank Limited's yearly reports (2018-2022) and examine them to gain insight into the bank's operations. The following are the study's primary goals:

- To comprehend the foundation of Jamuna Bank's financial results.
- To use a range of ratio examines to evaluate the Jamuna Bank's financial performance over time.
- To identify the problems with the financial performance of Jamuna Bank.
- To provide possible recommendations in accordance with the results.

1.4. Methodology of Data Collection

The report is primarily descriptive. It is crucial to acquire data in order to generate reports. Data from both primary and secondary sources were used to compile the information. Considering the necessary data, it was gathered internally from Jamuna Bank Limited's Corporate Division.

1.4.1 Primary Sources

Primary data is a source of data that is acquired to attain a specific objective. Throughout my three-month internship at Jamuna Bank, I spoke with the supervisor and other staff members while gathering data directly from the officers. Working with Jamuna Bank PLC gave me the chance to gather relevant information for this study.

1.4.2 Secondary Sources

Secondary data is a source of data which have been collected by using external factors. The information that is related to the JBL bank has been collected through:

- The Jamuna bank's official website
- Official Facebook page.
- Various publications.
- Different articles.
- Examine a number of articles about the significance of financial analysis online.
- Study on Annual reports (2018-2022) of Jamuna Bank which are related to this report topic available on the internet.

1.5 Limitations of the Study

• Three months is insufficient time to properly comprehend how each branch operates.

• Concerningly, officers are too busy to work with me.

• The bank has a policy of withholding certain potentially useful data and information.

• Because of the uncertainty, officers can be reluctant to give honest information about their operations.

• Bank employees are rarely involved; they were unable to provide sufficient open-door discussion.

• No information pertaining to legal movement was provided.

• The organization's rules and limitations made it impossible to provide detailed information.

• One workstation is insufficient as a comprehensive study space for financial systems.

CHAPTER TWO

OVERVIEW OF JAMUNA BANK PLC.

CHAPTER-2: OVERVIEW OF JAMUNA BANK PLC.

2.1 Overview

A banking institution called Jamuna Bank Limited (JBL) was established in accordance with Bangladesh's 1994 Companies Act. The bank began operations on June 3, 2001. By share, Jamuna Bank is a public limited bank. The bank met Bangladesh Bank's capital sufficiency criterion and achieved outstanding performance during the first eighteen years of existence. The bank now operates 141 locations throughout Bangladesh, with great success. Leading business figures and well-known industrialists from the nation who had success in a variety of economic sectors founded Jamuna Bank. In order to support the expansion of the national economy, they founded the bank with the goal of providing the people and business community of Bangladesh with effective and professional financial services. The bank offers every kind of assistance to the nation's trade, commerce, foreign exchange, and general business. Through a few locations, the bank provides both traditional and Islamic banking services. A collection of highly qualified and experienced personnel with a range of banking and financial backgrounds are in charge of managing and running the bank. The bank's management is always trying to figure out what the wants and desires of its customers are. As time passes and client needs change daily, the bank continues to implement its best practices and launch new products to adapt to the current circumstances. In the last eighteen years of existence, Jamuna Bank Ltd. has already made great strides. The bank has already established a solid reputation as one of the nation's top service providers.

2.2 Mission

The goal of Jamuna Bank is to satisfy the various demands of our clients by providing a selection of goods at affordable costs, utilizing state-of-the-art technologies, and providing prompt services. As we cultivate a driven and competent staff, we hope to guarantee sustainable growth, fair rewards, and a commitment to the advancement of our nation.

2.3 Vision

JBL’s vision is to establish themselves as a preeminent financial organization that is essential to the advancement of our nation.

2.4 Objectives

- Acquiring and preserving a "Strong" CAMEL Rating.
- Strategic Marketing Plans for Relationship Banking and Service Quality Improvement.
- Developing into one of Bangladesh's Top Banks in Terms of Asset Quality and Profitability.
- Integrating IT to Implement Completely Automated Systems.
- Getting a Sufficient Return on Investment.
- Sustaining a Position of Acceptable Risk.
- Maintaining Sufficient Liquidity.
- Maintaining a Positive Image and Healthy Business Growth.
- Sustaining Transparent Procedures and Efficient Control Systems.
- Building and Maintaining a Top-Rated Staff.
- Making the Best Use of the Resources at Hand.
- Maintaining Accountability, Transparency, and Ethical Standards at All Levels.

2.5 Core Values

- Focus on the Customer
- Honor
- Quality
- Cooperation
- Individual Respect
- Harmony
- Equity
- Being polite
- Dedication
- Honorable Citizenship
- Ethics in Business
- Distinct Culture

2.6 Strategic Priorities

- Providing Services and Products Focused on the Customer:
  JBL’s goal is to provide our clients with genuine value.
- Stressing Remittances and Exports:
  To keep a solid foreign exchange position, JBL concentrate on both conventional and unconventional exports and remittances.
- High-Profit Business Initiatives:
  JBL invest in companies with better risk-adjusted returns.
- Maintenance of Asset Quality:
  JBL place more importance on preserving asset quality than on rapid growth.
- Improving Accessibility
  To make JBL’s services easily accessible, they provide contemporary alternate distribution methods.
- Delivering Banking Right to Your Door:
  JBL bring banking right to the doorstep of our target market.
- Product Innovation and Restructuring:
  JBL modify our items to satisfy our target markets and the times' evolving needs.
- Increasing Profitability through Diversification:
  To increase profitability, we investigate new business opportunities.
- Inclusion of Finances:
  JBL’s goal is to include unbanked people in our distribution networks.
- Services Based on Fees:
  To maximize the use of money, JBL concentrate on fee-based services.
- Efficiency of the Organization:
  To achieve sustainable development, JBL constantly enhance their procedures, information sharing, and human resources.
- Increasing the Value of Shareholders:
  JBL’s goal is to increase shareholder wealth while maintaining the bank's steady expansion.
- Corporate social responsibility (CSR):
  JBL strive to create a brand image that helps our clients and fosters growth.
- Increasing Compliance and Risk Management:

To maintain the stability of the bank, JBL prioritize compliance and risk management.

- Environmental Awareness:

  JBL is still dedicated to maintaining a clean and green environment.

2.7 Products offered by Jamuna Bank

Retail Banking

Accounts:

- Savings Bank Account
- Current Deposit Account
- Short Notice Deposit Accounts
- Special Savings Bank Account
- RFCD Account
- IFIC Students' Savings Account
- IFIC Monthly Savings Scheme

Fixed Deposit Accounts:

- Fixed Deposit
- Monthly Benefit Scheme
- Double Growth Benefit Scheme

Deposit Schemes:

- Lakhpoti Deposit Scheme
- Millionaire Deposit Scheme
- Kotipati Deposit Scheme
- Double Growth Deposit Scheme
- Triple Growth Benefit Scheme
- Monthly Savings Scheme
- Monthly Benefit Scheme
- Marriage Scheme
- Pension Deposit Scheme
- Educational Scheme
- Mudaraba Hajj Savings Scheme
- Rural Deposit Scheme

- NRB Monthly Benefit Scheme
- NRB Double Growth Deposit Scheme
- NRB Triple Growth Deposit Scheme
- NRB Millionaire Deposit Scheme
- NRB Kotipati Deposit Scheme
- NRB Pension Term Deposit Scheme
- NRB Student Deposit Scheme
- NRB Monthly FC Savings Scheme
- NRB Off-Shore Term Deposit (USD)

Loans:

- Jamuna Homes
- Personal Loan
- Auto Loan
- Salary Loan

Payroll Banking

Cards

Cards and Services:

- Visa Signature Credit Card
- Visa Platinum Credit Card
- Visa Dual Gold Credit Card
- Visa Local Gold Credit Card
- Visa Classic Credit Card
- Visa Prepaid Card
- Visa Debit Card

Small and Medium Enterprises (SMEs)

SME Business Services:

- Jamuna Bonik.
- Jamuna Chalantika
- SOD (Gen) under SME
- Jamuna Jantrik.

