

Internship Report
On
An Analysis of Financial Performance of
Jamuna
Bank Limited
A study on Ring Road Branch

Jamuna Bank Limitd,
Motijeel, Dhaka-1000



Daffodil
International
University

**An Analysis of Financial Performance
of Jamuna Bank Limited
A study on Ring Road Branch**

Supervised By:-

Mohammad Shibli Shahariar

Associate Professor

Department of Innovation and Entrepreneurship

Faculty of Business and Entrepreneurship

Prepared By:-

Most. Fatima- Tuz- Zahura Keya

ID No: 161-14-1998

Major: Finance

MBA Program

Department of Business Administration

Daffodil International University (DIU)

Date of Submission: 29th November 2018

i

Acknowledgement:

First and foremost, I want to express my gratitude to Almighty Allah, the Most Merciful, the Merciful, to me, to bless me with good health and the power of mind to fulfill the need of MBA degree. I am also grateful to my father, mother and family members, I am grateful for providing basic needs from my childhood and providing emotional support to MBA.

In order to complete this report, I sincerely thank you for giving sincere advice and valuable guidance to my supervisor, Mohammad Shibli Shahriar.

I want to express my appreciation for sharing my valuable knowledge throughout my entire schedule for my prosperity.

I would like to thank Jamuna Bank Limited, Ring Road Branch and Dhaka's colleagues and senior colleagues for their valuable suggestions and continuous support for the whole work.

Letter of Transmittal:

Date: 29th November 2018

**Mohammad Shibli Shahariar
Associate Professor
Department of Innovation and Entrepreneurship
Faculty of Business and Entrepreneurship**

Subject: Internship approving report submitted.

Dear Sir,

With due respect, I would like to submit an analysis report for An Analysis of Financial Performance of Jamuna Bank Limited, as a compulsory requirement of the MBA program. While working on the report have tried myself best to complete this

Despite various constrains, finished this report at my best given efforts. It would be a great honor for me if you would add your opinion and suggestions for future.

Thank you once again for supervising me during this transitional time of my career.

With best regards

Sincerely yours

.....

Most. Fatima- Tuz- Zahura Keya

ID- 161-14-1998

MBA Program

Letter of Acceptance:

I am pleased to certify that the Internship Report on “**An Analysis of Financial Performance of Jamuna Bank Ltd. (JBL)**” prepared by Most. Fatima- Tuz- Zahurakeya bearing **ID NO: 161-14-1998** of the **Department of Business Administration (Major in Finance)** is approved for Presentation and Defense. Most. Fatima- Tuz- Zhura Keya worked with “**Jamuna Bank Limited (JBL)**” as an intern under my supervision.

Most. Fatima- Tuz- Zahura Keya Carries a good moral character and a delightful personality. I wish him all his success in life.

Supervisor,

Mohammad Shibli Shahariar
Associate Professor
Department of Innovation and Entrepreneurship
Faculty of Business and Entrepreneurship

Declaration:

Thus, in this internship report, this internship report titled "An analysis of the Financial Statements of Jamuna Bank" suggests: My Internship report prepared in Jamuna Bank, Ring Road Branch.

The work I have presented does not infringe on any exciting copyright, and no part of this report is copied from any work done in degree or otherwise.

I announced that this report was my original work and academic purpose, which is part of MBA degree.

Most. Fatima- Tuz- Zahura Keya

ID: 161-14-1998

Department of Business Administration

Daffodil International University

Executive Summary:

The report titled “An Analysis of Financial Performance of Jamuna Bank Ltd. (JBL), is prepared as a partial requirement of fulfillment of MBA program at Daffodil International University. This report focuses on practical experience in An Analysis of Financial Performance of Jamuna Bank Ltd. This report will give a clear idea about the activities and operational strategies of An Analysis of Financial Performance of JBL.

I've divided the entire report into three parts that contain part of the professorship, the reporting organization and the connected part. This whole report contains five main sections in this part of the report. In the introduction section, I've basically discussed about the limitations of objectives, opportunities, methods and reports. In the second chapter, "JBL Profiles" include Bank History, Bank Function, JBL Management, Performance of Bank at a Glance, Organizational Establishment of JBL, Head Office and Branch, JBL Capital formation, Mission Vision of the Bank. In the third chapter I explained about JBL's financial performance analysis with full analysis. In the fourth chapter I tried to present my results about JBL and the financial performance analysis of the conclusion. And three parts of my report are in brief descriptions and recommendations and appendices that will help solve some of the existing bank problems.

