Internship Report

On

"Financial Performance Analysis of Jamuna Bank Limited"

Submitted To

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Submitted By

Tamannur Sultana

182-11-5949

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Letter of Transmittal

Date: April 07, 2022

Nusrat Nargis

Assistant Professor

Department of Business Administration

Daffodil International University

Subject: **Submission of Internship report.**

Dear Respected Concern,

I am presenting my internship report on **"Financial Performance Analysis of Jamuna Bank Limited"** with great pleasure.

I have tried to prepare this report consistently with the optimal standard under your valuable direction. The report includes a full explanation of Jamuna Bank Limited's financial performance over the last five years, including trend, tabular and graphical representations, and interpretation.

I attempted to make the report vivid and detailed within time constraints and limited resources. As a result, I hope you will find my report worthwhile, as I have put my heart and soul into it. If you have any further inquiries concerning additional information, I would be delighted to clarify that.

I thank you for your kind supervision.

Sincerely Yours

Tamannur

Tamannur Sultana

ID: 182-11-5949

Department of Business Administration

Daffodil International University

Declaration

I, Tamannur Sultana, ID-182-11-5949, 50th batch, student of Bachelor of Business Administration (BBA), majoring in Finance, Daffodil International University, at this moment declare that the internship report on **"Financial Performance Analysis of Jamuna Bank Limited"** has not been previously submitted to any other University/College/Organization for an academic qualification/certificate/diploma or degree.

Tamannur

Tamannur Sultana
ID: 182-11-5949, BBA (50th Batch)
Department of Business Administration
Daffodil International University

Letter of Approval

I am pleased to certify that Tamannur Sultana **#ID 182-11-5949,** a student of the Department of Business Administration of Daffodil International University, has accomplished her internship report titled **"Financial Performance Analysis of Jamuna Bank Limited"** under my supervision. I certify that information provided in the report is authentic and has not been previously submitted elsewhere. Therefore, she has been approved for presentation and defense.

Tamannur Sultana bears an excellent moral character and a very pleasing personality. I wish her all success in life.

Nusrat Nargis 07.04.2022

Nusrat Nargis
Assistant Professor
Department of Business Administration
Daffodil International University

Executive Summary

Due to their crucial significance within the financial system and the economy, banks are financial institutions and financial intermediaries that receive deposits and channel them into lending activities, either directly or through capital markets. The banking system has expanded rapidly over the past few research subjects, particularly in quickly developing countries like Bangladesh. Banks and other financial institutions are unique corporate entities with different assets and liabilities, legal constraints, economic objectives, and operations that enable them to function effectively.

As an organization, Jamuna Bank Limited has earned the reputation of being the top banking operation in Bangladesh. The **"Financial Performance Analysis of Jamuna Bank Limited"** is the subject of this internship report. The first portion of this paper is an introduction to the report, which has been written to ensure that the rest of the report runs smoothly. The second section includes a brief explanation of Jamuna Bank Limited and its company profile. In the third section, I have added some financial activities of Jamuna Bank Limited. The fourth section briefly interprets Jamuna Bank Limited's five-year financial analysis by tabular and graphical representation. At last, I have given some findings, recommendations, and conclusions based on my analysis of JBL's financial performance from 2016 to 2020.

Acknowledgment

Thanks to Almighty Allah, I can complete this report successfully by whose boundless grace. This internship report was written after three months of continuous study throughout my internship. Without the participation and assistance of a few helping hands, this effort would not be possible.

I am grateful to my academic supervisor, Nusrat Nargis, Daffodil International University, who guided me to make this report successfully and provided me with all the necessary support and direction. Her guidance, patience, cooperation, and valuable suggestions and inspiration help me to complete the report successfully during my internship program.

I am grateful to my organizational supervisor, Syed Shakir Uddin Md. Munir, Manager, Narayanganj Branch, Jamuna Bank Limited, I have done my internship successfully under his supervision. He was very generous and friendly with me. I am incredibly thankful to him.

I also thank some of our friends for their kind co-operation to complete this project in due time, sharing their valuable views and ideas with utmost support. I also express our gratitude to all others who have directly and indirectly co-operated with me in the preparation & completion of the report.

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Chapter 1

Introduction of the Report

1.1 Background

Banking Industry represents one of the essential segments of the financial system of Bangladesh and plays a vital role in public investment and distribution. In the present socio-economic scenario, the Banking industry has been continuously playing an essential role in developing the country's macroeconomics. Indeed, the bank does not directly create new wealth for the economy; still, banks facilitate the development of the entire economy through services like borrowing, lending, and all related financial activities. From this perspective, the bank plays an influential role in economic development. The present structure of the banking business is beneficial for utilizing the country's resources. Banks also mobilize the savings of the people towards investment purposes. Moreover, a significant portion of the country's capital would remain idle if there were no banking system. To determine how well a bank is doing business, it is mandatory to look at its financial statement and compare it with the banking industry.

Banks' performance monitoring, analysis, and control need careful research regarding their operation and performance results from the viewpoint of different stakeholders, like investors, regulators, customers, clients, and management themselves.

This report has been prepared to make a study on the "Financial Performance Analysis of Jamuna Bank Limited." Financial performance creates profits from its principal business model by utilizing its assets. Financial performance is also used to measure a firm's total financial health over a given period. It can compare similar firms across the same industries or sectors in aggregation. Financial statements provide in-depth information about the financial position, performance, and changes in an enterprise's banking arena relevant to various users while making business decisions. A standard financial statement should be understandable, appropriate, consistent, and comparable. All reported assets, liabilities, equity, income, and expenses are directly related to an organization's financial position.

1.2 Origin of the Report

Each formal Business degree needs practical knowledge of the field of discipline to be fruitful. Therefore, this Bachelor of Business Administration program is designed to exchange theoretical knowledge with a mandatory internship in a factual, practical situation. Therefore, this internship report is an essential requirement for the Bachelor of Business Administration program, and it was prepared on the topic named "Financial Performance Analysis of Jamuna Bank Limited." This report highlighted the financial performance of Jamuna Bank Limited, covers its present financial condition, the economic trend of the last five years, financial ratio analysis of the previous five years, tabular and graphical representation, and a detailed analysis of the financial problems of Jamuna Bank Limited, and finally the recommendation for improving the condition. Nusrat Nargis, an Assistant Professor in the Department of Business Administration at Daffodil International University, supervised the writing of this study. On the other hand, Syed Shakir Uddin Md. Munir, Branch Manager of Narayanganj Branch, Jamuna Bank Limited, commanded me inside the organization.

1.3 Objectives of the Report

- To analyze the financial activities of Jamuna Bank Limited.
- To evaluate the financial status of Jamuna Bank Limited from 2016 to 2020.
- To identify problems of Jamuna Bank Limited regarding financial status or condition.
- To provide some recommendations about the issues of Jamuna Bank Limited.

1.4 Methodology

To accomplish the research mentioned above objectives, the data for this study was gathered from the bank's financial statements as published in the Annual Report of Jamuna Bank Limited from 2016 to 2020. The annual data for 2016-2020 are used to calculate key financial ratios to assess the banks' performance. Therefore, only a secondary data collection procedure was used to craft the report.

1.4.1 Secondary Data Collection:

- Annual Report of Jamuna Bank Ltd.
- Published Booklet of the Bank.
- Website of Jamuna Bank Ltd.
- Various Published Documents.
- LankaBangla Financial Portal

1.5 Scope of the Report

Since I was engaged in the foreign exchange department of the Narayanganj Branch of Jamuna Bank Limited, the scope of the study is only limited to this branch. The report mainly analyzes the financial performance of Jamuna Bank Limited. I prepared the report through extensive discussion with the branch manager and other bank employees of Jamuna Bank Narayanganj Branch. When designing the internship report, I had an excellent opportunity to have an in-depth knowledge of all the banking activities practiced by Jamuna Bank Limited.

1.6 Limitations of the Report

An internee must complete the internship and prepare an internship report within three months. So, time constraints are the main limitation of this report, but it was an excellent opportunity for me to know the banking environment of Bangladesh, especially Jamuna Bank Limited. Some other limitations are as follows:

- Because some material was thought to be confidential, there were some limits on revealing it. As a result, I was unable to use them in my report.
- This report analyzes data collected from secondary sources, which were not arranged consistently.
- Some related websites are not updated correctly; therefore, it was challenging to get the most recent data in some cases.

Chapter 2

Company Profile

2.1 Profile: Jamuna Bank Limited

Jamuna Bank Limited was incorporated as a public company in Bangladesh under the Companies Act 1994, with the company's registered office at Jamuna Bank Tower (13th Floor), Plot-14, Block-C, Bir Uttam A.K Khandakar Road, Gulshan-1, Dhaka. It commenced its banking business with one branch on June 03, 2001, under the license issued by Bangladesh Bank:

Name of the Company	:	Jamuna Bank Limited
Company Address	:	Bir Uttam A. K. Khandaker Road, Gulshan-1, Dhaka
Date of Incorporation	:	April 02, 2001
Share Office	:	2, Hadi Mansion, Dilkusha C/A, Dhaka 1000
Types of Business	:	Bank
Legal Status	:	Public Company Limited by Shares
Year of Listing in Stock Exchange	:	April 12, 2006
Authorized Capital	:	10,000 million
Paid Up Capital	:	7,492.26 million
Number of Shares	:	749,225,650
Number of Employees	:	3096
Current Market Price	:	18.80
Current EPS	:	3.54
Current P/E Ratio	:	5.31

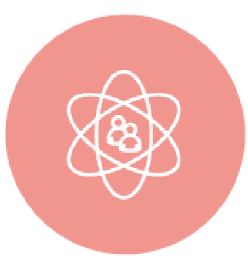
2.2 Mission, Vision & Core Values

VISION

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

MISSION

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



CORE VALUES

Trust, Integrity, Commitment, Business Ethics, Quality, Fairness, Teamwork, Respect, Courtesy Harmony, Unique Culture, Responsible Corporate Citizen.

2.3 Objectives of JBL

- To remain one of Bangladesh's most profitable and asset-quality-focused banks.
- Through information technology, entirely automated systems will now be implemented.
- To guarantee a sufficient rate of return on investment.
- Delivering customers' desired products and services to create actual customer value.
- Focusing on the sign on exporting traditional and non-traditional items and foreign remittance ensures a comfortable foreign exchange position.
- Optimizing the deposit mix and further lowering deposit costs.
- Providing modern alternative distribution channels for quick access to the services.
- Creating a brand image as a growth-friendly and pro-customer bank.
- Maintaining awareness and consciousness about the environment and supporting the 'green' environment maintenance.

2.4 Code of Conduct and Ethical Guidelines of JBL

2.4.1. Serving Customers:

- ➢ Jamuna Bank Limited keeps customers fully informed about their banking and financial products.
- ➢ Jamuna Bank is fair and well-committed to serving its customers.
- ➢ The bank always maintains strict secrecy of customers' accounts.

2.4.2. Serving Stakeholders:

- ➢ Transparency and integrity in financial statements are guaranteed.
- ➢ The bank provides fair treatment to all stakeholders.
- ➢ All shareholders are treated equally.

2.4.3. Dealing with our Regulators:

- The bank has a culture of timely compliance with regulatory requirements.
- All necessary laws and regulations are followed.

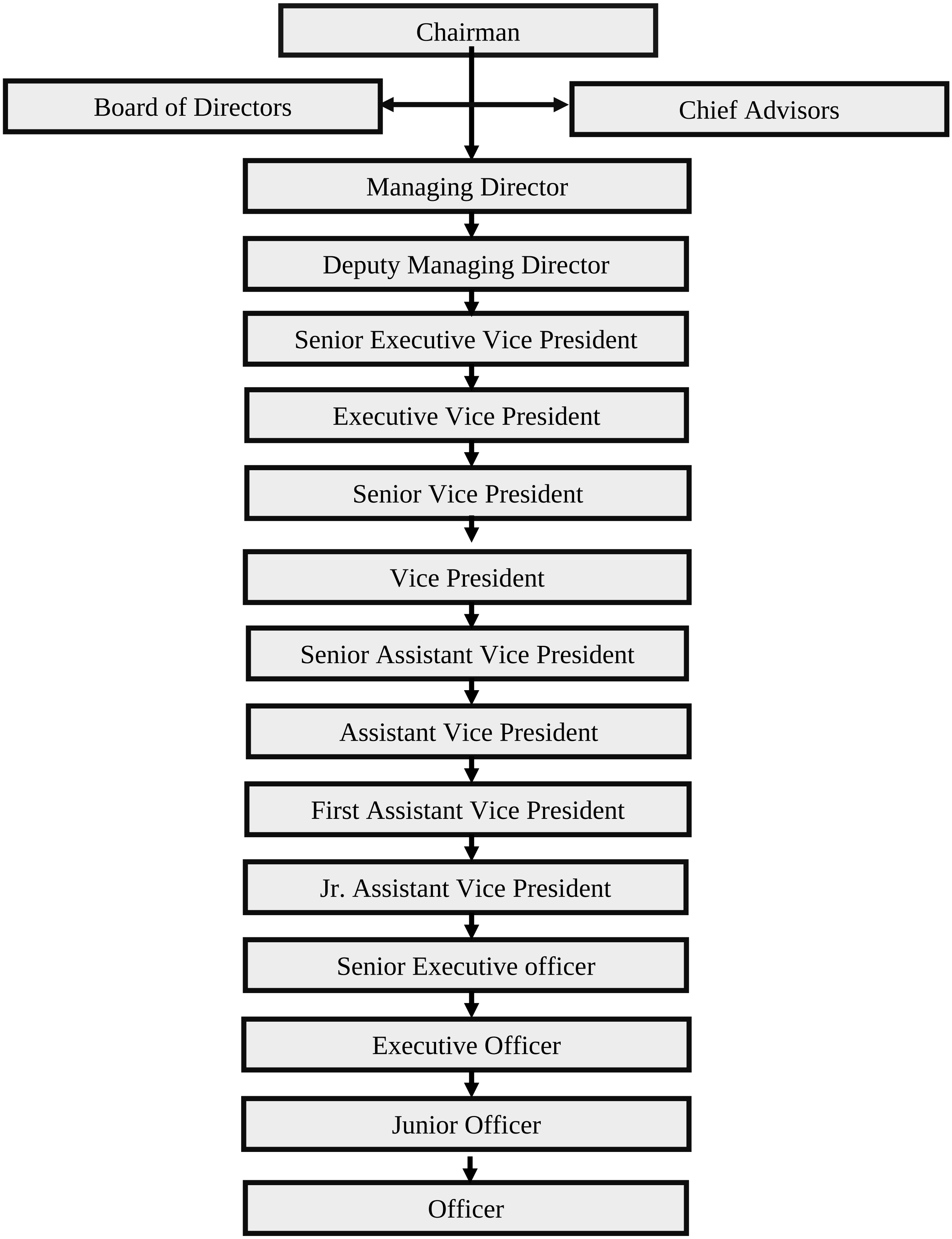
2.4.4. Dealing with our Employees:

- The bank ensures work under highly motivated team spirit and fellowship bond.
- The bank is concerned about employees' safeguarding.