- Jamuna Nari Uddogh
- Jamuna NGO Shohojogi
- Jamuna Shacchondo
- Jamuna Shommriddhi
- Jamuna Swabolombi
- Jamuna Startup
- Prefinance Facility CMSME Sector
- Jamuna Utshob
- Jamuna Shuchona
- Jamuna Distributor Finance under SME
- Jamuna Griho
- Jamuna Bahon
- Jamuna Kutir
- Jamuna Swapno
- Jamuna Payment Guarantee

NRB Banking & Foreign Remittance Division

- JBL Remittance

Treasury

Treasury Services:

- Money Market Operation
- Foreign Exchange Dealing
- Primary Dealers Operation
- Treasury Management
- Govt. Securities Investment

Jamuna Bank Digital Banking

Digital Banking Services offered by Jamuna Bank:

- Conduct various banking activities by means of digital platform.

Jamuna Bank Internet Banking "Shadhin" App

Internet Banking Services offered through Shadhin App by Jamuna Bank:

- Online Banking Services provided through internet such as balance enquiry, utility bill payment, fund transfer etc.

CHAPTER THREE

FINANCIAL PERFORMANCE ANALYSIS

CHAPTER-3: FINANCIAL PERFORMANCE ANALYSIS

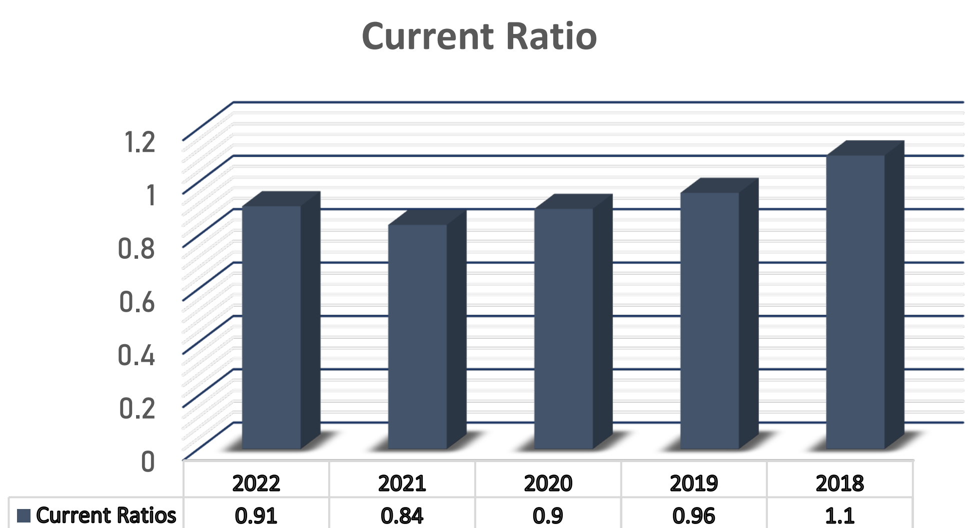
Financial Performance Analysis of Jamuna Bank (2022-2018)

3.1 Current Ratio

A liquidity ratio called the current ratio shows how well a company can use its short-term assets to pay off its short-term obligations. The current ratio may be calculated by dividing the current assets of a business by its current liabilities. The current ratio is a measure of a company's ability to fulfil its obligations over the next 12 months.

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

Current Ratio					
Current Ratio	2022	2021	2020	2019	2018
	0.91:1	0.84:1	0.90:1	0.96:1	1.10:1



Graph Figure: Current Ratio

Interpretation:

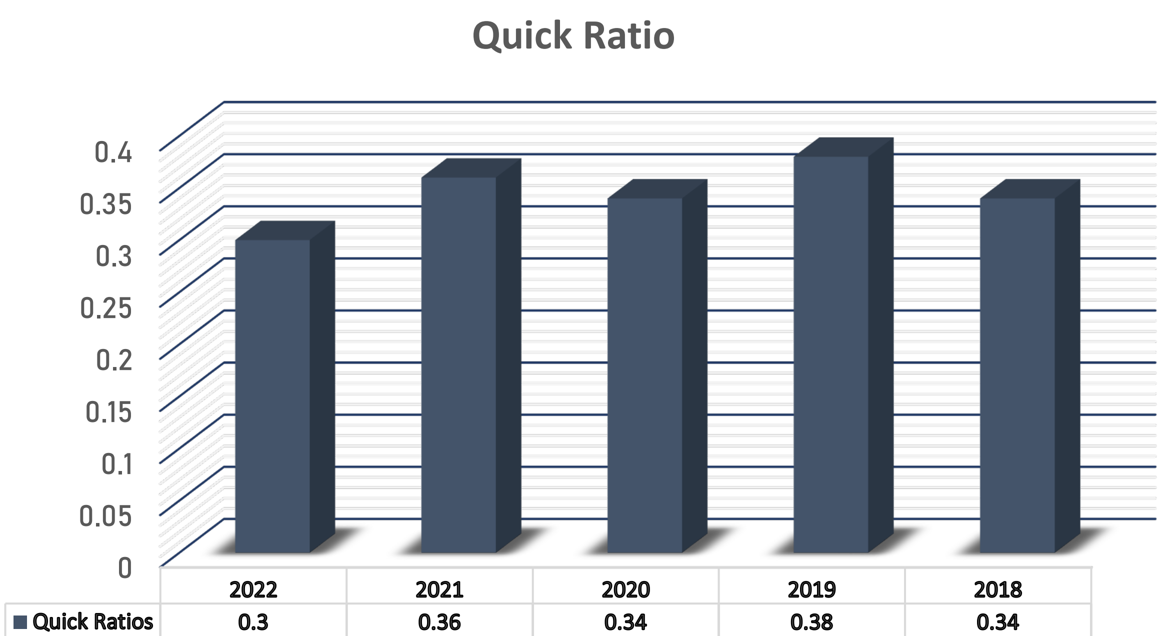
Jamuna Bank Limited's current ratio is fairly equal. The bank had 1.1 taka in current assets compared to 1 taka in current liabilities in 2018, as shown by the current ratio of 1.10:1. 2018 had the highest current ratio at 1.10, showing better liquidity compared to other years. But There was a decline from 2019 (0.95) to 2021 (0.83), followed by an increase to 0.9 in 2022. We conclude that the bank's present asset position is adequate based on a study of the last five years.

3.2 Quick Ratio

A company's capacity to satisfy its short-term commitments using its most liquid assets is gauged by its quick ratio, which is a measure of its short-term liquidity situation.

$$Quick\ Ratio = \frac{Quick\ Assets\ (Cash\ and\ cash\ equivalents + Account\ Receivables)}{Quick\ Liabilities\ (Current\ liabilities - Bank\ Overdraft)}$$

Quick Ratio					
Quick Ratio	2022	2021	2020	2019	2018
	0.30:1	0.36:1	0.34:1	0.38:1	0.34:1



Graph Figure: Quick Ratio

Interpretation:

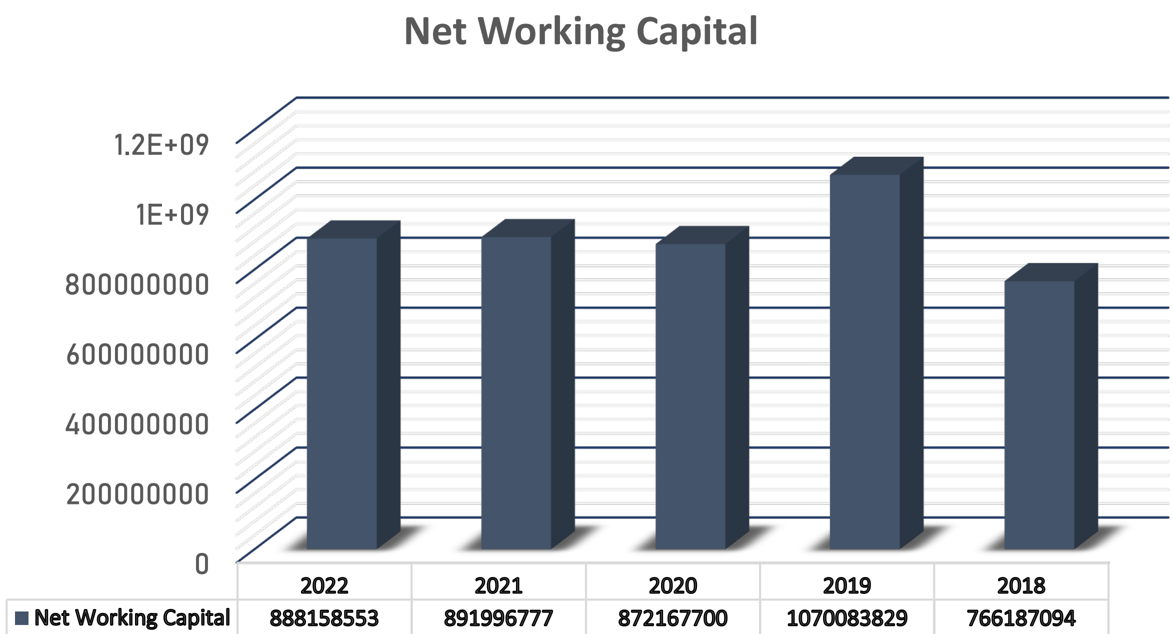
The quick ratio was lower in 2022 at 0.30, compared to a better ratio in 2021. 2019 had the highest quick ratio at 0.38, indicating the strongest ability to cover liabilities with liquid assets. There was a downward trend from 2019 (0.38) to 2020 (0.34), a small recovery in 2021 (0.36), followed by another drop in 2022 (0.30). Our study indicates that the bank's quick ratio situation was subpar.