Acronyms Elaboration

AA	Articles of Associations
BB	Bangladesh Bank
BOD	Board of Directors
BR	Board Resolution
FI	Financial Institution
KYC	Know Your Customer
MIS	Management Information System
MA	Memorandum of Articles
RJSC	Registrar of Joint Stock Companies and Firms
BOI	Board of Investment
BIN	Business Identification Number
TIN	Tax Identification Number
VAT	Value Added Tax
AD	Authorized Dealer
BL	Bill of Lading
EPB	Export Promotion Bureau
GSP	Generalized System of Preferences
PSI	Pre Shipment Investment
MBE	Murabaha Bill of Exchange
CRPU	Centralized Remittance Processing Unit
GCC	Gulf Cooperation Countries
BEFTN	Bangladesh Electronic Fund Transfer Network

TABLE OF CONTENTS

Serial No.	Title	Page No.
	Part: One (Prefatory Part)	
	Title page	I
	Acknowledgement	II
	Letter of transmittal	III
	Letter of Acceptance	IV
	Declaration	V
	Executive Summary	VI
	Acronyms and Elaboration	VII
	Table of Contents	VIII-IX
	Part: Two (Report Body)	
	Chapter- 1: Introduction	1
1.	Introduction	2
1.1	Origin of the Report	3
1.2	Objective of the Report	3
1.3	Methodology of the Report	3
1.4	Scope of the Report	4
1.5	Limitations of the Report	5

	Chapter: 2 Profile of Jamuna Bank Ltd.	6
2.1	Organizational over view	7
2.2	Function of JBL	8-9
2.3	Mission, Vision of the Bank	10
2.4	Corporate Slogan	10
2.5	Organizational Set-up of JBL	10-11
2.6	Head Office and Branches	12
2.7	Deposit	12
	Chapter: 3 : Financial Performances Analysis SIBL	13
3	Financial Activities	14
3.1	Ratio analysis of Jamuna Bank Limited from 2014 to 2017	15-18
	Chapter: 4 :Findings, Recommendations and Conclusion	19
	Findings	20
	Recommendations	21
	Conclusion	22
	Reference	23

Report Body

CHAPTER-01

INTRODUCTION

1. Introduction:

Generally speaking, by the bank-we can easily understand that financial institutions make money. But there are different types of banks; Central banks, commercial banks, savings banks, investment banks, industrial banks, cooperative banks etc. But when the word-bank is used without a symptom or eligibility it refers to commercial banks.

Commercial bank is a primary contributor to the economy of a country. So we can say that commercial banks are a profit making institution that reserves the right to check and store individual use create. As the profit of bank profits is concerned; They collect deposits at the lowest possible cost and provide loans at a higher price. The difference between the two is the profit for the bank. There should be some ideas in every person's bank and banking system

Jamuna Bank Limited came out with some dynamic people's initiative, who came from different sectors of trade, commerce and industry. It was registered as a commercial bank under the Companies Act, 1994. The bank started banking activities on 3 June 2003. From the very beginning JBL established a mission to create itself as a unique commercial bank through the difference of view. And provide comprehensive and innovative services to valued customers. And the ultimate goal is to achieve a durable high level of mutual financial treasury services and SWIFT for foreign trade. After achieving tremendous success in all the business operations, this bank has 112 branches in this contest. As a new generation private commercial bank of the country, JBL offers all the traditional services of the customers. In addition it presents a good number of projects and projects in deposits and credit forms. Such as cash management services, payment and clearing safe deposit locker services, employee benefits.

Jamuna Bank Limited provides commercial banking services. The bank provides corporate banking solutions, including the project money, including new projects and capital equipment financing for expansion of existing projects. Working Capital Finance, which includes time limits and capital modes working as cash credit (hypotension); Offers for importers with a trust receipt and loan against time loans, and offers of exporters with draft and packing credit. It provides contractors and suppliers with a variety of support, including bid bonds, overdrafts and performance guarantees and security bonds. Jamuna Bank Capital Management Limited and Jamuna Bank Securities Limited are its subsidiaries.