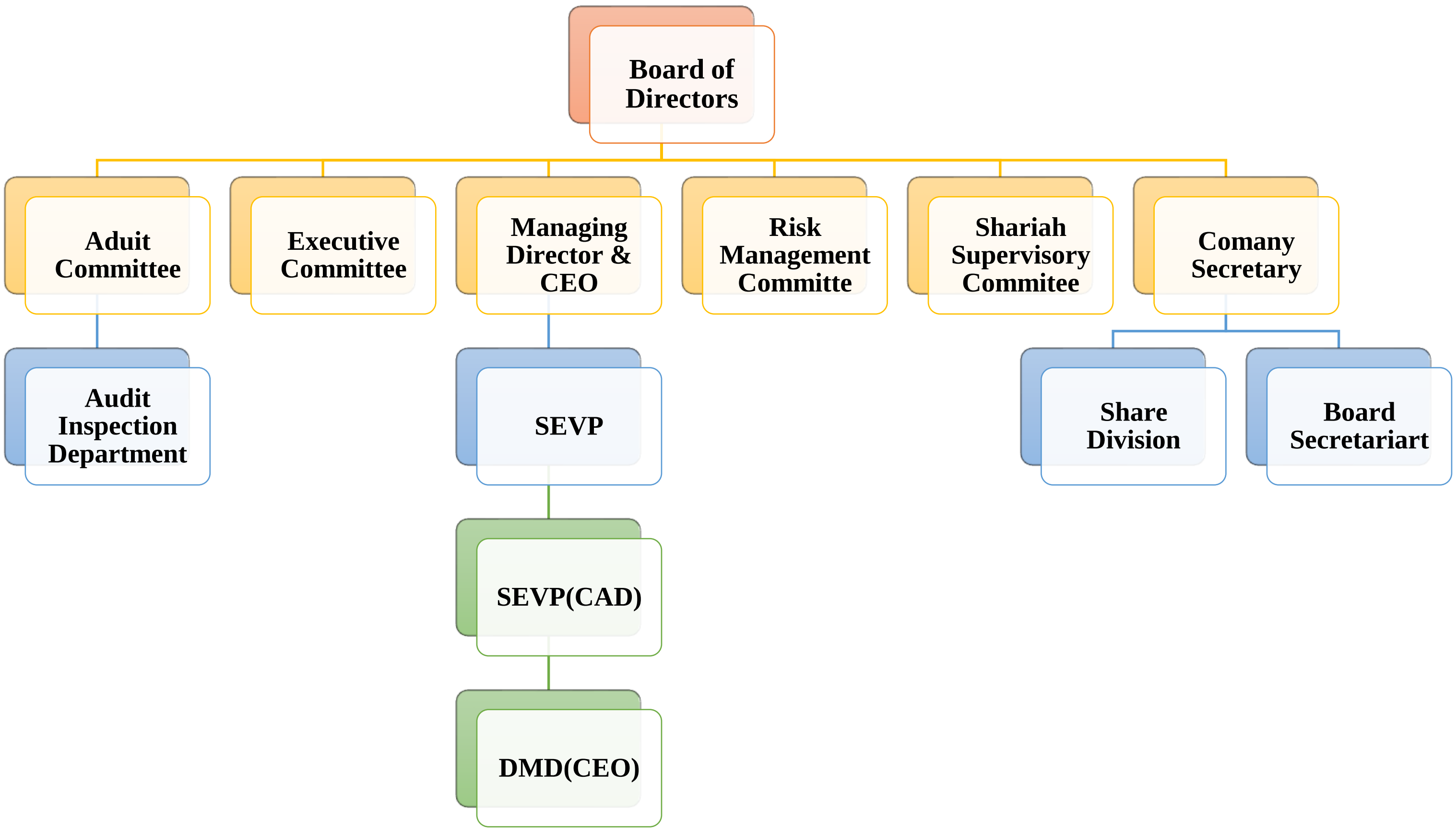
2.4.5. Dealing with the Society:

- The bank extends financial assistance to poor, helpless, and distressed people and provides donations to sports, culture, health care, and community development ventures.
- The bank does not encourage projects which are not environment friendly.

2.5 Hierarchy of the Management of Jamuna Bank



2.6 Corporate Organogram



Chapter 3

Financial Activities of Jamuna Bank Limited

3.1 Summary of Financial Products and Services

Jamuna Bank Limited provides various commercial, corporate, investment, and retail banking-related services in Bangladesh. The bank offers current, savings, short-term, fixed, and consumer asset and liability products. Brick by brick savings scheme, monthly benefit plan, save simple plan, children's education plan, consumer credit scheme, best invest plan, JBL millionaire plan, JBL double saver plan, JBL triple saver plan, JBL consumer loan, unique savings plan, festival savings plan, auto loan scheme, small business loan scheme, home loan scheme, and home repair/renovation loan scheme are among the company's financial products and services. Bank also provides a range of banking services, such as import and export finance and services, corporate finance, correspondence banking, documentary credits, guarantees, syndicated finance, investment advice, foreign remittance, and other specialized services. As well the firm provides telebanking and online banking services.

3.2 Products & Services

3.2.1. DEPOSIT PRODUCTS

- Savings Bank (SB) Account
- Current Deposit (CD) Account
- Short Notice Deposit (SND) Account
- Grihini Savings Account
- Student Savings Account
- JBL School Account
- Senior Citizen Savings Account
- Resident Foreign Currency
- Deposit (RFCD) Accounts
- Fixed Deposit Receipts (FDR)
- Double Growth Deposit Scheme
- Triple Growth Deposit Scheme

- Monthly Benefit Scheme (MBS)
- Lakhpati Deposit Scheme
- Millionaire Deposit Scheme
- Kotipati Deposit Scheme
- Rural Deposit Scheme
- Mudaraba Hajj Savings Scheme
- Pension Deposit Scheme
- Educational Scheme
- Monthly Savings Scheme
- Marriage Scheme

3.2.2. CORPORATE LOAN PRODUCTS

- CC (Hypo)
- CC (Pledge)
- SOD (G)
- SOD (WO)
- SOD (PO/SDR)
- SOD (FDR)
- SOD (FO)
- SOD (Special Scheme)
- SOD (Share)
- Time Loan
- PAD
- LTR
- LIM
- PC
- IDBP
- FDBP
- Loan against EDF
- Lease Finance

- Hire Purchase (HP)
- Real Estate Financing (CRB)
- Real Estate Financing (CCB)
- Loan Syndication & Structured Finance
- Employee's House building Loan
- Employee's Car Loan Scheme
- Loan (General) or Loan (G)
- Letter of Credit (L/C)
- Back-to-Back L/Cs
- UPAS L/C (Usance Payable at Sight)
- ABP
- Bank Guarantee (BG)
- Bid Bond (BB)
- Performance Guarantee (PG)
- Advance Payment Guarantee (APG)
- Retention Money Guarantee/Retention
- Bond
- Payment Guarantee/ Suppliers Credit Guarantee
- Guarantee against Counter Guarantee of
- other Bank/NBFI (Foreign or Local
- Customs Guarantee

3.2.3 RETAIL LOAN PRODUCT

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

3.2.4. SME FINANCING

- Jamuna Swabolombi
- Jamuna Sommriddhi
- Jamuna Jantrik
- Jamuna Green
- Jamuna Bonik (Import Finance)
- Jamuna Chalantika
- Jamuna Shachchondo
- Jamuna NGO Shohojogi
- Jamuna SOD General
- Jamuna Nari Uddogh (Women
- Entrepreneur Loan)

3.2.5. AGRICULTURE LOAN

- Crop Loan
- Pisciculture Loan
- Livestock Loan
- Agricultural & Irrigation equipment's Loan
- Nursery & Horticulture Loan
- Crop Warehouse & Marketing Loan
- Loan for Poverty alleviation activities
- Other term loan activities

3.2.6. NRB DEPOSIT AND INVESTMENT SCHEME

NRB FC A/C	US Dollar/ Pound Sterling/EURO
NFCD A/C	3-month, six months & 1-year term
NRB Monthly FC Savings Scheme (FC-MSS)	1, 2, 3 & 5 years term
NRB FC Term Deposit	6 months, 1, 2 & 3 years term
NRB Offshore FC Term Deposit A/C	Three months, 1, 2 & 3 years term

3.2.7. LOAN SCHEME FOR NRB

- NRB SME.
- NRB Agriculture.
- NRB Real Estate Financing.
- NRB Retail Loan.

3.2.8. INVESTEMENT FACITILATIES FOR NRB

- US Dollar Premium Bond. US Dollar
- Investment Bond.
- Government Treasury Bond (5, 10, 15, 20 Years).
- Treasury Bills (91, 181, 365 Days).
- Wage-Earners Development Bond.
- Non-Resident Investors Taka A/C (NITA) –
- Share Investment.

3.2.9. CARD & ADC

- VISA Electron Payroll Debit Card (Yearly
- Fee-free)
- VISA Debit Card (Yearly Fee Tk. 500)
- VISA Local Classic Credit Card (Yearly Fee
- Tk. 690 including Vat)
- VISA Local Gold Credit Card (Yearly Fee Tk.

- 1380 including Vat)
- VISA Dual Currency Gold Credit Card
- (Yearly Fee Tk. 3450 including Vat)
- RFCD Card (Yearly Fee USD 57.50)
- Exporter Retention Quota (ERQ) Credit
- Card (Yearly Fee USD 30.00)
- VISA Platinum Credit Card (Yearly Fee Tk.
- 4140 including Vat)
- VISA Co-Branded Platinum Credit Card
- (Only for Gulshan Club members)

3.2.10. MOBILE FINANCIAL LIMITED SERVICES

The Just Pay - Digital Banking Service from Jamuna Bank makes banking as simple as possible. The service combines all of the advantages of banking with the ease of using internet-connected gadgets. Consumers can even use Just-Pay to pay their mobile phone bills, credit card payments, and BEFTN transfer cash and keep track of their accounts. VISA, Master, AMEX, and Nexus Pay cards, and I-Banking, Bkash, Rocket, and Sure Cash, can now be used to deposit money into a Jamuna Bank client savings account.

Chapter 4

Financial Analysis of Jamuna Bank Limited

(2016-2020)

4.1 Ratios Analysis of Jamuna Bank Limited

Financial ratios are useful measures of a company's financial health and success. Financial ratios can analyze trends and compare the firm's financials to other firms. Ratio Analysis enables the shareholders and management to spot trends in a business and compare its performance and condition to similar companies in the same industry's average performance. Financial ratios can be categorized based on the data they give. Ratios like the ones below are frequently used:

- Liquidity Ratios
- Bank Profitability Ratio
- Growth Analysis
- Solvency or Leverage Ratio
- Market Ratio
- Efficiency or Activity Ratio
- Bank Efficiency Ratio
- Operating Performance Ratio

4.1.1. Liquidity Ratios

The two most common liquidity ratios are the current and quick ratios. Both are based on balance sheet items. Three ratios are discussed under liquidity ratios. They are:

Current Ratio: This ratio indicates how much current liabilities are covered by those assets expected to be converted to cash shortly. Current assets typically include cash, marketable securities, accounts receivables, and inventories. Accounts payable, short-term notes payable, and current maturities of long-term debt are examples of current liabilities.