3.3 Net Working Capital

The liquid cash that a corporation uses to cover its daily running expenses is known as working capital (WC). And Net Working Capital is calculated by:

$$Net\ Working\ Capital = Current\ Assets - Current\ liabilities$$

Net Working Capital					
Net Working Capital	2022	2021	2020	2019	2018
	888158553	891996777	872167700	1070083829	766187094



Graph Figure: Net Working Capital

Interpretation:

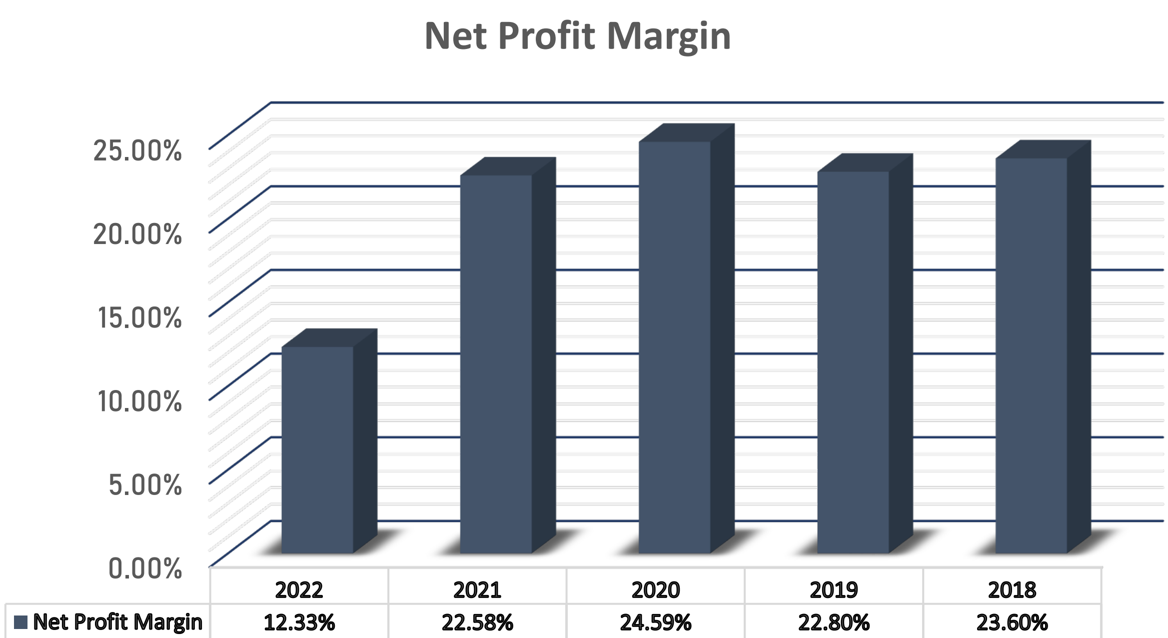
Our investigation revealed that Jamuna Bank Limited's working capital is rising comparatively. The bank's operating capital had the highest NWC at 1.07 billion, suggesting the strongest liquidity position in 2019 year. 2022 and 2021 had similar NWC values, with 888 million and 892 million, respectively. 2020 had slightly lower NWC at 872 million where 2018 had the lowest NWC at 766 million, indicating the weakest short-term financial health among the years shown. The bank's operating capital situation was adequate but not recovered to the peak levels seen in 2019.

3.4 Net Profit Margin

The profit margin, also referred to as the net margin, measures how much of a company’s revenue is converted into profit after all expenses, taxes, and costs are deducted.

$$Net\ Profit\ Margin = \frac{Net\ income\ after\ tax}{Total\ operating\ revenue}$$

Net Profit Margin					
Net Profit Margin	2022	2021	2020	2019	2018
	12.33%	22.58%	24.59%	22.80%	23.60%



Graph Figure: Net Profit Margin

Interpretation:

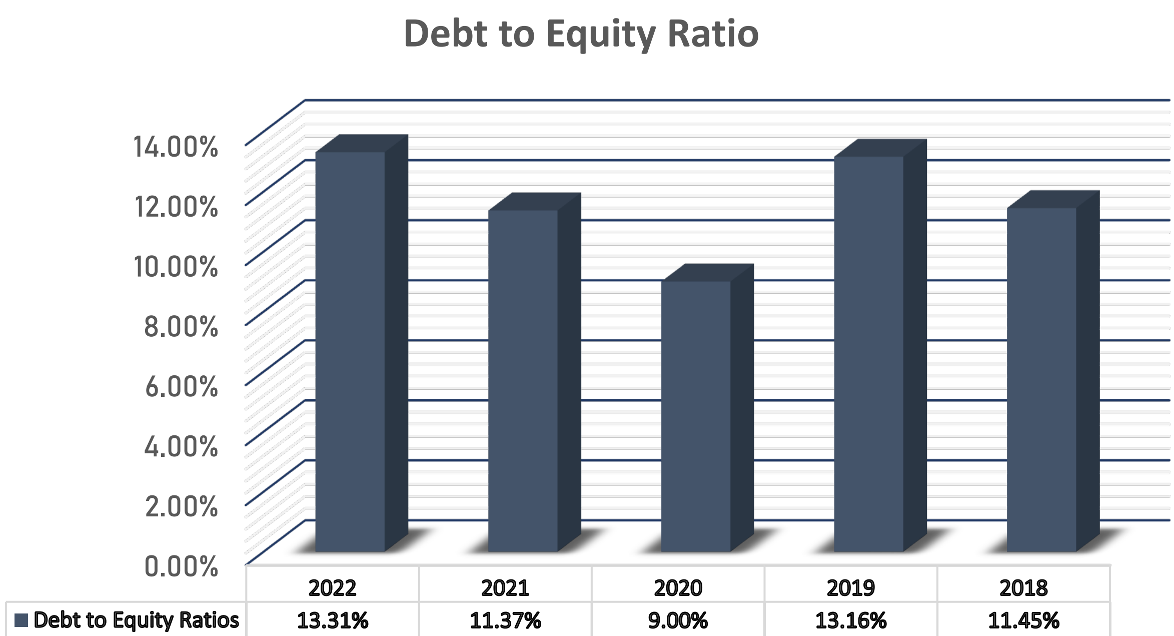
The net profit margin fluctuated over the years. According to our study, the greatest profit margin was in 2020 was 24.59%. This indicates that for every 100 Tk in operational income, the bank generates 24.59 Tk in profit. It was at its lowest point in 2022 at 12.33%. Overall, the net profit margin has been relatively stable, with the exception of 2022. We may conclude from the aforementioned study that the bank's net profit margin is reasonable.