1.1 Origin of the Report

The internship program is designed to complete the Masters of Business Administration Program (MBA) program at Daffodil International University with theoretical knowledge to complete the real application experience. This report was done during the internship period of Jamuna Bank Limited to meet the requirements of the course under the supervision of Mohammad Shibli Shahriar. Subject to the supervisor was selected with the directory. The report titled "An Analysis of Financial Performance of Jamuna Bank Limited

1.1 Broad Objective

The broad objective of the study is to analyze the Financial Performance of Jamuna Bank, Ring Road Branch.

1.2.2 Specific Objectives

- a. To analyze the Financial Performance of Jamuna Bank, Ring Road Branch.
- b. To Evaluate the Financial Performance of Jamuna Bank, Ring Road Branch.
- c. To find out some problems of financial activities of Jamuna Bank, Ring Road Branch.
- d. To make suggestions to overcome those problems.

1.3 Methodology

1.3.1 Data Collection Method:

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

1.3.2 Sources of Data

Primary data

- Face conversations with relevant officers and clients
- Experimental work experience.

Guidelines and suggestions of all senior employees of Jamuna Bank Limited.

Secondary data

- Annual Report of Jamuna Bank Limited.
- Online information from JBL website
- Job paper

- Office file
- Various articles related to financial analysis
- Selected Books

C. Analytical tools used:

The analytical tools used in this study include Regression Analysis and SWOT Analysis.

D. Software used:

In processing the data, Microsoft Excel was used. After having inputted data in the worksheet, statistical functions were used to estimate various statistics. Tables, Charts and Graphs were prepared using respective facilities provided by Microsoft Excel and Microsoft Word.

1.3.3 Data Analysis Method:

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

1.4 Scope of the Report:

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

1.5 Research limitations:

- Legal obligation

The bank was unwilling to provide some sensitive information due to some legal obligations and business confidentiality. In this way, this study is limited to published information and specific degree of formal and informal interviews and limited surveys.

- Extensive nature

While there is a widespread nature of particular research, research has been done for experimental and meaningful research.

- Lack of time

The researcher was in the bank for three months, so it is very difficult to be aware of all the activities of the bank in this short period.

- Lack of supervision of bank officials

Officers were busy with their daily activities, they could not give me a lot of time about my daily activities.

- Limited Information

There were various types of information that the bank officials could not disclose due to security and other corporate obligations.

CHAPTER-02

ORGANIZATIONAL OVERVIEW

2.1 Organizational Overview:

Jamuna Bank Limited (JBL) is currently a banking company registered under Company Law, 1994 3, Dilkusha C / A, Dhaka-1000 and Bangladesh Head Office. Since June 3, 2001, the bank started its activities. JBL manages all types of banking transactions for trade and commerce in the country. JBL services are available for entrepreneurs to set up new ventures for industrial units. Banks give special emphasis on export, import, trade finance, SME finance, retail credit and finance to women entrepreneurs. Currently, the bank has smart IT-backbones in the real-time online banking sector (both urban and rural) networks. In addition to the traditional delivery points, the bank has its own ATM, sharing it with other partner banks and consulates across the country. The operation hours of the bank are 10:00 AM. Trading hours from 10:00 AM to 4.00 PM until Sunday from Thursday. Banks are closed on Friday, Saturday and public holidays until 4:00 PM. To provide services to clients in international trade, it has established a broad banking relationship with local and foreign banks, which cover major trade and financial centers both at home and abroad.

2.2 Functions of JBL

The operation of Jamuna Bank Limited can be divided into 03 (three) major categories;

(A) General Banking: Includes: -

- (a) Deposits deposit
- (b) Receipt and payment of cash.
- (c) Transfer transaction transfer.
- (d) Clearing Operations (Automated Clearing House)
- (e) Account maintenance with the Bangladesh Bank and other banks.
- (f) Check and bill collection.
- (g) Dump draft, payment order issue and payment etc.
- (h) Executing client permanent order
- (i) Safe Deposit Locker Maintenance

(B) Investment Business:

- Development of productive resources in profitable venture contributing directly to product is called Investment.
- From banking perspective, Investment means development of Bank finance in profitable ventures contributing directly to production is called Investment.