Five years current ratio is on the next page-

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

Year	2016	2017	2018	2019	2020
Current Ratio	1.142	1.138	1.160	1.149	1.185

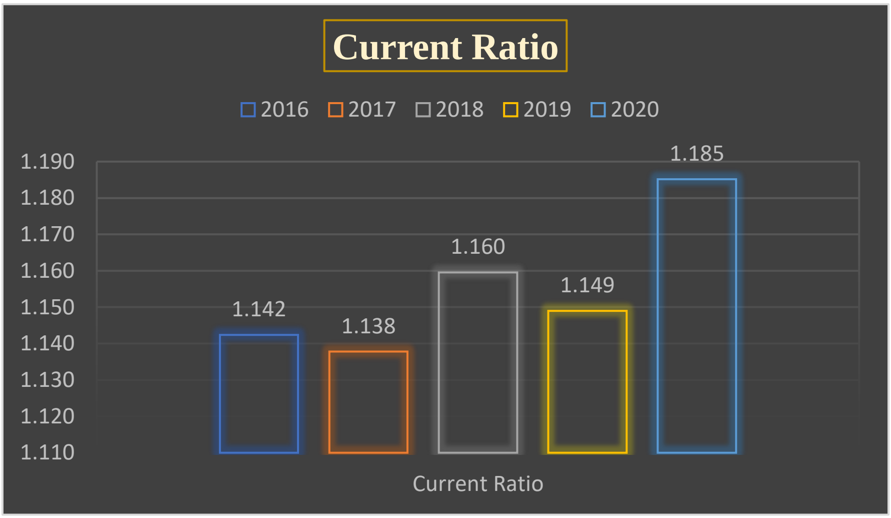


Figure: Current Ratio

Interpretation

The figure demonstrates that the current ratio of JBL was almost the same in the last five years. In 2016 and 2017, it was about 1.142 and 1.138, respectively. Despite having almost, the same current ratio in the past five years, 2017 shows the lowest position in the graph. In 2018 & 2019, it was 1.160 and 1.149, respectively. It became 1.185 in 2020, which was the highest current ratio of JBL. Compared with the bank's standard value, the ratio for all five years stood greater than 1; therefore, the range is considered healthy.

Quick Ratio: The "acid test" ratio is another name for the quick ratio. The quick ratio looks only at a company's most liquid assets and compares them to current liabilities. The quick ratio tests whether a business can meet its obligations even if adverse conditions occur. Five years quick ratios are given below:

$$\text{Quick Ratio} = \frac{\text{Cash \& Equivalents} + \text{Short - term Investments} + \text{Accounts Receivable}}{\text{Current Liabilities}}$$

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Quick Ratio	0.1139	0.1379	0.1143	0.0965	0.1001

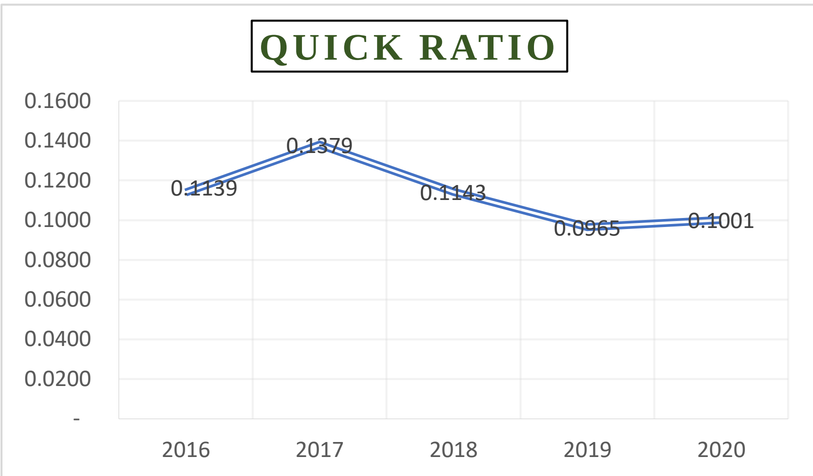


Figure: Quick Ratio

Interpretation

It is seen that the quick ratio of JBL was not in a good place in 2016, 2018 & 2019. It was .1139, .1143, and .0965 in those consecutive years. It was highest only in 2017 among the past five years, which is .1379. And it again rose slightly and reached .1001 in 2020, which was healthier for the Bank, but still, they need to work very conveniently for the upcoming years, as the quick ratio wasn't overly up to the mark from 2016 to 2020. To compare all five-year ratios with the bank's standard value, which states that all ratios were less than 1. That means the bank couldn't pay off all of its current liabilities with quick assets, as they hadn't enough remaining quick assets.

Cash Ratio: The cash ratio refers to how well the company's liquidity works efficiently for any business. It works with the company's cash and cash equivalent and current liabilities. Five years cash ratios are given below:

Cash Ratio = Cash and Cash Equivalent/Current Liabilities

Year	2016	2017	2018	2019	2020
Cash Ratio	0.112	0.137	0.114	0.096	0.099

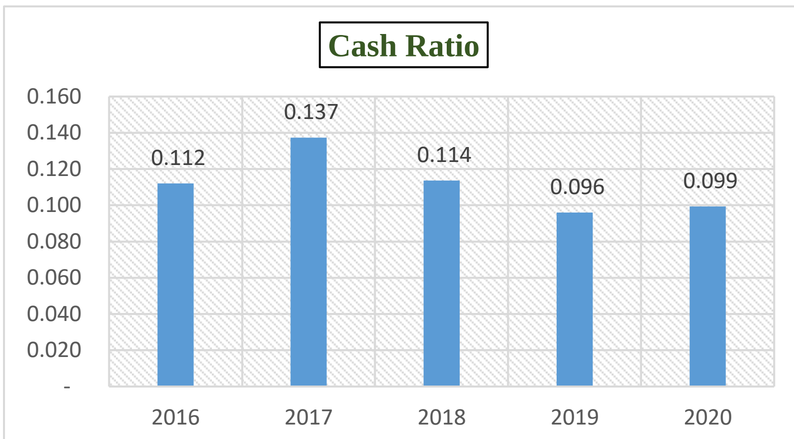


Figure: Cash Ratio

Interpretation

The figure defines that the cash ratio for JBL in 2016 was .112, and in 2017, it slightly increased by .137. Again, the ratio was fallen in 2018 and 2019 by .114 and .096, respectively, which was extremely poor for the bank to repay their liabilities efficiently as they hadn't enough solid money on hand. It slightly rose in 2020 by .099 than 2019. Yet, it wasn't good enough for the bank. Compared with the bank's standard value, the cash ratio from 2016 to 2020 was relatively poor as the proportions were not between 0.5 and 1.

4.1.2. Bank Profitability Ratio

Return on Asset (ROA):

A measure of a company's profitability about its total assets: the return on assets (ROA) indicates how effectively management utilizes its assets to create profits. The return on assets (ROA) ratio shows how well management uses the company's total assets to generate profit. The bigger the return, the more effective management uses its assets. The ROA ratio is computed by comparing net income to average total assets. In this instance, this is known as "return on investment." The formula for calculating return on assets is as follows:

ROA=Net Income / Total Assets

Year	2016	2017	2018	2019	2020
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Total Asset	169180315689	197669198949	225350625510	243266422938	241962132419
ROA	**1.11%**	**1.10%**	**1.02%**	**1.04%**	**1.10%**

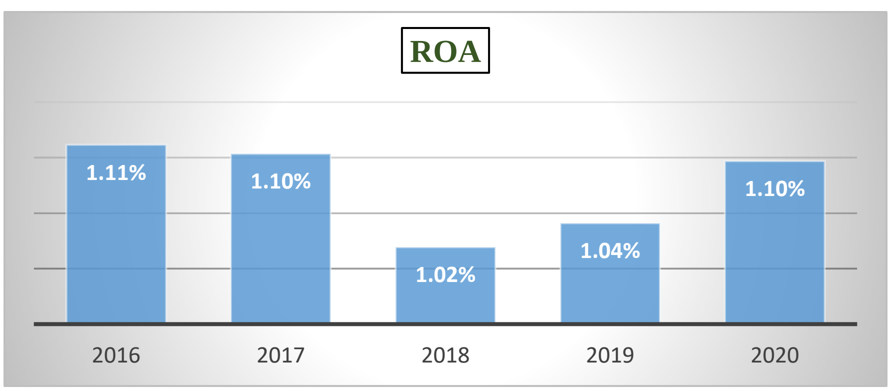


Figure: Return on Assets (ROA)

Interpretation

The return of assets was highest at 1.11% in 2016 & it was lowest in 2018, which is 1.02%. After 2018 the return on assets increased gradually in 2019 and 2020 by 1.04% and 1.10%, respectively. At the same time, more than 5% ROA values are considered pretty good. A ROA of 20% or more is great. Whereas, the percentage of all five years wasn't in a good state as they were all less than 5%.

Return on Deposits (ROD): Return on Deposits= NI (Net Income)/ Total Customer Deposits

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Total Deposit	141505954043	167563846181	188016330312	202498872966	191088437746
ROD	**0.0133**	**0.0130**	**0.0122**	**0.0125**	**0.0139**

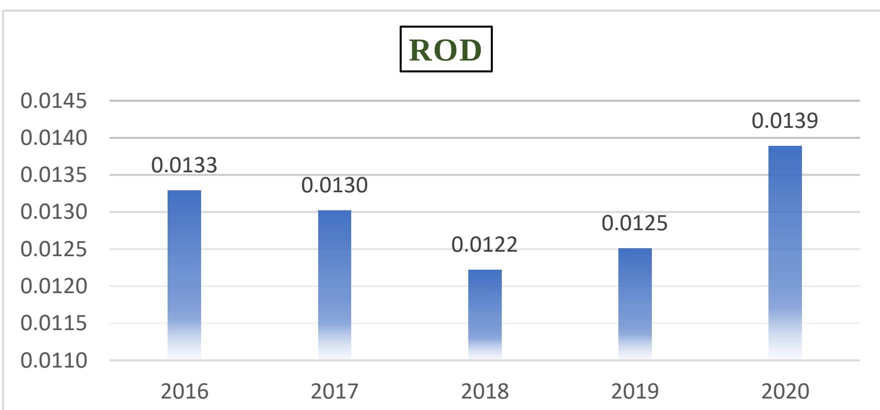


Figure: Return on Deposit (ROD)

Interpretation

Return on deposit was the highest position in 2020 at .0139 & it was the lowest position in 2018 at .0122. In 2016 it was at the work of .0133, and the ratio in 2017 was about .0130. In 2019 return on deposit stood at .0125.

Return on Equity (ROE): Net income is generated as a percentage of shareholders' equity. Return on equity (ROE) is a calculation that indicates how much profit a firm makes with the money it receives from its shareholders. This ratio tells us the earning power of shareholders' book value invested. A high return on equity frequently indicates that a company is willing to take risks and manage its expenses well. On the contrary, if any enterprise has chosen to use a high level of debt compared to industry standards, a high ROE might assume sole financial risk. The return on equity (ROE) is stated as a percentage and estimated as:

Return on Equity= Net Income /Shareholders Equity

The total net income is for the entire fiscal year (before dividends paid to common stockholders but after dividends to preferred stock). Shareholder's equity does not include preferred shares.

Year	2016	2017	2018	2019	2020
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Shareholder-Equity	15784254534	15424555748	18045116831	17056782872	24023826120
ROE	**11.91%**	**14.14%**	**12.73%**	**14.85%**	**11.05%**

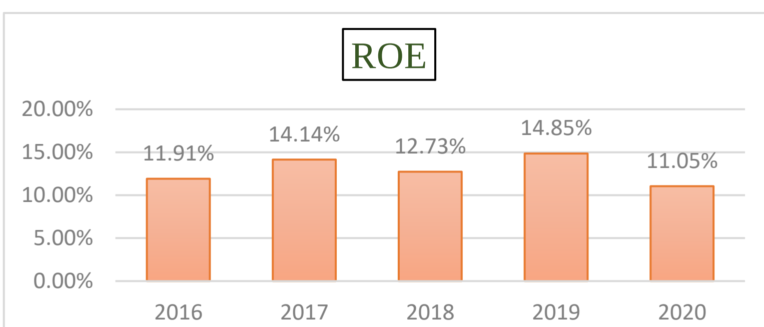


Figure: Return on Equity (ROE)

Interpretation

In 2016 return on equity was 11.91%, and it was increased by 14.14% in 2017, and then it slightly decreased by 12.73% in 2018. Then it became 14.85% which was the highest in the last five years. In 2020 ROE was in the lowest position, at about 11.05%. An ROE is considered satisfactory based on bank standards when the ratio is near 14%. Hence, in 2020 the ratio was not acceptable for the bank.

Net Profit Margin (NPM)

A profitability ratio is calculated as operating income divided by revenues or net profits divided by sales. It calculates how much a firm keeps in earnings for every sales dollar. When comparing organizations in similar industries, profit margin may be beneficial. A corporation with a more significant profit margin is more profitable with better control over its costs than its competitors. The profit margin is displayed as a percentage.

Net Profit margin =Net Income/Operating Income.

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Total Operating Income	8188982031	8865535380	9894394679	11485864244	10903680021
Net Profit Margin	**22.96%**	**24.61%**	**23.22%**	**22.05%**	**24.34%**

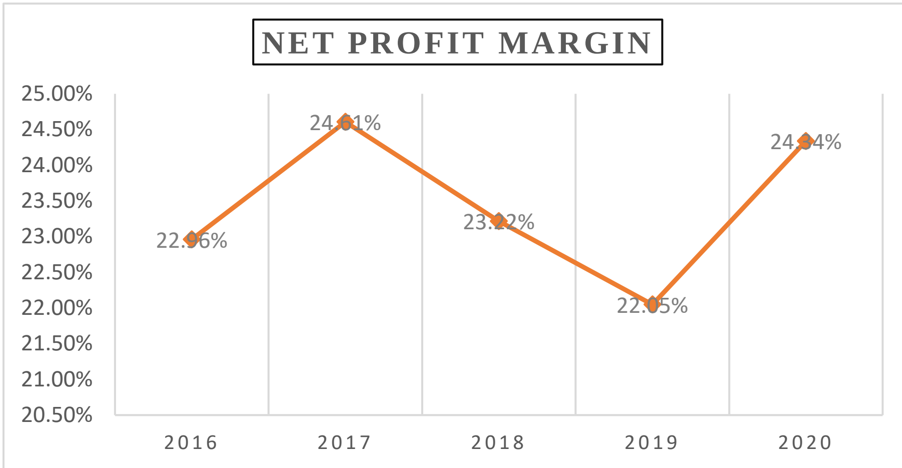


Figure: Net Profit Margin (NPM)

Interpretation

From the previous page, we can see from the figure that the profit margin was 22.96% in 2016, and after that, the profit margin was increased by 24.61% in 2017 & after that, the profit margin was a downtrend mood 23.22% in 2018. The profit margin was sharply increased by 24.34% in 2020. The average profit margin for companies in the banking sector can fluctuate greatly depending on financial market conditions. Therefore, due to the tightening economic market conditions during the COVID-19 pandemic, retail or commercial banks' average net profit margin was 13.9%. On this basis, Jamuna Bank Limited did quite well during 2020.