3.5 Debt-to-Equity Ratio

The percentage of a company's funding that comes from investors and creditors is displayed by the debt-to-equity ratio. The company's capacity to repay its debts is evaluated using the debt-to-equity ratio. In essence, it displays its overall wellness of a certain company.

$$Debt - to - Equity\ Ratio = \frac{Total\ Debt}{Total\ Equity}$$

Debt-to-Equity Ratio					
Debt-to-Equity Ratio	2022	2021	2020	2019	2018
	13.31%	11.37%	9.00%	13.16%	11.45%



Graph Figure: Debt-to-Equity Ratio

Interpretation:

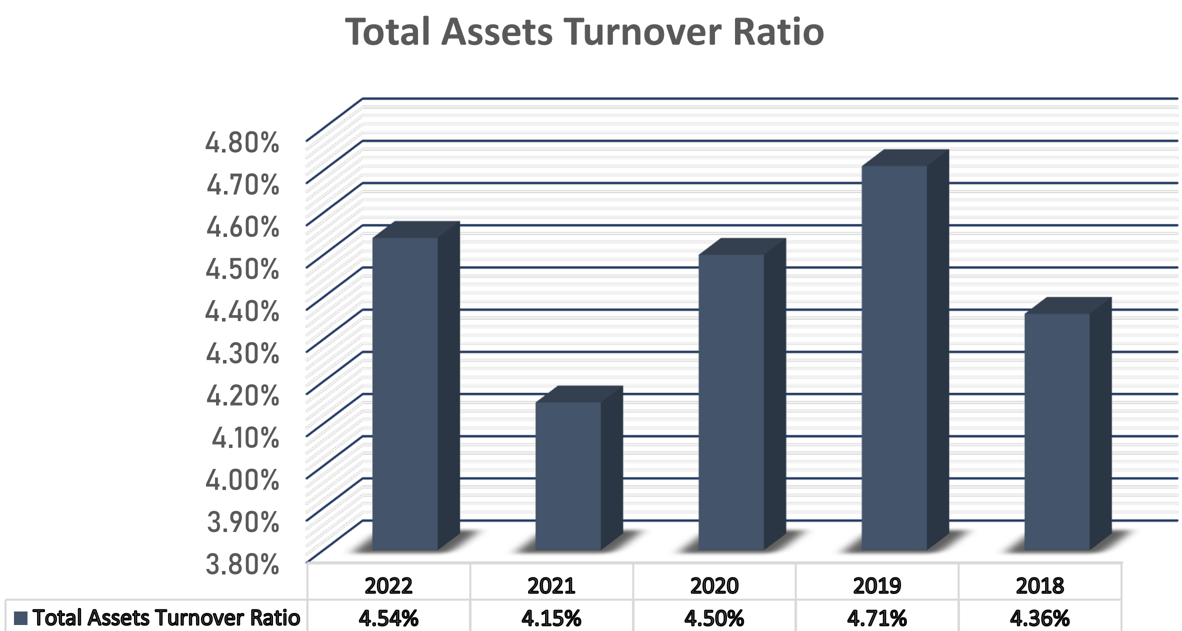
The figure shows that JBL's debt-to-equity ratio has been increasing in recent years. This could indicate that the company is becoming more leveraged, which means it is using more debt to finance its operations. The percentage peaked in 2022 at 13.31%. At 9.00% in 2020, it was at its lowest. With the exception of 2022, the debt-to-equity ratio has generally remained steady.

3.6 Total Assets Turnover Ratio

This ratio is an efficiency measure. An organization's capacity to use its assets to produce operational revenue is what it is.

$$Total\ Assets\ Turnover\ Ratio = \frac{Total\ Operating\ Income}{Total\ Assets}$$

Total Assets Turnover Ratio					
Total Assets Turnover Ratio	2022	2021	2020	2019	2018
	4.54%	4.15%	4.50%	4.71%	4.36%



Graph Figure: Total Assets Turnover Ratio

Interpretation:

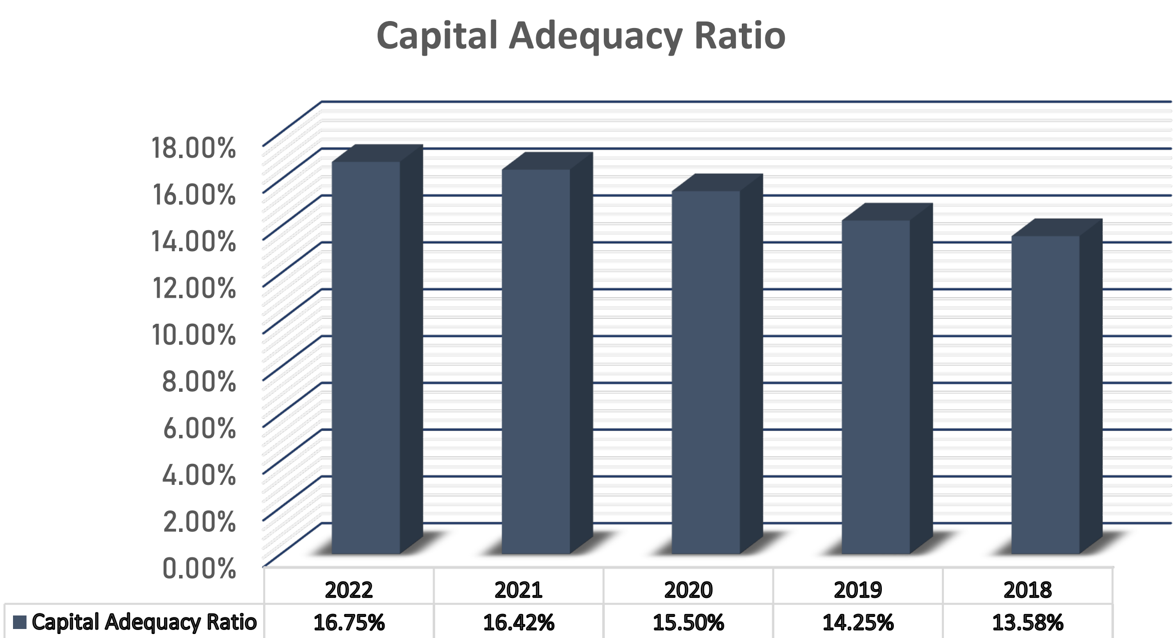
During the time under consideration, we discovered that Jamuna Bank Limited's total assets turnover ratio was varying. It was at its lowest point in 2021, at 4.15%. The highest percentage was 4.71 percent in 2019 and 4.54 percent in 2022. Though in 2022, the ratio was 4.54%, which is slightly higher than the previous year but still below the peak in 2019.We may conclude from our study that the bank's overall total assets turnover ratio is inadequate.

3.7 Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR), also known as the Capital to Risk-Weighted Assets Ratio (CRAR), is a metric used by banks and financial institutions to determine how much capital they must maintain to absorb potential losses while meeting their obligations to depositors and creditors. The Capital Adequacy Ratio is employed to safeguard depositors and advance the stability and effectiveness of the bank's financial systems.

$$Capital\ Adequacy\ Ratio = \frac{TIER\ I\ Capital + TIER\ II\ Capital}{Risk\ Weighted\ Assets}$$

Capital Adequacy Ratio					
Capital Adequacy Ratio	2022	2021	2020	2019	2018
	16.75%	16.42%	15.50%	14.25%	13.58%



Graph Figure: Capital Adequacy Ratio

Interpretation:

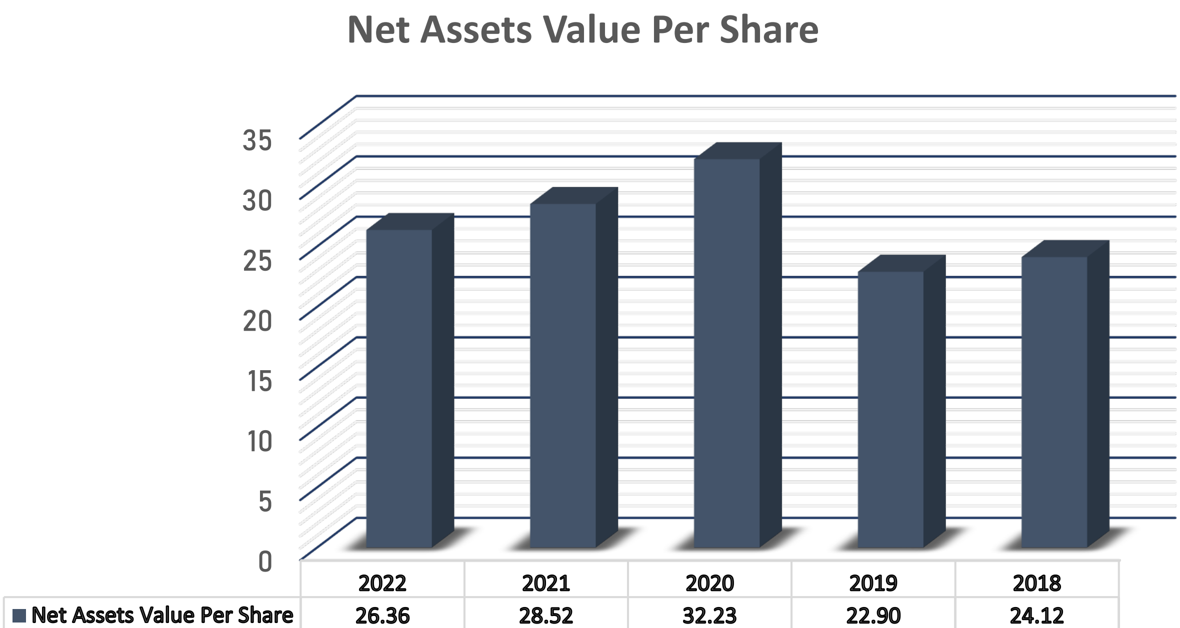
At the moment, 12.50% is the Minimum Capital Adequacy Ratio (MCR) that Bangladesh Bank has set. According to our data, Jamuna Bank Limited's capital adequacy ratio was higher than 12.50 from 2018 to 2022. The bank is safe with the greater capital adequacy ratio. Thus, we may conclude that Jamuna Bank Limited had a sound risk-absorbing posture.

3.8 Net Assets Value Per Share

In terms of its per ordinary share, the net assets value shows the true value of the company's assets.

Tk in BDT Million

Net Assets Value Per Ratio					
Net Assets Value Per Share	2022	2021	2020	2019	2018
	26.36	28.52	32.23	22.90	24.12



Graph Figure: Net Assets Value Per Share

Interpretation:

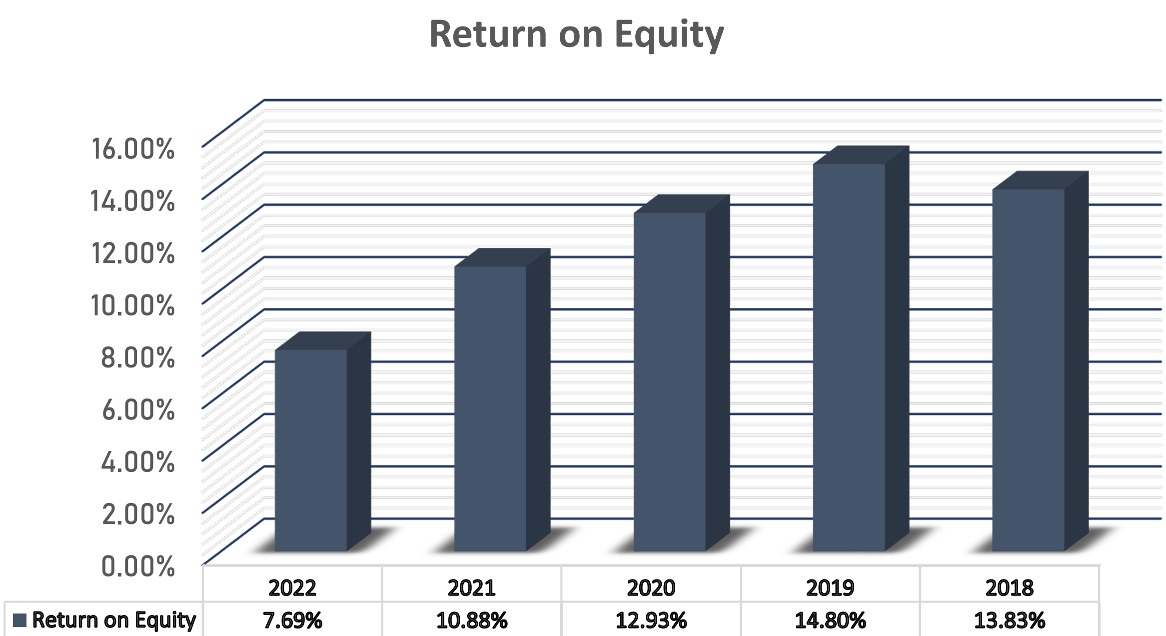
We discovered that Jamuna Bank Limited's overall trend has been relatively stable, with no significant upward or downward trends. At 26.36 per share in 2022, the value was little below the previous year but still higher than the 2019 low. The bank's net asset value peaked in 2020 at 32.23 Tk.

3.9 Return on Equity

The return that common shareholders receive on their investment in an organization is reflected in its Return on equity (ROE). It is computed by dividing net income by shareholder equity. ROE illustrates how well a company uses its equity basis to generate profit.

$$Return\ on\ Equity = \frac{Net\ profit\ After\ tax}{Shareholders\ Equity} \times 100$$

Return on Equity					
Return on Equity	2022	2021	2020	2019	2018
	7.69%	10.88%	12.93%	14.80%	13.83%



Graph Figure: Return on Equity

Interpretation:

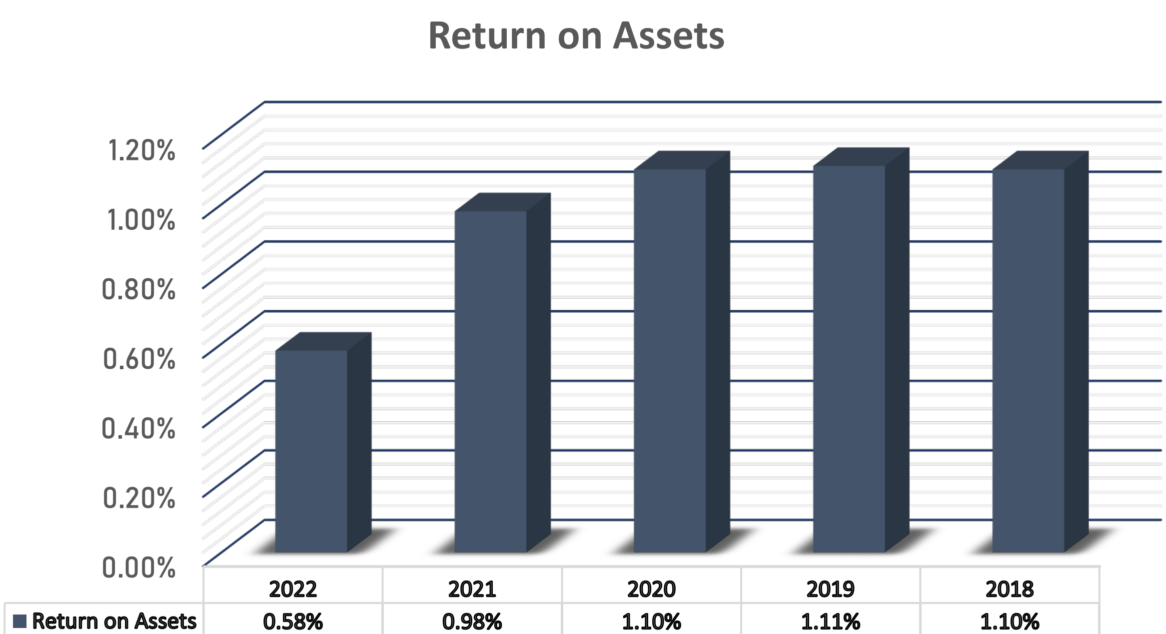
Over the last five years, there has been some variation in the JBL's ROE. As can be observed, the ROE dropped to 7.69% in 2022 after reaching a peak of 14.80% in 2019. It hasn't nearly returned to its prior peak, despite a modest recovery in 2021 and 2020. To make the most use of their investment and generate earnings growth in this situation, the bank should increase its ratio.