Categories of Investment:

All Investments will be group into four categories for the purpose of classification is as follows:

- Continuous Investment.
- Demand Investment.
- Fixed Term Investment.
- Short Term Investment.
- Long Term Investment.

(C) Foreign Exchange Business:

In the foreign currency business, the bank plays an important role in providing revenue in pool revenue. Like all modern banks, JBL operates in foreign currency trading. JBL performs the following tasks:

- A) Opening of credit card opening (LC) against import and export commission of industries, agricultural and other permissible products under the country's import policy.
- B) Opening of credit card (LC) under the policy and wage earning scheme.
- C) Manage export / import documents
- D) Dispute occurs when discussing export / import documents.
- E) Financing of import under PI (Post Import), TR (Trust Receipt) etc.
- F) Funding for dividends and / or losses.
- G) Internal and outgoing handling .
- H) Discuss internal / foreign bills for back-to-back lasers.

D) Other Activities by the Bank:

JBL performs the following for the benefit of society;

- ✓ The plan for income generating for the unemployed youth of the United Nations
- ✓ Help the poor scholars learn the education project and continue their studies.
- ✓ Rural Health Scheme to meet the needs of rural people.
- ✓ Within the bank there are several corporate social responsibility (CSR) activities in the country

2.3 Vision, Mission of JBL

•Vision

Jamuna bank wants to be a leading banking institution and play an important role in the development of the country.

•Mission

Banks are committed to meeting the needs of customers through the array of products at a competitive price by using appropriate technology and providing timely services, so that a sustainable increase, reasonable return and contribution to the development of the country can be ensured. And professional work force.

2.4 Corporate Slogan

“Your Partner for growth”

2.5 Organization structure:

Jamuna Bank Limited has shown proven and specific management structure like all other banks. Generally authoritative measures of organization's authority, communication, rights and duties lines How organizational structures determine the role, power and responsibilities, are regulated and coordinated, and determines how information flows in different levels of management. The management structure of Jamuna Bank Limited has been given below with the chart:-



Fig 2: Organization Structure of Jamuna bank Ltd

2.7 Head Office & Branches

The Head office of the bank is situated at Hadi Mansion, 3, Dilkhus, Dhaka-1000, and Bangladesh. There are 122 Branches .

2.8 Deposits of JBL

The total deposits of the bank increased by 18.38% to Tk. 167571.33 million against Tk. 141550.96 million last year. Saving bank deposits reported a strong growth of 17.62% to Tk. 14973.38 million, while current account deposits reported a healthy increase of 19.43% to Tk. 23574.27 million. Besides, Fixed/ Mudaraba fixed deposits a strong growth 40.79% to Tk. 72646.95 million.

Chapter-3
***FINANCIAL STATEMENT ACTIVITIES IN
DETAILS***

3. Activity Ratios

- 1) Inventory turnover = cost of goods sold ÷ average inventory
- 2) Receivables turnover = net revenue ÷ average receivables
- 3) Payables turnover = purchases* ÷ average payables
- 4) Asset turnover = net revenues ÷ average total assets
- 5) Liquidity Ratios

Current ratio = current assets ÷ current liabilities

- 6) Quick ratio = (cash + short-term marketable securities + accounts receivable) ÷ current liabilities
- 7) Cash ratio = (cash + short-term marketable securities) ÷ current liabilities

Profitability Ratios

- 1) Gross profit margin = gross income ÷ net revenue
- 2) Operating profit margin = operating income ÷ net revenue
- 3) Net profit margin = net income ÷ net revenue
- 4) Return on assets (ROA) = net income ÷ total assets
- 5) Return on equity (ROE) = net income ÷ total stockholder's equity

*calculated terms:

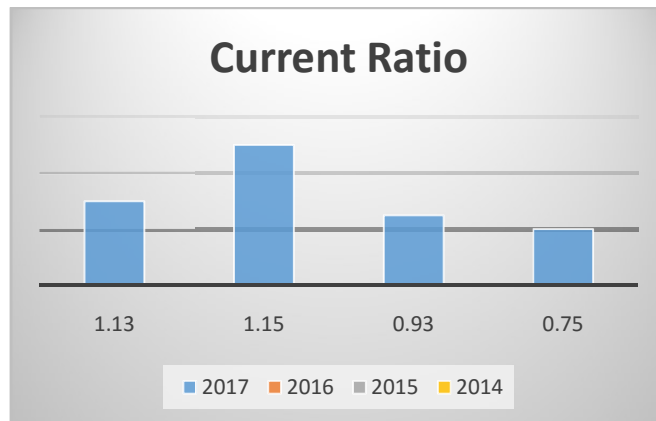
- Purchases = cost of goods sold + ending inventory – beginning inventory
- total debt = notes payable + current portion of long-term debt + long-term debt
- earnings before interest and taxes = net income + income taxes + interest expense