Operating Profit Margin (OPM)

Year	2016	2017	2018	2019	2020
Operating Profit	4224720451	4389876192	4677188959	5857236828	5101886387
Operating Income	8188982031	8865535380	9894394679	11485864244	10903680021
Operating Profit Margin	**51.59%**	**49.52%**	**47.27%**	**51.00%**	**46.79%**

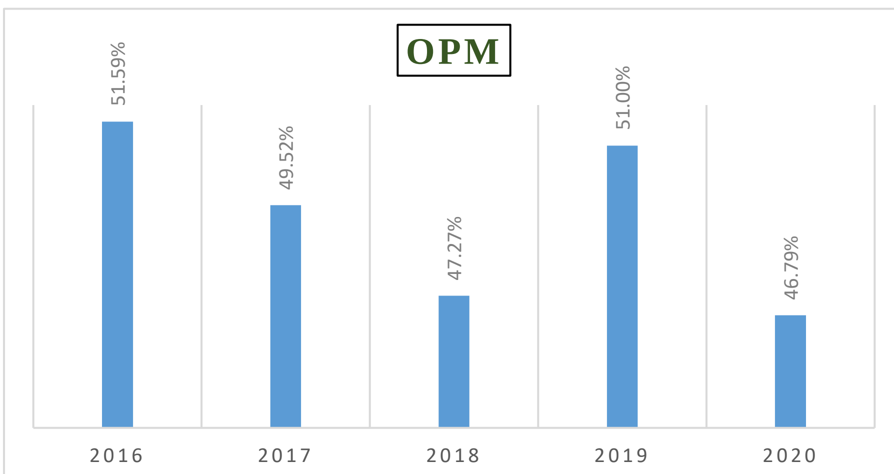


Figure: Operating Profit Margin (OPM)

Interpretation

In 2016 OPM was 51.59% which was highest than in 2017 by 49.52%, and in 2018, OPM declined and stood at 47.27%. In 2019, the OPM became back on the right track by 51%, and again it decreased to 46.79% in 2020, which is not appropriate for the bank compared to the previous years. Although, the bank had outperformed over the years of the overall market as per the standard average value, which is 10%.

Earnings per Share:

The earnings per share (EPS) refers to the part of a company's earnings distributed to each share of common stock, net of taxes and preferred stock dividends. The formula of earning per share is total earnings divided by the number of shares outstanding.

Year	2016	2017	2018	2019	2020
EPS	2.92	2.77	3.07	3.38	3.54

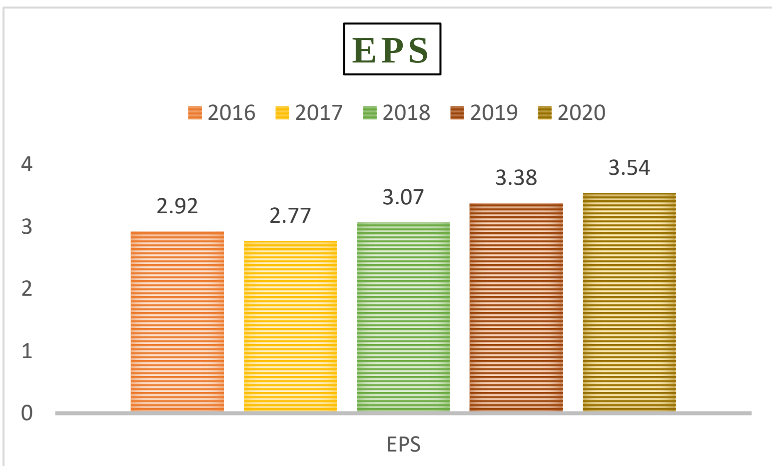


Figure: Earnings per Share

Interpretation

EPS was 2.92 in 2016 though it declined by 2.77 in 2017. From the soundtrack of 2016, it recovered the condition after 2018 and was 3.07 in 2018 and 3.38 in 2019. In 2020, EPS became 3.54, which was a great success in recent years.

4.1.3. Growth Analysis of Jamuna Bank Limited from 2016 to 2020

The year 2017 was the focused year of Jamuna Bank Limited regarding the expansion and diversification of various business lines. A strategic approach to streamlining diverse business opportunities had been undertaken, facilitating Jamuna Bank Limited to complete a prosperous business year. Jamuna Bank Limited team had achieved a great line in business diversification throughout the year. It was marked by fierce competition among major players seeking to streamline themselves successfully to keep pace with the relevant industry's transformation.

As of 2018, JBL's total assets and subsidiary had risen over 2017, though the growth rate was fallen compared to 2017. We know that quantitative growth means improved asset quality, with careful risk management measures contributing to high-quality loans and advances. Hence, Jamuna Bank Limited's retail product offerings and investment portfolios were mitigated and affected the revenue structure in 2020 due to COVID-19. On account of that, the growth rate was shallow in 2020 compared to previous years.

Several effective strategies should be adopted in the upcoming year, including steady growth of savings and lending businesses, innovation development and customer-centered financial products for efficient gains from intra-group synergies, and a competitive blend of market-tailored pricing and service quality.

- **Financial Growth Rate**

a) **Total Assets Growth (2016-2020)**

Year	2016	2017	2018	2019	2020
Total Assets	169180315689	197669198949	225350625510	243266422938	241962132419
Growth Rate		**16.84%**	**14.00%**	**7.95%**	**-0.54%**

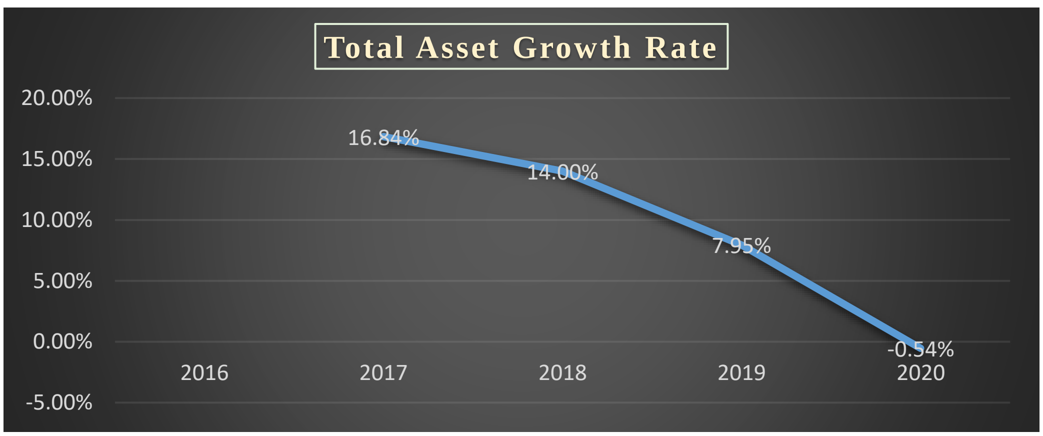


Figure: Growth Rate of Total Asset

Interpretation

The figure shows that total assets gradually increased from 2016 to 2019, apart from 2020. In 2020 total assets decreased from 2019 as well as, If I consider the growth rate from 2016 to 2020. It demonstrates that the growth rate for total assets declined gradually over the years. Hence, a significant contributor to JBL's growth rate in 2017 was 16.84% which was extraordinary for the bank, and it slightly decreased in 2018, and it was 14%. The growth rate declined almost double the previous year in 2019, 7.95%. However, the situation became significantly poor in 2020 due to COVID-19, and the growth rate for the total assets was -.54%. The bank's total assets declined from the previous year, which is unsatisfactory.

b) **Total Liabilities Growth (2016-2020)**

Year	2016	2017	2018	2019	2020
Total Liabilities	153396061155	182244643202	207305508679	226209640067	217938306299
Growth Rate		**18.81%**	**13.75%**	**9.12%**	**-3.66%**

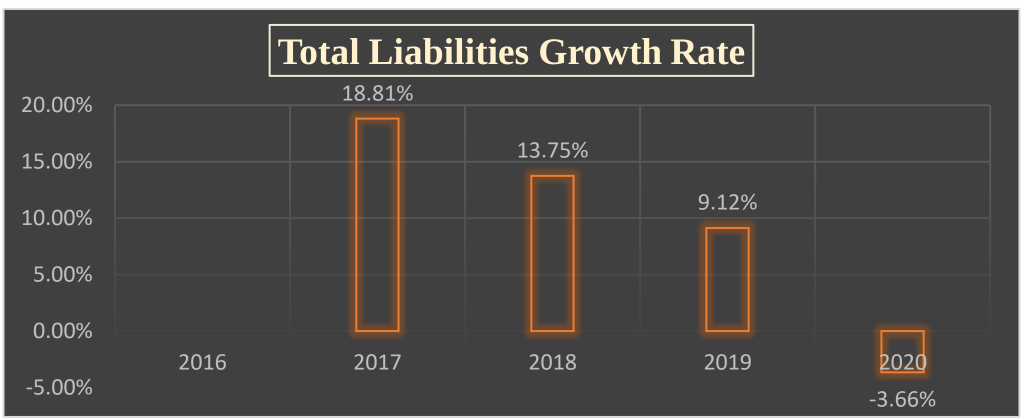


Figure: Growth Rate of Total Liabilities

Interpretation

The growth rate of total liabilities from 2017 to 2020 decreased by 18.81%, 13.75%, 9.12%, and -3.66%, respectively. The table and graph illustrate that the total liabilities stood at 217,938,306,299 at the end of 2020, and the growth rate was -3.66% less than the previous figure of 2020 for the total asset growth rate. An increase in liability is mainly due to increased deposits from customers.

Therefore, it can be said that the ratio of the growth rate of previous years' liabilities was comparatively higher than the growth rate of total assets, which was not acceptable for the bank.

c) **Total Deposit Growth (2016-2020)**

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Total Deposits	141505954043	167563846181	188016330312	202498872966	191088437746
Growth Rate		**18.41%**	**12.21%**	**7.70%**	**-5.63%**

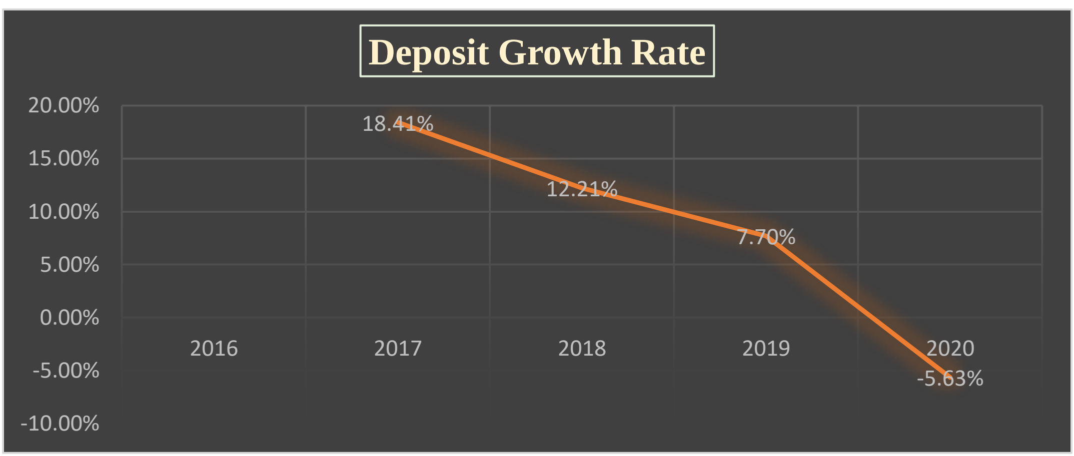


Figure: Growth Rate of Total Deposit Growth

Interpretation

Total deposit in 2017 showed a growth of 18.41% to reach 167,563,846,181 from 141,505,954. Despite numerous challenges, the deposit rate was reduced by 12.21% in 2018. The table and graph illustrate that the growth rate of total deposits for Jamuna Bank Limited from 2019 to 2020 decreased excessively by 7.70% and −5.63% than previous years, which state that the decrease in deposit rate directly affected giving loans efficiently to the customers.