3.10 Return on Assets

The profitability ratio known as return on assets (ROA) is used to determine a company's capacity to produce profits relative to its total assets. It is computed by dividing the net income of a business by its total assets. The efficiency with which a business uses its assets to generate profits is shown by its return on assets.

$$Return\ on\ Assets = \frac{Net\ profit\ After\ tax}{Total\ Assets}$$

Return on Assets					
Return on Assets	2022	2021	2020	2019	2018
	0.58%	0.98%	1.10%	1.11%	1.10%



Graph Figure: Return on Assets Ratio

Interpretation:

Although ROA peaked in 2019 (1.11), which benefited the bank, it suddenly fell, putting them in threat. As a result, they should reduce their obligations and increase their assets. However, from 1.10 in 2020 to 0.58 in 2022, JBL's ROA has declined. This pattern implies that the business's ability to make profit from its assets is deteriorating.

3.11 Price Earnings Ratio

The market price of the company's shares is closely correlated with the P/E ratio. The P/E ratio's minimal value indicates that the company's shares have better earnings and that the share price is not excessive.

$$Price\ Earning\ Ratio = \frac{Market\ Value\ Per\ Share}{Earning\ Per\ Share}$$

In Times

Price Earning Ratio					
Price Earning Ratio	2022	2021	2020	2019	2018
	10.09	7.09	5.27	5.31	5.69

Graph Figure: Price Earnings Ratio

Interpretation:

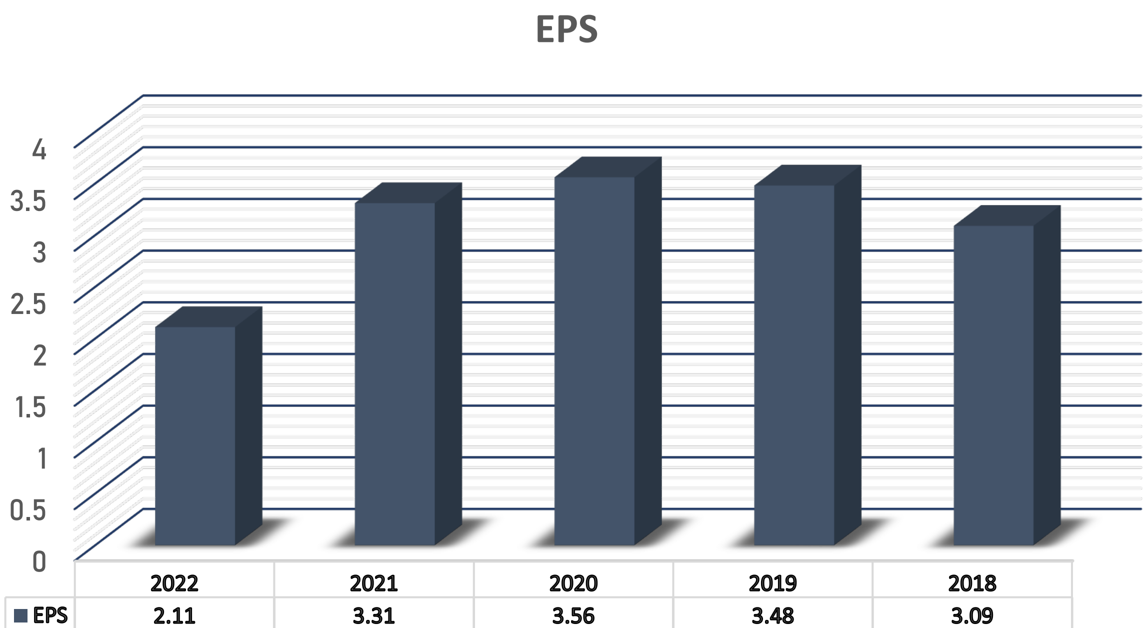
Our analysis revealed that the P/E ratio was 10.09 times in 2022. For each ordinary share, the investor might thus pay 10.09 Tk for a 1 Tk profit. Our concealed period's P/E ratio is adequate. Given that JBL's P/E ratio is rising annually, a high P/E ratio may be a sign of overvaluation or optimistic growth projections.

3.12 Earning per Share

Earnings per share, or EPS, is the portion of a company's profit allocated to each existing share of common stock. A company's profits per share indicate how profitable it is.

$$\textit{Earning Per Share} = \frac{\textit{Net Income}}{\textit{Total number of Shares}}$$

Earning Per Share					
Earning Per Share	2022	2021	2020	2019	2018
	2.11	3.31	3.56	3.48	3.09



Graph Figure: Earning per Share

Interpretation:

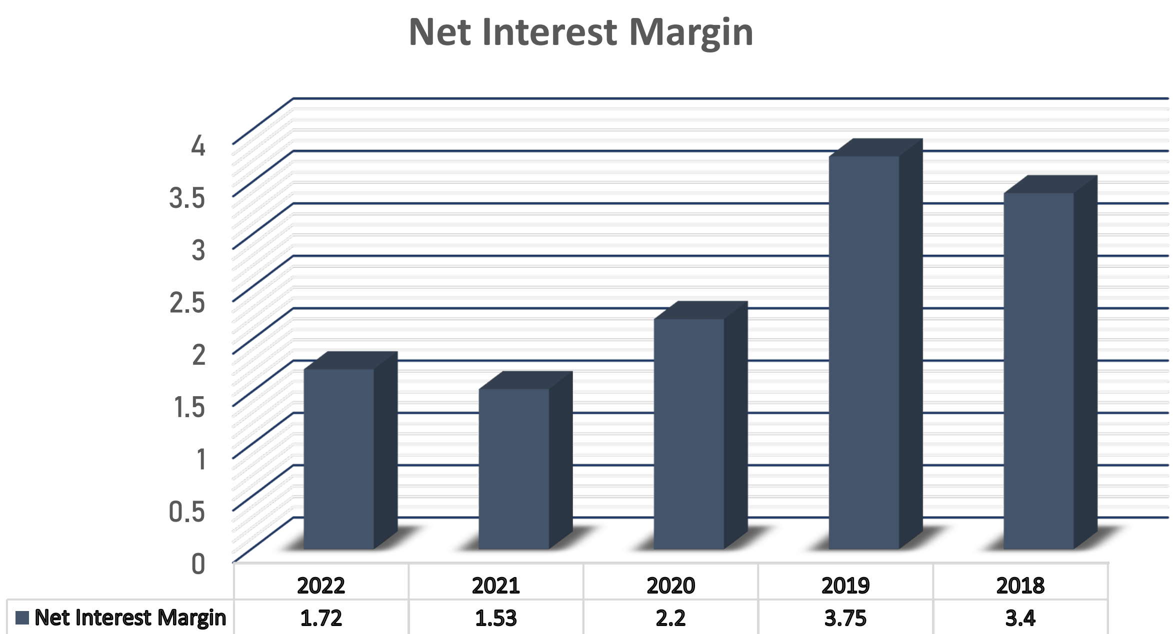
In general terms, greater earnings to share ratio is better than a lower one since it shows that the bank is more profitable and can distribute a bigger percentage of its profits to its shareholders. In this instance, EPS increased in 2020 and 2019 but fell in 2022. To attract investors, this bank must increase its EPS to preserve continuity.