Ratio Analysis of Jamuna Bank Limited from 2014 to 2017:

(A) Current Ratio:

Formula: Current ratio = current assets ÷ current liabilities

Graphical Presentation



Profitability Ratio

(B) Return on Asset (ROA)

Formula: Return on Asset (ROA) = net income ÷ total assets

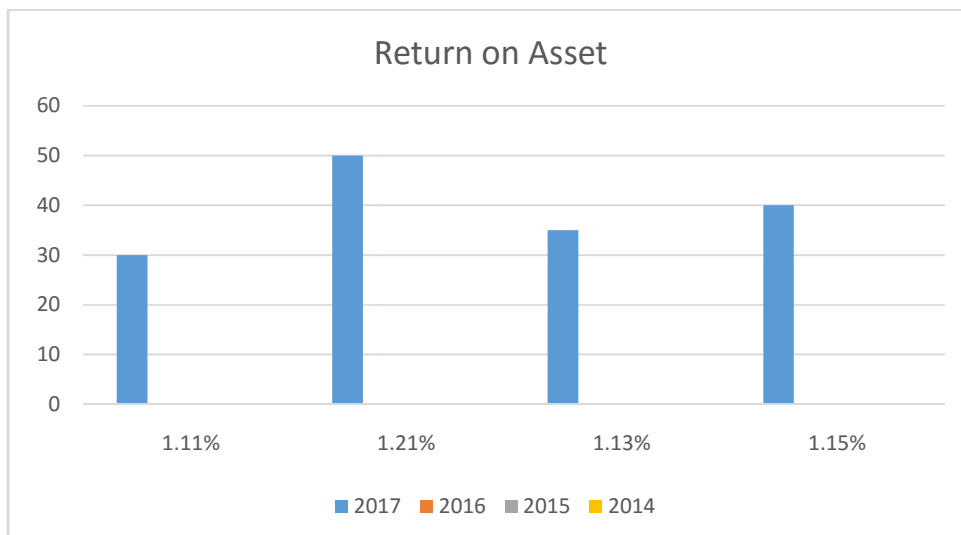


Table: Return on Asset of JBL

(c) Debt Equity Ratio:

An element of solvency analysis is called the debt equity ratio, which is part of the valuation of an organization's assets paid by the transaction and the part it takes by its owners. An organization that is responsible for generating a relatively large part of its assets with responsibility, is considered to be a superior financial leverage. High financial leverage has high risk because the liabilities should be reintroduced and often require regular interest payments. If there is a greater risk of any risk that a company can not meet the necessary payments like this.

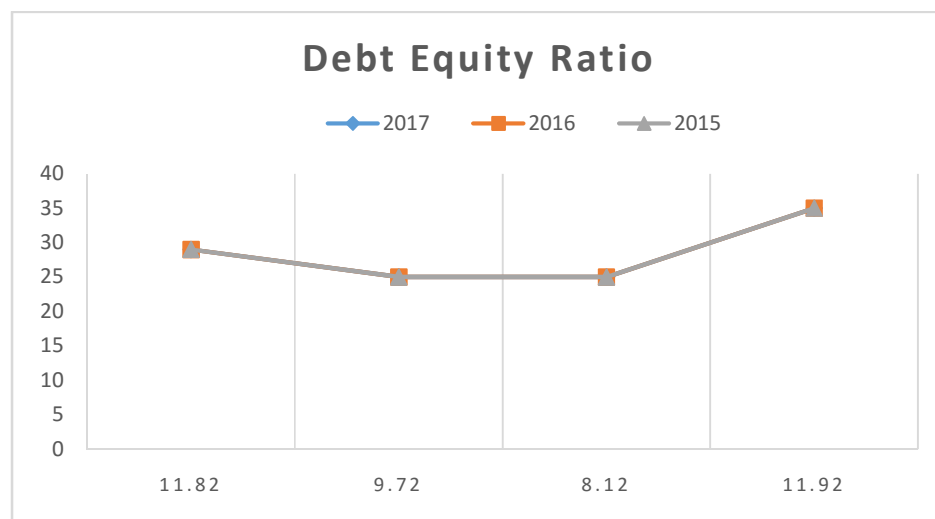


Figure: Debt Equity Ratio of JBL

Analysis:

The debt position of that indicates the amount of other people's money being used in attempting to generate profits. In this salutation JBL 2016 Debt Equity Ratio was 9.72% and in 2017 was the best performance and it was 11.82%. So this organization should give more emphasize on equity capital than debt capital.

Price Earning Ratio:

The market value of a stock is determined by its expected future cash flow. Some analysts explain this ratio that it is willing to pay for an organization's current revenue stream. Due to higher or lower expectations of future earnings, the same-earning companies may have different pricing-proportionals. A high level of expected risk offers a lower PE ratio. Analyzes see the stock with a high PE proportion more likely to be as low as the stock with the high priced and lower PE ratio. These investors prefer to buy or buy stocks with a high PE ratio or buy or hold stocks with a low PE ratio. However, investment decisions rarely depend on a simple ratio.

Formula: PE ratio= Price per share ÷ Earning per share.



Analysis:

In JBL 2016 PE Ratio was 5.11 and in 2017 was the best performance and it was 6.69.

CHAPTER 04
FINDINGS,
RECOMMENDATIONS
AND CONCLUSIONS

Findings:

Findings regarding various aspects of “An Analysis of Financial Statement” of Jamuna Bank Limited are presented below:

Current Ratio in 2017(1.13:1) was lower than 2016.

Return on Asset ratio in 2017(1.11) was lower than 2016.

In 2016, PE Ratio was 5.11 and in 2017 was the best performance and it was 6.69.

Return on Equity in 2017 was higher (12.92%) than 2016 (11.84%)

In 2017 (11.82) JBL Debt Equity Ratio was high. But in 2016 was the worst performance which is (9.72).

Recommendation:

Jamuna Bank Limited is a second generation private commercial bank in the country with commendable operating performance. Some recommendations regarding bank's betterment are described below. The recommendation given below are not decisions rather they are only suggestions to improve the performance in the order to fulfill the customer satisfaction clients give more performance to Jamuna Bank Limited. The recommendation are made on the basis of survey findings and analysis and these are:

- JBL should increase current assets and decrease current liabilities for smoothly operate their business.
- JBL should take necessary steps to increase their Net Income.
- In 2014 Jamuna Bank Ltd Debt Equity Ratio was 11.92% and in 2017 was the best performance and it was 11.82%. So this organization should give more emphasize on equity capital than debt capital.
- JBL should decrease long term liability.
- The bank should provide training to the employees so that they can achieve more expertise in credit management.
- It should follow the guidelines provide by Bangladesh bank.
- It possible, update software should be used by JBL.
- Emphasis on corporate social responsibility is also necessary. Sponsorship in different social programs can flourish bank image.
- JBL Bank should do aggressive advertising and promotional activities to get a broad geographic coverage.

Conclusion:

An aspect of Jamuna Bank Limited is considered as the country's most efficient financial intermediary and it believes that its goal is not too far away. JBL is waiting for a new horizon, it is becoming a very competitive, modern and transparent organization, comparable to any kind in the country and abroad. Jamuna Bank Limited has been working with multinational banks, government regional banks, with a lot of confidence and extensive competition with local commercial banks. Jamuna Bank Limited trying to make the bank well every time in competition with other banks. This thing continues to be that we hope Jamuna Bank Limited will develop more in the future.

Reference:

- » Financial Reporting Guidelines of Bangladesh Bank
- » Rose, P. S., and Hudgins, S. C., 2015. Bank Management & Financial Services. London: McGraw-Hill Education.
- » Peter S. Rose, " Commercial Bank Management," McGraw-Hill, 5th Edition, 2015
- » <http://www.jbd.com>
- » <http://www.bangladesh-bank.org>
- » Financial Reporting book.
- » Annual reports-2017 of Jamuna Bank Limited.