➢ **Operational Performance Growth Rate**

a) **Operational Income Growth Rate**

Year	2016	2017	2018	2019	2020
Operational Income	8188982031	8865535380	9894394679	11485864244	10903680021
Growth Rate		8.26%	11.61%	16.08%	-5.07%

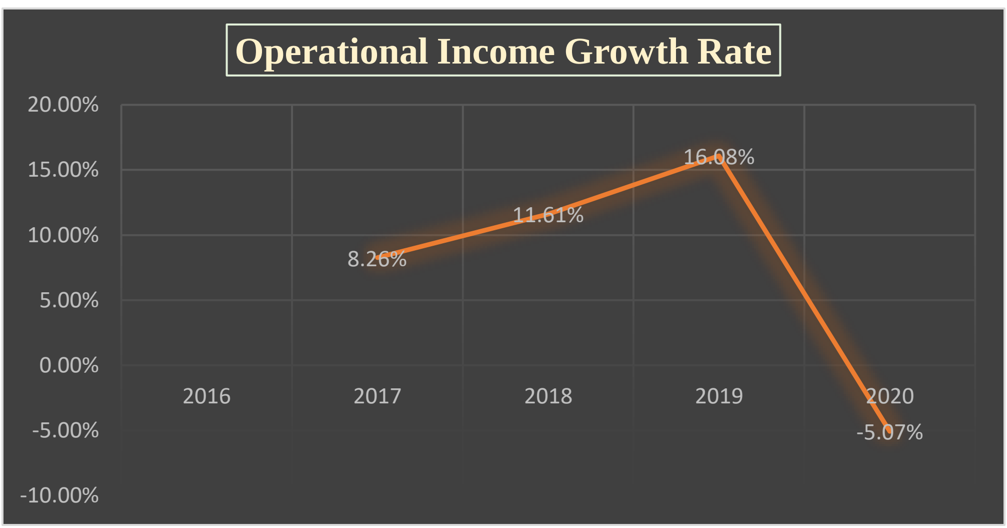


Figure: Operational Income Growth Rate

Interpretation

From the figure, the operating income growth rate gradually increased from 2017 to 2019 by 8.26%, 11.61%, and 16.08%, respectively, which was a positive sign for Jamuna Bank. However, the growth rate was suddenly dropped in 2020 to -5.07, which is a negative sign for Jamuna Bank Limited.

b) **Operational Expense Growth Rate**

Year	2016	2017	2018	2019	2020
Operational Expense	3964261580	4475659188	5217205720	5628627416	5801793634
Growth Rate		**12.90%**	**16.57%**	**7.89%**	**3.08%**

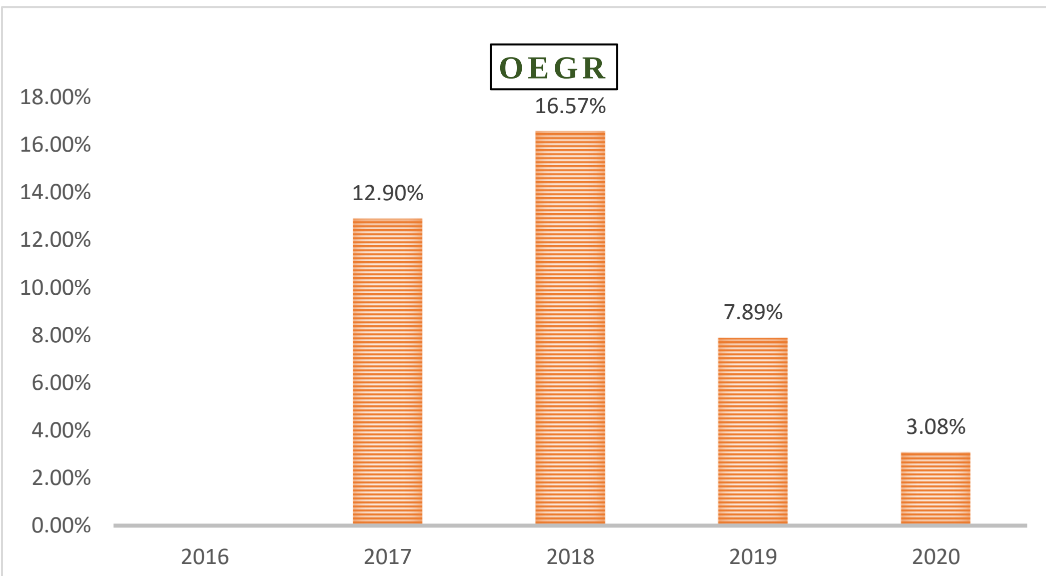


Figure: Operational Expense Growth Rate

Interpretation

The table shows that the operating expense growth rate increased from 2017 to 2018 by 12.90% to 16.57%. However, the growth rate in operating expenses was steadily lowered in 2019 and 2020 than in the previous years, which were 7.89% and 3.08%, respectively. It illustrates that Jamuna Bank Limited was declining its expenses due to the drastic fall in operating income.

c) **Net Profit after Tax Growth Rate**

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Net Profit after Tax for the Year	1880292800	2181475582	2297123376	2532432023	2653629622
Growth Rate		**16.02%**	**5.30%**	**10.24%**	**4.79%**

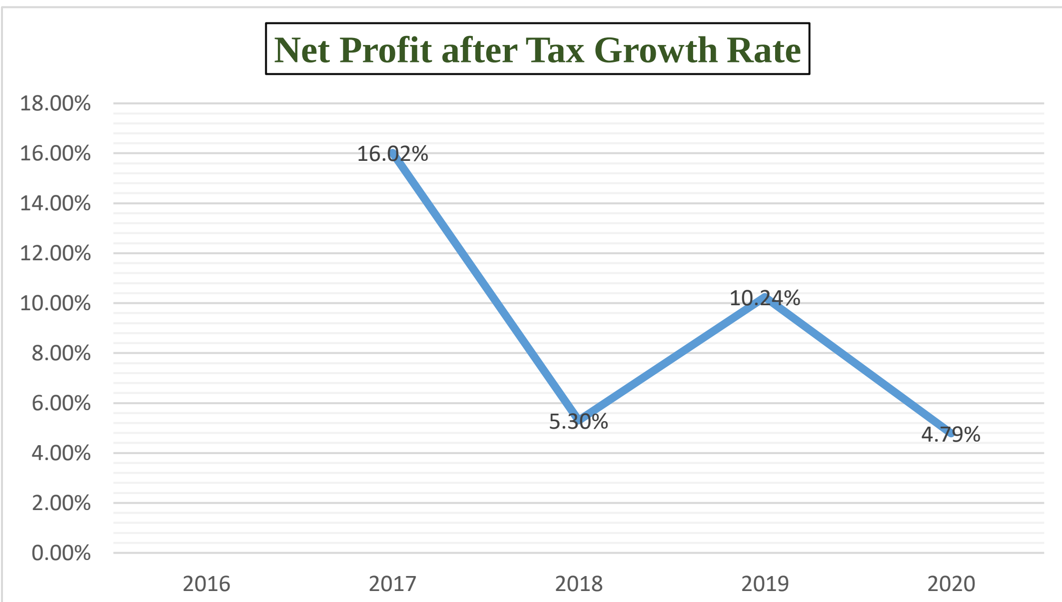


Figure: Net Profit after Tax Growth Rate

Interpretation

The net profit after tax growth rate stood at 16.02% in 2017. This rate was dropped in 2018 by 5.30%, and again, it rose in 2019 at the speed of 10.24%, and then it dropped by 4.79% in 2020. The table and graph show that the rates fluctuated for the last five years, which was not up to the mark for Jamuna Bank Limited.

d)

NAV Growth Rate

Year	2016	2017	2018	2019	2020
NAV	25.70	20.59	24.09	22.77	32.06
Growth Rate		**-19.88%**	**17.00%**	**-5.48%**	**40.80%**

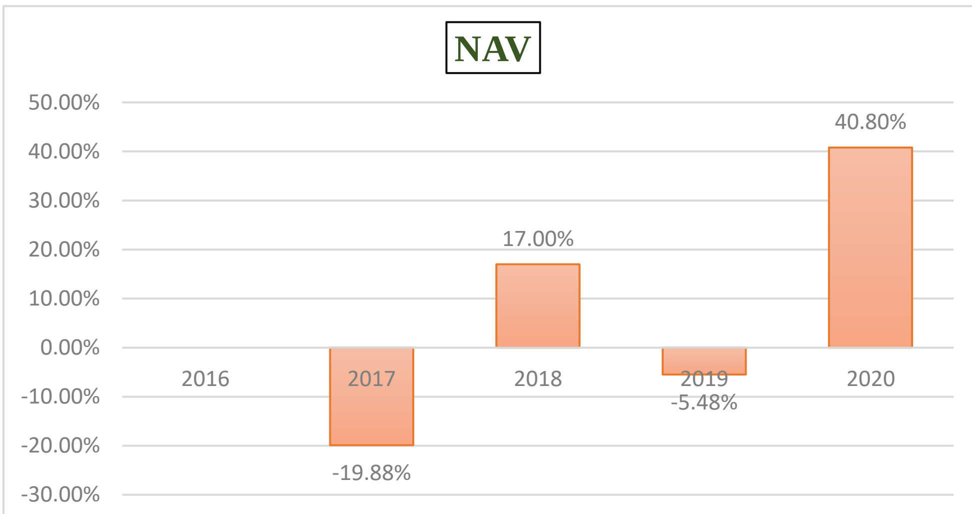


Figure: Net Asset Value Growth Rate

Interpretation

The data shows that the net asset value growth rate in 2017 was a pitiful -19.88 percent and stayed at a good position in 2018 by 17% and in 2019 again it dropped by -5.48%, and then it lifted by 40.80%, which is positive for the bank’s safety.

e) **Shareholders' Equity Growth Rate**

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Shareholder Equity	15784254534	15424555748	18045116831	17056782872	24023826120
Growth Rate		**-2.28%**	**16.99%**	**-5.48%**	**40.85%**

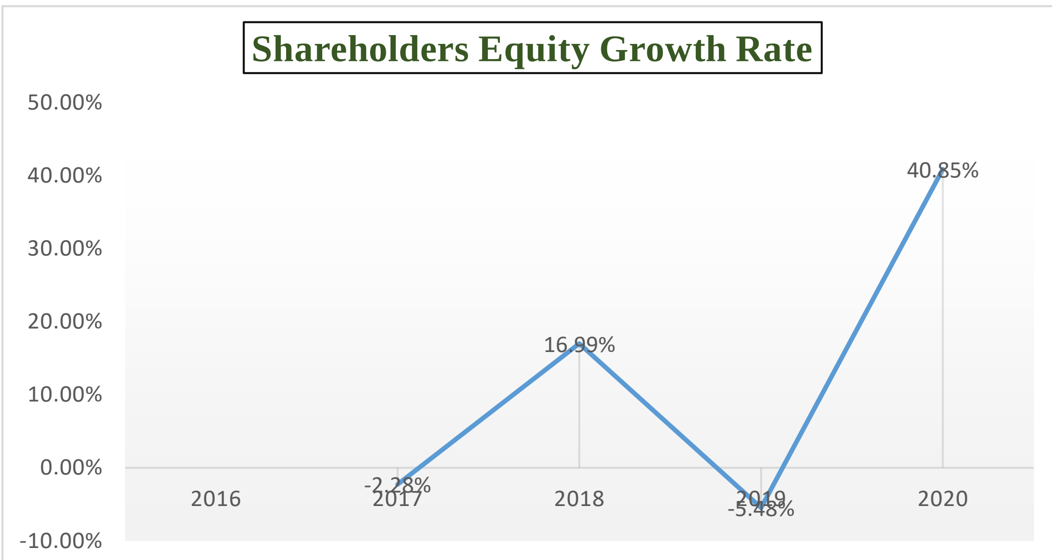


Figure: Shareholders Equity Growth Rate

Interpretation

The growth rate of shareholders' equity was not satisfactory in 2017. Shareholder equity's growth rate increased from -2.28% to 16.99% in 2018. This rise was propelled by earnings growth, reflected in consolidated net income. It declined in 2019 by -5.48% from a proper track of 2018, but it recovered the condition in 2020 by 40.85%, which was a great success in recent years.

4.1.4. Solvency or Leverage Ratio

Debt Ratio:

The debt ratio is calculated when a company's entire debt is divided by its total assets. This is used to get a basic understanding of its average usage. A low percentage indicates that the company relies less on leverage or money borrowed and owed to others. The lower the interest rate, the less leverage a business possesses. Its equity position is more potent. In general, the more significant the percentage, the greater the risk is taken on by the company.

$$\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Year	2016	2017	2018	2019	2020
Total Liabilities	153396061155	182244643202	207305508679	226209640067	217938306299
Total Asset	169180315689	197669198949	225350625510	243266422938	241962132419
Debt Ratio	**0.91**	**0.92**	**0.92**	**0.93**	**0.90**

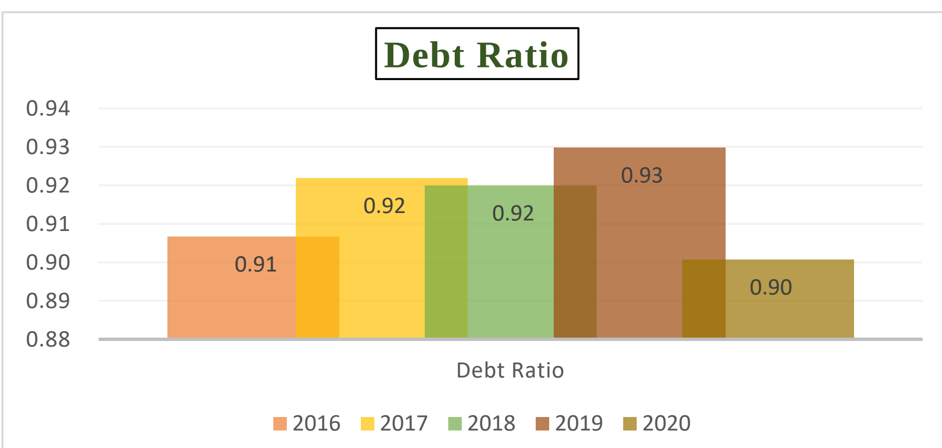


Figure: Debt Ratio

Interpretation

The debt ratio was 0.91 in 2016. The graph shows that the debt ratio of JBL was almost the same from the year 2017 to 2018, and the debt ratio for those years was 0.92. It was highest in 2019, which was 0.93, and it came to 0.90 in 2020. This indicates that the bank had been becoming less leveraged that year. A debt ratio from 2016 to 2020 was less than 1.0 or 100% means that a company had more assets than debts over the last five years.