3.13 Net Interest Margin

The profitability of a bank or other financial institution is gauged by its net interest margin. It is computed by deducting the interest paid to creditors from the interest a business receives from borrowing. Effective capital lending is indicated by a high net interest margin.

$$Net\ Interest\ Margin = \frac{\begin{array}{c} Interest\ income\ from\ loans\ and\ security\ investments \\ - \\ Interest\ expense\ on\ deposits\ and\ on\ other\ debt\ issued \end{array}}{Total\ Assets}$$

Net Interest Margin					
Net Interest Margin	2022	2021	2020	2019	2018
	1.72	1.53	2.20	3.75	3.40



Graph Figure: Net Interest Margin

Interpretation:

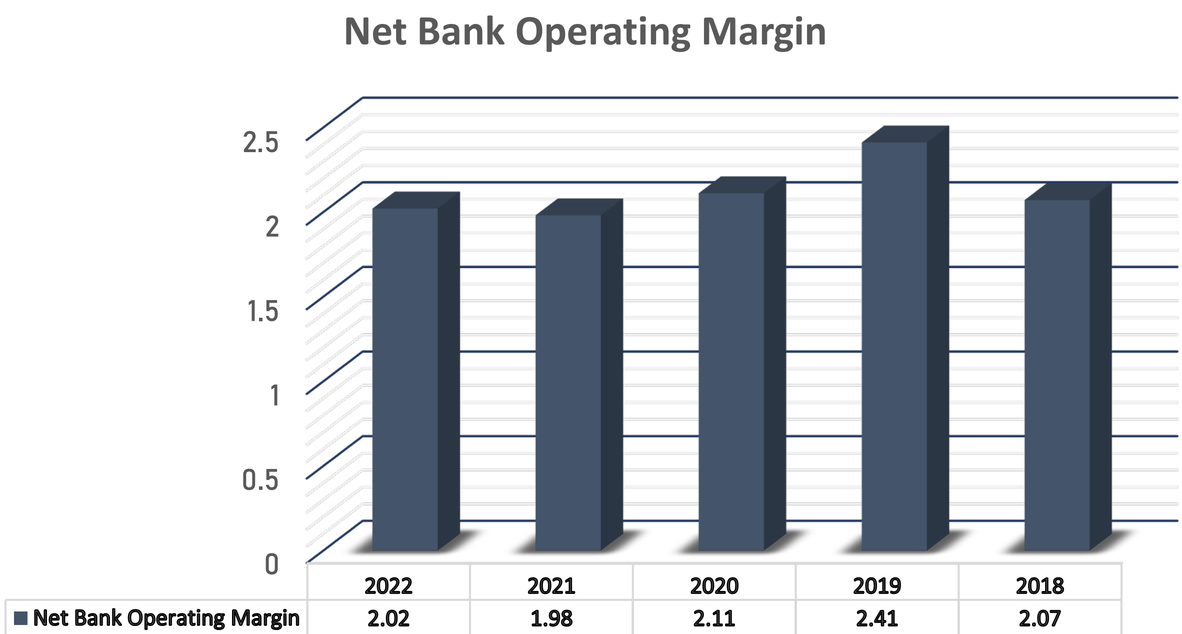
The graph illustrates the Net Interest Margin (NIM) from 2018 to 2022, measured here. Net interest margin typically reflects the profitability of a company's lending activities, commonly used in banking, where it shows how effectively a company is investing compared to its interest expenses. The interest margin (NIM) in 2019 was 3.75, indicating peak profitability in managing interest-earning assets versus expenses. However, from 2019 to 2020, it dropped to 1.53, and in 2022, it slightly recovered to 1.72, but still below 2019's peak.

3.14 Net Bank Operating Margin

A profitability statistic called net bank operating margin calculates a bank's profit on each dollar of sales after operating costs are subtracted.

$$Net\ Bank\ Operating\ Margin = \frac{Total\ operating\ revenues - Total\ operating\ expenses}{Total\ Assets}$$

Net Bank Operating Margin					
Net Bank Operating Margin	2022	2021	2020	2019	2018
	2.02	1.98	2.11	2.41	2.07



Graph Figure: Net Bank Operating Margin

Interpretation:

The graph illustrates the Net Bank Operating Margin from 2018 to 2022, which measures the efficiency of a bank in generating operating income relative to its operating costs. With a net bank operating margin of 2.41 in 2019, income generating efficiency peaked. While 2022 and 2021 saw comparable margins, 2020 experienced a drop. The margin for 2018 was 2.07, which was marginally greater than that of 2021 and 2022 but lower than that of 2019.

CHAPTER FOUR

FINDINGS, RECOMMENDATIONS AND CONCLUSION

4.1 Findings

1. **Current Ratio:** Over the last five years, the current ratio has varied but remained constant. It has consistently stayed over 0.80, indicating that the bank has, on the whole, been able to fulfil its short-term commitments. The firm has typically had a healthy liquidity position in five years. However, it's crucial to remember that a current ratio ranging 0.91-0.96 is not always ideal when compared to a ratio of 1.00, considering a higher current ratio suggest that the company is making the best use of its assets.
2. **Quick Ratio:** Given the low quick ratio numbers (which range from 0.30 to 0.38 in 2022-2018), the bank may not have enough highly liquid assets to cover its short-term liabilities. Crucially, it fell from 0.36 in 2021 to 0.30 in 2022, suggesting less liquidity in the most recent year. Quick ratio that is less than 1.0 indicates possible liquidity issues. It's a sign that the bank depends more on long-term financing or less liquid assets, which imposes short-term cash flow risks during emergencies or unexpected demand for money.
3. **Debt-to-Equity Ratio:** In general, a bank with a debt-to-equity ratio below 50% has more equity funding than debt, which lowers financial risk. Even though JBL's D/E ratio is less than 50%, it has been increasing yearly from 2018 to 2022, which is cause for concern. Typically, a growing D/E ratio indicates higher financial risk.
4. **Return on Equity:** An important metric used by investors to evaluate the bank's performance and profitability is ROE. Over the course of the five years, the ROE consistently decreases, falling from 13.83% in 2018 to 7.69% in 2022. This declining pattern implies that the bank's capacity to make money off of the equity held by shareholders has diminished. It may negatively affect shareholder confidence, impacting stock prices and the bank's ability to attract new investments.
5. **Return on Assets:** With a steady decline from 1.10% in 2018–2019 to 0.58% in 2022, the ROA showed a declining capacity to turn a profit from its assets. The two-year drop (below 1.0%) raises the possibility that the bank may have trouble generating long-term profits. This can be a sign of poorer loan performance, lower interest revenue, or higher operating expenses, which would call for actions to boost productivity or asset quality.
6. **Earnings per Share:** The greatest EPS value of 3.56 in 2020 shows good profitability while a steep drop to 2.11 in 2022 suggests decreased profitability The two-year decline in EPS might be an indication of possible threats to the bank's long-term expansion.

7. **Net Interest Margin:** The decreasing trend post-2019 suggests that the bank may have faced challenges in maintaining its profitability from interest-based activities, impacting overall financial health. Possible Reasons for the drop from 2019 onwards could be lower interest income due to changes in market conditions or a lower interest rate environment, increased competition in lending or investment activities or higher interest expenses associated with borrowing costs.

4.2 Recommendations

1. **Current Ratio:** To raise the current ratio, the bank might increase its holdings in cash, marketable securities, or highly liquid assets. However, the bank might enhance the frequency of short-term collections or implement stricter management over receivables. Although keeping cash on hand is crucial, having too much cash lying around might lead to missed opportunities. The bank ought to make more investments in short-term securities.
2. **Quick Ratio:** Simplify receivables collections to boost cash inflows, Lessen the dependency on short-term loans to limit liabilities, regularly checking for and addressing liquidity shortages may be necessary to increase JBL's quick ratio.
3. **Debt-to-Equity Ratio:** To increase its equity base and lessen its need on debt, the bank may want to think about obtaining funds through equity issuance, such as issuing additional shares or rights issues. To avoid using too much leverage, JBL should monitor its D/E ratio closely and establish internal limits. Lastly, Convertible bonds and preference shares are examples of hybrid financing structures that combine aspects of debt and equity that JBL may want to take into account. This gives leverage management flexibility.
4. **Return on Equity:** Identifying opportunities for cost reduction through automation, operational efficiency, or outsourcing non-core tasks would be a wonderful way to increase JBL's Return on Equity (ROE) and produce profits growth. However, targeting new markets with customized goods or unique marketing initiatives to boost deposits and loans would contribute to a higher ROE.
5. **Return on Assets:** Reduce the amount of non-performing loans (NPLs) by implementing stricter loan approval procedures; reducing asset losses is a crucial step in raising ROA. Increase lending to creditworthy borrowers to make use of underutilized capital while making sure that assets increase income without increasing risk. At year's end, JBL may reinvest earnings to expand its asset base and raise long-term ROA rather than paying out disproportionate dividends.