Debt to Equity Ratio

The debt-to-equity ratio measures what is borrowed to what can be managed to determine how much debt the corporation has. The higher rate indicates that the company may be over-leveraged and should look for ways to reduce its debt.

Year	2016	2017	2018	2019	2020
Total Liabilities	153396061155	182244643202	207305508679	226209640067	217938306299
Total Equity	15784254534	15424555748	18045116831	17056782872	24023826120
D/E Ratio	**9.72**	**11.82**	**11.49**	**13.26**	**9.07**

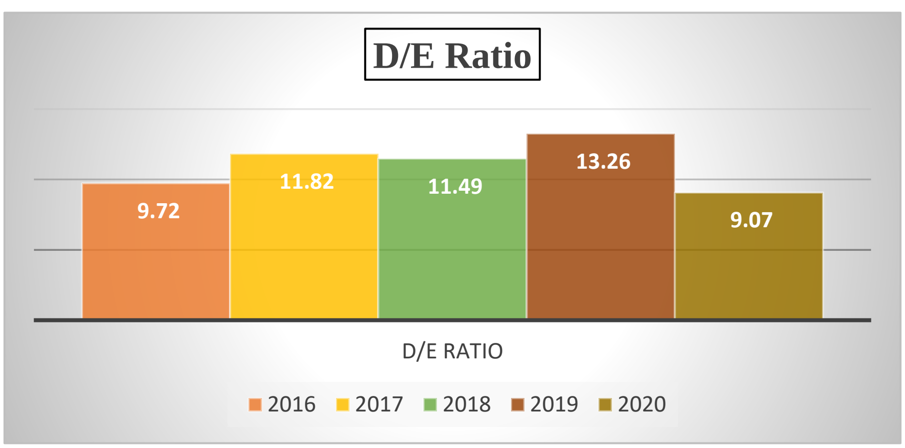


Figure: Debt to Equity Ratio

Interpretation

The tabular analysis illustrates that the debt-to-equity ratio of JBL was low in 2016, which was 9.72. It became 11.82, 11.49, and 13.26 in 2017, 2018, and 2019 respectively, indicating that the Bank was in an over-leveraged position in the last three years. It was decreased by 9.07 in 2020, which was positive for the bank. However, a D/E ratio of 1.5 or lower is considered desirable, and a ratio higher than two is considered less favorable. In the banking and financial services sector, a relatively high D/E ratio is commonplace. Banks carry more elevated amounts of debt because they own substantial fixed assets in the form of branch networks.

Interest Coverage Ratio

The interest coverage ratio calculates how many times a company's earnings before interest and taxes might cover its debt interest payments. The interest coverage ratio determines how easily a company can pay interest expenses on outstanding debt. The ratio is measured by dividing a company's earnings before interest and taxes (EBIT) by the company's interest expenses for the same period. The lower the ratio, the more debt expense burdened the company is.

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings Before Interest and Taxes (EBIT)}}{\text{Interest Expense}}$$

Year	2016	2017	2018	2019	2020
EBIT	2908899051	3587307262	3602144263	4713549727	4339443109
Interest Expense	7153704967	7631559109	9715635891	11391965439	10465703213
Interest Coverage Ratio	**0.41**	**0.47**	**0.37**	**0.41**	**0.41**

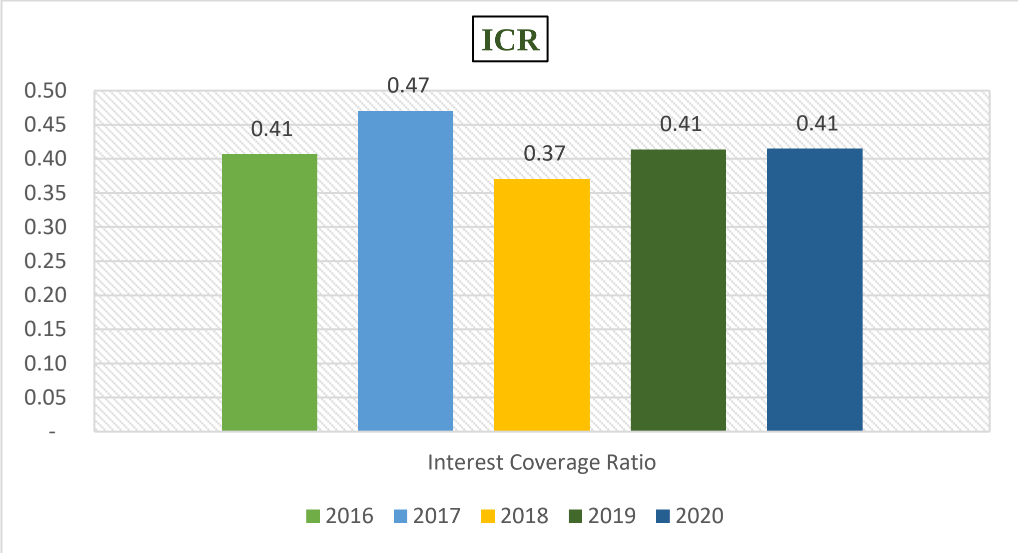


Figure: Interest Coverage Ratio

Interpretation

The interest coverage ratio of JBL fluctuated from 2016 to 2018. It was highest in 2017, which was 0.47, which indicates the bank's lower debt expense. And it was suitable for the Bank. The interest coverage ratio of JBL was lowest in 2018, and it was 0.37, thus indicating that the debt expense burdened the Bank. Therefore, an interest coverage ratio of the bank should be maintained at least 2 or more than 3 or above.

4.1.5. Market Ratio

Price to Earnings Ratio

Year	2016	2017	2018	2019	2020
P/E Ratio	5.35	7.94	5.74	5.47	5.31

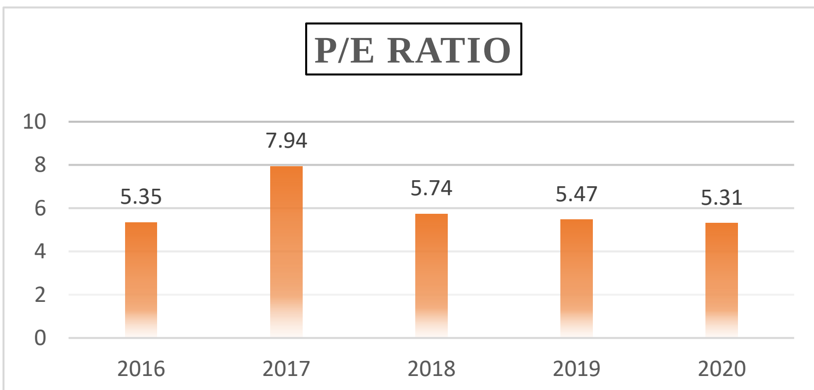


Figure: P/E Ratio

Interpretation

The graph demonstrates that in 2016 the P/E ratio was lower than in 2017 to 2019, which was 5.35, and it was better for the bank as they had bought the share for their business at a lower P/E than those years. However, in 2020 the P/E ratio was lower than in 2016, which was 5.31, and it was upright for the bank.

4.1.6. Efficiency or Activity Ratio

Total Asset Turnover

Year	2016	2017	2018	2019	2020
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Total Asset	169180315689	197669198949	225350625510	243266422938	241962132419
Total Asset Turnover	**0.0111**	**0.0110**	**0.0102**	**0.0104**	**0.0110**

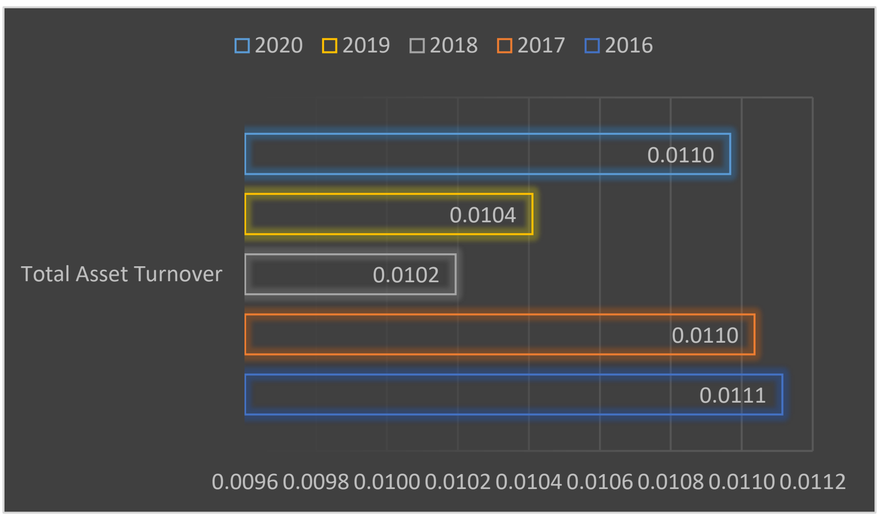


Figure: Total Asset Turnover

Interpretation

The graph shows that total asset turnover wasn't convenient over the past five years because the ratio was abysmal. As the ratio was abysmal, the bank couldn't perform efficiently and generate revenue per asset. The total asset turnover ratio from 2016 to 2020 was less than 1, which means the company could not generate enough revenue for itself.

Fixed Asset Turnover

$$\text{Fixed Asset Turnover Ratio} = \frac{\text{Revenue}}{\text{Property, Plant and Equipment}}$$

Year	2016	2017	2018	2019	2020
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Total Fixed Asset	2514969995	2791931879	2895939084	3498349014	3542066805
Fixed Asset Turnover	**0.75**	**0.78**	**0.79**	**0.72**	**0.75**

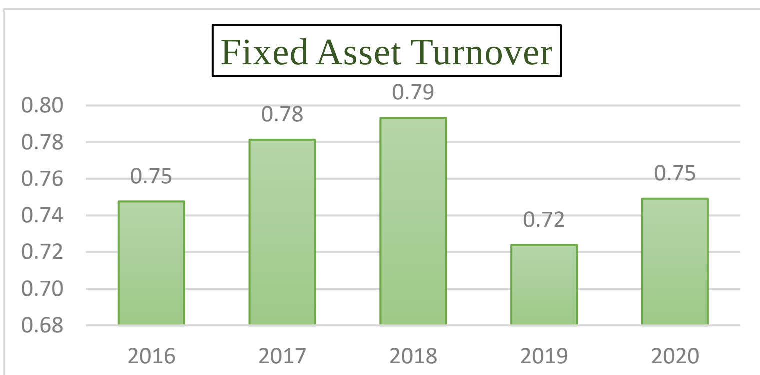


Figure: Fixed Asset Turnover

Interpretation

As of the table, it is clear that the fixed asset turnover ratio of JBL is exceptionally fluctuating. In 2016 it was 0.75, and it increased by 0.78 in 2017. It again increased slightly by 0.79 in 2018 from 2017. In 2019 it was 0.72, which was the lowest ratio in the past five years, and yet in 2020, it was increased by 0.75. However, ratios over the past five years were less than the standard value of 2.5, indicating that JBL could not efficiently manage the company's fixed assets.

Equity Turnover

Year	2016	2017	2018	2019	2020
Net Income	1880292800	2181475582	2297123376	2532432023	2653629622
Total Equity	15784254534	15424555748	18045116831	17056782872	24023826120
Equity Turnover	**0.12**	**0.14**	**0.13**	**0.15**	**0.11**

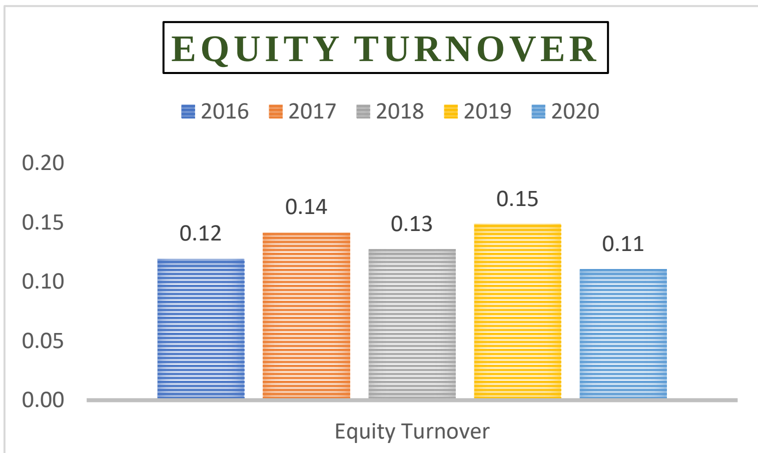


Figure: Equity Turnover

Interpretation

The highest ratio indicates the better performance of the bank. The above graph indicates that 2019 was in a good state by 0.15. Equity turnover was 0.12,0.14,0.13 and 0.11 in 2016,2017,2018 and 2020 respectively. High equity turnover means the bank generates revenue through average shareholder's equity.

Revenue Per Employee

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Net Revenue	1880292800	2181475582	2297123376	2532432023	2653629622
Total Number of Employees	2443	2592	2824	2867	3096
Revenue per Employee	**769665.4932**	**841618.6659**	**813428.9575**	**883303.8099**	**857115.511**

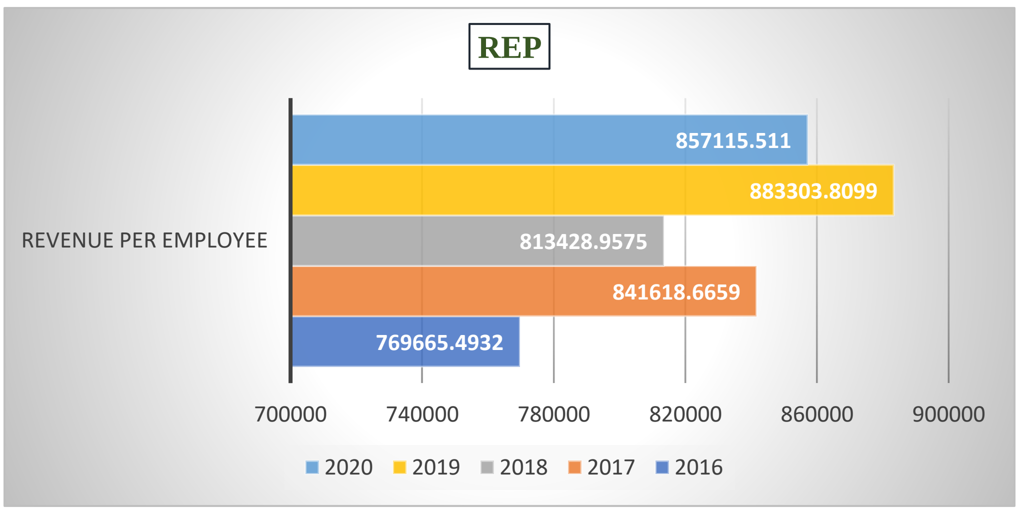


Figure: Revenue Per Employee

Interpretation

The tabular analysis illustrates that the sales revenue per employee fluctuated through the years, which is unacceptable for the bank. In 2020 it was around 8.5 lac which was less than in 2019. It was highest in 2019, which was someway about 8.8 Lac.

4.1.7. Bank Efficiency Ratio

Net Interest Income to Total Loan and Advance:

Interest Income: Short-term deposit securities, such as certificates of deposit, are sometimes used by organizations to keep their cash with maturities up to twelve months, savings accounts, and money market funds. The money placed in these accounts earns interest for the business, which is recorded on the income.

Interest Expenses: Companies often borrow money to build plants or offices, buy other businesses purchase inventory, or do day-to-day fund operations. On the balance sheet, the borrowed funds are turned into an asset. The interest a company pays to bondholders, banks, and private lenders, on the other hand, is a cost for which there is no return. As a result, interest expenditure must be included in the income statement.

Interest Income to Expenses= Interest Income-Interest Expenses / Total Loans and Advances

Year	2016	2017	2018	2019	2020
Interest Income	9,709,005,665.00	11,472,092,844.00	15,025,930,025.00	17,842,681,394.00	14,235,372,594.00
Interest Expense	7,153,704,967.00	7,631,559,109.00	9,715,635,891.00	11,391,965,439.00	10,465,703,213.00
Interest In - Interest Exp	2555300698.00	3840533735.00	5310294134.00	6450715955.00	3769669381.00
Total Loans and Advance	118,293,779,461	143,488,806,522	166,601,471,787	178,484,951,942	163,908,028,807
IEE	0.0216	0.0268	0.0319	0.0361	0.0230

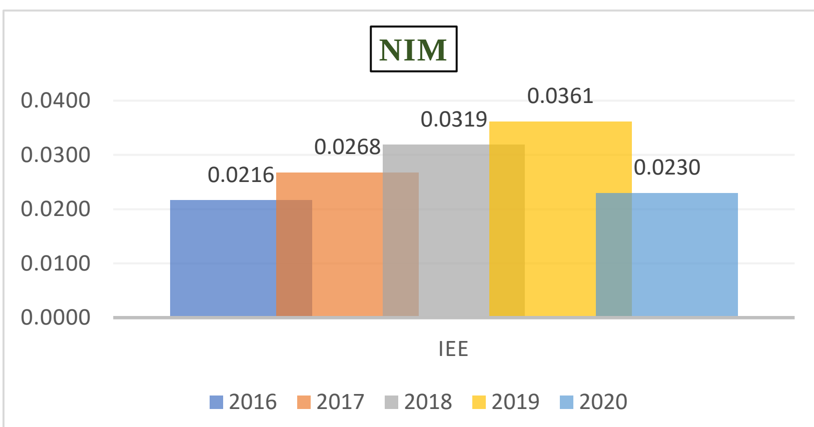


Figure: Net Interest Income to Total Loan and Advance

Interpretation

The tabular analysis illustrates that the net interest income to expenses was highest in 2019 and lowest in 2016. An interest income to expenses was in the second-highest position in 2018.

4.1.8. Operating Performance Ratio

Operating Expenses to an Asset:

An expense that a corporation incurs when it conducts its routine business operations. The matter of concern of how low operating expenses can be reduced without significantly affecting its ability to compete with its competitors. Also known as "OPEX."

Operating Expense to Assets= Operating Expenses/Total Assets

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Operating Expense	3964261580	4475659188	5217205720	5628627416	5801793634
Total Assets	169180315689	197669198949	225350625510	243266422938	241962132419
OEA	**0.0234**	**0.0226**	**0.0232**	**0.0231**	**0.0240**

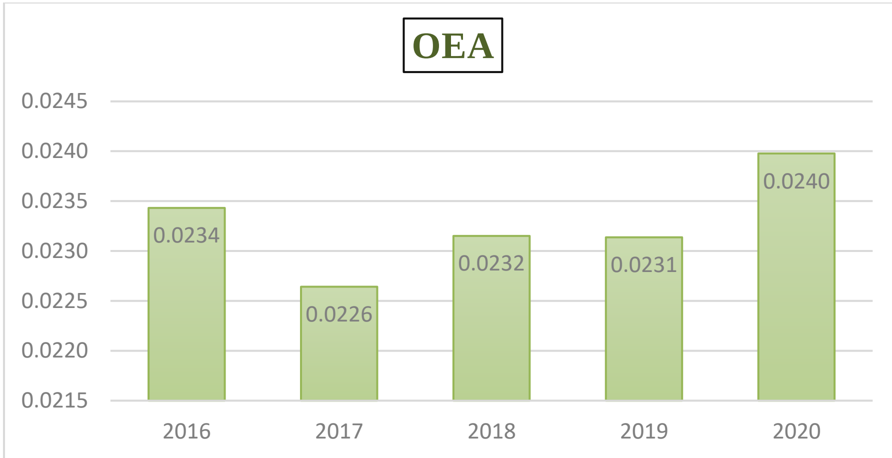


Figure: Operating Expenses to Asset

Interpretation

The operating expense ratio reveals how much Operating expenses are needed for the bank compared to its total assets. The lower the ratio indicates, the better performance of the bank. This graph suggests that 2017 was a better performance than the other year's operating expenses.

Operating Income to Assets: After operating expenses have been deducted, the profit generated by a business. Operating income takes the gross income, subtracts other operating expenses removes depreciation. These operational expenses are costs incurred from operating activities and include office supplies and heat and power.

Operating Income to Assets = Operating Income / Total Assets

Year	2016	2017	2018	2019	2020
Operating Income	8188982031	8865535380	9894394679	11485864244	10903680021
Total Assets	169180315689	197669198949	225350625510	243266422938	241962132419
OIA	**0.0484**	**0.0449**	**0.0439**	**0.0472**	**0.0451**

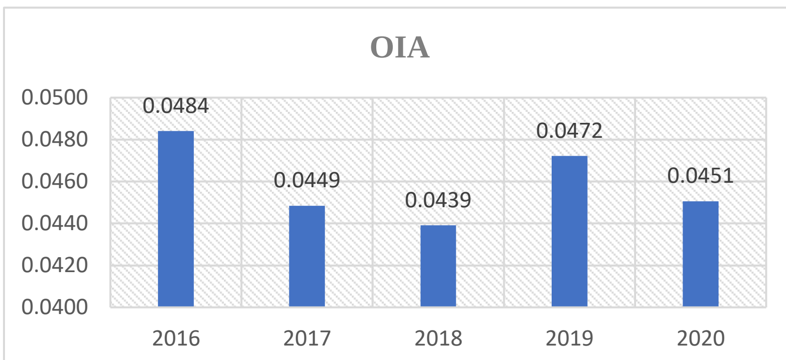


Figure: Operating Income to Assets

Interpretation

The highest ratio indicates the better performance of the bank. This graph demonstrates that 2020 was not quite the best performance for the bank. This graph demonstrates that operating income was .0484 in 2016, then in 2017, it was a downtrend. In 2019 it was in an upward trend mood by .0472 than 2018.

Operating Expenses to Revenue:

Operating Expenses to Revenue = Operating Expenses / Operating Income

Year	2016	2017	2018	2019	2020
Operating Expenses	3964261580	4475659188	5217205720	5628627416	5801793634
Operating Income	8188982031	8865535380	9894394679	11485864244	10903680021
OER	**0.484**	**0.505**	**0.527**	**0.490**	**0.532**

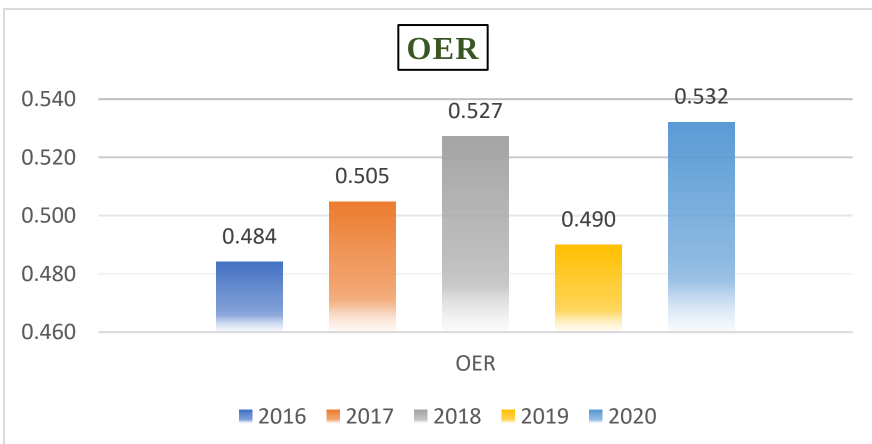


Figure: Operating Expenses to Revenue

Interpretation

This graph indicates that operating expenses to revenue were lowest in 2016 & it was highest in 2020. In Operating expense ratio compared operating expenses for the bank to its operating income. This graph shows that the operating expenses ratio was upward except for 2019. Still, it was also high compared to the stable state. This means JBL performance is not good in this analysis.

4.1.9. Common-Size Analysis

The common-size analysis is an analysis where the financial statements of each account are expressed as a percentage of the value. This type of financial statement can allow for easy analysis between companies or between periods of a company.

Common-Size of Balance-Sheet					
Particulars	**2020**	**2019**	**2018**	**2017**	**2016**
Cash	4.66%	5.32%	5.30%	5.81%	6.18%
In hand (Including foreign currencies)	1.08%	1.08%	1.08%	0.93%	0.99%
Balances with Bangladesh bank and Sonali bank (Including foreign currencies)	3.58%	4.24%	4.22%	4.88%	5.19%
Balance with other banks and financial institutions	**2.65%**	**2.57%**	**3.80%**	**5.98%**	**3.37%**
In Bangladesh	2.28%	2.13%	3.32%	5.52%	2.75%
Outside Bangladesh	0.36%	0.44%	0.47%	0.47%	0.63%
Money at call and short notice	**0.84%**	**0.28%**	**0.47%**	**N/A**	**N/A**
Investment in shares & securities	**21.16%**	**16.21%**	**14.15%**	**13.28%**	**17.92%**
Government	19.28%	14.57%	12.35%	13.05%	17.58%
Others	1.88%	1.65%	1.80%	0.23%	0.34%
Loans, cash credits, overdrafts/General Investments	63.34%	68.65%	69.55%	68.50%	63.01%
Bills discounted and purchased	4.40%	4.72%	4.38%	4.09%	6.91%
Total	**67.74%**	**73.37%**	**73.93%**	**72.59%**	**69.92%**

Land, building, furniture, and fixtures (Including leased assets)	**1.46%**	**1.44%**	**1.29%**	**1.41%**	**1.49%**
Other assets	**1.49%**	**0.81%**	**1.08%**	**0.93%**	**1.12%**
Total assets	**100%**	**100%**	**100%**	**100%**	**100%**
Borrowings from other banks, financial institutions, and agents	3.23%	1.97%	0.84%	1.15%	1.78%
Current /Al-Wadeeah current and other deposit accounts	**16.39%**	**14.12%**	**15.12%**	**12.95%**	**12.87%**
Bills payable	2.40%	3.50%	3.07%	4.02%	7.12%
Savings deposits/Mudaraba Savings Deposits	10.07%	8.05%	7.82%	8.22%	8.30%
Mudarabba/ Term and Fixed deposits	31.62%	38.35%	39.97%	39.86%	33.64%
Other Deposits/ Mudarabba Deposits	27.20%	25.49%	24.71%	26.90%	30.32%
Total Deposits	**87.68%**	**89.52%**	**90.70%**	**91.94%**	**92.25%**
Other liabilities	5.21%	4.44%	3.84%	4.16%	4.67%
Subordinated Debt/Mudaraba bond	3.88%	4.07%	4.63%	2.74%	1.30%
Total liabilities	**100%**	**100%**	**100%**	**100%**	**100%**
Capital /Shareholders" Equity:	100%	100%	100%	100%	100%
Paid-up capital	**31.19%**	**43.93%**	**41.52%**	**39.81%**	**38.91%**
Statutory reserve	30.25%	37.50%	30.15%	30.46%	25.33%
Dividend Equalization Fund	N/A	N/A	N/A	N/A	0.19%
Retained earnings	9.52%	9.54%	8.58%	8.73%	7.58%
Other Reserve	29.05%	9.03%	19.74%	21.00%	27.98%
Minority Interest	0.0000067%	0.0000096%	0.0000096%	0.0000115%	0.0000107%
Total Equity	**100%**	**100%**	**100%**	**100%**	**100%**