6. **Earnings per Share:** By providing investors with financial projections and strategic strategies, JBL can increase its EPS and inspire trust. Make sure that performance indicators like EPS growth are linked to managerial incentives.
7. **Net Interest Margin:** Net Interest Margin (NIM)**,** which is critical for profitability so Jamuna can take necessary steps to improve it. Expanding fee-based services that generate non-interest income, such as advisory, transaction fees, or asset management services, to offset periods of lower NIM would be an excellent option. On the other hand, implementing digital banking solutions to reduce operational costs, which can improve efficiency and profitability without adding to interest expenses may help to increase net interest margin. Lastly, using data analytics to better assess customer needs and optimize lending products or deposit rates accordingly might help to improve net interest margin.

4.3 Conclusion

In conclusion, given JBL's financial performance, there is potential for improvement. There are definite areas in JBL's recent financial performance that need to be addressed in order to improve the company's overall financial stability and investor appeal. The company's overall analytics show both encouraging patterns and alarming indicators that require careful consideration. The declining cash and current ratios and the rising debt-to-equity ratio, which cast doubt on the stability of the finances, indicate the need for improved liquidity management. The need for strategic financial management is demonstrated by the declining return on assets, the erratic return on equity, and the need for steady earnings per share. By boosting liquidity, managing debt, maximizing asset utilization, and focusing on profitability, JBL may strengthen its financial position and attract more investors.

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Appendix

Five Years Performance

Figure in BDT. Million

Particulars	2022	2021	2020	2019	2018
Balance Sheet Matrix					
Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Paid up Capital	7,492.26	7,492.26	7492.26	7492.26	7492.26
Reserve & Retained Surplus	12,182.88	13,792.94	16,531.57	9,564.53	10,552.86
Total Shareholder's Equity	19,675.13	21,285.20	24,023.83	17,056.78	18,045.12
Deposits	225,033.52	212,043.65	191,088.44	202,498.87	188,016.33
Loans and advances	181,567.64	175,952.49	163,908.03	178,484.95	166,601.47
Investments	76,759.07	68,067.84	51,207.95	39,444.10	31,878.90
Property, Plant and Equipment	4,309.47	3,563.71	3,542.07	3,498.35	2,895.94
Total Assets	283,100.52	264,820.66	241,962.13	243,266.42	225,350.63
Total Liabilities	263,425.39	243,535.46	217,938.31	226,209.64	207,305.51
Long Term Liabilities	69,811.36	71,339.23	77,363.12	54,260.70	86,956.73
Earning Assets	175,158.74	173,708.69	166,233.12	176,571.03	167,607.99
Net Current Assets	176,187.49	143,848.06	126,277.47	164,256.13	132,624.70
Income statement Matrix					
Interest Income	12,337.78	11,106.00	14,235.37	17,842.68	15,025.93
Interest Expense	9,338.51	8,511.94	10,465.70	11,391.97	9,656.43
Net Interest Income	2,999.27	2,594.06	3,769.67	6,450.72	5,369.50
Income from Investment	5,943.96	5,709.35	4,549.13	2,331.91	1,858.51
Non-Interest income	3,950.98	2,748.00	2,584.89	2,703.23	2,666.39
Total Operating Income	12,894.22	11,051.41	10,903.68	11,485.86	9,894.39
Total Operating Expenses	7,155.12	5,816.42	5,801.79	5,628.63	5,217.21
Profit before provision and tax	5,739.10	5,234.99	5,101.89	5,857.24	4,677.19
Provision for loans and assets	2,444.54	1,163.94	762.44	1,143.69	1,075.04
Profit before tax	3,294.56	4,071.05	4,339.44	4,713.55	3,602.14
Tax including deferred tax	1,705.44	1,558.59	1,685.81	2,181.12	1,305.02
Profit after tax	1,589.11	2,512.47	2,653.63	2,532.43	2,297.12
Capital Information					
Total Risk weighted Assets	185,742.66	193,213.78	182,410.02	180,739.24	194,137.86
Core Capital (Tier-1)	20,755.93	20,093.22	17,693.44	15,515.89	14,472.53
Supplementary Capital (Tier-11)	10,242.31	11,514.47	10,446.02	10,256.14	11,940.74
Total Capital	30,998.24	31,607.69	28,139.47	25,772.03	26,413.27
Tier-I Capital Ratio (%)	11.17	10.40	9.70	8.58	7.45
Tier-II Capital Ratio (%)	5.51	5.96	5.73	5.67	6.15
Capital to Risk Weighted Asset Ratio (%)	16.69	16.36	15.43	14.26	13.61
Credit Quality					
Volume of Non-performing Loans (NPLs)	9,609.50	5,193.95	4,801.64	6,559.46	6,231.12
% of NPLs to total Loan & Advances	5.29	2.95	2.93	3.68	3.74
Provision for Un-classified Loans	4,500.05	4,218.76	3,895.47	2,155.48	2,711.73
Provision for Classified Loans	2,638.38	1,472.02	1,527.38	3,214.54	1,662.39

Foreign Exchange Business					
Import	175,200.80	165,227.90	111,097.00	125,264.80	130,242.30
Export	143,542.70	114,381.70	92,321.21	103,951.30	106,070.70
Remittance	49,292.76	24,730.00	18,120.00	18,175.60	15,000.00
Share Information					
No. of Share Outstanding	749.23	749.23	749.23	749.23	749.23
Dividend:	26.00%	17.50%	17.50%	15.00%	20.00%
Cash (%)	17.50%	17.50%	17.50%	15.00%	20.00%
Bonus (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Effective Dividend Ratio	41.87%	42.88%	30.52%	21.71%	22.72%
Market capitalization	15,958.51	17,531.88	14,085.44	13,860.67	13,186.37
Market price per Share (Taka)	21.30	23.40	18.80	18.50	17.60
Earnings per Share Taka	2.12	3.35	3.54	3.38	3.07
Book value per Share/ NAV (Taka)	26.26	28.41	32.06	22.77	24.09
Price Earning Ratio (Times)	10.04	6.98	5.31	5.47	5.74
Key Financial Ratios Information					
Net interest margin on average earning assets	1.72	1.53	2.20	3.75	3.40
Earning base in average assets	63.67	67.08	70.65	73.45	74.63
Burden Coverage ratio	56.97	59.24	58.85	58.25	60.33
Cost-income ratio	55.49	52.63	53.21	49.00	52.73
Loans to assets ratio	64.14	66.44	67.74	73.37	73.93
Weighted average interest rate of loan	7.81	7.26	8.25	11.23	10.66
Weighted average interest rate of deposits	4.64	4.60	5.07	6.48	5.88
Asset Utilization ratio	4.71	4.36	4.49	4.90	4.68
Leverage ratio (times)	7.48	8.94	8.47	7.49	7.91
Net profit margin	52.98	96.85	70.39	39.26	42.78
Current Ratio	0.91	0.84	0.90	0.96	1.10
Debt Equity Ratio	13.39	11.44	9.07	13.26	11.49
Dividend cover ratio (times)	0.82	1.92	2.02	2.25	1.53
Return on risk weighted assets (after tax)	0.86	1.30	1.45	1.40	1.18
Return on average investment	8.21	9.57	10.04	6.54	6.40
Return on average assets (after tax)	0.58	0.99	1.09	1.08	1.09
Return on average equity (after tax)	7.76	11.09	12.92	14.43	13.73
Other Information					
Number of branches (Incl. SME/Agri Br. & SME center)	167	157	149	141	132
Number of Sub branches	106	32	28	1	-
Number of Agent Banking	42	17	2	-	-
No. of Islamic Banking branches	2	2	2	2	2
Number of employees	3,782	3,346	3,107	3,049	2,824
Number of foreign correspondents	867	840	845	850	875
Average Earning Assets	174,433.72	169,970.91	171,402.08	172,089.51	157,853.64
Average Total Assets	273,960.59	253,391.39	242,614.28	234,308.52	211,509.91
Average Deposits	218,538.59	201,566.04	196,793.66	195,257.60	177,790.09
Average Investment	72,413.46	59,637.90	45,326.02	35,661.50	29,059.84
Average Advances	178,760.07	169,930.26	171,196.49	172,543.21	155,045.14
Average Equity	20,480.17	22,654.51	20,540.30	17,550.95	16,734.84