Common-Size of Income Statement					
Particulars	2020	2019	2018	2017	2016
Interest income	**100%**	**100%**	**100%**	**100%**	**100%**
Interest paid on deposits and borrowings	73.52%	63.85%	64.27%	66.47%	73.56%
Net interest income	26.48%	36.15%	35.73%	33.53%	26.44%
Income from investments	31.96%	13.07%	12.37%	22.71%	38.60%
Commission, exchange, and brokerage Income	13.86%	11.30%	12.63%	16.10%	14.70%
Other operating income	4.29%	3.85%	5.11%	4.94%	4.60%
Total operating income	**76.60%**	**64.37%**	**65.85%**	**77.28%**	**84.34%**
Rent, Taxes, Insurance, Electricity, etc.	5.37%	4.27%	4.95%	5.36%	5.47%
Salaries and allowances	24.97%	18.71%	20.57%	23.73%	25.82%
Legal Expenses	0.073%	0.076%	0.068%	0.071%	0.055%
Postage, Stamps, Telecommunication etc.	0.61%	0.55%	0.74%	0.82%	0.96%
Stationery, Printing, Advertisement, etc.	24.97%	18.71%	20.57%	23.73%	25.82%
Directors' Fees and Expenses	0.040%	0.042%	0.042%	0.073%	0.089%
Salary and allowances paid to Manage director/Chief Executive	0.10%	0.08%	0.10%	0.13%	0.13%
Auditors' Fee	0.01%	0.00%	0.00%	0.01%	0.01%
Depreciation and Repairs to Bank's Assets	2.31%	1.73%	1.80%	1.98%	2.09%
Other Expenses	5.85%	4.86%	5.17%	5.55%	4.89%

Total operating expenses	**40.76%**	**31.55%**	**34.72%**	**39.01%**	**40.83%**
Operating Profit	35.84%	32.83%	31.13%	38.27%	43.51%
Profit before provision	35.84%	32.83%	31.13%	38.27%	43.51%
Specific provision (Loan and Advances)	5.37%	6.20%	7.02%	6.10%	12.74%
Off-balance sheet items	-0.01	0.04%	-0.35%	1.10%	1.05%
Diminution in value of an investment	-0.25%	0.15%	0.46%	-0.73%	-0.36%
Others Provision	0.82%	0.02%	0.02%	0.53%	0.13%
Provision to foundation/ Nostro Accounts	N/A	N/A	N/A	0.91%	0.92%
Total provision	**76.60%**	**64.37%**	**65.85%**	**77.28%**	**84.34%**
Extraordinary gains and losses	-	-	-	0.91%	0.92%
Profit for the year before the taxation	**30.48%**	**26.42%**	**23.97%**	**31.27%**	**29.96%**
Current Tax	11.83%	12.20%	8.86%	12.07%	10.64%
Deferred tax	0.01%	0.03%	-0.17%	0.18%	-0.05%
Provision for tax	**11.84%**	**12.22%**	**8.69%**	**12.25%**	**10.59%**
Net profit after tax for the year	**18.64%**	**14.19%**	**15.29%**	**19.02%**	**19.37%**

4.1.10. Financial Performance: Trend Analysis at a Glance

Trend Analysis of Balance-Sheet

Particulars	2020	2019	2018	2017	2016
Cash	108%	124%	114%	110%	100%
In hand (Including foreign currencies)	156%	157%	145%	109%	100%
Balances with Bangladesh bank and Sonali bank (Including foreign currencies)	99%	117%	108%	110%	100%
Balance with other banks and financial institutions	**112%**	**109%**	**150%**	**207%**	**100%**
In Bangladesh	119%	112%	161%	235%	100%
Outside Bangladesh	83%	100%	101%	87%	100%
Money at call and short notice	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Investment in shares & securities	**169%**	**130%**	**105%**	**87%**	**100%**
Government	157%	119%	94%	87%	100%
Others	801%	706%	713%	78%	100%
Loans, cash credits, overdrafts/General Investments	144%	157%	147%	127%	100%
Bills discounted and purchased	91%	98%	84%	69%	100%
Total	**139%**	**151%**	**141%**	**121%**	**100%**
Land, building, furniture, and fixtures (Including leased assets)	**141%**	**139%**	**115%**	**111%**	**100%**
Other assets	**190%**	**104%**	**128%**	**97%**	**100%**
Total assets	**143%**	**144%**	**133%**	**117%**	**100%**

Borrowings from other banks, financial institutions, and agents	258%	164%	64%	77%	100%
Current /Al-Wadeeah current and other deposit accounts	**181%**	**162%**	**159%**	**119%**	**100%**
Bills payable	48%	73%	58%	67%	100%
Savings deposits/Mudaraba Savings Deposits	172%	143%	127%	118%	100%
Mudarabba/ Term and Fixed deposits	134%	168%	161%	141%	100%
Other Deposits/ Mudarabba Deposits	127%	124%	110%	105%	100%
Total Deposits	**135%**	**143%**	**133%**	**118%**	**100%**
Other liabilities	158%	140%	111%	106%	100%
Subordinated Debt/Mudaraba bond	423%	460%	480%	250%	100%
Total liabilities	**142%**	**147%**	**135%**	**119%**	**100%**
Capital /Shareholders" Equity:	152%	108%	114%	98%	100%
Paid-up capital	**122%**	**122%**	**122%**	**100%**	**100%**
Statutory reserve	182%	160%	136%	117%	100%
Dividend Equalization Fund	N/A	N/A	N/A	N/A	100%
Retained earnings	191%	136%	129%	112%	100%
Other Reserve	158%	35%	81%	73%	100%
Minority Interest	95%	97%	103%	105%	100%
Total Equity	**152%**	**108%**	**114%**	**98%**	**100%**
Total liabilities and shareholders' equity	**143%**	**144%**	**133%**	**117%**	**100%**
NAV	**125%**	**N/A**	**94%**	**98%**	**100%**

Trend Analysis of Income Statement					
Particulars	2020	2019	2018	2017	2016
Interest income	**147%**	**184%**	**155%**	**118%**	**100%**
Interest paid on deposits and borrowings	147%	159%	135%	107%	100%
Net interest income	**147%**	**251%**	**209%**	**150%**	**100%**
Income from investments	121%	62%	50%	69%	100%
Commission, exchange, and brokerage Income	138%	141%	133%	129%	100%
Other operating income	137%	154%	172%	127%	100%
Total operating income	**133%**	**140%**	**121%**	**108%**	**100%**
Rent, Taxes, Insurance, Electricity, etc.	144%	144%	140%	116%	100%
Salaries and allowances	142%	133%	123%	109%	100%
Legal Expenses	196%	257%	194%	153%	100%
Postage, Stamps, Telecommunication, etc.	93%	105%	118%	100%	100%
Stationery, Printing, Advertisement, etc.	159%	169%	150%	116%	100%
Directors' Fees and Expenses	65%	86%	72%	96%	100%
Salary and allowances paid to a managing director/Chief Executive	115%	122%	124%	124%	100%
Auditors' Fee	122%	118%	118%	124%	100%
Depreciation and Repairs to Bank's Assets	162%	153%	134%	112%	100%
Other Expenses	175%	182%	164%	134%	100%
Total operating expenses	**146%**	**142%**	**132%**	**113%**	**100%**
Operating Profit	121%	139%	111%	104%	100%

Profit before provision	121%	139%	111%	104%	100%
Specific provision (Loan and Advances)	62%	89%	85%	57%	100%
Off-balance sheet items	-81%	6%	-51%	124%	100%
Diminution in value of an investment	101%	-74%	-195%	237%	100%
Others Provision	932%	33%	24%	487%	100%
Provision to foundation/ Nostro Accounts	N/A	N/A	N/A	118%	100%
Total provision	**58%**	**87%**	**82%**	**61%**	**100%**
Extraordinary gains and losses	N/A	N/A	N/A	118%	100%
Profit for the year before the taxation	**149%**	**162%**	**124%**	**123%**	**100%**
Current Tax	163%	211%	129%	134%	100%
Deferred tax	-33%	-97%	535%	-425%	100%
Provision for tax	**164%**	**212%**	**127%**	**137%**	**100%**
Net profit after tax for the year	**141%**	**135%**	**122%**	**116%**	**100%**
EPS	**121%**	**116%**	**105%**	**95%**	**100%**

Chapter 5

Findings, Recommendation & Conclusion

5.1 Findings of JBL's Financial Performance

Listing a JBL's problem is a normal part of any analytical report. After the growth, ratio, common-size, and trend analysis of the financial position of Jamuna Bank Limited with tabular and graphical representation, some strengths and weaknesses come in front elevation, and those findings are briefly given below:

- From the growth analysis of total assets for Jamuna Bank Limited illustrates that total asset growth was decreasing over the years, which is not acceptable for the bank.
- Deposit growth of Jamuna Bank Limited from 2019 to 2020 decreased excessively by 7.70% and -5.63% than previous years, which states that the declining deposit rate directly affected giving loans efficiently to the customers.
- In 2020, the operating income growth rate was unsatisfactory by -5.07%, which suddenly dropped significantly from the previous years. Therefore, in 2020 JBL had to decline the growth rate of operating expenses due to a loss of customers and market downs in prices.
- The growth rate of shareholder's equity recovered in 2020 by 40.85%, which was a great success in recent years.
- The quick ratio of JBL was not in a good state over the last five years. At the same time, in 2020 cash ratio stood slightly higher by .099 than in 2019. Yet, at that time, the bank was not in an excellent state to meet up with a more accessible fund for its debts, as the standard value of the last five years did not maintain properly.
- ROE dropped by 11.05% in 2020, which was not aptitude for the bank, as the bank was unable to generate the equity capital appropriately than previous years.
- Despite the COVID-19, the average net profit margin of JBL was more than 13.9%. On this basis, Jamuna Bank Limited did quite well during 2020.
- An interest coverage ratio of JBL from 2016 to 2020 could not maintain the minimum acceptable amount.
- Over the past five years, total asset turnover was not really in a convenient state, as the ratio was relatively low. Therefore, the bank was not really up to the mark to generate revenue efficiently per asset.
- In 2020, the fixed asset turnover was increased, but the ratio over the past five years was not satisfactory for efficiently managing a bank's fixed investment.

5.2 Recommendations

- Jamuna Bank Limited needs to develop financial performance by utilizing the assets efficiently by following some financial reforms that can bring structural changes in the working environment and expand its operations by involving foreign banks.
- Jamuna Bank should rearrange the short-term investment portfolio by concentrating on trading volumes. To ensure a good return, the bank has to work on the investment portfolio in the long run.
- To bring an accelerated foreign exchange business, Jamuna Bank Limited should increase the foreign exchange branch or expand the foreign exchange division. Most of the department does not deal with foreign exchange activities. Because of this lacking, the bank could not capture the foreign exchange business more efficiently. The bank should emphasize both export and import business equally. Some branches highly accentuate foreign exchange business and earn massive revenue from this segment.
- In the case of asset quality ratios, fixed asset, and total asset turnover were not satisfactory in 2020. The Fixed assets and total asset turnover ratio indicate how efficiently the bank uses the fixed assets and total assets. The bank should emphasize it and ensure higher revenue against a total asset and fixed asset. JBL must work on the total asset turnover efficiently for optimal utilization.
- The overall growth rate of Jamuna Bank Limited in 2020 was less compared to previous years. So, to ensure a positive growth rate in the long run, Jamuna Bank Limited should provide the best reinvestment of the earnings and reserve.
- Jamuna Bank Limited should increase the number of branches to capture new markets and boost profitability.

5.3 Conclusion

Financial institutions are significant to the country's economic progress, and the bank is the central aspect of these institutions. To know about a company's financial strength, one must analyze its financial statements. Financial performance is a qualitative perception of a company's revenue generated from its core business assets. This concept is also an essential measurement of a company's overall financial health. It can compare similar firms across the same industry, industries, or aggregation sectors.

Throughout the study, I have tried to show the financial performance of Jamuna Bank Limited through some analysis. After the comprehensive examination, it can sum up that Jamuna Bank Limited has been doing pretty well throughout the years. Indeed, few performances were not satisfactory enough, but it is still pretty much acceptable compared to the entire banking industry. The net profit margin and shareholder equity growth have been first-class in recent years. Therefore, it can conclude that JBL is a good enough company to invest in.

Reference

- Audited Annual Report of Jamuna Bank Limited:

  Year Ended December 31, 2016

  Year Ended December 31, 2017

  Year Ended December 31, 2018

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- Jamuna Bank Limited. Available from: https://jamunabankbd.com
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Appendix

- Drive Link of Financial Analysis of Excel File for Jamuna Bank Limited. Available from: https://docs.google.com/spreadsheets/d/1BogqBe80-tI6kefMArFgICzd3ZKjjSP_/edit?usp=sharing&ouid=109115744083800016542&rtpof=true&sd=true